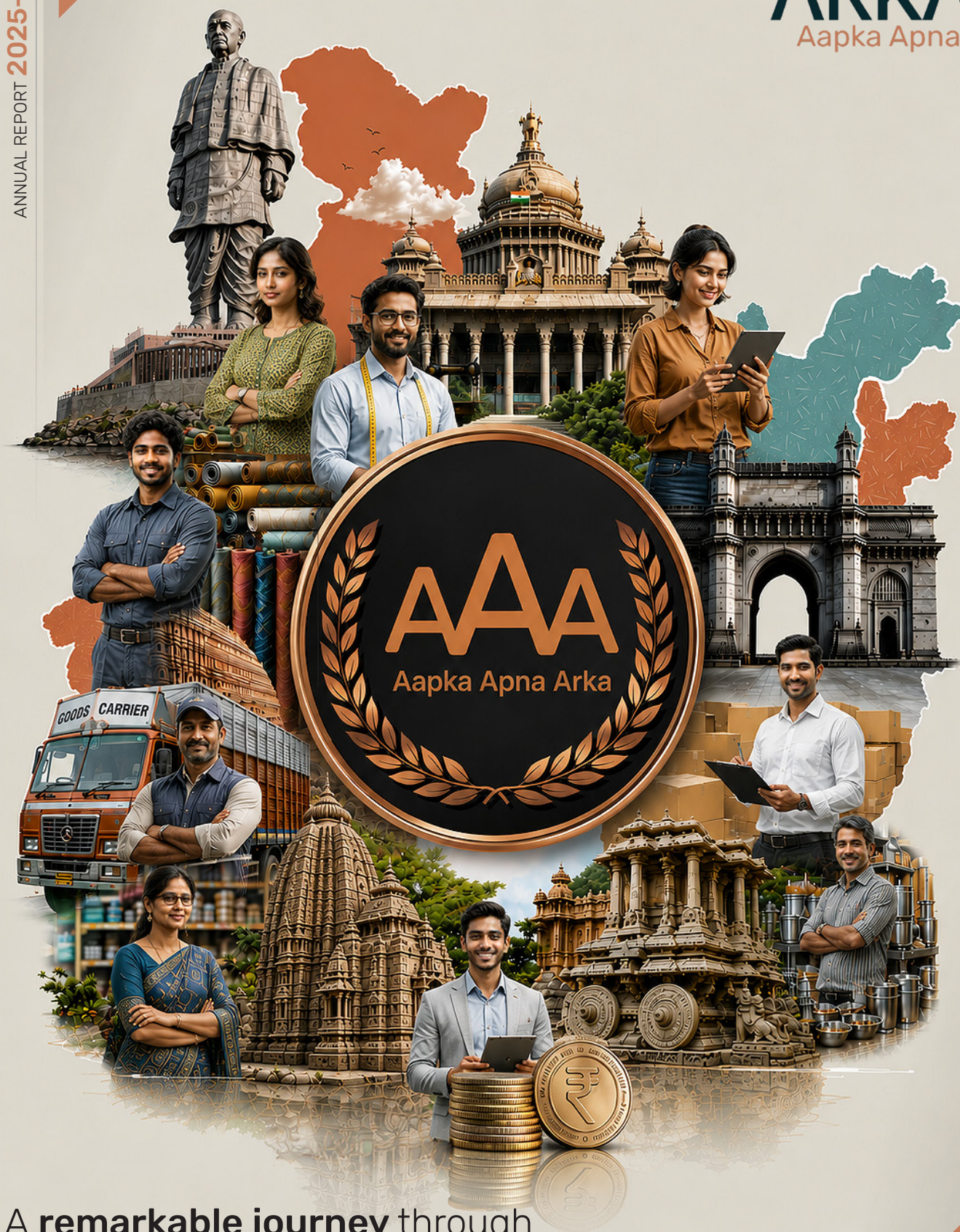




A **remarkable journey** through
the heart of **Bharat.**

A remarkable journey through the heart of *Bharat*.

ANNUAL REPORT
2025-26



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www.arkafincap.com

Every institution has moments that define the direction of its future. For Arka Fincap, FY2026 was one such year – a year in which the Company moved with greater conviction towards becoming a more granular, retail-focused and Bharat-connected lending institution.

The theme, “**A remarkable journey through the heart of Bharat**,” captures this movement. It reflects Arka’s transition to a diversified retail-focused financial partner serving entrepreneurs, small businesses, transport operators and emerging customers across India’s Tier II and Tier III markets. It is a journey powered by trust, discipline and proximity – values strengthened by the Kirloskar legacy and expressed through Arka’s own promise of being “**Aapka Apna**.”

During the year, Arka accelerated its strategic pivot towards a more retail-dominant portfolio, strengthened its branch infrastructure, expanded its on-ground sales and service presence, and scaled its workforce to support the next phase of growth. The Company’s deeper presence across Bharat is not merely a network expansion; it is a deliberate investment in familiarity, accessibility and relationship-led credit delivery.

At the same time, Arka has paired this physical presence with a strong digital backbone. Digitised loan origination systems, dashboards, analytics and early warning systems are enabling faster, more consistent and more informed decision-making. In Arka’s model, technology does not replace human understanding; it strengthens it.

This annual report is therefore not just a record of financial and operational performance. It is a narrative of institution-building. It presents Arka as a company building for scale, but not at the cost of prudence; expanding into Bharat, but with governance at the centre; adopting technology, but without losing the human touch; and pursuing growth, while staying anchored in trust.

“**A remarkable journey through the heart of Bharat**” is ultimately the story of Arka’s next chapter – a chapter defined by proximity, resilience, responsible lending and the ambition to become a trusted financial partner to India’s emerging growth markets.

What's inside

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Trust, made local



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Diversified retail
focused NBFC

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Built to behave
like owners



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Navigating growth with
strategic clarity



► Brand story: Aapka Apna

Trust, made local

Aapka Apna brings Arka's institutional strength closer to customers across Bharat's emerging credit markets.

THE TRUST ARCHITECTURE Arka's Multi-dimensional Brand Trust.



In Bharat's growth markets, trust is built through presence, consistency and relevance. For ARKA FINCAP, Aapka Apna expresses this institutional promise - bringing the credibility, governance and long-term orientation of the Kirloskar legacy closer to customers who value access, familiarity and assurance.

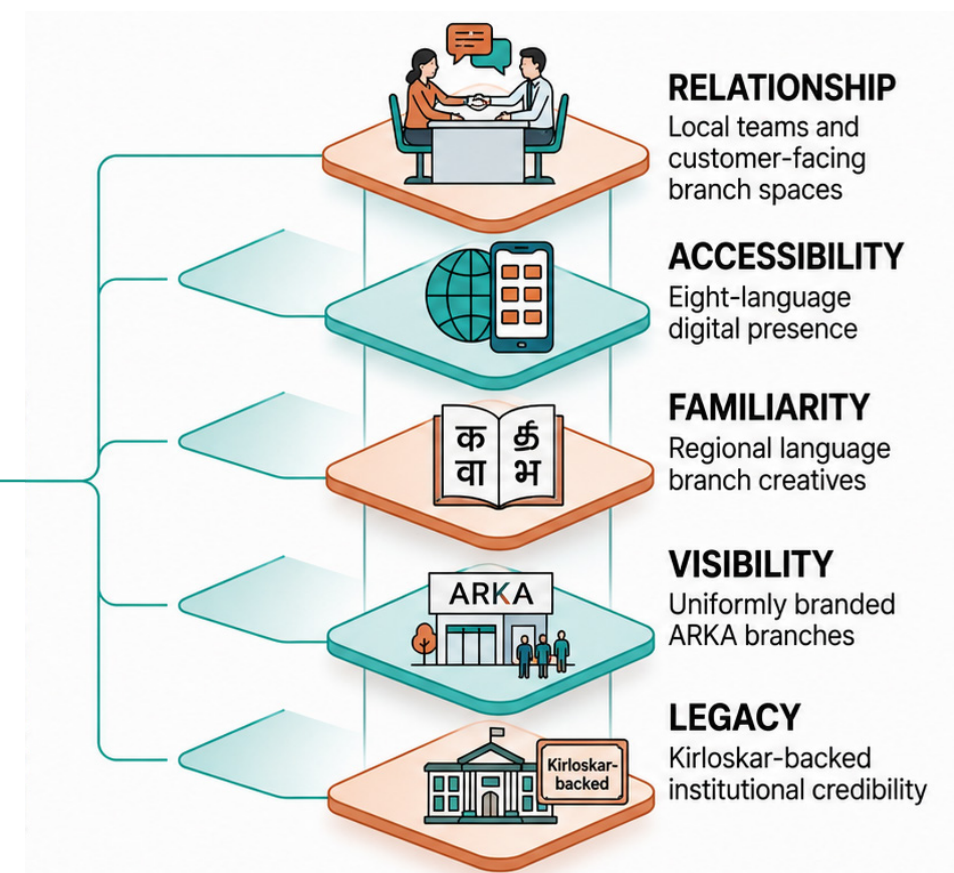
During FY2026, this promise was reinforced through the expansion of the Secured Retail Lending network. Uniformly branded branches, local teams, product communication and regional language engagement helped create a more visible

and recognisable brand presence across Tier II and Tier III markets. In these markets, physical presence remains a strong marker of commitment.

The brand is also extending digitally. A retail-focused, multilingual website strengthens accessibility for Bharat's entrepreneurs, MSMEs, self-employed customers and transport operators. Together, branch presence and digital reach make Aapka Apna more than a positioning line: it is ARKA FINCAP's way of translating institutional trust into local confidence.



Aapka Apna is where institutional trust becomes local confidence.



~500 sq. ft.
Average branch format

Replicable, customer-facing physical infrastructure

7

Secured retail states

Focused expansion across priority Bharat markets

8

Website languages

Inclusive access and local communication

122

Uniformly branded

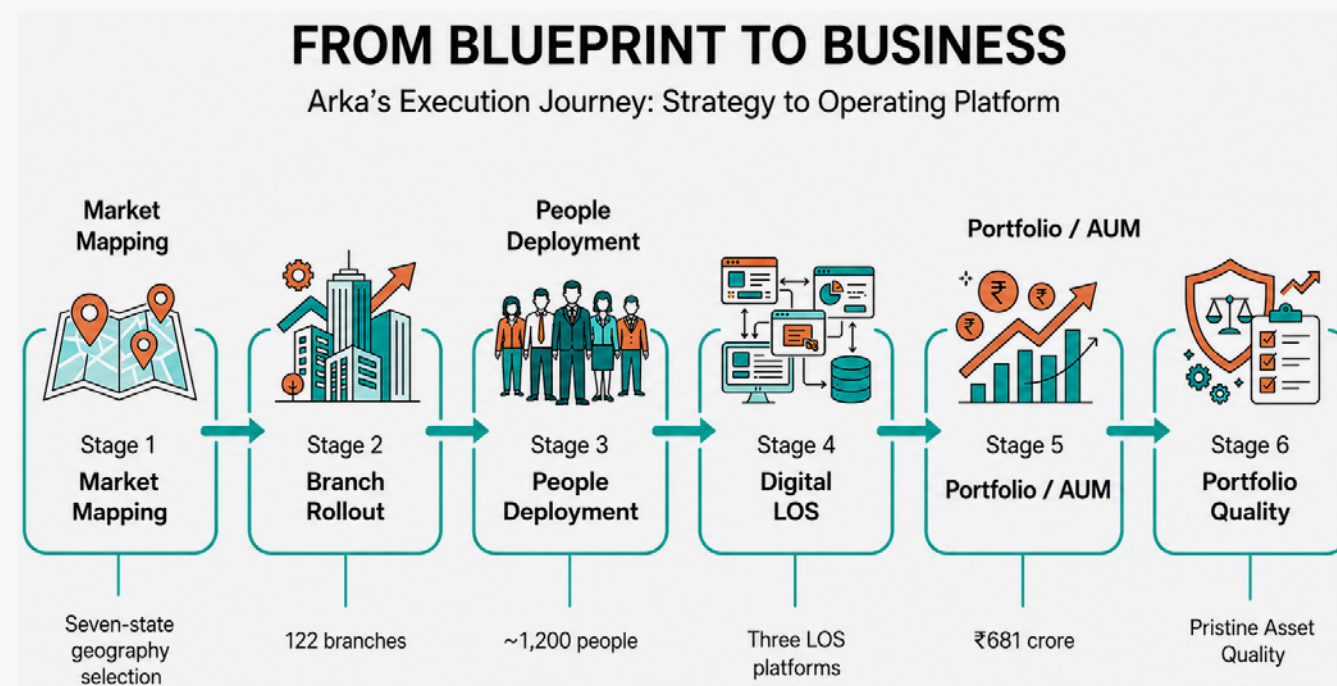
SRL branches Visible presence and consistent local trust

► Strategic highlights

The year execution took place

FY2026 converted Arka's retail strategy into visible infrastructure, frontline capacity, digital rails and robust portfolio.

*FY2026 was the year **Arka's retail strategy became real** - in branches opened, teams deployed, systems launched and a new secured retail book built from the ground up.*



FY2026 was the year Arka Fincap moved from intent to execution.

The Company entered the year with a clear strategic direction: build a more granular, secured and retail-led lending franchise. By year-end, that direction had begun to show up on the ground - in branches, people, products, systems and portfolio behaviour.

The most visible shift was the **creation of a secured retail operating platform**. Arka opened 122 secured retail branches across seven identified states, chosen through market assessment and bureau-led geography mapping. This was not expansion for presence alone. It was expansion with purpose - to reach markets where customers need formal credit, local understanding and faster decisioning.

The **people engine** was built at equal speed. Arka's employee base expanded significantly during the year, while the secured retail business alone added around 1,200 people across its new branches. For a retail lending institution, people are the last-mile operating system - sourcing, assessing, servicing and building trust in local markets.

The **business momentum** followed. The secured retail vertical, launched during the year, built a book of around ₹681 crore across secured business loans and pre-owned wheels. This demonstrates not only launch capability, but early productivity from the platform.

Technology strengthened the operating model. Arka launched three loan origination systems within nine months, enabling completely digital journeys across key products. From sourcing

to approvals and disbursement, the process was designed to reduce manual friction, improve turnaround time and support control at scale.

Equally important, **growth** was built with discipline. The early secured retail portfolio was reported to have pristine asset quality, reflecting the Company's focus on customer quality, geography selection, credit guardrails and system-led monitoring.

FY2026 was therefore not just a year of expansion. It was the year Arka built the operating architecture for its next phase - local in reach, digital in process, disciplined in credit and ambitious in scale.

122
Secured retail branches opened
Physical platform created across priority Bharat markets

~₹681 crore
Secured retail AUM
Early scale achieved in a newly launched vertical

~1,200
People added in secured retail
Ground-level capacity built for local sourcing and service

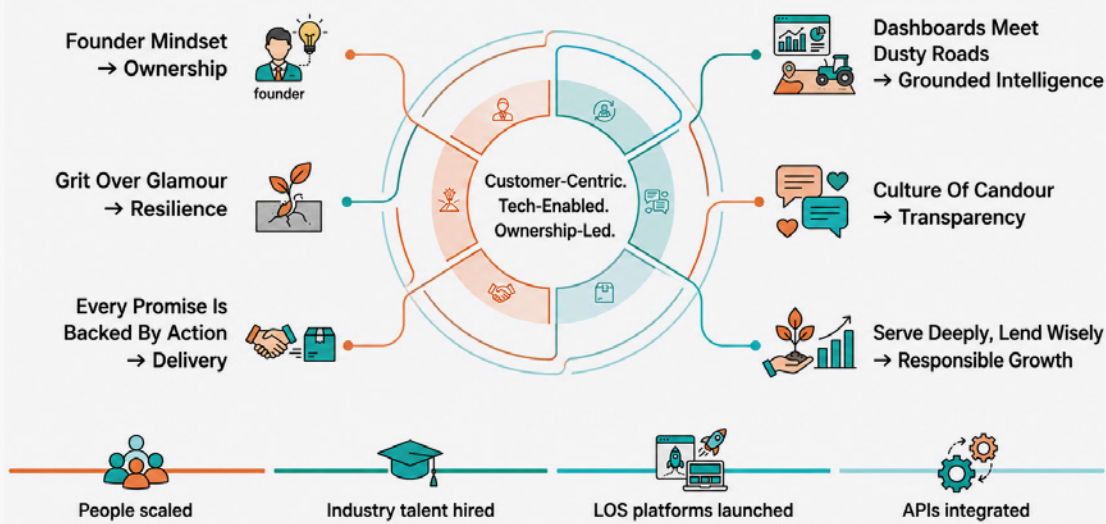
► Aspiration, mandate, and principles

Built to behave like owners

ARKA FINCAP’s customer-centric vision, technology-enabled mission and six operating values turn strategy into daily action.



THE ARKA OPERATING DNA



*Values become powerful only when they change behaviour. At **ARKA FINCAP**, they are designed to shape how people think, lend, serve and build.*



ARKA FINCAP LIMITED is building more than a lending business. It is building an operating culture.

As the Company deepens its journey through the heart of Bharat, its vision, mission and values are becoming sharper, more practical and more deeply embedded in everyday execution. They guide how teams enter new markets, how branches serve customers, how credit decisions are made, how technology is used, and how growth is pursued with responsibility.

Together, these values define ARKA FINCAP’s way of working. They reflect the institution’s Kirloskar inheritance of credibility and ethics, while shaping a new-age NBFC culture built for scale.

During FY2026, this culture moved from intent to practice. The employee base expanded from 624 to 1746 with significant hiring to support the retail transition. Majority of new hires came from large-scale distribution-led financial institutions, strengthening the quality of execution on the ground. At the same time, the Company launched three loan origination systems within nine months and integrated around multiple APIs to support straight-through digital workflows.

This is the ARKA FINCAP operating model in action: people with ownership, branches with purpose, systems with speed, and values with discipline.

Long-Term Aspiration, Institutional Mandate and Core Principles

Institutional Anchor	What It Means For ARKA FINCAP
Long-Term Aspiration	To be a trusted financial partner for India’s entrepreneurs, MSMEs, self-employed customers and emerging businesses - enabling progress through accessible, responsible and relationship-led credit.
Institutional Mandate	To combine local presence, specialist people, digital systems and disciplined risk practices to deliver financial solutions that are fast, transparent, scalable and prudent.
Core Principles	ARKA FINCAP’s principles are not statements on a wall. They define how the institution thinks, lends, serves and grows.

Core Principles In Action

Principle	Behavioural Expression
Founder Mindset	Take ownership. Think long-term. Treat every customer, branch and portfolio decision with institutional responsibility.
Grit Over Glamour	Value resilience over optics. Build the foundations that create durable outcomes.
Every Promise Is Backed By Action	Honour commitments through delivery. Convert intent into measurable execution.
Dashboards Meet Dusty Roads	Use data to sharpen judgement while staying close to the ground. Let technology strengthen field intelligence.
Culture Of Candour	Encourage open conversations, early escalation and honest feedback. Strong institutions are built on clarity.
Serve Deeply, Lend Wisely	Understand customers with empathy and lend with discipline. Growth must remain responsible.

► Board of directors

Driving performance through responsible governance



Nasser Munjee
Chairman, Independent Director



Gauri Kirloskar
Non-Executive Director



Hoshang Sinor
Independent Director



Rahul Narain Bhagat
Independent Director



Aman Kirloskar
Non-Executive Director



Yogesh Kapur
Independent Director



Srikumar Vijayasekharan
Independent Director



Samrat Gupta
Managing Director

► Message from the Managing Director

Building for durable value

Our 2030 ambition is anchored in disciplined growth, responsible lending and a sustainable Return on Assets philosophy.



Samrat Gupta
Managing Director
ARKA FINCAP LIMITED



*Durable value is created when **growth, governance and purpose** move in the same direction.*



Dear Shareholders,

ARKA FINCAP LIMITED is entering an important phase in its institutional journey.

Over the past year, we have continued our deliberate transition towards becoming a more diversified, granular, secured and retail-led financial institution. This is not merely a change in portfolio composition. It reflects a deeper belief that sustainable lending is built closer to the customer, closer to productive assets and closer to the real economy.

Our long-term direction remains clear. We are building an institution that can create enduring value across economic cycles. For us, this means growing with discipline, allocating capital thoughtfully, deepening our presence across Bharat, and ensuring that profitability is supported by the quality of the book, the resilience of the balance sheet and the productivity of our operating platform.

The Company's 2030 ambition is guided by this philosophy. We do not view Return on Assets as a target to be chased. We view it as the outcome of hundreds of institutional decisions made consistently over time. A stronger secured asset mix, a more diversified and granular lending base, a resilient liability profile, disciplined risk management, technology-enabled execution and a culture of responsible lending must work together to create sustainable financial outcomes.

FY2026 was a year in which these foundations became increasingly visible. Arka Fincap expanded its secured retail presence, invested in frontline capability, strengthened its digital infrastructure and continued to build a portfolio that is closely linked to the productive economy. Our focus remains on customers whose financing needs are directly connected to livelihood creation — MSMEs, entrepreneurs, self-employed individuals, transport operators and small businesses that form the productive core of Bharat.

This is where we believe Arka Fincap can create meaningful value. By extending formal, secured and responsible credit to customers who are building enterprises, acquiring productive assets or expanding income-generating activity, we are participating in India's broader economic formalisation. Each loan underwritten with care does more than finance an asset. It enables enterprise, supports livelihoods and contributes to economic mobility.

At the same time, we remain mindful that growth must be earned. Scale without discipline eventually becomes fragility. Our approach is therefore rooted in credit quality, governance and operating resilience. As part of the Kirloskar Group, we inherit a legacy of trust, ethics and long-term value creation. Our responsibility is to carry that legacy into a new financial services context — one that combines human proximity with digital efficiency, local understanding with institutional risk controls, and ambition with prudence.

The coming years will test the productivity of the platform we have built. Our task is to convert distribution into deeper customer relationships, technology into sharper decision-making and growth into sustainable profitability. Technology can accelerate execution, but it cannot replace judgement. We will continue to pursue a calibrated path: expanding where we see quality, lending where we understand risk and building where we can create lasting value.

The opportunity before us is significant. Bharat's credit economy continues to evolve rapidly. Formal finance is becoming more accessible. Entrepreneurs are becoming more ambitious. Productive assets are becoming increasingly important to household and business mobility. Arka Fincap is well positioned to serve this transition with a model that is local in reach, institutional in discipline and long-term in orientation.

Ultimately, institutions are not judged by how fast they grow, but by how responsibly they grow. As we move ahead, our commitment remains simple: to build a company that compounds trust, creates durable value and remains worthy of the confidence placed in it by customers, employees, lenders, regulators and shareholders alike

Kind regards,

Samrat Gupta

Managing Director
ARKA FINCAP LIMITED

► Message from the CEO

Execution first. Scale next.

**Anand Bang**Chief Executive Officer
ARKA FINCAP LIMITED

Dear Stakeholders,

FY2026 was a defining year for ARKA FINCAP.

FY2026 was a defining year for ARKA FINCAP. It was a year in which we deliberately chose execution over optics and institution building over short-term outcomes. We entered the year with a clear priority: to create a diversified and resilient lending franchise capable of delivering sustainable growth over the long term. Our objective was not merely to grow assets. It was to build the operating platform that would enable us to scale responsibly and consistently. That philosophy is captured in a simple belief that guides us at ARKA FINCAP – Grit Over Glamour. For us, grit means doing the hard work first. It means investing in branches before volumes, people before productivity and systems before scale. It means creating the foundations that will allow the franchise to compound over many years.

Building the Next Growth Engine

During the year, we established a secured retail presence across 122 branches in seven identified states. These geographies were selected through rigorous analysis of market potential, bureau data, delinquency behaviour, bounce trends and recovery indicators. Our expansion was therefore not just geography-led, but risk-calibrated and data-driven.

We simultaneously built the people engine required for retail execution. Approximately 1,200 colleagues joined the secured retail business, taking our overall employee strength from 624 at start of the year to nearly 1,800. In financial services, branches create presence, but people create trust. They drive origination, underwriting, collections and customer relationships. Building this capability was one of the most important investments made during the year.

Grit Over Glamour is the discipline to build the operating platform first – branches, people, systems and controls – before harvesting the economics of scale.

The secured retail business, launched during FY2026, scaled from zero to ₹150cr monthly run rate within nine months across Wheels Finance and Secured Business Loans. While these numbers are encouraging, we view them as early validation of a platform that is designed to scale over the coming years.

Strengthening the Core Franchise

While retail represented the newest chapter in our journey, our Wholesale and SME businesses continued to provide stability and earnings resilience. The Wholesale business remained focused on secured lending opportunities across real estate, infrastructure and good rated corporates, with a disciplined approach towards underwriting, portfolio selection and risk management. The emphasis continued to be on capital preservation and generating superior risk-adjusted returns rather than pursuing growth for its own sake.

Our SME business underwent a significant transformation during the year. We invested in building the right leadership and teams, sharpened our focus on asset classes offering superior risk-adjusted returns and consciously moved towards lower ticket sizes to enhance portfolio granularity and overall yields. We also recalibrated our strategy to ensure that we establish a meaningful and sustainable presence in our chosen markets and product segments, rather than pursuing growth indiscriminately. The emphasis has been on building strong local relationships, improving portfolio quality and creating a SME franchise capable of delivering consistent and profitable growth over the long term.

Together, Retail, SME and Wholesale form three complementary engines that provide diversification across customer segments, products and economic cycles.

Building Technology for Scale

Technology remains a strategic differentiator for ARKA FINCAP. During the year, we implemented three loan origination systems and integrated nearly 50 APIs to create a largely digital workflow spanning sourcing, underwriting, credit decisioning, approvals and disbursement. This digital backbone enabled us to reduce turnaround times and improve customer experience. In vehicle finance, the login-to-sanction cycle was brought down to approximately 48 hours, significantly lower than prevailing market timelines. We also onboarded nearly 5,000 connectors and channel partners onto our digital platform, enhancing lead generation, case tracking and channel transparency. The objective was simple: reduce manual friction, improve control and allow the organisation to adapt quickly to feedback from the field.

Growth without asset quality is merely activity. Accordingly, we strengthened our credit architecture through system-driven controls around customer profile, vintage, loan-to-value ratios, approval authorities and exception management. Across businesses, our approach remains rooted in prudent underwriting, portfolio diversification and rigorous monitoring. As we scale, preserving asset quality and maintaining risk discipline will remain non-negotiable.

Strengthening the Funding Franchise

Our liability franchise strengthened meaningfully during the year. As the portfolio became increasingly granular and diversified, lender confidence improved further. Our exit cost of borrowing reduced by 75bps, while incremental resources mobilisation was reduced by more than 100 bps through a combination of term loans and commercial paper. This improvement in funding costs enhances our competitiveness and strengthens the foundation required to support our target to be a ₹10,000 crore AUM franchise in this financial year.

Looking Ahead

FY2026 was fundamentally a year of institution building.

The agenda ahead is clear:

- Improve branch productivity and revenue per employee;
- Deepen channel relationships and distribution capability;
- Continue investing in technology and analytics;
- Scale SME and Wholesale businesses selectively and prudently;
- Preserve credit discipline while growing responsibly;
- Strengthen operating leverage and profitability;
- Keep systems and controls ahead of growth.

FY2026 was the year we built the platform.

The next phase will be about converting that platform into consistent, high-quality and profitable growth. As we embark on this journey, I would like to thank our customers, lending partners, shareholders, Board members and employees for their continued trust and support.

The foundations have been laid. The task ahead is to compound them.

Warm regards,

Anand Bang

Chief Executive Officer
ARKA FINCAP LIMITED

THE STRATEGIC STORIES

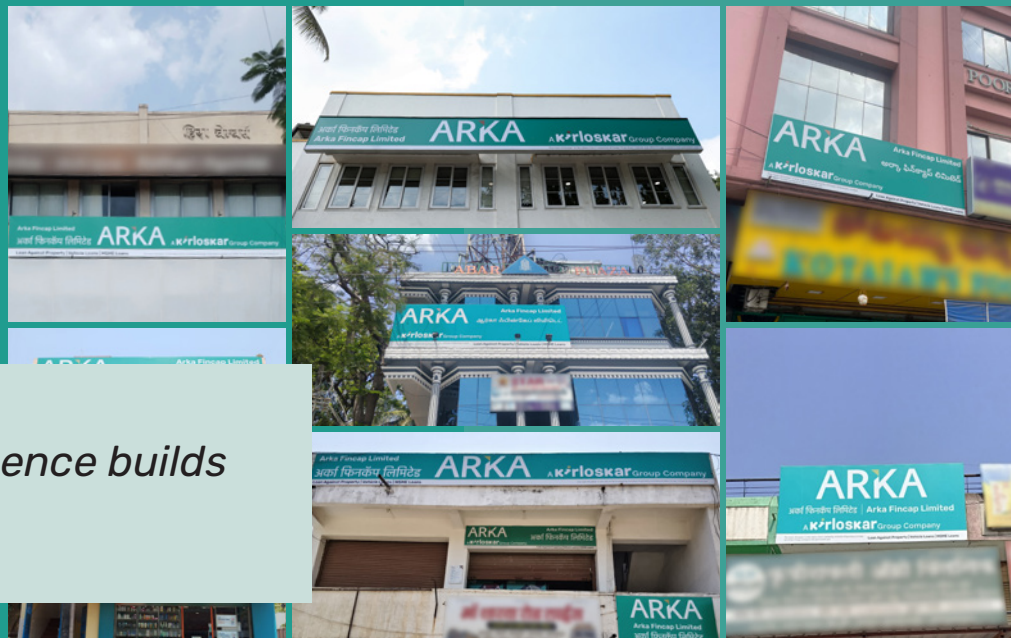
“**Retailisation** is not only a shift in mix. It is a shift towards more granular, secured and livelihood-linked growth.”

01. Diversified retail focused NBFC



“In Bharat's credit markets, infrastructure is more than reach. It is the physical evidence of commitment.”

02. Where presence builds confidence



“**Retail scale** is built by people who understand markets, own outcomes and protect credit discipline.”

03. The people engine behind retail scale

“**Technology at ARKA FINCAP** is not built to replace the field. It is built to make every field decision faster, sharper and more controlled.”

04. Digital control for ground-level lending



► Transforming into a retail powerhouse

Diversified retail focused NBFC

ARKA FINCAP's FY2026 pivot created a secured, granular and livelihood-linked growth engine across Bharat's credit markets.



“**Retailisation is not only a shift in mix. It is a shift towards more granular, secured and livelihood-linked growth.**”

FY2026 marked a decisive shift in ARKA FINCAP's portfolio architecture. The Company moved with intent towards a more granular, secured and retail-led lending model. The objective was clear: reduce concentration, deepen access to emerging customers and build a franchise that is closer to the real economy.

At the centre of this transformation was the Secured Retail Lending business. Launched during the year, the vertical focused on two products: Secured Business Loans and Pre-Owned Wheels. Secured Business Loans address working capital and expansion needs of MSMEs. Pre-owned wheels finance supports transport operators, owner-drivers and income-generating mobility assets. Together, they connect credit to enterprise, livelihood and asset productivity.

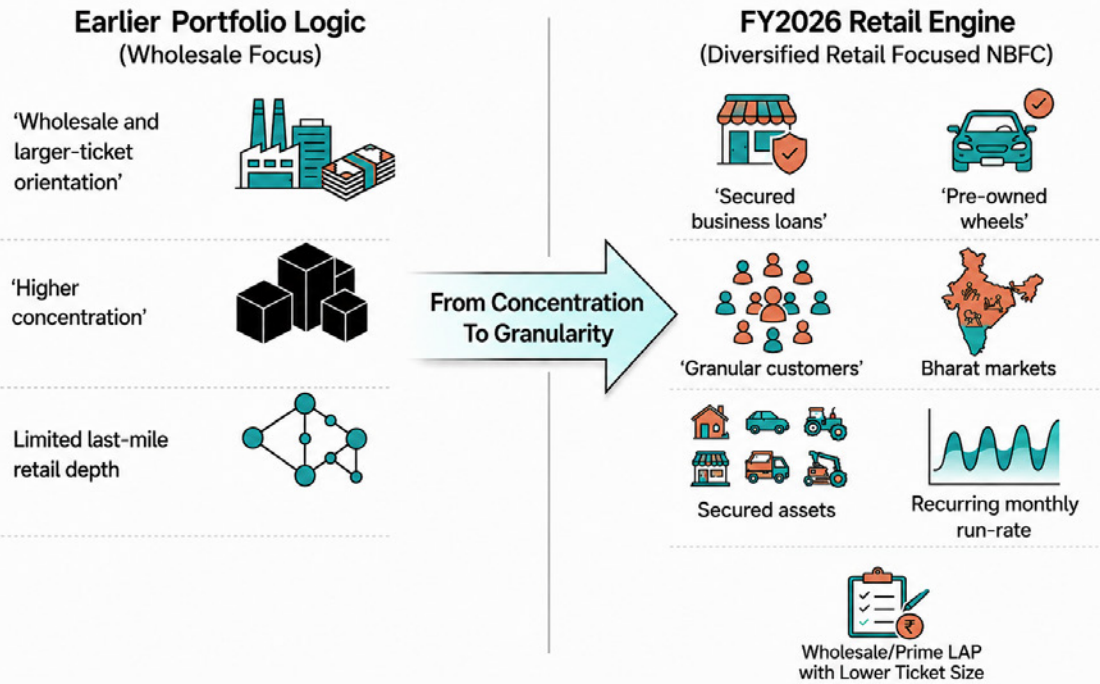
The early scale-up was significant. The secured retail book reached around ₹681 Crore within nine to 10 months. Of this, Pre-Owned Wheels contributed around ₹498 Crore and secured business loans contributed around ₹183 Crore.

The shift is not only about growth. It is about the nature of growth. Granular assets improve diversification. Secured structures strengthen credit discipline. Local sourcing

improves customer understanding. Technology-led workflows improve control. This combination is helping ARKA FINCAP build a retail engine that can scale with greater resilience.

The Company's medium-term direction remains to move towards a more retail-dominant franchise. In FY2026, the foundation of that ambition became visible: new products, new customer segments, new geographies and business momentum.

The Portfolio Shift Map



FY2026 Progress Box

- 01.**

Secured Retail Lending was established as a dedicated growth vertical, focused on Secured Business Loans and Pre-Owned Wheels.
- 02.**

The business scaled from a zero base to around ₹681 Crore within 9 to 10 months.
- 03.**

Pre-owned wheels contributed around ₹498 Crore, emerging as the larger early growth engine.
- 04.**

Secured business loans built an early book of around ₹183 Crore, serving MSME working capital and expansion needs.
- 05.**

The portfolio direction shifted towards more granular, secured and livelihood-linked assets, supporting the medium-term retailisation agenda.

► Infrastructure as a trust anchor

Where presence builds confidence

ARKA FINCAP's branch-led expansion brought the institution closer to markets where visibility, familiarity and local engagement matter.

In Bharat's emerging credit markets, infrastructure is not only operational. It is reputational. A visible branch gives customers confidence that the lender is present. A local team gives them comfort that the institution understands their market. Field engagement gives the brand familiarity before a transaction begins.

During FY2026, ARKA FINCAP built this trust infrastructure at scale. The Company opened 122 secured retail branches across seven identified states. These geographies were not selected randomly. They were chosen after assessing bureau footprints, market potential, delinquency trends, bounce behaviour and Kirloskar brand resonance.

This made the expansion disciplined from the start. The branch network was designed to enter markets where the opportunity was real, the customer need was visible, and the credit environment could be understood locally. Each branch became a point of origination, assessment, service and trust-building.

The physical network was supported by people on the ground. Around 1,200 people were hired across these seven states and 122 branches, creating the last-mile capability required for secured retail lending.

This is the core of the infrastructure story. For ARKA FINCAP, a branch is not merely a location. It is a commitment to the market. It signals that the Company is willing to be accessible, accountable and visible in the customer's own environment.

The result is an operating model where infrastructure becomes a trust anchor: local enough to build relationships, disciplined enough to support credit quality and scalable enough to serve Bharat's productive credit demand.

In Bharat's credit markets, infrastructure is more than reach. It is the physical evidence of commitment.



THE TRUST FOOTPRINT

ARKA FINCAP's Journey from Market Selection to Visible Trust Infrastructure



FY2026 Progress Box

01.

ARKA FINCAP opened 122 Secured Retail Lending branches across seven identified states.

02.

Branch locations were selected using bureau footprints, market potential and geography-level assessment and Kirloskar brand resonance.

03.

Around 1,200 people were deployed across the secured retail division to support last-mile execution.

04.

A standardised branch format was created, with reception, customer area and employee area defined consistently.

05.

Product and value communication was replicated across branches, with regional language adaptation and consistent visual identity.

06.

Local visibility was supported through branch branding, BTL activity, kiosk-led engagement and market-level customer awareness initiatives.

► Scaling human capital and culture

The people engine behind retail scale

ARKA FINCAP's transformation required not only more people, but the right people, culture and ownership mindset.



Retail scale is built by people who understand markets, own outcomes and protect credit discipline.

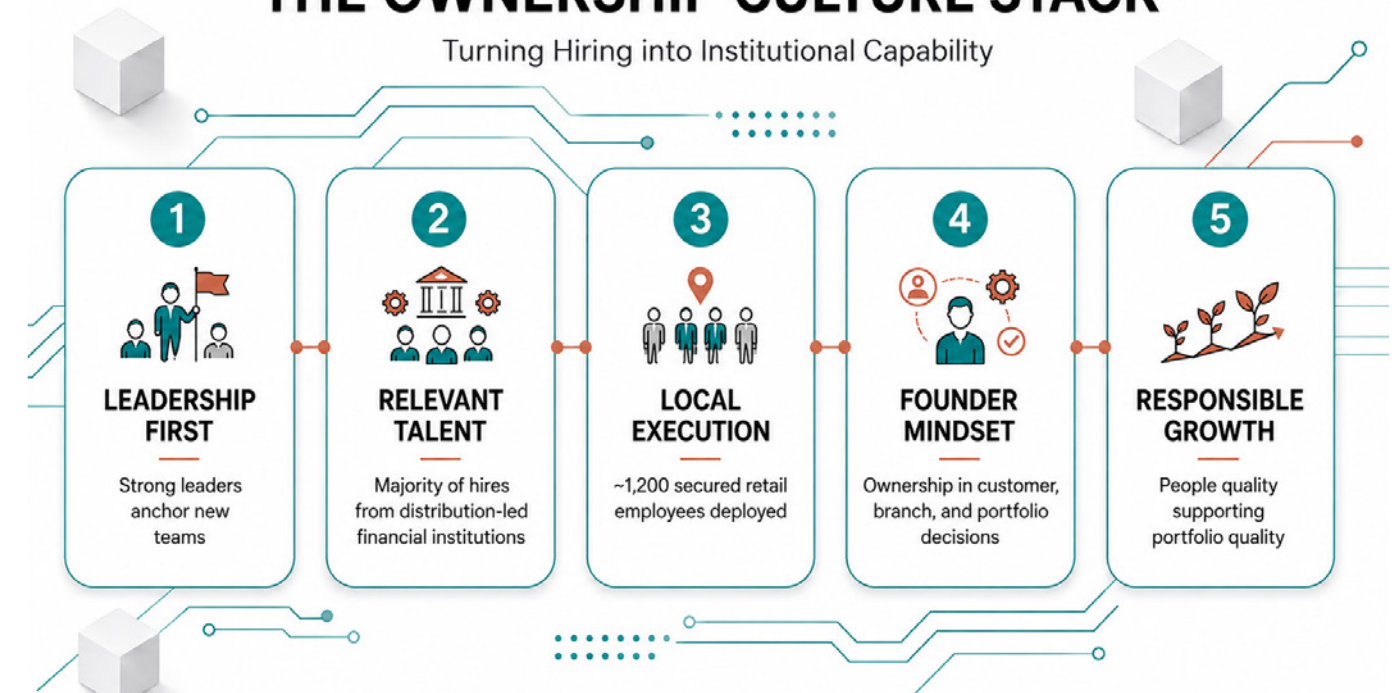
Retail lending is a people-intensive business. Branches create presence, but people create outcomes. They source customers, assess local realities, build relationships, monitor behaviour and protect portfolio quality. For ARKA FINCAP, FY2026 was therefore as much a human capital build-out as it was a business expansion.

The scale-up was substantial. The employee base expanded from 624 to around 1,746 by the close of the financial year. This growth was driven by the retailisation agenda and the need to create frontline strength across secured business loans and used vehicles.

Quality of hiring was equally important. Majority of the new hires came from established, large-scale distribution-led financial institutions. This helped ARKA FINCAP build teams with relevant domain exposure, market understanding and execution experience.

THE OWNERSHIP CULTURE STACK

Turning Hiring into Institutional Capability



The approach was deliberate: hire strong leaders, build teams around them and protect the quality of the organisation while scaling quickly. This mattered because, in retail finance, portfolio quality is closely linked to the quality, judgement and ownership of frontline teams.

The Company's '**Founder Mindset**' became an important cultural anchor during this transition. It encourages employees to act with ownership, think beyond functional boundaries and treat customer, branch and portfolio decisions with institutional responsibility.

The result is a culture being shaped for scale: field-oriented, performance-conscious, ownership-led and aligned to responsible growth. ARKA FINCAP is not only building a larger workforce. It is building a workforce capable of carrying the institution deeper into Bharat with discipline and confidence.

FY2026 Progress Box

01.

The employee base expanded from 624 to around 1,746, creating the manpower base required for retailisation.

02.

Majority of new hires were sourced from large-scale, distribution-led financial institutions.

03.

A leadership-first hiring model was used, with strong leaders onboarded and teams built around them.

04.

The HR function scaled to a much larger institutional support engine.

05.

The '**Founder Mindset**' was embedded as a behavioural anchor for ownership, accountability and credit discipline.

06.

The '**Remarkable**' employee culture platform was initiated to encourage collaboration, competitiveness and institutional pride.

► Dashboards meet dusty roads

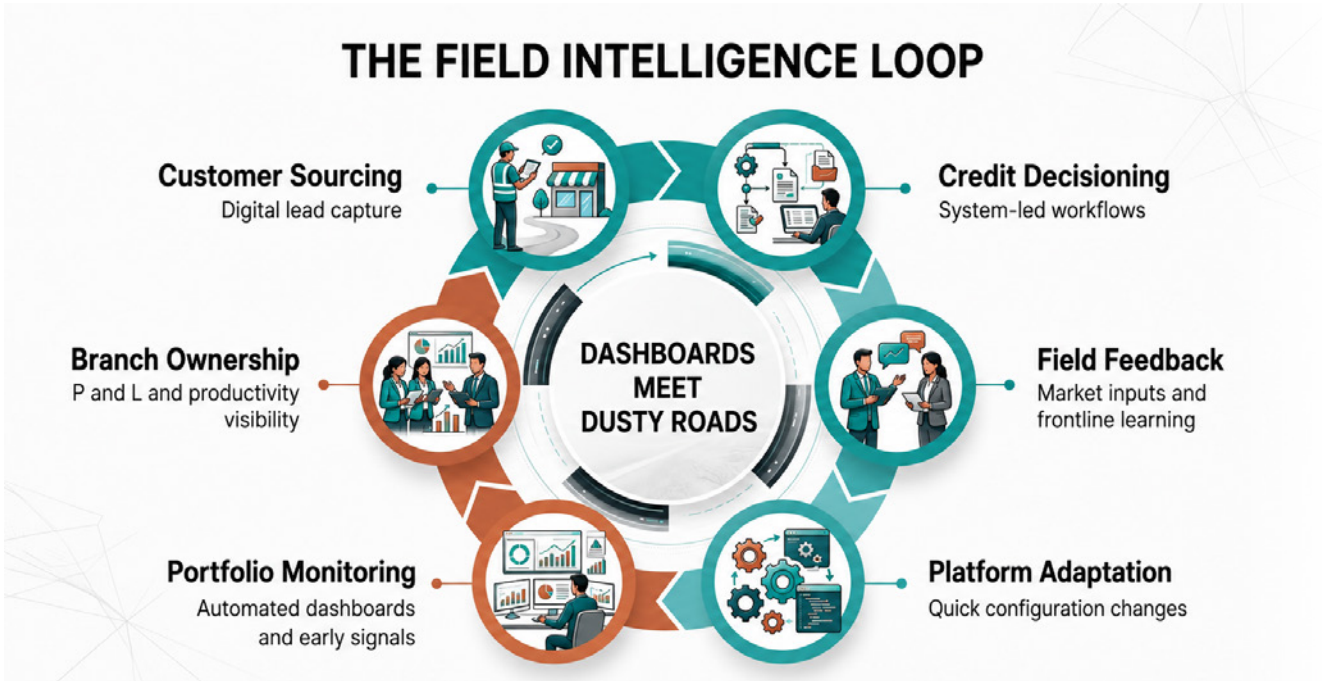
Digital control for ground-level lending

ARKA FINCAP’s technology platform is designed to combine field intelligence with system-led speed, consistency and risk visibility.

The future of retail lending will not be built by technology alone. It will be built by technology that understands the ground.

For ARKA FINCAP, this is the meaning of ‘Dashboards Meet Dusty Roads’. The Company is building a model where digital systems strengthen field judgement, improve operating speed and create portfolio visibility across expanding retail geographies.

During FY2026, ARKA FINCAP launched three loan origination systems within nine months. A product or LOS implementation typically takes six to eight months, but the Company launched each system in around two to two-and-a-half months. This speed was critical because the secured retail businesses were new and needed digital rails from day one.



The workflows were designed to be fully digital. Sourcing, credit decisioning, underwriting, approvals, exception handling and disbursement were brought into the system. Multiple APIs were

integrated to support straight-through processing and reduce manual friction. The technology build also extended to the partner ecosystem.

“**Technology at ARKA FINCAP is not built to replace the field. It is built to make every field decision faster, sharper and more controlled.**”



Beyond origination, data infrastructure is strengthening control. Branch-level profitability, employee productivity and portfolio monitoring have been enabled. This gives managers better visibility into performance, productivity and early warning signals.

This is technology with a clear purpose: faster execution, standardised processes, lower manual error and tighter portfolio monitoring. It does not replace local understanding. It gives the field stronger tools, clearer dashboards and better control.

FY2026 Progress Box

01.

Three loan origination systems were launched within nine months, supporting new secured retail product journeys.

02.

The lending workflow was digitised from sourcing to credit decisioning, underwriting, approvals and disbursement.

03.

Multiple APIs were integrated to enable faster, more standardised and controlled processing.

04.

Branch-level P and L, employee productivity and portfolio monitoring was enabled.

05.

Risk dashboards, early warning signals and portfolio quality reports were pushed to regional and branch teams, linking digital intelligence with field execution.

► Management discussion & analysis

Navigating growth with strategic clarity



1. Economic & Industry Environment

1.1 Global Economic Review

The global economy ended 2025 on a note of quiet resilience. Real GDP growth came in at an estimated 3.4 per cent for the year, a slight upward revision from the 3.3 per cent projected in the IMF's January 2026 Update, underpinned by a powerful surge in artificial intelligence-related investment concentrated in North America and Asia, broadly accommodative financial conditions, and sustained demand across emerging

markets.¹ Global headline inflation continued its gradual descent, easing to 4.1 per cent in 2025,² aided by declining energy commodity prices and a stabilisation in supply-side pressures that had plagued earlier years. Global financial conditions, while experiencing episodic volatility, remained broadly supportive through most of 2025, with equity markets elevated, credit spreads historically narrow, and sovereign bond issuance at record levels, though tilted toward shorter maturities as investors grew cautious on long-duration exposure.³

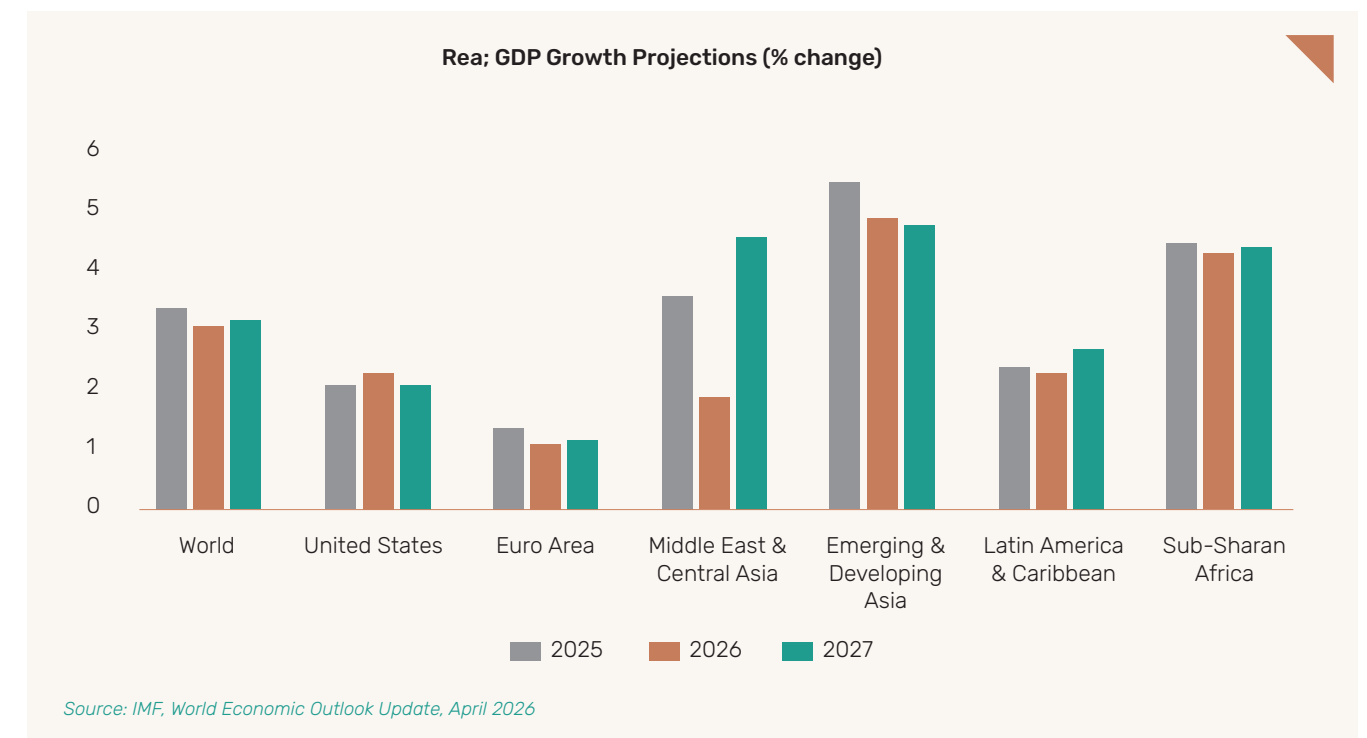
¹ International Monetary Fund, "World Economic Outlook Update: Global Economy in the Shadow of War", April 2026.

² International Monetary Fund, "World Economic Outlook Update: Global Economy: Steady amid Divergent Forces", Jan 2026.

³ International Monetary Fund, "World Economic Outlook Update: Global Economy: Steady amid Divergent Forces", Jan 2026.

“According to the **IMF**, Global growth is projected at 3.1% for 2026 and 3.2% for 2027, below the long-term average of 3.7%, facing renewed tests as **West Asia conflict threatens to disrupt growth and disinflation.**”

Source: International Monetary Fund, April 2026



Monetary policy across major economies was on a gradual easing trajectory heading into 2026. The US Federal Reserve had been reducing the federal funds rate incrementally, with the IMF projecting it to reach a terminal rate of approximately 3.1 per cent by the end of 2027.⁴ The European Central Bank was expected to hold rates steady, while the Bank of Japan was projecting a gradual increase toward a neutral rate of around 1.5 per cent. This divergence in monetary policy stances was beginning to drive differentiated currency and capital flow dynamics globally.

However, the outbreak of a conflict engulfing West Asia at the end of February 2026 has materially altered the near-term outlook, prompting the IMF to frame its

April 2026 World Economic Outlook under the stark title "Global Economy in the Shadow of War." The disruption of oil and gas shipments through the Strait of Hormuz, which in 2024 accounted for approximately one-fifth of global liquid petroleum consumption, triggered an abrupt reversal in commodity prices. Where the January 2026 WEO had anticipated energy commodity prices to decline by approximately 7 per cent in 2026, the April update now projects them to rise by 19 per cent, with oil averaging US\$ 82 per barrel, a 21.4 per cent year-on-year increase.⁵ Natural gas prices are expected to be even more severely affected, given the technical complexity of restarting supply and comparatively limited reserve buffers. Food prices are also projected to rise, compounded by disruption to fertiliser exports from the Gulf region and elevated transport costs.

⁴ International Monetary Fund, "World Economic Outlook Update: Global Economy in the Shadow of War", April 2026.

⁵ International Monetary Fund, "World Economic Outlook Update: Global Economy in the Shadow of War", April 2026.

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The inflationary consequence is significant. Global consumer price inflation, which had been trending down toward 3.8 per cent for 2026, as projected in January, is now forecast to remain elevated at 4.4 per cent, a 0.6 percentage-point upward revision. The disinflation trend has been interrupted. In the United States, core PCE inflation was already running at 3.1 per cent as of January 2026, and the tariff pass-through to consumers, now estimated to fall largely on US importers and households, is expected to delay the return to the 2 per cent target until 2027. In the euro area, headline inflation is projected to temporarily exceed 2 per cent in 2026, with core inflation staying above target through 2028.

Risk-off sentiment following the outbreak of the conflict has led to a moderate tightening of global financial

conditions. The US dollar has strengthened somewhat, reaffirming its safe-haven status, while equity prices have retreated and emerging market currencies have come under depreciation pressure. Sovereign bond yields face upward pressure as heavy issuance, with US public debt projected to rise from 124 per cent of GDP in 2025 to 142 per cent by 2031, strains debt markets, even as shorter-maturity issuance has dominated. Against this backdrop, global growth for 2026 is revised down to 3.1 per cent under the IMF's reference forecast, with risks firmly tilted to the downside. Under an adverse scenario of more prolonged conflict, global growth could fall to 2.5 per cent in 2026, with inflation reaching 5.4 per cent, levels that would constitute one of the most significant peacetime economic disruptions since the Global Financial Crisis.⁶

⁶ International Monetary Fund, "World Economic Outlook Update: Global Economy in the Shadow of War", April 2026.



~2%

CPI Avg FY26

7.6%

GDP Growth FY26E
As per RBI

6.9%

GDP Forecast FY27
As per RBI

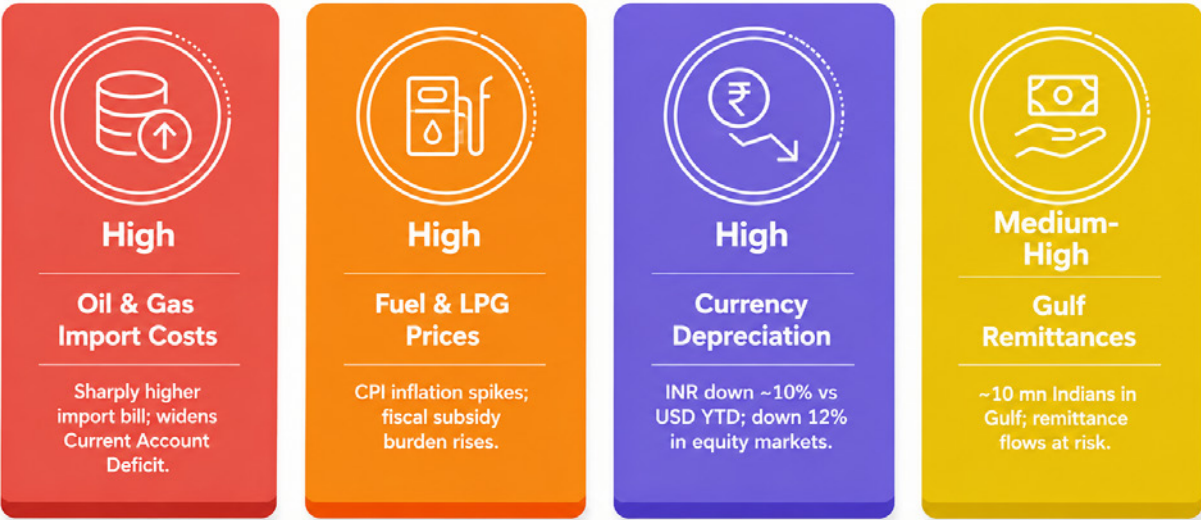
5.25%

Repo Rate (Apr '26)

4.6%

CPI Forecast FY27

Impact on India: Channel Severity



Oil & Gas, Fuel & LPG, and Currency Depreciation have a high impact on India.

1.2 Indian Economic Review

India's economy delivered an estimated GDP growth of 7.6% in FY26, cementing its position as the world's fastest-growing major economy.⁷ This was driven by robust private consumption, particularly from rural households, buoyant services-sector activity, and front-loading of merchandise exports ahead of the United States' imposition of 50% tariffs in August 2025. The growth was accompanied by a broadly benign inflation environment through much of the year.

Consumer Price Index (CPI) inflation averaged approximately 2% in FY26, historically low and well within the Reserve Bank of India's (RBI) 2-6% target band.⁸ Food inflation eased on the back of improved agricultural output, while core inflation remained contained. This created a rare "Goldilocks" environment: high growth alongside low inflation.

Capitalising on the low-inflation window, the RBI's Monetary Policy Committee (MPC) pivoted to an easing stance during FY26, cutting the repo rate by a cumulative 100 basis points (bps). The rate currently

stands at 5.25%, the lowest in several years. This easing supported credit offtake, lowered borrowing costs for households and businesses, and compressed lending spreads across the financial system.⁹

At its April 9, 2026, meeting, the MPC held the repo rate unchanged at 5.25%, adopting a cautious and calculated approach. The decision came against the backdrop of heightened uncertainty stemming from the West Asia conflict and its cascading impact on energy markets, particularly the disruption of oil transit through the Strait of Hormuz. RBI Governor noted that upside risks to inflation had materially increased, even as the two-week ceasefire was taken into account in the MPC's deliberations.¹⁰

Retail inflation in FY26 averaged close to 2%, a significant departure from recent years. Three factors aligned: a good monsoon-supported kharif harvest that cooled food prices, subdued global commodity costs (with an oil price assumption of \$70/bbl), and weak import price pressure as the rupee remained broadly stable. This compressed inflation to its lowest level in years, enabling the MPC to ease monetary conditions aggressively.

⁶ International Monetary Fund, "World Economic Outlook Update: Global Economy in the Shadow of War", April 2026.

⁷ The Indian Express, RBI holds repo rate, sees GDP growth slowing to 6.9% in FY27, April 09, 2026.

⁸ The Indian Express, RBI holds repo rate, sees GDP growth slowing to 6.9% in FY27, April 09, 2026.

⁹ The Indian Express, RBI holds repo rate, sees GDP growth slowing to 6.9% in FY27, April 09, 2026.

¹⁰ Department of Economic Affairs, Monthly Economic Review, Feb 2026.

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March 2026 data confirmed a pick-up in retail inflation as energy supply disruptions from the West Asia conflict transmitted through fuel, LPG, and transport costs. Food inflation also firmed due to supply chain dislocations, higher logistics expenses, and input cost pressures on agricultural produce. The RBI now projects FY27 headline CPI to average 4.6%, significantly higher than FY26's ~2%.

The onset of the West Asia conflict in early 2026 and Iran's subsequent closure of the Strait of Hormuz triggered a sharp surge in crude oil prices, from sub-\$70/bbl in February 2026 to over \$113/bbl by March. While a two-week ceasefire has partially stabilised spot prices, structural damage to energy infrastructure in the Gulf region raises medium-term uncertainty. India, which imports ~85% of its crude oil needs, is acutely exposed to this shock.¹¹

The Indian rupee has already declined nearly 10% against the US dollar over the past year, with equity benchmarks down approximately 12% since the year started amid a withdrawal of capital by foreign portfolio investors. The RBI has intervened to moderate volatility, but structural pressures, a wider current account deficit and higher import costs persist. The currency's trajectory will significantly influence NBFC cost of funds, especially for entities with overseas borrowings or foreign currency liabilities.¹²

Bank credit continued to expand at a moderate pace through FY26, supported by the RBI's accommodative monetary stance. The 100-bps cumulative rate cut was transmitted into lower lending rates across retail, MSME, and corporate segments, stimulating demand for home loans, vehicle finance, business credit, and personal finance products, core segments for the NBFC sector.¹³

The low-interest-rate, low-inflation environment of FY26 created a broadly supportive backdrop for non-banking financial companies. Lower borrowing costs improved net

interest margins, strong rural consumption underpinned demand in vehicle finance and microfinance, and stable asset quality reflected healthy repayment behaviour. Capital markets remained accessible, facilitating bond issuances and fundraising at competitive rates.

The outlook for credit markets in FY27 is one of cautious optimism amid rising headwinds. NBFCs must navigate tighter liquidity conditions amid oil-price-driven fiscal pressures, potential currency volatility impacting foreign borrowing costs, and some moderation in economic activity, as flagged by early high-frequency indicators in March 2026.¹⁴

India's GDP growth in FY27 is projected at 6.9% by the RBI, a moderation from the 7.6% of FY26, primarily reflecting the drag from elevated energy costs, trade headwinds from US tariffs, and supply chain disruptions stemming from the West Asia conflict. The United Nations ESCAP projects 6.4% growth for 2026, rising to 6.6% in 2027, citing sustained structural drivers. At its core, India's growth story, driven by domestic consumption, infrastructure investment, and a maturing services export base, remains intact.¹⁵

Several themes will define the FY27 economic landscape. The trajectory of the West Asia conflict ceasefire and energy market normalisation is the single most critical near-term variable for oil prices and inflation. Domestically, the pace of monsoon performance will determine whether food inflation remains manageable. On the trade front, the impact of US tariffs on merchandise export momentum, which had seen a spike in pre-tariff front-loading, will become apparent. Fiscal discipline amid potential energy subsidy pressures will influence government bond yields and system liquidity. Finally, the rupee's stability will determine the extent of imported inflation and foreign capital flows.¹⁶

1.3 NBFC Industry Landscape

Non-Banking Financial Companies (NBFCs) are a structurally indispensable component of India's financial system. Operating outside the full reserve requirements imposed on commercial banks, they extend credit with greater agility and risk tolerance to segments that the formal banking sector has historically underserved: rural households, micro-entrepreneurs, self-employed individuals, small traders, and lower-middle-income borrowers. Over the past decade and a half, the NBFC sector has evolved from a collection of niche intermediaries into a sophisticated, technology-driven credit ecosystem that competes with, and in many metrics outperforms, scheduled commercial banks on key efficiency and growth parameters.

As of September 2025, the NBFC sector (Upper and Middle Layers, excluding Housing Finance Companies, Core Investment Companies, and Standalone Primary Dealers) recorded credit growth of 21.3% year-on-year, with retail credit expanding by 22.4% year-on-year and bank lending to NBFCs rising by 8.5% year-on-year. The GNPA ratio stood at 2.9%, the Capital to Risk-Weighted Assets Ratio (CRAR) at 24.9%, the net interest margin at 4.9%, and the return on assets at 2.5%, all metrics reflecting a fundamentally sound and well-capitalised sector despite rising credit costs and emerging pockets of stress.¹⁷

Within the select universe of 31 large listed NBFCs tracked by BCG, aggregate balance sheet size reached ₹28.2 lakh crore in FY25, growing 20% year-on-year, further expanding to ₹30.8 lakh crore by H1FY26 (12% year-on-year). Net advances in this universe stood at ₹24.5 lakh crore in FY25 (+20%) and ₹27.0 lakh crore in H1FY26 (+17%). Profit after tax (PAT) for this select group grew 10% in FY25 and 11% in H1FY26, albeit heavily dragged down by the microfinance segment's earnings collapse.^{18 19}

1.3.1 Sectoral Overview

India's Non-Banking Financial Companies (NBFCs) account for nearly 25% of the country's total credit market and have emerged as the primary credit delivery mechanism for underserved borrower segments outside the formal banking system.²⁰ The sector comprises Investment and Credit Companies (NBFC-ICCs), Housing Finance Companies (HFCs), Microfinance Institutions (MFIs), and Infrastructure Finance Companies (IFCs), with ICCs representing the largest share of credit deployment and the most active arena for strategic differentiation.

The FY2026 operating environment for NBFCs was one of recalibration and selective growth. CRISIL Ratings' revised outlook, published in November 2025, projects NBFC AUM to grow at 18–19% in FY2026 and FY2027, driven by a pick-up in consumption demand, benign inflation, and GST rationalisation benefits. CRISIL estimates that NBFC AUM will surpass ₹50 lakh crore by March 2027.²¹

“**NBFC AUM is expected to grow at 18–19% in FY2026 and FY2027, surpassing ₹50 lakh crore by March 2027, driven by consumption demand, benign inflation, and GST rationalisation.**”

Source: International Monetary Fund, April 2026

¹⁰ Department of Economic Affairs, Monthly Economic Review, Feb 2026.

¹¹ Reserve Bank of India Bulletin, March 2026.

¹² BBC, India's high-growth economy gets a Middle East oil shock, April 07, 2026.

¹³ Department of Economic Affairs, Monthly Economic Review, March 2026.

¹⁴ The Indian Express, RBI holds repo rate, sees GDP growth slowing to 6.9% in FY27, April 09, 2026.

¹⁵ Deloitte Insights, India Economic Outlook, January 2026.

¹⁶ BBC, India's high-growth economy gets a Middle East oil shock, April 07, 2026.

¹⁷ Reserve Bank of India, Financial Stability Report, December 2025.

¹⁸ BCG, India NBFC Sector Roundup – FY25, May 2025.

¹⁹ BCG, India NBFC Sector Roundup – H1FY26, December 2025.

²⁰ "NBFCs Grow Total Credit Share by 50% in a Decade: Infomerics", Economic Times, July 2024.

²¹ CRISIL Ratings, "NBFCs Face Funding Pressure Despite Healthy Outlook", November 2025.

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However, the growth trajectory is not uniform across segments.. NBFCs with granular, secured portfolios and robust underwriting frameworks are expected to outperform. Access to diverse funding sources, especially for mid-sized players, remains a key determinant of growth, as bank lending to NBFCs has remained muted despite the rollback of elevated risk weights from April 2025.²²

1.3.2 Segment-wise Trends**a) Secured MSME Lending (Loans Against Property)**

The Loan Against Property and secured MSME lending segment, constituting approximately 15% of total NBFC AUM, is one of the most structurally resilient growth categories within the NBFC ecosystem. Growth in this segment is expected to remain robust at 26–27% over FY2026 and FY2027, normalising from prior highs but still outpacing most other asset classes.

This momentum is anchored in the ongoing formalisation of India's MSME economy, broader GST adoption, Udyam registration, and the growing availability of digital financial data, which continues to expand the addressable market for organised, secure lenders.

That said, the outlook demands careful differentiation. Lenders are expected to adopt a cautious stance in the smaller/micro-ticket loan segment due to an increase in early delinquencies. Separately, unsecured MSME business loans, which account for approximately 6% of NBFC AUM, have seen rising delinquencies amid higher borrower leverage and adjacency to the microfinance customer segment, with growth expected to slow to 13–14% from the highs of 31% seen in the previous two fiscal years.²³

This divergence, between secured LAP performing well and unsecured MSME loans under stress, directly validates ARKA's strategic positioning. Our Company's LAP offering is secured against property at a conservative average Loan-to-Value between 50–65%, targeting established MSME borrowers with demonstrable repayment capacity. Our underwriting philosophy and the secured nature of our portfolio place us firmly on the resilient side of this divide.

b) Pre-Owned Commercial Vehicle Financing

Vehicle finance, constituting approximately 22% of total NBFC AUM, remains one of the most structurally stable

and consistently growing asset classes within the sector. Growth in vehicle finance is expected to remain steady at 16–17% over FY2026 and FY2027. GST rate cuts have provided a fillip to unit sales across vehicle categories, particularly cars, and this momentum is likely to continue. Additionally, increasing preference for premium vehicles among buyers and a focus on used-vehicle financing will support AUM growth in the segment.²⁴

The commercial vehicle sub-segment is relevant to ARKA's Pre-Owned Wheels strategy. Competition with banks remains strong in new-vehicle sales, making the used-vehicle segment, where NBFCs have historically held a structural underwriting and reach advantage, the more attractive and defensible opportunity for specialised lenders. The shift toward used-vehicle financing noted by CRISIL as a growth driver for the overall vehicle finance segment aligns directly with Our Company's product thesis: that pre-owned commercial & passenger vehicles represent an underserved, high-yield niche where branch proximity, local connector networks, and asset-specific underwriting skill deliver a durable competitive edge over banks and larger, less specialised NBFCs.

c) Challenges and Risks

Notwithstanding the constructive sectoral outlook, several risks merit careful monitoring. Access to diversified funding remains a key differentiator. Bank lending to NBFCs stood at ₹13.8 lakh crore as of September 2025, only marginally above year-ago levels, despite the rollback of elevated risk weights. This has necessitated greater reliance on debt capital markets, securitisation, and direct assignments, particularly for mid-sized players.²⁵

Rising delinquencies in unsecured MSME business loans, which grew at a 31% pace in the prior two fiscal years before moderating, reflect the impact of higher borrower leverage and overlaps with microfinance customer profiles. For NBFCs focused on secured, collateral-backed products, these pressures are substantially insulated. Regulatory compliance requirements, including enhanced customer protection standards, fair pricing disclosures, and cybersecurity obligations under the RBI's Scale-Based Regulation framework, continue to raise the operational bar for all players. Larger, well-governed institutions like Arka, with systematic compliance frameworks and diversified funding, are structurally advantaged in this environment.

Aapka Apna – more than a brand promise. It is ARKA FINCAP LIMITED's commitment to stand beside every customer – not merely in transactions, but through every journey of aspiration, resilience, and progress.

Source: International Monetary Fund, April 2026

**2. Company Snapshot**

ARKA FINCAP LIMITED is a Non-Deposit-Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI), incorporated in April 2018 with a vision to deliver customised, forward-thinking financial solutions that empower MSMEs, first-generation entrepreneurs, and businesses across India to build, expand, and grow. The Company is a wholly owned subsidiary of Arka Financial Holdings Private Limited (AFHPL), an unregistered Core Investment Company (CIC), which is in turn a subsidiary of Kirloskar Oil Engines Limited (KOEL). This lineage places ARKA FINCAP LIMITED

firmly within the Kirloskar Group, one of India's most respected industrial conglomerates with a heritage of over 130 years.

The Kirloskar group's legacy of engineering precision and institutional trust underpins ARKA brand promise and serves as a powerful trust anchor in the Tier II and Tier III markets where it operates.

As of 31st March 2026, ARKA holds a CRISIL rating of 'AA with Stable outlook' for long-term borrowings and 'A1+' for short-term borrowings, ratings that reflect confidence in the promoter, management team, governance standards, and the quality of the loan book.

₹7,947 Cr

Total AUM 31st
March, 2026

~66%

SME & Retail Mix
31st March, 2026

137

Branches
Nationwide

1,746

Employees
FY2026

23.5%

CRAR
31st March, 2026

²² CRISIL Ratings, "NBFCs Face Funding Pressure Despite Healthy Outlook", November 2025.

²³ CRISIL Ratings, AUM to tick up steadily for NBFCs, cross Rs 50 lakh crore next fiscal, November 24, 2025

²⁴ CRISIL Ratings, AUM to tick up steadily for NBFCs, cross Rs 50 lakh crore next fiscal, November 24, 2025.

²⁵ CRISIL Ratings, "NBFCs Face Funding Pressure Despite Healthy Outlook", November 2025.

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3. FY2026 - The Year We Built the Engine

3.1 The Retailisation Pivot: Where We Were, Where We Are

FY2026 represents the most consequential year in the evolution of ARKA FINCAP LIMITED since its founding. It is the year in which the Company transformed from a high-performing NBFC with a growing retail intent into a genuinely retail-led institution with the infrastructure, people, technology, and brand presence to sustain that ambition at scale.

Infrastructure as a Trust Anchor: In the Tier II and Tier III markets that form the core of ARKA's retail expansion, "seeing is believing." The Company's Secured Retail Lending branches serve as physical anchors of trust in their communities. In FY2026, ARKA supplemented this branch presence with aggressive Below-the-Line

marketing, including high-visibility kiosk setups, doorstep service models and localised leaflet distributions. This on-the-ground visibility, combined with the "Aapka Apna" branding theme, has been essential in formalising the credit habits of MSME entrepreneurs who were previously reliant on unorganised, high-cost informal lending.

Metric	FY2025	FY2026
AUM (₹ Crore)	7,255	7,947
PAT (₹ Crore)	80	69
Retail + SME Mix (%)	64%	66%
Branches	34	137
Employees	624	1,746
CRAR (%)	20.8%	23.5%

3.2 Defining Our Product Portfolio

A clear understanding of ARKA's business segmentation is essential for interpreting our performance correctly. Our Company operates across three distinct lines of business:

Wholesale Lending: comprising Corporate Lending, Real Estate & Urban Infrastructure Lending, and Syndication. This remains a disciplined, ROA-accretive pillar of our franchise, contributing approximately 34% of total AUM as of 31st March 2026.

SME Lending: Prime Loan Against Property (Prime LAP), offered to select MSME borrowers against residential, commercial and industrial property collateral. Ticket sizes

range from ₹50 lakh to ₹5 crore. This segment currently constitutes approximately ~57% of total AUM.

Secured Retail Lending: Secured Business Loans (SBL) and Pre-Owned Wheels (POW) financing, targeting first-generation entrepreneurs and small fleet operators in Tier II and Tier III cities. This business, inceptioned in FY2026, has scaled rapidly and now constitutes approximately 9% of total AUM. It is the highest-growth and highest-yield segment, and the primary driver of our long-term profitability strategy.

At its current scale, ARKA adopts a customer-centric definition of Retail. This enables the Company to retain the agility of a local lender while deploying the sophisticated risk infrastructure of a national institution.

► Management discussion & analysis



4. Business Segment Performance

4.1 Wholesale Lending

Our wholesale lending franchise, comprising Corporate Lending, Real Estate & Urban Infrastructure Lending, and Syndication, has been the foundation of ARKA growth since inception.

Our Corporate Lending division provides bespoke, customised financing solutions to mid and large-sized corporations at various stages of their business lifecycle, spanning pharmaceuticals, renewable energy, infrastructure, EPC, telecom, consumer goods, auto components, and manufacturing. The division's product suite encompasses structured lending, acquisition finance, bridge finance, promoter-level financing, working capital solutions, and growth funding across capex and project requirements.

Our Real Estate division provides structured financing to established developers of residential, commercial, and mixed-use properties. Products offered include last-mile financing to near-completion projects, project finance tied to cash flows and milestones, working capital, and acquisition financing for land and asset purchases. The division is differentiated by its preference for developers with proven delivery track records and its syndication-

based model for larger transactions, which reduces single-borrower concentration and aligns risk with market appetite.

The Urban Infrastructure division finances high-impact sectors including warehousing and logistics, roads and highways (EPC), education institutions, and healthcare facilities. The division deploys a structured finance model, project finance, corporate exposure, working capital, acquisition financing, and receivables securitisation, tailored to the long-tenure, milestone-based cash flow profile of infrastructure assets.

The Syndication division acts as a strategic bridge between borrowers and financial institutions, mobilising capital through advisory, co-lending, and debt placement support.

While the strategic emphasis is now firmly on secured retail, the wholesale book continues to serve a critical role: it provides portfolio diversification, contributes to blended yield stability, continues as a highly profitable business segment for Arka and additionally generates fee income through the Syndication business. As of 31st March 2026, the wholesale portfolio accounted for approximately ~34% of total AUM. Asset quality remains pristine with zero delinquent account - a testament to the quality of origination, credit assessment and active portfolio monitoring.



4.2 SME Lending

ARKA's SME strategy is now singularly anchored in the **Prime LAP** portfolio. The Company targets established MSME entrepreneurs with stable cash flows and high-quality collateral, typically maintaining ticket sizes between ₹50 Lakhs to ₹5 crore. This segment serves as a stable pillar of AUM, providing consistent yields while maintaining an average conservative Loan-to-Value profile between 50%-65%.

SME Lending contributes approximately 57% of total AUM as of 31st March 2026. The segment's growth is supported by structural demand from India's formalising MSME economy.

Asset quality in the SME book remains satisfactory. The secured nature of Prime LAP collateralised against

property provides a meaningful first line of defence against borrower stress. Regular portfolio reviews and early warning indicators are embedded in our credit monitoring process.

4.3 Secured Retail Lending

4.3.1 Secured Business Loans

The Secured Business Loans (SBL) vertical, operating under the small-ticket LAP model, is the centrepiece of ARKA's new retail identity. It targets self-employed individuals, small traders, salaried and micro-entrepreneurs in Tier II to Tier IV towns, a segment characterised by strong repayment intent, property-backed collateral, and genuine credit need, yet systematically underserved by the formal banking system.

Product parameters: loans ranging from ₹7 Lakh to ₹50 Lakh, secured against residential or commercial property, with average yields above 16% and an average LTV capped between 50-55%. Average ticket size is approximately ₹10-15 Lakh. Loan tenures extend up to 15 years, ensuring affordable EMIs that align with borrowers' cash flows.

The branch network strengthened in the current financial year, represents one of the most ambitious physical distribution buildouts executed by an NBFC of ARKA's scale. The Kirloskar brand name provides a powerful competitive advantage in these geographies: in Tier II and Tier III markets, where "seeing is believing", the physical presence of a well-branded branch backed by a group with over 130 years of industrial heritage is a decisive differentiator.

“*Secured Business Loans and Prime LAP- two sides of the same conviction: that India's MSME entrepreneurs deserve formalised, fairly priced credit backed by the institutional trust of the Kirloskar legacy.*”

► Management discussion & analysis

Distribution is delivered through a decentralised, cost-efficient branch model supplemented by a dense network of empanelled Direct Sales Associates (DSAs) and local channel partners. The Pragati platform, ARKA's internally developed channel partner onboarding and payout system, has transformed the Company's relationship with its distribution network. Lead processing, documentation tracking, and commission payments are now managed through a single digital platform, significantly improving partner productivity and satisfaction.

Credit underwriting blends physical intelligence with digital analytics: on-ground credit managers conduct in-person assessments and field visits for every loan, while a credit analytics platform generates granular risk matrices using demographic, occupational, and regional credit data. This "Dashboards and Dusty Roads" philosophy, combining data-driven decision-making with boots-on-the-ground credit assessment, is the foundation of the Company's approach to managing credit risk in nascent markets.

4.3.2 Pre-Owned Wheels Financing

ARKA's Pre-Owned Wheels (POW) division marks the Company's strategic entry into India's large and structurally underpenetrated used commercial & passenger vehicle financing market.²⁶ NBFCs currently account for over 60% of commercial vehicle loan disbursements in India, while used commercial vehicles account for 61.53% of the total CV finance market. Rising new-vehicle prices driven by BS-VI compliance mandates have structurally expanded demand for used-vehicle financing as fleet operators and first-time buyers seek cost-effective alternatives.

²⁶ Mordor Intelligence, "India Commercial Vehicle Financing Market", September 2025.

Arka's POW offering spans Heavy and Medium Commercial Vehicles (HCV/MCV), Small and Light Commercial Vehicles (SCV/LCV) and Passenger Vehicles. Target customer segments include fleet operators managing more than 25 vehicles, retail transporters with 5-25 vehicles serving FMCG, cement, and e-commerce supply chains, and first-time buyers or first-time borrowers transitioning from employment to self-ownership, a segment that forms major chunk of NBFC-led UCV financing. In medium-term, we also plan to launch Construction Equipment and tractor loans to mine existing customer relationships as well as making branches more productive and cost efficient.

The POW business is operated through Secured Retail branches, with a cluster-based expansion strategy that optimises operational synergies with the SBL branch network. The credit framework is built on three pillars: product profiling (model-level vehicle valuation and residual value assessment), customer stratification (risk-weighted pricing based on repayment history and route analytics), and geographic calibration (selection of lending markets based on CV hub density and freight demand patterns).

Outlook: India's Pre-Owned Wheels ecosystem is at an inflection point, driven by formalisation of the logistics sector, rapid e-commerce growth, and infrastructure-led demand for freight transportation. Our model, anchored in local intelligence, rigorous credit discipline, and connector-based sourcing through RTO agents and mechanic networks, positions us well to capture this opportunity sustainably.



4.4 Loan Book Composition

Segment	AUM FY2026 (₹ Cr)	% of Total	AUM FY2025 (₹ Cr)	% of Total
SME Lending (Prime LAP)	4,526	57%	4,677	64%
Secured Business Loans (SBL)	183	2%	-	-
Pre-Owned Wheels (POW)	498	6%	-	-
Wholesale Lending	2,739	34%	2,578	36%
Total AUM	7,947	100%	7,255	100%

5. Financial Performance

5.1 FY 2026 Financial Overview

Particulars	FY2025	FY2026	YoY
Interest Income (₹ Crore)	672	702	4.5%
Finance Cost (₹ Crore)	456	499	9.5%
Fee & Other Income (₹ Crore)	116	198	70.2%
Total Income (₹ Crore)	788	900	14.2%
Operating Expenses (₹ Crore)	185	240	29.5%
Pre-Provisioning Operating Profit (₹ Crore)	147	161	9.3%
Credit Cost (₹ Crore)	53	68	27.4%
Profit After Tax (₹ Crore)	80	69	-14.6%
Return on Average AUM (%)	1.4%	1.2%	-0.3%
Net Interest Margin (%)	5.7%	6.9%	1.2%
Cost-to-Income (%)	53.9%	59.3%	5.4%
AUM (₹ Crore)	7,255	7,947	9.5%
CRAR (%)	20.8%	23.5%	2.6%
GNPA (%)	0.7%	1.2%	0.5%
NNPA (%)	0.2%	0.3%	0.1%

5.2 Profitability Analysis

Total income for FY2026 grew 14% to ₹900 Crore over FY2025's ₹788 Crore, driven by expansion in interest income from the growing loan book and an increase in fee and commission income. The growth in interest income reflects both volume growth in AUM and the higher yields from the SBL and POW segments, which generate weighted average yields over 16%, compared to relatively lower yields in Prime LAP and Wholesale Business.

For FY2026, PAT stood at ₹69 Crore. Operating leverage is expected to begin improving from FY2027 as branch productivity matures and revenue per employee increases.

5.3 Asset Quality

Asset quality requires careful, contextual interpretation in FY2026. GNPA rose from 0.7% in FY2025 to 1.2% as of 31st March 2026. Two important facts frame this movement:

First: The GNPA increase is not attributable to the secured retail or wholesale portfolios, both of which continue to demonstrate sound asset quality. It is majorly the result of delinquencies in the non-core legacy portfolios; these portfolios are in natural rundown; their impact on reported GNPA will diminish progressively as the Company maintains its focus on building a pure-play secured asset base.

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The rise in GNPA is a story of conscious legacy exits, not current weakness. As the discontinued book runs down and the new secured retail book seasons, the long-term GNPA trajectory will reflect the quality of the assets we are building today.

Second: The new retail book, SBL and POW, is nascent and performing well within expected parameters. We are proactively implementing AI-led early-warning systems, quarterly portfolio scrubs, a rule-engine-based credit-approval mechanism, and regular field-visit-based monitoring by dedicated credit managers. The “Dashboards meets Dusty Roads” philosophy ensures that data-driven risk analytics are supplemented by on-ground human intelligence.

5.4 Capital Structure and Funding

ARKA FINCAP LIMITED maintains a conservative and well-diversified capital structure. The Capital Adequacy Ratio (CRAR) stood at 23.5 % as of 31st March 2026, significantly above the regulatory minimum, providing ample headroom for growth. With strong promoter Parentage, combined with the Company’s own internal accruals, Arka has maintained net worth at ₹1,353 Crore as of 31st March 2026. ²⁷

In FY2026, the Company secured funding at competitive rates despite market volatility.

The funding profile is diversified and well-structured. Total borrowings stood at ₹5,042 Crore as of 31st March 2026, raised across term loans from banks, NCD issuances, Tier II Capital, and commercial papers. The cost of funds has trended downward in FY2026, benefiting from the RBI’s cumulative 100 basis-point rate cuts and the Company’s improved relationships with lenders.

6. Operational Performance

6.1 Distribution Network

The expansion of our physical footprint from 34 branches in FY2025 to 137 branches in FY2026 is the single most significant operational achievement of the year.

Our total network now covers 10+ states across India, with a particular concentration in Maharashtra, Gujarat, Rajasthan, Delhi NCR, Andhra Pradesh, Karnataka, Tamil Nadu, and Odisha.

Of the 137 total branches, majority are dedicated Secured Retail Lending locations, each individually branded with ARKA’s ‘Aapka Apna’ identity. This branding serves as a trust anchor in Tier II and III markets, bridging the Kirloskar legacy with our commitment to being a local, reliable partner.

6.2 Digital Infrastructure

Loan Origination System

To power its 137-branch network, ARKA successfully implemented multiple Loan origination journeys using high configurable low code platforms thus enabling a quick roll-out of new products across geographies in FY2026. This flexible technology stack enables real-time data processing and seamless integration of AI-led early warning signals. These tools do not replace human judgment; they empower on-the-ground credit managers to identify borrower-level stress before it escalates. By bridging high-level dashboards with the realities of dusty roads, ARKA’s technology ensures that speed of approval never comes at the expense of risk containment or the Kirloskar legacy of trust.

The adoption of a “Structured Agile” delivery model, which combines the stability of waterfall planning with the speed of agile sprints, has enabled the technology team to accelerate feature development while maintaining platform stability. Oracle Fusion has been implemented for financial management, integrated with Zoho Books and Zoho Expense for operational accounting, streamlining the financial reporting process across all locations.

7. Risk Management & Governance

ARKA’s risk containment strategy is anchored in a Zero DPD (Days Past Due) standard for principal outstanding. By combining automated AI-led scoring with physical field visits by on-ground credit managers, the Company identifies borrower-level stress before it escalates. This ensures that rapid AUM growth does not compromise portfolio seasoning, asset quality or the Company’s conservative lending discipline.

7.1 Enterprise Risk Management Framework

ARKA operates under a comprehensive Enterprise Risk Management Framework (ERMF) that enables systematic monitoring and mitigation of risks across all business verticals and support functions. The ERMF is structured around a Risk Appetite Framework, reviewed quarterly by the Risk Management Committee, the Audit Committee, and the Board of Directors. The framework encompasses credit risk, concentration risk, capital adequacy risk, liquidity risk, operational risk, delinquency risk, and sectoral risks.

7.2 Credit Risk

Credit risk is mitigated through a multi-tiered approval structure involving clearly defined Credit Approval Hierarchy /Credit Committees at branch, regional, zonal and head office levels, with clearly defined delegation-of-authority matrices. The Company employs continuous portfolio review mechanisms and early warning systems to flag potential stress exposures before they migrate to NPA status.

For the Secured Retail book specifically, credit risk management combines physical and digital intelligence. Every SBL and POW loan is subject to a personal discussion with the borrower, a physical property or vehicle assessment by a trained credit manager, and a combination of Business Rule Engine for critical eligibility parameters, Credit Bureau analysis & use of APIs. This hybrid model is designed to ensure that the speed and scale of retail lending do not come at the expense of underwriting quality.

AI-led early warning systems are deployed across the SRL branch network to identify portfolio stress at the individual borrower level before it escalates into default. These systems track demographic, occupational, and regional credit trends, enabling pre-emptive risk management. Quarterly portfolio scrubs, covering DPD buckets, collection efficiency, and segment-level performance, are a standard operating procedure across all verticals.

7.3 Market and Interest Rate Risk

Interest rate risk is actively managed through an Asset Liability Management (ALM) Policy, overseen by the Asset Liability Committee (ALCO). The Company monitors interest rate sensitivity through monthly sensitivity statements and maintains a balance between fixed- and floating-rate assets and liabilities to manage spread volatility. The RBI’s cumulative 100 basis point reduction in the repo rate during FY2026 has been a net positive for the Company’s cost of funds, with the benefit expected to be progressively reflected in improved net interest margins in coming years.

7.4 Liquidity Risk

ARKA maintains a substantial liquidity buffer in line with the RBI’s Liquidity Coverage Ratio requirements. As of 31st March 2026, the Company held surplus liquidity of ₹839 Crore, invested in selected instruments in line with the “Safety, Liquidity, Return” (SLR) approach. Long-term borrowings are prioritised to avoid asset-liability mismatches. The Company’s diversified funding profile, spanning multiple banking and financial institution relationships, NCD issuances, securitisation, and direct assignments, ensures access to capital across multiple market conditions.

7.5 Operational Risk

Operational risk is addressed through a comprehensive Operational Risk Management Framework, Key Risk Indicator (KRI) tracking, and a Loss Data Management System. Internal systems are equipped with real-time dashboards and anomaly detection analytics. A dedicated IT Steering Committee oversees technology resilience, cybersecurity preparedness, and business continuity planning in compliance with RBI guidelines. KYC, AML, and CFT compliance frameworks are maintained dynamically in line with RBI Master Directions and Scale-Based Regulation requirements.

7.6 Internal Controls and Compliance

ARKA internal control framework is aligned with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Controls span the design, implementation, and operational effectiveness of mechanisms overseeing all financial, operational, and compliance activities. A maker-checker framework, segregation of duties, access controls, and regular reconciliations ensure transparency and accountability. Risk-based internal audits are duly conducted with findings reported to the Audit Committee quarterly.

27. CRISIL Ratings, “ARKA FINCAP LIMITED Rating Rationale”, October 2025.

► Management discussion & analysis



8. Human Capital

8.1 Workforce Scale-up

People are the most consequential investment ARKA has made in FY2026. The Company scaled its workforce from approximately 624 employees at the beginning of the financial year to 1,746 employees by 31st March 2026, one of the most ambitious hiring programmes executed by an NBFC of our scale in a single year. This 180% growth in headcount was essential to powering the Secured Retail Lending branches and building the frontline capacity required for high-volume retail origination, credit assessment, and collections.

Hiring was strategically concentrated in frontline roles, branch sales executives, credit managers, collection officers, and local area managers, with an emphasis on sourcing talent with domain expertise in the specific geographies and asset classes where Arka operates. For POW, this meant prioritising candidates with knowledge of vehicle assessments and route-specific underwriting experience. For SBL, the focus was on individuals who understand the informal business dynamics of small traders and entrepreneurs in Tier II and Tier III towns.

1,746

Employees as of 31st March, 2026

8.2 Culture: RemARKAbles | The Founder Mindset

FY2026 was the year in which ARKA's culture became as important as its capital. As the Company scaled to 1746 employees across locations, sustaining a cohesive institutional culture, one in which every branch manager thinks and acts like an owner, became the most critical leadership achievement.

The Company's internal cultural brand, "Aapka Apna", was launched with a programme of structured employee communication, branch-level engagement events, festival celebrations, and recognition initiatives. The

~180%

Headcount Growth YoY

"RemARKAbles" movement, designed to embed customer centricity, adaptability, and speed as operating principles, has been progressively institutionalised across the expanding team.

A "Culture of Candour" means that management is expected to communicate openly and transparently with all levels of the organisation. This translates into structured all-hands meetings, skip-level conversations, and regular business update communications that keep every employee, whether in Mumbai or employees in any of its 137 branches spread across nation aligned with the Company's strategic direction.

Corporate information

REGISTERED OFFICE AND CORPORATE OFFICE

2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Mumbai – 400 013
Tel: +91 22 40471000; Fax: +91 22 40471010
Website: <https://www.arkafincap.com/>
Email: arkasecretarialandcompliance@arkafincap.com

HOLDING COMPANY

Kirloskar Oil Engines Limited (Ultimate Holding Company)
Arka Financial Holdings Private Limited (Holding Company)

BOARD OF DIRECTORS

Mr. Nasser Munjee
Chairman, Independent Director
Mr. Samrat Gupta
Managing Director
Ms. Gauri Kirloskar
Non-Executive Director
Mr. Aman Kirloskar
Non- Executive Director (w.e.f. January 28, 2026)
Mr. Yogesh Kapur
Independent Director
Mr. Hoshang Sinor
Independent Director
Mr. Rahul Narain Bhagat
Independent Director
Mr. Srikumar Vijayasekharan
Independent Director (w.e.f. July 26, 2025)

KEY MANAGERIAL PERSONNEL

Mr. Samrat Gupta
Managing Director
Ms. Ridhi Gangar
Chief Financial Officer
Ms. Niki Mehta
Company Secretary and Chief Compliance Officer

CORPORATE INDENTITY NUMBER

U65993MH2018PLC308329

LEI

3358008WH20GDP81AN85

BANKERS / LENDERS

- Aditya Birla Capital Limited
- Axis Bank Limited
- Bajaj Finance Limited
- Bandhan Bank Limited
- Canara Bank
- CSB Bank Limited
- DCB Bank Limited
- Dhanlaxmi Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited

- IDBI Bank Limited
- IDFC First Bank Limited
- Indian Bank
- IndusInd Bank Limited
- Karnataka Bank Limited
- Kotak Mahindra Bank Limited
- Micro Units Development and Refinance Agency Limited
- National Bank for Agriculture and Rural Development
- Nabkisan Finance Limited
- Punjab & Sind Bank
- Punjab National Bank
- RBL Bank Limited
- Small Industries Development Bank of India
- State Bank of India
- Tata Capital Limited
- The Federal Bank Limited
- The Karur Vysya Bank Limited
- Union Bank of India Limited

STATUTORY AUDITORS

Singhi & Co.
Chartered Accountants
B2 402B, Marathon Innova, 4th Floor, Off Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India
Tel: +91 (22) 6662 5537 / 5538
Email: mumbai@singhico.com
Web: www.singhico.com

SECRETARIAL AUDITORS

Mayekar & Associates
Practicing Company Secretaries
605- Jai Kirti Apartment, 76 Turel Pakhadi Road, Malad (West), Liberty Garden Road No. 2, Mumbai- 400064 Tel: +91-022-35670702
E-mail: office@csmayekar.com

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited
GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411038
Tel: +91 22 49220555 Fax: +91 22 49220505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com/

REGISTRAR & TRANSFER AGENTS

MUFG Intime India Private Limited
(Formerly Known as Link Intime India Private Limited)
C-101, Embassy 247, L.B.S. Marg, Vikhroli, (West), Mumbai – 400 083
Telephone number: +91 (22) 4918600
Fax Number: +91 (22) 49186060
Website: <https://in.mpms.mufg.com/>

STOCK EXCHANGE

BSE Limited

Board’s report

Dear Members,

Your Directors presents their 8th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2026.

FINANCIAL HIGHLIGHTS

The key financial highlights of the audited financial statements of the Company for the financial year ended March 31, 2026 and comparison with the previous financial year ended March 31, 2025 are summarized below:

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Total Income	89,970.70	78,793.19
Total Expenditure	80,636.54	69,381.43
Profit before exceptional items and tax	9,334.16	9,411.76
Exceptional items - Expenses / (Income)	204.56	(1,528.50)
Profit before Tax	9,129.60	10,940.26
Less: Tax Expense		
Current tax	926.36	1,253.68
(Excess)/Short provision related to earlier years	450.25	(30.11)
Deferred tax expense /(income)	892.68	1,681.09
Total Tax Expenses	2,269.29	2,904.66
Profit after tax	6,860.31	8,035.60
Other comprehensive income for the year, net of tax	3,231.83	(29.53)
Total comprehensive income for the period	10,092.14	8,006.07

During the year under review, the total income of the Company was ₹ 89,970.70 Lakhs and the Profit after Tax was 6,860.31 Lakhs (Previous Year: ₹ 78,793.19 Lakhs and ₹ 8,035.60 Lakhs, respectively).

Pursuant to the requirement of Section 45-IC of the Reserve Bank of India Act, 1934, an amount of ₹ 1372.06 Lakhs (Previous Year: ₹ 1,607.12 Lakhs) is transferred to the Special Reserve Fund. For details of Reserves and Surplus of your Company, please refer note 3.20 of the audited financial statements of the Company for the financial year ended March 31, 2026.

MATERIAL CHANGES AND DEVELOPMENT

The Company is a Non-Deposit Taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934. During the year under review, the Company continued to maintain a diversified credit portfolio across its key business verticals, namely Wholesale Lending, SME Prime LAP, Secured Business Lending/Small Ticket LAP and Pre-Owned Wheels Financing.

As part of its growth strategy and with a view to expand its financial services offerings, the Company identified factoring / supply chain financing as a business opportunity. Factoring is expected to strengthen the Company’s presence in the MSME segment by addressing the receivables financing needs of businesses and improving access to working capital. Further, the short-tenure nature of factoring transactions is expected to support the Company’s asset-liability management objectives by aligning with its short-term borrowing profile.

Accordingly, the Board of Directors, at its meeting held on March 6, 2026, approved the proposal to make application to the Reserve Bank of India (“RBI”) to carry on factoring business on a departmental basis, without conversion into an NBFC-Factor, subject to receipt of necessary regulatory approvals. Pursuant thereto, the Company submitted an application to the RBI on March 6, 2026, seeking approval for undertaking the factoring business. As on the date of this report, the application is under consideration by the RBI, and the approval is awaited.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the Financial Year ended March 31, 2026 and the date of this Report.

Board’s report

Debt Equity Ratio

The Company’s Debt Equity ratio as on March 31, 2026 stood at 3.73:1.

Capital Adequacy Ratio

As on March 31, 2026, the Capital to Risk Assets Ratio (“CRAR”) of your Company stood at 23.47% , well above the regulatory limit of 15% as prescribed by the RBI for NBFCs. Out of the above, Tier I Capital Adequacy Ratio stood at 20.83% and Tier II Capital Adequacy Ratio stood at 2.65%, as on March 31, 2026.

Net Owned Funds

The Net Owned Funds of your Company as on March 31, 2026 stood at ₹ 120,829.24 lakhs (March 31, 2025 – ₹ 1,18,326.98 lakhs). The Net Owned Funds increased by 2.11 % as compared to Net Owned Funds as on March 31, 2025.

Change in nature of business operations:

There has been no change in the nature of business and operations of the Company during the year under review.

BUSINESS OVERVIEW

Your Company is a non-deposit taking Non-Banking Financial Company categorised as Middle Layer (NBFC-ML), registered with the Reserve Bank of India under Section 45 IA of the RBI Act, 1934, bearing registration no. N-13.02282 dated July 25, 2019.

Your Company is a subsidiary of Arka Financial Holdings Private Limited (“AFHPL”) which is in turn a wholly-owned subsidiary of Kirloskar Oil Engines Limited (“KOEL”). As a professionally managed organization and a part of the Kirloskar Group. Your company have specialization in providing structured term financing solutions to Retail, Corporate, Real Estate, and Micro, Small, and Medium Enterprise (MSME) borrowers.

With a focus on customer-centric approach, a seasoned management team, and diligent monitoring of loan assets, your company has witnessed significant growth since the inception of operations in fiscal year 2020. Your company operates in 3 (three) main business segments: SME Lending, Wholesale Lending and recently launched Secured Retail Financing.

The launch of Secured Retail vertical represents a defining shift in your company’s strategy, prioritizing asset granularity and long-term balance sheet stability. As a primary growth catalyst, this segment leverages Secured Business Loans and Pre-Owned Wheels financing to bridge the credit gap for the MSME sector, fostering a more diversified and resilient portfolio. The speed of execution in Secured Retail has been remarkable; within a single year, your company has established a presence across 7 states with a robust network of 100+ Secured Retail branches. This rapid scale-up is powered by a dedicated team of over 1,000 retail professionals whose local insights have driven deep market penetration. Strategically, the retail segment now contributes ~9% of your Company’s total AUM. More importantly, it is fundamentally shifting our asset composition toward greater granularity. By reducing concentration risk and increasing the number of touchpoints, we are building a scalable foundation that ensures long-term stability.

Within SME vertical, you company provide higher ticket Loans Against Property to Small and Medium Enterprises. The Wholesale Lending business comprises of Corporate Lending, Real Estate & Urban Infra Lending and Syndication (Distribution) Business. Corporate Lending division excels in tailoring bespoke loans to precisely fit the unique needs of medium and large corporations. The Real Estate and Urban Infra Lending division is dedicated to facilitating the growth of India’s infrastructure and real estate sectors by providing either partial or complete capital infusion. With a keen focus on catering to the requirements of its esteemed clients, the division ensures a smooth and seamless process from initiation to completion. Syndication business offers comprehensive solutions to corporate clients encompassing project finance, capital expenditure, general corporate needs, last mile financing, and subordinated structured debt. Through advisory, syndicating, selldown, and co-lending strategies spanning various sectors, it ensures tailored financial assistance for every requirement.

The operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company’s performance is discussed in the Management Discussion and Analysis Report, which forms part of the Annual Report.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is annexed as Annexure I.

DIVIDEND

In view of the planned business growth, your directors deem it prudent to preserve the resources of the Company for its activities and therefore do not propose any dividend for the financial year ended March 31, 2026. The Directors also inform you that the Company has not declared any interim dividend during FY2026.

For the Financial Year 2024-25, the Board of Directors of the Company, at their Meeting held on March 25, 2025, declared a maiden Interim Dividend ₹ 0.11/- (Rupees Eleven Paise only) per Equity Share of ₹ 10/- aggregating to ₹ 10,21,60,091.88/- (Rupees Ten Crore Twenty-One Lakh Sixty Thousand Ninety-One and Eighty-Eight paise Only) to those shareholders whose name appeared in Register of Members as on Record date i.e. March 25, 2025. Subsequently, the Members at the Annual General Meeting held on August 6, 2025 confirmed this interim dividend as the final dividend for the financial year 2024-25.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. In terms of Section 129 of the Act read with Rules framed thereunder, audited

financial statements of the Company for the financial year ended on March 31, 2026 shall be laid before the Members of the Company at the ensuing Annual General Meeting of the Company.

The audited financial statements together with Auditor’s Report thereon forms part of the Annual Report and are also available on the website of the Company at <https://www.arkafincap.com/investor-information#arkaInvestorFinancialResults>.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

Your Company has no subsidiary, joint venture or associate company. Also, the Company did not become a part of any Joint Venture during the year.

SHARE CAPITAL STRUCTURE

a. Authorised Capital

During the year under review, there was no change in the Authorised Share Capital of the Company. The Authorised Share Capital of your Company is ₹ 1000,00,00,000 (Rupees One Thousand Crore) divided into 100,00,00,000 (One Hundred Crore) Equity shares of face value of ₹ 10/- (Rupees Ten Only) each.

b. Issued, Subscribed and Paid-Up Capital

As on March 31, 2026, the issued, subscribed and paid-up share capital of your Company was ₹ 928,72,81,080/- (Rupees Nine Hundred Twenty-Eight Crore Seventy-Two Lakhs Eighty-One Thousand and Eighty Only) comprising of 92,87,28,108 (Rupees Ninety-Two Crore Eighty-Seven Lakhs Twenty-Eight Thousand One Hundred and Eight Only) equity shares of face value of ₹ 10/- each.

During the year under review, your Company had not issued and allotted any equity shares.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2026, the Board of Directors of your Company comprised of 8 (Eight) Directors, of which 5 (Five) were Non-Executive Independent Directors, 2 (Two) were Non-Executive Non-Independent Directors and 1 (One) Executive Director. The Board composition is in compliance with the requirements of the Companies Act, 2013 (“the Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions (“RBI Directions”).

Detailed composition of the Board of Directors of the Company has been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report.

Changes in Directorate:

Appointment of Director(s):

During the year and upto the date of this report following directors have been appointed:

- Based upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors at their meetings held on July 25, 2025, the Shareholders of the Company at the Annual General Meeting held on August 6, 2025 approved the appointment of Mr. Srikumar Vijayasekharan (DIN: 07810464) as a Non-Executive Independent Director of the Company for a period of five (5) consecutive years effective from July 26, 2025 till July 25, 2030.
- Pursuant to the approval of Reserve Bank of India vide Letter No. DOR.HGG.No.S8094/18-12-109/2025-2026 dated January 28, 2026 in terms of paragraph 10 of the RBI Directions and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors through circulation dated February 03, 2026, the Shareholders of the Company at the Extra-Ordinary General Meeting held on March 6, 2026 approved the appointment of Mr. Aman Kirloskar (DIN: 09823056) as a Non-Executive Director of the Company for a term of five (5) years with effect from January 28, 2026 up to January 27, 2031, liable to retire by rotation.
- Your Company had received the requisite notice in terms of Section 160 of the Act from a member in writing proposing the appointment of above stated Independent Directors.
- The Board of Directors of your Company considered the requisite expertise and experience (including the proficiency) and the high integrity and repute of the Directors and accordingly approved the aforementioned appointments.
- Completion of Term/Resignation of Director(s):
During the year and upto the date of this report following directors have been ceased to be the Director(s) of your company and consequently also ceased to be the member of various committees constituted by the Board :
 - Mr. Vimal Bhandari (DIN: 00001318) ceased to be a Non-Executive Non-Independent Director with effect from April 01, 2025 on account of end of his term.
 - Mr. Mahesh Chhabria (DIN:00166049), Non-Executive Non-Independent Director of the Company resigned from his position as Director of the Company with effect from April 1, 2025, to pursue his entrepreneurial journey.
 - Mr. Gurumurthy Ramanathan (DIN: 10366010), Non-Executive Independent Director of the Company resigned from his position as Director of the Company with effect from July 04, 2025, due to his personal commitments and potential conflicts of interest.
 - Mr. Sivanandhan Dhanushkodi (DIN: 03607203), Non-Executive Independent Director of the Company resigned from his position as Director of the Company with effect from October 28, 2025, as he would be attaining the age

Board’s report

- of 75 years and wish to devote more time towards his personal well-being and social engagements.
- Mr. Vijay Chugh (DIN: 07112794), Non-Executive Independent Director of the Company resigned from his position as Director of the Company with effect from January 25, 2026, due to shift in the company’s business focus toward retail lending, which falls outside his core area of expertise.

The Chairman on behalf of the Company placed on record its appreciation for the guidance and expertise provided by the aforesaid Directors during their tenure towards the growth of your company.

Director(s) Retiring by Rotation:

In terms of Section 152(6) of the Act, Mr. Samrat Gupta, Managing Director of the Company, shall retire by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting of the Company.

Brief profile of Mr. Samrat Gupta has been included in the notice convening the ensuing Annual General Meeting.

Director(s) Declaration and Disclosures:

Based on the declarations and confirmations received in terms of the provisions of the Act, SEBI LODR and RBI Directions, none of the Directors on the Board of the Company are disqualified from being appointed/continuing as Directors as specified under Section 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) and or re-enactment(s) thereof for the time being in force) or are debarred or disqualified by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other such statutory authority.

A certificate from Mayekar & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company as on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority forms part of the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report.

All the Directors of the Company have confirmed that they satisfy the “fit and proper” criteria as prescribed under RBI Directions, as amended from time to time.

The Company has received declaration from all the Non-Executive Independent Director(s), affirming compliance with the criteria of independence as stipulated in Section 149(6) of the Act and Regulation 62(1)(b) of SEBI LODR. They have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair their ability to discharge their duties independently.

Based on various disclosures, declarations and confirmations received, your Board are of the opinion that the Independent

Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfil their duties as Independent Directors and are independent of the management.

Further, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors have registered themselves with the Independent Director’s Database maintained by the Indian Institute of Corporate Affairs. All the Independent Directors have qualified in the online proficiency self-assessment test or are exempted from passing the test.

As on the date of this report, your Board comprises of the following Directors:

Sr. No.	Name of the Director	Category
1.	Mr. Nasser Munjee	Chairman, Independent Director
2.	Mr. Samrat Gupta	Managing Director
3.	Ms. Gauri Kirloskar	Non-Executive Director
4.	Mr. Aman Kirloskar	Non-Executive Director
5.	Mr. Yogesh Kapur	Independent Director
6.	Mr. Hoshang Sinor	Independent Director
7.	Mr. Rahul Narain Bhagat	Independent Director
8.	Mr. Srikumar Vijayasekharan	Independent Director

Key Managerial Personnel (“KMP”):

As on the date of this report, the following are the Key Managerial Personnel in terms of Section 203 of the Act:

Sr. No.	Name	Category
1.	Mr. Samrat Gupta	Managing Director
2.	Ms. Ridhi Gangar	Chief Financial Officer
3.	Ms. Niki Mehta	Company Secretary and Chief Compliance Officer

DIRECTOR E-KYC

Pursuant to the requirement prescribed under the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Directors of your Company have complied with the KYC registration on the MCA portal for Financial Year 2025-26.

RBI DIRECTIONS

Your Company always endeavours to comply with the RBI Directions and other direction(s), circular(s), notification(s) and guideline(s) issued by the Reserve Bank of India as applicable to your Company as NBFC – Middle Layer.

In compliance with the RBI Directions and the circulars, guidelines and notifications issued by RBI, the following appointments were made/resignations were tendered:

Sr. No.	Name	Designation	Nature of change	Effective date
1.	Mr. Jitendra Chaturvedi	Chief Compliance Officer	Cessation	April 16, 2025
2.	Ms. Niki Mehta	Chief Compliance Officer	Appointment	April 16, 2025
3.	Mr. Jitendra Chaturvedi	Grievance Redressal Officer	Cessation	July 25, 2025
4.	Mr. Jitendra Chaturvedi	Principal Nodal Officer	Cessation	July 25, 2025
5.	Mr. Neeloy Majumder	Grievance Redressal Officer	Appointment	July 25, 2025
6.	Mr. Neeloy Majumder	Principal Nodal Officer	Appointment	July 25, 2025
7.	Mr. Sanjay Kohli	Head of Internal Audit	Cessation	September 01, 2025
8.	Mr. Uday Sharma	Head of Internal Audit	Appointment	October 31, 2025

Mr. Atit Shah acts as the Chief Risk Officer of your Company.

Mr. Pradeep Kumar Mishra acts as the Internal Ombudsman of your Company

COMPLIANCE WITH SECRETARIAL STANDARDS

Secretarial Standards are guidelines, which lays down the standard procedure and structure for undertaking specific tasks and actions within an organisation, which is in addition to the provisions of the Act and not in substitution to the Act. Pursuant to Section 118(10) of the Act, your Company has adhered to the Secretarial Standards issued by the Institute of Company Secretaries of India with respect to General Meetings and Meetings of the Board of Directors.

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any public deposits without obtaining prior approval of the Reserve Bank of India. Further, your Company being an NBFC, disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

RESOURCES AND LIQUIDITY

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds, insurance companies and financial institutions. Funds were raised through various modes including bank borrowings and issuance of commercial papers. Company has also raised funds by way of direct assignment (“DA”) and co-lending transactions.

The details of funds raised during the year excluding DA and Co Lending transactions are as below:

Sr. No.	Type of Borrowings	Amount raised during FY 2025-26 (in lakhs)
1.	Term Loan Borrowings	1,57,800
2.	Commercial Papers	37,500
3.	Non-Convertible Debentures	Nil
4.	Pass-through Certificates	Nil
	Total	19,53,00

Funds raised through issuance of commercial papers were utilised for the purpose(s) mentioned in the respective offer/disclosure documents.

No interest payment or principal repayment of the Term Loans and/or Non-Convertible Debentures were due and unpaid as on March 31, 2026. The assets of the Company which are available by way of security are sufficient to discharge the claims with respect to the Term Loans and/or Non-Convertible Debentures as and when they become due.

The Non-Convertible Debentures and the Commercial Papers issued by the Company are listed on the Wholesale Debt Market Segment of BSE Limited.

Applicable disclosures in terms of Regulation 53(1)(f) of the SEBI LODR as on March 31, 2026 have been provided at **Annexure II** to this Board’s Report.

CREDIT RATING

As on March 31, 2026 and as on the date of this Report, the Credit Ratings assigned to the Company are as summarised below:

Particulars / Rating Agencies	Rating
LONG-TERM PROGRAMME	
Non-Convertible Debentures (NCDs)	
CRISIL Limited	CRISIL AA/Stable
Acuite Rating	ACUITE AA/Stable
Market Linked Debentures	
CRISIL Limited	CRISIL PPM LD AA/Stable
Bank Borrowings	
CRISIL LIMITED	CRISIL AA/Stable
SHORT TERM PROGRAMME	
Commercial paper	
CRISIL Limited	CRISIL A1+
India Ratings	IND A1+
PASS-THROUGH CERTIFICATES	
India Ratings	IND AAA(SO)/Stable

All the above ratings indicate instruments with very strong/high degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

UNCLAIMED AMOUNT

During the period under review, no amount was required to be transferred to the Investor Education and Protection Fund (“IEPF”). Further, pursuant to the Investor Education and

Board’s report

Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Ms. Niki Mehta, Company Secretary and Chief Compliance Officer, has been appointed as the Nodal Officer of the Company, for the purpose of verification of claims and co-ordination with the IEPF Authority. The Contact details of Persons handling Investor Grievance are available on the website of the Company at <https://www.arkafincap.com/> contact under “Get in Touch” tab.

As on March 31, 2026, ₹1,44,68,199.98 were remaining unclaimed amount towards the interest on the NCDs issued by the Company.

AUDITORS

Statutory Auditors:

In terms of the provisions of Section 139 and 141 of the Act read with the rules framed thereunder and the guidelines issued by Reserve Bank of India for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its Circular No. RBI/2021-22/25 Reference No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Members of the Company at their Annual General Meeting held on June, 25, 2024 appointed Singhi & Co., Chartered Accountants (Firm Registration no. 302049E) as the Statutory Auditors of the Company to hold office for continuous period of 3 (three) years commencing from the conclusion of the 6th Annual General Meeting held on June 25, 2024 till the conclusion of 9th Annual General Meeting of the Company to be held in the year 2027.

Statutory Audit Report:

Singhi & Co., Chartered Accountants, Statutory Auditors of the Company have issued unmodified opinion on the audited financial statements of your Company for the financial year ended March 31, 2026 and they have not submitted any qualifications, reservations, adverse remarks or disclaimers and the Statutory Audit Report is disclosed in the Financial Statements forming part of the Annual Report

During the year under review, Singhi & Co., Chartered Accountants, Statutory Auditors have not reported any incident of fraud to the Audit and Compliance Committee of your Company.

Secretarial Auditors & their Report:

In terms of Section 204 of the Act, the Board of Directors had appointed Mayekar & Associates, Practicing Company Secretaries, to undertake secretarial audit of the Company for the financial year ended March 31, 2026. The report of Mayekar & Associates, Practicing Company Secretaries in prescribed Form MR-3 is enclosed at Annexure III to this Board’s Report.

Mayekar & Associates, Company Secretaries, in their report on the secretarial audit of your Company for the financial year ended March 31, 2026, has not submitted any qualifications, reservations, adverse remarks or disclaimers.

Internal Auditors:

Pursuant to the requirements of Section 138 of the Act

and Rule 13 of Companies (Accounts) Rules, 2014 read with RBI Circular RBI/2020-21/88 Ref.No.DoS.CO.PPG./ SEC.05/11.01.005/2020-21 dated February 3, 2021 on Risk-Based Internal Audit, Mr. Sanjay Kohli was appointed as the Head of Internal Audit effective July 1, 2024 for a period of 3 years.

Mr. Sanjay Kohli resigned from his position as Head of Internal Audit of the Company with effect from September 1, 2025, to pursue other career opportunities. Further the Board of Directors, on recommendation of the Audit and Compliance Committee, at their meeting held on July 25, 2025 appointed Mr. Uday Sharma as Head of Internal Audit for a period of 3 years effective from October 31, 2025.

The Audit and Compliance Committee of the Board meets the Head of Internal Audit once in a quarter without the presence of the Managing Director or Senior Management.

Maintenance of Cost Records:

Your Company is not required to maintain cost records in terms of Section 148(1) of the Act.

REPORT ON CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by Securities and Exchange Board of India (“SEBI”).

In terms of the SEBI (LODR) (Amendment) Regulations, effective January 22, 2026, the Company is no longer categorized as a ‘High Value Debt Listed Entity’. Consequently, the corporate governance norms specified under Chapter VA of the SEBI LODR Regulations are currently not applicable to the Company. However, for the period under review the Company remained in full compliance with all applicable requirements of Chapter VA.

The Corporate Governance Report for the year under review, including disclosures as stipulated under SEBI LODR read with the circulars issued by SEBI and applicable RBI Directions is annexed to and forms an integral part of this Board’s Report.

A certificate from Mayekar & Associates, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as prescribed under SEBI LODR is annexed to the Corporate Governance Report.

All Board members and Senior Management Personnel have affirmed compliance with the Company’s code of conduct for financial year 2025-26. A declaration to this effect signed by the Managing Director is included in Corporate Governance Report forming part of this Annual Report.

BOARD/COMMITTEE MEETINGS

The Board of Directors and Committees meet at regular intervals inter-alia to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact.

During the year under review, the Board of Directors met 7 (Seven) times and several meetings of Committees were held.

The intervening gap between the said Meetings of Board of Directors/Committees was within the period prescribed under the Act as well as SEBI LODR. Details with respect to the meetings of the Board of Directors and Committees held during the year under review, including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report.

BOARD COMMITTEES

The Board of Directors, in compliance with the requirements of various laws applicable to the Company, as part of good corporate governance practices and for operational convenience, has constituted several committees to deal with specific matters and has delegated powers for different functional areas to different committees.

The Board of Directors has amongst others constituted Audit and Compliance Committee, Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship and Customer Service/Consumer Protection Committee, IT Strategy Committee, Securities Allotment Committee, IT Steering Committee, Identification Committee and Review Committee (constituted pursuant to the Master Direction on Treatment of Wilful Defaulters and Large Defaulters dated July 30, 2024), Asset Liability Committee and Credit Committee. Details with respect to the composition, terms of reference, number of meeting(s) held and attended by respective member(s), roles, powers and responsibilities of the Committee(s) have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report.

PERFORMANCE EVALUATION

In terms of the requirements of the Act read with the rules framed thereunder, Schedule IV to the Act and SEBI LODR, your Company has laid down parameters and performance evaluation process for the individual Directors, Chairperson, Committees and the Board of Directors, as a collective entity by adopting a “Policy on Performance Evaluation – Board, Committees and Directors”.

In terms of the requirement of Schedule IV to the Act and Regulation 62N of SEBI LODR, a separate meeting of the Independent Directors was held on March 24, 2026, inter alia, to review the performance of the Non-Independent Directors, Chairperson, Committee(s) and the Board, as a collective entity.

Subsequent to the year under review, the Board of Directors at their meeting held on April 30, 2026, evaluated the performance of the Directors including Independent Directors, Chairperson, Committee(s) and the Board as a collective entity.

A statement indicating the manner in which formal evaluation of the performance of the Directors including Independent Directors, Chairperson, Committee(s) and the Board, as a collective entity was carried out, is provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report.

FAMILIARISATION PROGRAMME

The Independent Directors of your Company were familiarised inter-alia with the industry in which your Company operates, the Company’s business model and its operations in order to give them an insight into the Company’s business and its functioning.

As part of the initial familiarisation programme, at the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining the role, function, duties and responsibilities of the Independent Directors being appointed. The letter of appointment as issued to the Independent Directors is available on the website <https://www.arkafincap.com/disclosures-under-regulation-62-of-sebi>.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 (2) of the Act, the SEBI LODR and the RBI Directions, your Board of Directors have adopted a ‘Policy on Selection/Fit and Proper Person Criteria” for the Directors/ Senior Management of the Company inter-alia setting out parameters to be considered for appointment of Directors and Senior Management Personnel of the Company. Details of the Policy on Selection Criteria / “Fit & Proper” Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report and the said Policy is also available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

REMUNERATION POLICY

In accordance with the provisions of Section 178 of the Companies Act, 2013, the applicable rules framed thereunder, the Reserve Bank of India Master Directions and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has adopted the Remuneration, Annual Increments and Performance Linked Bonus Pay-out Policy.

The Policy provides a structured and transparent framework for determining remuneration, annual increments, performance-linked bonus payouts and other reward mechanisms across the organization. It is designed to attract, retain and motivate talent while ensuring alignment between individual performance, business outcomes, prudent risk management and the long-term strategic objectives of the Company.

The remuneration framework is anchored on the principles of meritocracy, performance differentiation, governance, fairness and accountability. It incorporates a balanced scorecard approach that evaluates performance across financial, business, customer, compliance, risk and behavioural parameters, thereby reinforcing a culture of sustainable performance and responsible growth.

During the year under review, the Company strengthened the Policy by enhancing the performance management and reward architecture, including the introduction of a structured performance-linked remuneration framework, defined performance rating and differentiation mechanisms, company and individual performance multipliers, governance-linked

Board's report

payout conditions, and a formal performance review and redressal process. These changes are intended to reinforce pay-for-performance principles, improve transparency in reward decisions and ensure that compensation outcomes remain aligned with the Company's risk governance framework and long-term value creation objectives.

The Policy is reviewed periodically by the Nomination and Remuneration Committee and approved by the Board of Director to ensure continued alignment with regulatory requirements, industry practices and the evolving needs of the organization.

Details pertaining to Remuneration as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A Statement giving the details required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the financial year ended March 31, 2026, is annexed as Annexure IV.

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered & Corporate Office of the Company during working hours before the date of the ensuing Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or emailing at arkasecretarialnadcompliance@arkafincap.com.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177(9) and Section 177(10) of the Act and SEBI LODR, the Board of Directors adopted a Whistle Blower Policy / Vigil Mechanism, inter-alia to report/make concerned authority alert of the instances of unethical behaviour, actual or suspected, fraud or violation and provide a mechanism for Directors and employees of the Company to approach the Audit and Compliance Committee of the Company and to report genuine concerns related to the Company.

The Whistle Blower Policy / Vigil Mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism. Details of the Whistle Blower Policy / Vigil Mechanism have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

During the period under review, one complaint under Whistle Blower Policy/Vigil Mechanism was received which was under investigation as on March 31, 2026. As on the date of this report the complaint is duly resolved.

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies

(Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the Board of Directors have constituted a Corporate Social Responsibility ("CSR") Committee and in light of your Company's philosophy of being a responsible corporate citizen, the Board of Directors adopted a CSR Policy which lays down the principles and mechanism for undertaking various projects / programs as part of Company's CSR activities.

The Company's CSR Projects are compliant with the CSR mandate as specified under Section 135 of the Act read with Schedule VII of the Act along with the CSR Rules, as amended and in line with notifications issued by the Ministry of Corporate Affairs ("MCA") from time to time.

Through the CSR initiatives, your Company aims to effect positive societal change by investing in projects that focus on promoting education including Skills Development, Environment and Health.

Details of the composition of the CSR Committee and the CSR Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. Disclosures in terms of Section 134(3)(o) and Section 135 of the Act read with the CSR Rules, with respect to CSR activities undertaken by the Company during the year under review, have been provided at Annexure V to this Board's Report.

RISK MANAGEMENT FRAMEWORK

The Board of Directors of the Company has constituted Risk Management Committee which monitors the risk management plan including functions relating to cyber security, assess the risks, decide the measures to mitigate the risks. The Board reviews the effectiveness of risk management systems in place and ensures that the risks are effectively managed. The Audit and Compliance Committee has additional oversight in the area of financial risks and controls.

Chief Risk Officer:

In compliance with RBI Directions and to augment risk management practices, your Company has appointed Mr. Atit Shah as Chief Risk Officer for a term of 3 (three) years with effect from March 31, 2024 who functions independently to ensure highest standards of risk management. Mr. Atit Shah does not have any reporting relationship with the business verticals of the Company

Your Company has also adopted a Policy on Independence of Chief Risk Officer and roles and responsibilities of Chief Risk Officer

The Risk Management Committee of the Board meets the Chief Risk Officer once in a quarter without the presence of the Managing Director and Chief Executive Officer.

Enterprise Risk Management Framework:

With a view to enhance the risk monitoring by building a strong risk culture to enable healthy and sustainable growth, the Board of Directors of the Company, on recommendation of the Risk Management Committee, adopted an Enterprise Risk Management Framework ("ERMF") as one of the step in the direction wherein the Company would be able to monitor,

report and manage risks across business verticals and support functions. The ERMF, apart from detailing the risk management process and governance framework, has laid out the Company's risk appetite after due consideration of the Company's business plans and growth strategy.

While the Enterprise Risk Management Policy ("ERM Policy") provides for the overall risk framework, the Risk Appetite Framework is the subset of ERM Policy detailing the risk parameters within which the Company would be operating.

Your Company has also formulated an Entity Level Control Assessment Framework and Risk Control Matrix.

The Audit and Compliance Committee, Risk Management Committee and the Board of Directors, on quarterly basis, reviews the performance, as mentioned in Risk Appetite Framework as against the defined parameters.

Operational Risk Management Framework:

With a view to manage operational risks, improve controls, mitigate risks and reduce impact and probability of loss events, identify key risk indicators and increase accountability and track operational losses with an objective to help in loss estimation, improve controls and decision making, your Company has adopted Operational Risk Management Policy

The Audit and Compliance Committee, Risk Management Committee and the Board of Directors, on quarterly basis, reviews an update under Operational Risk Management Framework.

Internal Control/Internal Financial Control Systems and Their Adequacy:

The internal control system is supplemented by an extensive program of internal audit and reviews by the senior management. Your Company has appointed Mr. Uday Sharma as Head of Internal Audit to assess and improve the effectiveness of risk management, controls, operations and processes. Internal audit team is inter alia empowered to examine the adequacy and compliance with policies, plans and statutory requirements. The internal audit findings are reviewed by the Audit and Compliance Committee of the Board. Corrective actions are, thereafter, suggested and are implemented by the process owner across the relevant functional areas to continuously strengthen the internal control framework.

Your company has adopted a Risk Based Internal Audit Framework and Internal Audit Policy in accordance with the RBI Guidelines to enhance the quality and effectiveness of their internal audit systems and processes. Duly approved by Audit and Compliance Committee and your Board, the framework enables Internal Audit Function to broadly assess and contribute to the overall improvement of the organization's governance, risk management and control processes using a systematic and with risk based approach.

The senior management regularly reviews the findings and recommendations of the internal auditors, secretarial auditors and auditors conducting IT audit so as to continuously monitor and improve internal controls to match the organization's pace of growth and increasing complexity of operations as well as to

meet the changes in statutory and accounting requirements.

The Audit and Compliance Committee meets the Head of Internal Audit once in a quarter without the presence of the Managing Director and Senior Management.

Pursuant to the requirement of the Act, the Company also conducts secretarial audit by a Practicing Company Secretary every year. The Secretarial Audit Report for the financial year ended on March 31, 2026 does not contain any qualifications, reservations or adverse remarks or disclaimers.

In terms of Section 143(3)(i) of the Act, Singhi & Co. Chartered Accountants, Statutory Auditors of the Company have issued a report on the internal financial controls with reference to the Financial Statements of your Company as of March 31, 2026 stating that your Company has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2026 based on the internal controls over financial reporting criteria established by our Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

CEO & CFO CERTIFICATE

Compliance Certificate in terms of Regulation 62D(14) of SEBI LODR on the audited financial statements and other matters prescribed therein, submitted to the Board of Directors by Mr. Samrat Gupta, Managing Director & Ms. Ridhi Gangar, Chief Financial Officer of the Company, for financial year ended March 31, 2026, is enclosed at Annexure VI to this Board's Report.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

In terms of the provisions of the Act, SEBI LODR and applicable RBI Directions, the Board of Directors have adopted 'Related Party Transactions Policy' to ensure obtaining of proper approvals and reporting of transactions with related parties.

In terms of Section 177 of the Act and Regulation 62K of SEBI LODR read with the Related Party Transactions Policy of the Company, transactions with related parties are placed before the Audit and Compliance Committee for its approval. Also, omnibus approval of the Audit and Compliance Committee is obtained for related party transactions of repetitive nature. The Audit and Compliance Committee, on quarterly basis reviews the related party transactions executed under omnibus approval route.

During the year under review, no material related party transactions as prescribed in Section 188 of the Act read with Companies (Meetings of the Board and its Powers) Rules, 2014, were entered by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company.

Disclosure of the related party transactions as required under Ind AS - 24 are listed in the notes to the Audited Financial Statements of the Company for the financial year ended March

Board’s report

31, 2026. Details of the Related Party Transactions Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report. The Related Party Transaction Policy is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, loans made, guarantees given or securities provided by the Company are exempted from compliance with the requirements of Section 186 of the Act.

For details of the investments made by the Company, please refer Note 3.04 to the Audited Financial Statements for the financial year ended March 31, 2026.

ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the Annual Return as at financial year ended March 31, 2026 in prescribed Form MGT-7 shall be available on the website of the Company <https://www.arkafincap.com/investor-information#arkainvestorAnnualReport>.

EMPLOYEE STOCK OPTION PLANS (“ESOP PLANS”)

Your Company believes that its success and ability to achieve its objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivize employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company had adopted and implemented ESOP Plan 2025 to attract, retain, motivate and incentivise employees of the Company.

The ESOP Plan of the Company is implemented and administered by the Nomination & Remuneration Committee.

Considering that the ESOP Plan was adopted in 2019, based on the implementation of the ESOP Plan – 2019 and in order to better protect the overall interests of the employees and the Company as a whole, the Board and the Nomination & Remuneration Committee at their respective meeting(s) held on April 16, 2025 and the shareholders of your Company at their Extraordinary General Meeting held on April 16, 2025 approved:

- (i)

increase of pool of Employee Stock Option Plan 2019 from 5,00,00,000 (Five Core) stock options to 10,00,00,000 (Ten Crore) stock options convertible into 10,00,00,000 (Ten Crore) equity shares of the Company having face value of ` 10/- (Rupees Ten Only) per equity share;
- (ii)

amendments to the ESOP Plan 2019, and that the amended Employee Stock Option Plan 2019 was restated as ESOP Plan 2025; and

- (iii)

extension of the amended and restated ESOP Plan 2025 to the eligible employees of the Holding Company and/or Subsidiary Company.

The disclosure of information as required under Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 for the financial year ended March 31, 2026 is appended to this Report as Annexure VII.

COMPLIANCE

The Company is registered with the RBI as a Non-Deposit taking Non-Banking Financial Company and is categorised as NBFC-Middle Layer in terms of the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025. The Company shall continue to ensure full compliance with all the requirements applicable to NBFC-ML under applicable RBI Directions within the prescribed timelines.

Further, your Company has also received Certificate of Registration to act as a Corporate Agent (Composite) from Insurance Regulatory and Development Authority of India (“IRDAI”).

The Non-Convertible Debentures issued by the Company to the public as well as on private placement basis are listed on the BSE Limited (“BSE”). The Commercial Papers issued by the Company are also listed on BSE.

In terms of the SEBI (LODR) (Amendment) Regulations, 2026 effective January 22, 2026, the Company is no longer categorized as a ‘High Value Debt Listed Entity’.

COMPLIANCE MANAGEMENT

The Company has in place a comprehensive and robust compliance management tool, which is devised to ensure compliance with all applicable laws which impact the operations and business of your Company. Automated alerts are sent to performers to ensure compliance within stipulated timelines. This measure helps keep on track and avoid any penalties or other legal issues that could arise from non-compliance. The compliance performers certify the compliance status which is reviewed by compliance reviewers and a consolidated dashboard is presented to the respective functional heads and Chief Compliance Officer. A certificate of compliance with all applicable laws and regulations along with the corrective and preventive action, if any, is placed before the Board of Directors on a quarterly basis.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company is committed to create an environment in which all individuals are treated with respect and dignity and promote a gender sensitive and safe work environment. Accordingly, the Board of Directors have adopted a policy on prevention of sexual harassment at workplace and also constituted an Internal Complaints Committee, in compliance with the provisions of the Sexual Harassment of Women at Workplace

(Prevention, Prohibition & Redressal) Act, 2013. During the year under review, status of complaints received by the Internal Complaints Committee are as follows:

Sr. No.	Particulars	No. of Complaints
1.	Number of complaints filed during the year	1
2.	Number of complaints disposed of during the year	1
3.	Number of cases pending for more than 90 days	Nil

Details of the composition of the Internal Complaints Committee have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report. The said policy is uploaded on the website of the Company which can be accessed at <https://www.arkafincap.com/policy-and-codes>

MATERNITY BENEFIT ACT, 1961

The Company is in compliance with the applicable provisions relating to the Maternity Benefit Act, 1961.

GENERAL DISCLOSURE

During the year under review, your Company, in its capacity of a financial creditor, has not filed petitions before the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against its customers, being corporate debtors.

During the year under review, there has been no instance of one-time settlement with any Bank(s) or Financial Institution(s).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company is engaged in financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board’s Report. However, your Company is vigilant on the need for conservation of energy.

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure (Previous year foreign exchange expenditure: ₹ 2.61 lakhs).

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review and as on the date of this Report, no orders have been passed against your Company by any regulator(s) or court(s) or tribunal(s) which would impact the going concern status and / or the future operations of your Company.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, the Directors hereby confirm that:

- a)

in the preparation of the annual accounts for the financial year ended March 31, 2026, the applicable accounting standards have been followed and no material departures have been made from the same;
- b)

they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c)

they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d)

they had prepared the annual accounts on a going concern basis;
- e)

they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f)

they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPRECIATION AND ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the assistance and guidance provided by the Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, Registrar of Companies and all other government and regulatory authorities for the support and co-operation extended by them from time to time.

The Directors also further on record their gratitude for the guidance and support extended by BSE Limited, National Securities Depository Limited, Central Depository Services (India) Limited and the Credit Rating Agencies from time to time.

The Directors further place on record their sincere appreciation for the continued support extended by the Bankers, Financial Institutions, Lenders, Registrar and Transfer Agents, Debenture Holders, Debenture Trustee, Security Trustee and other stakeholders and the trust reposed by them in the Company.

Additionally, the Directors place on record, their appreciation for the dedication and commitment displayed by all the employees of the Company across all levels.

For and on behalf of the Board of Directors

Nasser Munjee
Chairman
DIN: 00010180

Date : 30-04-2026
Place : Mumbai

Report on corporate governance

Corporate governance reflects the company’s commitment to integrity, transparency, values and ethical business practices. It encompasses the framework through which the Company is directed and controlled, including its corporate and organizational structure, governance processes, policies, and culture, as well as its engagement with shareholders and other stakeholders. Your Company firmly believes that sound corporate governance practices contribute to sustainable value creation and enhance stakeholder confidence. Timely, accurate, and transparent disclosure of information relating to the Company’s financial position, operational performance, and ownership structure forms an integral part of its governance framework.

COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to the adoption of corporate governance practices for creation of value for its stakeholders. Corporate Governance is deeply ingrained in the Company’s culture which helps maintain an ethical workplace for the employees.

Your Company adheres to the highest standards of governance. Your Company is committed to ethical values, sustainable business practices, driving positive change in the areas in which it operates and committed to transparency in all its dealings and creating shared value for all its stakeholders.

Responsible corporate conduct is integral to the way we do our business. At Arka, your company is committed to doing things the right way which means taking business decisions and acting in a way that is ethical and in compliance with applicable laws, thereby ensuring that we gain and retain the trust of our stakeholders at all times.

Your Company always strives to adopt best practices with a strong aspiration to achieve good governance. These ethical and transparent values are reflected in our corporate culture and have helped strengthening our governance practices. Implementation and execution of various processes, procedures and policies not only govern the compliance but ensures adherence to the best corporate practices. The management ensures that our Company continues to remain uncompromised integrity, excellence and is driven towards responsible growth.

Your Company has adopted a Board approved internal guidelines on Corporate Governance which supports the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls, and regulatory disclosure. The said guideline is available on the Company’s website and can be accessed at <https://www.arkafincap.com/policy-and-codes>.

Annexure I

Your Company is in compliance with the requirements stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), as applicable, with regards to corporate governance.

BOARD OF DIRECTORS

The Board of Directors (the “Board”) of the Company, inter alia, oversees its overall functioning, provides a strategic direction, guidance, leadership to ensure that the Company’s actions and objectives are aligned in creating long term value for its stakeholders.

Your Company recognises and embraces the importance of diverse culture of the Board. The Company believes that the Board enhances the quality of the decisions made by it which is necessary for achieving desired objectives and sustainable results. The Board comprises of highly skilled professionals with wide range of expertise, having diverse background and possesses requisite qualifications and experience which enables it to discharge its responsibilities, provide effective leadership and independent views to the management.

To facilitate effective oversight and decision-making, the Board is supported by several Committees, each entrusted with specific responsibilities in accordance with applicable laws. The Committees enhance the functioning of the Board by ensuring the efficient flow of information and enabling a focused and timely resolution of diverse matters.

Your Company’s Board of Director has a fiduciary role to protect and enhance stakeholders’ value through strategic supervision. The Board of Directors provides direction and exercises appropriate controls over the business and operations of the Company to achieve its objectives. Your Board is a blend of members having diverse skills, experience, knowledge, capabilities, expertise, attributes and educational qualifications, amongst others. The composition of the Board comprises highly experienced and knowledgeable persons with good repute and eminence. It has a diverse mix of executive, non-executive and independent directors representing an optimal mix of professionalism, knowledge and experience required for the financial services industry. The corporate governance principles of your Company have been formulated to ensure that the Board of Directors remain informed, independent and participate actively in the affairs of your Company.

Composition of the Board

As of March 31, 2026, the Board of Directors of the Company comprised of 8(Eight) Directors including 1 (one) Executive, 2 (two) Non-Executive Non-Independent Directors and 5 (five) Non-Executive Independent Directors. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read

with rules framed there under (“the Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), the circulars / directions / notifications issued by the Securities and Exchange Board of India (“SEBI”), Master Directions issued by Reserve Bank of India (“RBI Master Directions”) and the Articles of Association of the Company (“AOA”).

Skills, Expertise and competencies of the Board of Directors:

The Board comprises individuals with a diverse range of skills, expertise, and experience that are relevant to the Company’s business and governance requirements. Collectively, the Board possesses competencies in the following areas:

- Good business acumen
- General corporate management
- Diverse set of experience
- Leadership quality
- Integrity
- Knowledge of Regulatory Environment
- Financial and Accounting Expertise
- Experience in Banking and/or Financial Services Industry

- Information Technology and/or Cyber Security
- Policy shaping & industry advocacy
- Strategy formulation and other allied fields

The Board composition represents an optimal mix of professionalism, knowledge, expertise and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business.

Ms. Gauri Kirloskar and Mr. Aman Kirloskar, being cousins, are related to each other. None of the other Directors are related to any other Director of the Company as defined under Companies Act, 2013 and Rules thereof including amendments thereunder.

The detailed profile of the Directors is available at the website of the Company at <https://www.arkafincap.com/board-of-directors>.

During the period under review, the composition of the Board of Directors, including details of other directorship(s) of each Director on the Board of your Company and other details as required under Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 is given below:

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Sr. No.	Name of the Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter/ nominee/ Independent)	DIN	Number of Board Meetings		No. of Directorships	Number of Committee Membership(s) [Chairmanship(s)]	Details of other directorships in listed companies*	Remuneration			No. of shares held in and convertible instruments held in the Company
					Held	Attended				Salary and other compensation (in lakhs)	Sitting Fee# (in lakhs)	Commission % (in lakhs)	
1.	Mr. Nasser Munjee	October 23, 2024	Chairman, Non-Executive Independent Director	00010180	7	6	5	3(2)	- The Indian Hotels Company Limited - ID - DCB Bank Limited - NED-NID - Allied Blenders and Distillers Limited - ID	-	6.75	12.00	-
2.	Ms. Gauri Kirloskar	June 14, 2019	Non-Executive Non-Independent Director	03366274	7	6	11	5(1)	Kirloskar Oil Engines Limited - MD	-	9.25	8.00	-
3.	Mr. Aman Kirloskar	January 28, 2026 (Note 5)	Non-Executive Director	09823056	1	1	5	-	- Kirloskar Pneumatic Company Ltd - MD (Refer Note 5) - Kirloskar Ferrous Industries Ltd - NID	-	0.75	-	-
4.	Mr. Samrat Gupta	October 23, 2024	Managing Director	07071479	7	7	2	1(0)	Arka Financial Holdings Private Limited -NED	462.66	-	-	1@
5.	Mr. Sivanandhan Dhanushkodi	April 24, 2019 (Note 1)	Non-Executive Independent Director	03607203	5	3	7	5(0)	- Forbes Precision Tools & Machine Parts Limited - ID - Kirloskar Industries Limited - ID	-	5.60	8.00	-
6.	Mr. Vijay Chugh	April 24, 2019 (Note 2)	Non-Executive Independent Director	07112794	5	5	3	2(0)	-	-	7.00	8.00	-

Sr. No.	Name of the Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter/ nominee/ Independent)	DIN	Number of Board Meetings		No. of Directorships	Number of Committee Membership(s) [Chairmanship(s)]	Details of other directorships in listed companies*	Remuneration			No. of shares held in and convertible instruments held in the Company
					Held	Attended				Salary and other compensation (in lakhs)	Sitting Fee# (in lakhs)	Commission % (in lakhs)	
7.	Mr. Yogesh Kapur	October 20, 2022	Non-Executive Independent Director	00070038	7	7	12	10(5)	- Greenlam Industries Limited - ID - Kirloskar Oil Engines Limited - ID - Rico Auto Industries Limited - ID - ASK Automotive Limited - ID - Relaxo Footwears Limited - ID - Polyplex Corporation Limited - ID	-	10.85	10.00	-
8.	Mr. Gurumurthy Ramanathan	October 25, 2023 (Note 3)	Non-Executive Independent Director	10366010	1	1	5	3(2)	Simplex Infrastructures Limited - ND	-	0.75	8.00	-
9.	Mr. Hoshang Sinor	January 28, 2025	Non-Executive Independent Director	00074905	7	5	3	1(0)	Cosmo First Limited - NID	-	7.20	4.00	-
10.	Mr. Rahul Narain Bhagat	February 20, 2025	Non-Executive Independent Director	02473708	7	6	7	5(1)	Thomas Cook (India) Limited - ID	-	5.75	4.00	-
11.	Mr. Sikumar Vijayasekharan	July 26, 2025 (Note 4)	Non-Executive Independent Director	07810464	3	3	4	4(0)	- Kirloskar Oil Engines Limited - ID - Tejas Networks Limited - ID	-	5.50	-	-

Annexure I

[^]includes Directorships in Indian Companies only and also includes directorship in the Company.

@In terms of the provisions of Section 89 of the Companies Act, 2013, holds 1 (one) equity share as “Registered Owner” and the “Beneficial Owner” is Arka Financial Holdings Private Limited.

#Sitting Fees paid for attending the meeting of Board of Directors, Committees in which a director is a member and separate meeting of Independent Directors

&Membership(s) and chairmanship(s) in Audit Committee and Stakeholders Relationship Committee. While calculating the committee positions of the Directors, both listed (including high value debt listed public company) and unlisted public companies and private companies which is a subsidiary/holding of Public Company have been considered. Committee membership(s) include Chairmanship(s).

*Entities whose equity shares are listed on a recognised stock exchange(s).

%Commission amount paid in FY 2025-26 pertaining to FY 2024-25.

Notes-

1. Mr. Sivanandhan Dhanushkodi (DIN: 03607203), Non-Executive Independent Director of the Company resigned from his position as Director of the Company with effect from October 28, 2025, as he will be attaining the age of 75 years and wish to devote more time towards his personal well-being and social engagements. The position mentioned in the table is as of October 27, 2025.
2. Mr. Vijay Chugh (DIN: 07112794), Non-Executive Independent Director of the Company resigned from his position as Director of the Company with effect from January 25, 2026, due to shift in the company's business focus toward retail lending, which falls outside his core area of expertise. The position mentioned above is as of January 24, 2026.
3. Mr. Gurumurthy Ramanathan (DIN: 10366010), Non-Executive Independent Director of the Company resigned from his position as Director of the Company with effect from July 04, 2025, due to his personal commitments and potential conflict of interest. The position mentioned above is as of July 03, 2025.
4. Based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on July 25, 2025, the Shareholders of the Company at the Annual General Meeting held on August 6, 2025 approved the appointment of Mr. Srikumar Vijaysekharan (DIN: 07810464) as a Non-Executive Independent Director of the Company for a period of five (5) consecutive years effective from July 26, 2025 till July 25, 2030.
5. Pursuant to the approval of Reserve Bank of India vide Letter No. DOR.HGG.No.S8094/18-12-109/2025-2026 dated January 28, 2026 in terms of paragraph 10 of the RBI Directions and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors through circulation dated February 03, 2026 – the Shareholders of the Company at the Extra-Ordinary General Meeting held on March 6, 2026 approved the appointment of Mr. Aman Kirloskar (DIN: 09823056) as a Non-Executive Director of the Company for a term of five (5) years with effect from January 28, 2026 up to January 27, 2031, liable to retire by rotation. Mr. Aman Kirloskar is being appointed as Managing Director of Kirloskar Pneumatic Company Limited effective April 1, 2026.

[ID: Independent Director; NED-NID: Non-Executive Non-Independent Director; MD: Managing Director; ND: Nominee Director]

Details of change in composition of the Board during the current and previous financial year:

Change in the composition of the Board during FY 2025-26 (Current Year) –

Sr. No.	Name of the Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1.	Mr. Vimal Bhandari	Non-Executive Non-Independent Director	Cessation due to end of term	April 1, 2025
2.	Mr. Mahesh Chhabria	Non-Executive Non-Independent Director	Resignation	April 1, 2025
3.	Mr. Gurumurthy Ramanathan	Non-Executive Independent Director	Resignation	July 04, 2025
4.	Mr. Srikumar Vijayasekharan	Non-Executive Independent Director	Appointment	July 26, 2025
5.	Mr. Sivanandhan Dhanushkodi	Non-Executive Independent Director	Resignation	October 28, 2025
6.	Mr. Vijay Chugh	Non-Executive Independent Director	Resignation	January 25, 2026
7.	Mr. Aman Kirloskar	Non-Executive Director	Appointment	January 28, 2026

Change in the composition of the Board during FY 2024-25 (Previous Year) –

Sr. No.	Name of the Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1.	Mr. Harish Hansubhai Engineer	Non –Executive Independent Director	Cessation due to end of Term	June 14, 2024
2.	Mr. Vimal Bhandari	Executive Director (Executive Vice–Chairman & CEO designated as Whole–Time Director)	Re–Designation (On superannuation re–designated as Non–Executive Director)	October 23, 2024
3.	Mr. Samrat Gupta	Managing Director	Appointment	October 23, 2024
4.	Mr. Nasser Munjee	Non-Executive Independent Director	Appointment	October 23, 2024
5.	Mr. Nasser Munjee	Chairman	Appointment	December 02, 2024
6.	Mr. Hoshang Sinor	Non-Executive Independent Director	Appointment	January 28, 2025
7.	Mr. Rahul Narain Bhagat	Non-Executive Independent Director	Appointment	February 20, 2025

Skills/Expertise/Competencies of the Board:

The Board members have rich and varied experience in critical areas like governance, finance, entrepreneurship, legal, economics, commercial, general management, etc., which enables them to satisfactorily discharge their duties as directors. This also helps them to effectively contribute in functioning of your Company. Pursuant to Schedule V(C) of SEBI Listing Regulations, the core skills/expertise/competencies possessed by the directors includes as stated below:

List of Core skills/ expertise/ Competencies	Mr. Nasser Munjee	Mr. Samrat Gupta	Ms. Gauri Kirloskar	Mr. Aman Kirloskar	Mr. Hoshang Sinor	Mr. Yogesh Kapur	Mr. Rahul Narain Bhagat	Mr. Srikumar Vijayasekharan
A) Technical								
Finance	✓	✓	✓	✓	✓	✓	✓	✓
Law			✓			✓		✓
Management		✓	✓	✓		✓	✓	✓
Sales & Marketing		✓	✓	✓			✓	
Manufacturing & Operations		✓	✓	✓				
Research & Development				✓				
Human Resource		✓			✓		✓	
Information Technology	✓		✓	✓				
B) Industry								
Knowledge about Economy	✓	✓	✓	✓	✓		✓	✓
Industry experience	✓	✓	✓	✓	✓		✓	
Knowledge of business sector	✓	✓	✓	✓			✓	
C) Governance								
Compliance Management		✓	✓	✓	✓	✓	✓	✓
Knowledge about statutory / regulatory laws		✓	✓	✓	✓	✓	✓	✓
Experience in developing and implementing Risk Management	✓	✓	✓	✓			✓	✓
Strategic Planning		✓	✓	✓	✓	✓	✓	

Annexure I

List of Core skills/ expertise/ Competencies	Mr. Nasser Munjee	Mr. Samrat Gupta	Ms. Gauri Kirloskar	Mr. Aman Kirloskar	Mr. Hoshang Sinor	Mr. Yogesh Kapur	Mr. Rahul Narain Bhagat	Mr. Srikumar Vijayasekharan
D) Others								
Communication and Interpersonal Skills	✓	✓		✓		✓	✓	
Public Relations		✓	✓			✓	✓	
Corporate Restructuring		✓	✓			✓	✓	
Environment and sustainability	✓		✓	✓			✓	
Corporate Social Responsibility		✓	✓	✓		✓	✓	✓

BOARD MEETINGS AND BOARD PROCEDURES

The dates of each of the Board meetings to be held in a financial year is circulated in advance to enable the Directors to plan their schedule and ensure highest participation at Board Meetings. Directors are given an option of attending Board Meetings through video conference or other audio-visual means in order to ensure effective decision making through increased participation. The agenda along with detailed notes are circulated to the Directors well in advance. With a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board Meeting application where the agenda and all supporting documents are hosted online. The Board is provided with all the information in order to discharge its duties and to take well informed decisions.

The Senior Management personnel, Business Heads and other executives are invited to Board Meetings as and when required, to provide insights and updates on operational and strategic matters. The Board meets at least once in every quarter to review the quarterly results and other key matters. Additional meetings are convened to address specific needs and business requirements of your Company. In case of business exigencies, the Board’s approvals are obtained through circular resolutions, which are placed before the Board in the subsequent meeting for noting. The quorum of the Board meeting is maintained in accordance with the statutory requirement.

The Company Secretary attends all the meetings of the Board and its committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the meetings of the Board and its committees are sent to the Board/committee members for their comments in accordance with the Secretarial Standard on meetings of the Board of Directors issued by the Institute of Company Secretaries of India (the “SS-1”). Suggestions, if any, received from the Board/committee members are suitably incorporated in the draft minutes, in consultation with the Chairman of the Board/committee.

Permanent Invitee to the Board/Committee Meetings

In order to benefit from the expertise/experience of Mr. Rahul Kirloskar, the Board of Directors, on recommendation of the Nomination & Remuneration Committee, appointed Mr. Rahul Kirloskar as a Permanent Invitee to all the meetings of the Board of Directors/Committees of the Company.

The Permanent Invitee to the various Committees are as mentioned below:

S. No.	Committee Name	Name of Permanent Invitees and Secretary to the Committee
1.	Audit and Compliance Committee (Audit Committee was renamed as ‘Audit and Compliance Committee w.e.f. July 25, 2025)	Mr. Rahul Kirloskar Audit and Compliance Committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee.
2.	Nomination & Remuneration Committee	Mr. Rahul Kirloskar and Mr. Samrat Gupta
3.	Risk Management Committee	Mr. Rahul Kirloskar and Mr. Atit Shah
4.	Stakeholders’ Relationship and Customer Service/ Consumer Protection Committee.	Mr. Rahul Kirloskar and Internal Ombudsman

S. No.	Committee Name	Name of Permanent Invitees and Secretary to the Committee
5.	Corporate Social Responsibility Committee	Mr. Rahul Kirloskar
6.	IT Strategy Committee	Mr. Rahul Kirloskar Mr. Pravir Vohra Mr. Neeloy Majumder Chief Technology Officer Chief Information Security Officer
7.	IT Steering Committee	Chief Information Security Officer
8.	Asset Liability Committee	Mr. Rahul Kirloskar
9.	Credit Committee	Mr. Rahul Kirloskar
10.	Securities Allotment Committee	Mr. Rahul Kirloskar

All the Permanent Invitees participates in the meeting in accordance with the Act, Secretarial Standards on Meeting of the Board of Directors and other applicable laws however, they are not entitled to vote in respect of any item at the meeting(s) and are not considered for counting quorum for the meeting(s).

SENIOR MANAGEMENT:

The Particulars of the Senior Management of the Company as at March 31, 2026:

Sr. No.	Name of SMPs	Designation
1.	Mr. Samrat Gupta	Managing Director
2.	Ms. Ridhi Gangar	Chief Financial Officer
3.	Mr. Anand Bang	Chief Executive Officer
4.	Mr. Neeloy Majumder	Chief Digital and Marketing Officer
5.	Ms. Niki Mehta	Company Secretary and Chief Compliance Officer
6.	Mr. Abhik Sinha	Chief Human Resource Officer
7.	Mr. Atit Shah	Chief Risk Officer
8.	Mr. Uday Sharma	Chief Internal Auditor

BOARD MEETINGS

During the year under review, 7 (Seven) meetings of the Board of Directors of the Company were held on April 10, 2025, April 16, 2025, April 30, 2025, July 25, 2025, October 27, 2025, January 27, 2026 and March 6, 2026. Not more than 120 days elapsed between 2 consecutive meetings of the Board. The required quorum was present for all the aforesaid meetings. Video conferencing facilities were provided to enable active participation by Directors who were unable to attend the meetings in person. Due to business urgency and/or requirement, certain decisions were taken by the Board by way of resolution(s) passed through circulation, from time to time, in accordance with the Act and the SS-1.

Attendance of Directors at Board Meetings and Annual General Meeting (“AGM”) of the Company held during financial year ended March 31, 2026, is given below:

Name of the Director	Number of Board Meetings Attended / Number of meetings held during the tenure of directorship	Attendance at last AGM held on August 6, 2025
Mr. Nasser Munjee	6/7	Yes
Ms. Gauri Kirloskar	6/7	Yes
Mr. Aman Kirloskar	1/1	NA
Mr. Samrat Gupta	7/7	Yes
Mr. Sivanandhan Dhanushkodi	3/5	Yes
Mr. Vijay Chugh	5/5	Yes
Mr. Yogesh Kapur	7/7	Yes
Mr. Gurumurthy Ramanathan	1/3	NA
Mr. Hoshang Sinor	5/7	No
Mr. Rahul Narain Bhagat	6/7	Yes

Annexure I

Name of the Director	Number of Board Meetings Attended /Number of meetings held during the tenure of directorship	Attendance at last AGM held on August 6, 2025
Mr. Srikumar Vijayasekharan	3/3	Yes

INDEPENDENT DIRECTORS

As on March 31, 2026, the Board of your Company comprised of 5 (five) Independent Directors. All the Independent Directors have affirmed compliance with the criteria of independence as stipulated in the Act and SEBI LODR and have also confirmed their enrolment in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs. The following Independent Directors have resigned during the FY 2025-26 before the expiry of their term:

Name	Resignation Date
Mr. Gurumurthy Ramanathan	July 04, 2025
Mr. Sivanandhan Dhanushkodi	October 28, 2025
Mr. Vijay Chugh	January 25, 2026

Independent Directors Meeting

In terms of the provisions of the Act and SEBI LODR, a separate meeting of the Independent Directors of the Company was held on March 24, 2026 without the attendance of the Non-Independent Directors and members of the management of the Company.

At their meeting, the Independent Directors evaluated and assessed the performance of the Non-Executive Non-Independent Directors, the Chairman, the Executive Directors and the Board, as a collective entity and found it to be good, satisfactory and meeting the expectations.

The Independent Directors also reviewed and assessed the quality, quantity and timeliness of the flow of information between the management and the Board/Committees, necessary for the Board / Committee Members to perform their duties effectively.

BOARD COMMITTEES

The Board Committees are set up by the Board and are governed by its terms of reference which exhibit the scope, composition, tenure, functioning and reporting parameters. The Board Committees play a crucial role in the governance structure of your Company. The Committees operate under the direct supervision of the Board and Chairpersons of the respective Committees report to the Board about the deliberations and decisions taken by the Committees.

In terms of the provisions of the Act, SEBI LODR, RBI Master Directions, other applicable laws, acts, rules and regulations and Company's internal governance, the Board of Directors have constituted various committees and have also specified the terms of reference of each of the Committees constituted.

The recommendations of the Committees are submitted to the Board for approval. The Board of Directors have accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review. The brief terms of reference for each Committees are aligned with their functional scope and are available in detail in the Company's Internal Guidelines on Corporate Governance available at <https://www.arkafincap.com/policy-and-codes>.

As a part of good corporate governance, the charter of all the Committees including the terms of reference of the Committees are reviewed annually by the Board. The Chairperson of each Committee regularly briefs the Board on key discussions, recommendations and decisions taken in the respective meetings. The quorum for all Board Committees is as required under the Act and SEBI LODR.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee of the Board of Directors of the Company is constituted in terms of Section 177 of the Act and RBI Master Directions.

The Company Secretary of the Company acts as Secretary to the Committee. The Statutory Auditors and the Internal Auditors of the Company submit their report(s) directly to the Audit and Compliance Committee.

During the year under review, 8 (Eight) Meetings of the Audit and Compliance Committee of the Company were held on April 16, 2025, April 30, 2025, July 25, 2025, October 27, 2025, December 11, 2025, January 27, 2026, March 6, 2026 and March 24, 2026. Due to business exigencies/urgencies, approvals have been obtained of the Audit Committee by way of resolution(s) passed through circulation in accordance with the Act and SS-1.

Composition of the Audit and Compliance Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Yogesh Kapur	October 20, 2022	-	Chairman	8	8
2.	Mr. Sivanandhan Dhanushkodi	April 24, 2019	October 28, 2025	Member	4	3
3.	Mr. Vijay Chugh	April 24, 2019	January 25, 2026	Member	5	5
4.	Mr. Gurumurthy Ramanathan	January 23, 2024	July 04, 2025	Member	2	-
5.	Ms. Gauri Kirloskar	April 1, 2025	-	Member	8	5
6.	Mr. Hoshang Sinor	April 1, 2025	-	Member	8	6
7.	Mr. Srikumar Vijayasekharan	July 26, 2025	-	Member	5	5

All the Members of the Committee are financially literate and possess relevant knowledge of the financial services industry.

During the year under review, the Audit and Compliance Committee (formerly known as the 'Audit Committee', renamed with effect from July 25, 2025) was reconstituted as mentioned below:

- Board of Directors at its meeting held on January 27, 2025 reconstituted the Committee by inducting Mr. Hoshang Sinor and Ms. Gauri Kirloskar as Members of the Committee in place of Mr. Mahesh Chhabria and the said re-constitution is effective April 1, 2025;
- Consequent to the resignation, Mr. Gurumurthy Ramanathan ceased to be a member of Audit and Compliance Committee with effect from July 04, 2025;
- The Board of Directors, in its meeting held on July 25, 2025, inducted Mr. Srikumar Vijayasekharan as a Member of the Committee effective from July 26, 2025;
- Consequent to the resignation, Mr. Sivanandhan Dhanushkodi ceased to be a member of Audit and Compliance Committee with effect from October 28, 2025;
- Consequent to the resignation, Mr. Vijay Chugh ceased to be a member of Audit and Compliance Committee with effect from January 25, 2026.

All the mandatory recommendations of the Audit and Compliance Committee during the year under review were accepted by the Board of Directors of the Company.

The terms of reference of the Audit and Compliance Committee of the Company would be as prescribed under Section 177 and other applicable provisions of the Companies Act, 2013 read with rules prescribed thereunder and Master

Direction – Reserve Bank of India (Non-Banking Financial Company– Governance) Directions, 2025 which, inter-alia, includes the following:

Financial Reporting and Disclosure:

1. To oversee the financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient, and credible.
2. To review and examine with the management, the annual financial statements and the auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
 - a. Matters to be included in Directors' Responsibility statement to be included in the Board's Report in terms of Section 13(3)(c) of the Companies Act, 2013.
 - b. Changes, if any, in the accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. significant adjustments made in the financial statements arising out of audit findings.
 - e. compliance with listing and other legal requirements relating to financial statements.
 - f. disclosure of any related party transactions.
 - g. modified opinion(s) in the draft audit report.
3. To review and examine with the management, the quarterly financial statements and the audit/limited review report before submission to the Board of Directors for approval.

Annexure I

Internal Control, Risk Management and Governance:

1.

Valuation of undertakings or assets of the Company, wherever it is necessary.
2.

Evaluation of internal financial controls and risk management systems.
3.

To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
4.

To review the functioning of whistle blower mechanism.
5.

To review the utilization of loans and/or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances.
6.

To ensure that an Information Systems Audit of the internal systems and processes is conducted as per the periodicity prescribed by Reserve Bank of India.
7.

To ensure that an Information Systems Audit of the internal systems and processes is conducted is conducted as per the periodicity prescribed by Reserve Bank of India.

Related Party Transactions:

1.

Approval or any subsequent modification to transactions of the Company with its related parties.
2.

Granting of omnibus approval for transactions proposed to be entered with the related parties in accordance with Section 177 of the Companies Act, 2013 read with the rules framed thereunder.
3.

Scrutiny of inter-corporate loans/deposits and investments.

Auditor and Audit Process:

1.

To recommend appointment, remuneration and terms of appointment of Auditors of the Company.
2.

To approve payment to statutory auditors for any other services rendered by the statutory auditors.
3.

To review and monitor the auditors' independence and performance, and effectiveness of audit process.
4.

To monitor and assess the statutory auditor's conflict of interest position in terms of relevant regulatory provisions, standards and best practices.
5.

To review with the management performance of statutory and internal auditors, adequacy of the internal control systems.

6.

Discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
7.

To review management letters/letters of internal control weaknesses issued by the statutory auditors.
8.

Discussion with internal auditors of any significant findings and follow up there on.
9.

To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Directors.
10.

To review internal audit reports relating to internal control weaknesses.
12.

To ensure that any concerns raised by the external auditors are addressed by the management and to bring any unaddressed concerns to the notice of the management.

Compliance and Regulatory:

1.

To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
2.

To review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
3.

To review the system and/or framework devised for monitoring and implementing compliance with applicable laws, rules and regulations, to ensure that the same is adequate and operating effectively and to recommend changes required if any;
4.

To note the overall compliance status by periodically reviewing the Compliance Report including management responses thereto;
5.

To review significant current and upcoming amendments to the laws, rules and regulations that may impact business operations, performance, strategy or reputation of the Company;
6.

To aid management in developing a strong compliance culture at all levels in the Company resulting in appropriate consideration of compliance risks in key strategic and business decisions;

7.

To review and approve compliance policies and procedures.
8.

To regularly monitor regulatory developments and assess impact.
9.

To oversee internal audits and investigations related to compliance.
10.

To review the system and/or framework devised for monitoring and implementing compliance with applicable laws, rules and regulations, to ensure that the same is adequate and operating effectively and to recommend changes required if any;
11.

To note the overall compliance status by periodically reviewing the Compliance Report including management responses thereto;
12.

To review significant current and upcoming amendments to the laws, rules and regulations that may impact business operations, performance, strategy or reputation of the Company

Miscellaneous:

To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable

Composition of the NRC and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Sivanandhan Dhanushkodi	April 24, 2019	October 28, 2025	Chairman	5	3
2.	Mr. Srikumar Vijayasekharan	January 27, 2026	-	Chairman	NA	NA
3.	Mr. Yogesh Kapur	July 30, 2024	-	Member	5	5
4.	Ms. Gauri Kirloskar	April 1, 2025	-	Member	5	5
5.	Mr. Nasser Munjee	April 1, 2025	-	Member	5	4

During the year under review, the Nomination & Remuneration Committee was reconstituted as mentioned below:

- The Board of Directors in its meeting held on January 27, 2025 reconstituted Nomination & Remuneration Committee by inducting Mr. Nasser Munjee and Ms. Gauri Kirloskar as Members of the Committee in place of Mr. Mahesh Chhabria and the said re-constitution was effective April 1, 2025;
- Consequent to the resignation, Mr. Sivanandhan Dhanushkodi ceased to be the Member & Chairman of Nomination & Remuneration Committee with effect from October 28, 2025;
- The Board of Directors, in its meeting held on January 27, 2026, inducted Mr. Srikumar Vijayasekharan as the Chairman of the Committee, effective immediately;

acts, laws, rules and regulations.

The Audit and Compliance Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit and Compliance Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

NRC of the Board of Directors of the Company is constituted in terms of Section 178 Companies Act, 2013 read with rules prescribed thereunder and RBI Master Direction.

During the year under review, 5 (Five) meetings of the NRC were held on April 10, 2025, April 16, 2025, June 4, 2025, July 25, 2025 and October 27, 2025. Due to business exigencies/ urgencies, approvals have been obtained of the NRC by way of resolution(s) passed through circulation in accordance with the Act and SS-1.

All the mandatory recommendations of the Nomination and Remuneration Committee during the year under review were accepted by the Board of Directors of the Company.

The terms of reference of the Nomination and Remuneration Committee of the Company would be as provided in Section 178 Companies Act, 2013 read with rules prescribed thereunder and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Governance) Directions, 2025 which, inter-alia, includes:

- i.

Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees.

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- ii. to oversee the framing, review and implementation of compensation/remuneration policy of the company

iii. For every appointment of an independent director, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and the person recommended to the Board of Directors for appointment as an independent director shall have the capabilities identified in such description.
- For the purpose of identifying suitable candidates, the Committee may:
- a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

iv. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- v. To ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

vi. To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

vii. formulation of criteria for evaluation of performance of independent directors and the board of directors.

viii. To 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.

ix. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

RISK MANAGEMENT COMMITTEE (RMC)

RMC is constituted in accordance with the provisions of the Companies Act, 2013 read with rules prescribed thereunder and RBI Master Direction.

During the year under review, 5 (Five) meetings of the RMC were held on April 16, 2025, April 30, 2025, July 25, 2025, October 27, 2025 and January 27, 2026.

Composition of the RMC and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Vijay Chugh	April 24, 2019	January 25, 2026	Chairman	4	4
2.	Mr. Hoshang Sinor	April 1, 2025	-	Chairman	5	2
3.	Mr. Sivanandhan Dhanushkodi	April 24, 2019	October 28, 2025	Member	4	3
4.	Mr. Samrat Gupta	October 23, 2024	-	Member	5	5
5.	Mr. Gurumurthy Ramanathan	January 23, 2024	July 04, 2025	Member	2	-
6.	Mr. Srikumar Vijayasekharan	July 26, 2025	-	Member	2	2

- During the year under review, the Risk Management Committee was reconstituted as mentioned below:

- The Board of Directors at its meeting held on January 27, 2025 reconstituted the Risk Management Committee by inducting Mr. Hoshang Sinor as Member of the Committee in place of Mr. Mahesh Chhabria and the said re-constitution was effective April 1, 2025;

- Consequent to the resignation, Mr. Gurumurthy Ramanathan ceased to be a member of Risk Management Committee with effect from July 04, 2025;
- The Board of Directors, in its meeting held on July 25, 2025, inducted Mr. Srikumar Vijayasekharan as a Member of the Committee effective from July 26, 2025;

- Consequent to the resignation, Mr. Sivanandhan Dhanushkodi ceased to be a member of Risk Management Committee with effect from October 28, 2025;

- Consequent to the resignation, Mr. Vijay Chugh ceased to be the Member & Chairman of Risk Management Committee with effect from January 25, 2026;

- The Board of Directors, in its meeting held on January 27, 2026, re-designated Mr. Hoshang Sinor as the Chairman of the Committee, effective immediately.

Meetings with Chief Risk Officer – During the year under review, in line with the requirements of RBI Master Directions, the Committee had separate meetings every quarter with Chief Risk Officer of the Company without the presence of the Managing Director.

The terms of reference of the Risk Management Committee of the Company would be as provided in the Companies Act, 2013 read with the Rules framed thereunder and Master Direction – Reserve Bank of India (Non-Banking Financial Company– Governance) Directions, 2025 which, inter-alia, includes the following:

- i. To evaluate the overall risks faced by the Company including liquidity risks and cyber security risk.
- ii. To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.
- iii. To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk.
- iv. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risk is undertaken at least once in a year.
- v. To formulate a detailed risk management policy.
- vi. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

Composition of the Stakeholders Relationship and Customer Service/Consumer Protection Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Gurumurthy Ramanathan	April 16, 2024	July 04, 2025	Chairman	NA	NA
2.	Mr. Rahul Narain Bhagat	July 26, 2025	-	Chairman	2	2
3.	Mr. Samrat Gupta	October 23, 2024	-	Member	2	2
4.	Ms. Gauri Kirloskar	April 01, 2025	-	Member	2	1
5.	Mr. Srikumar Vijayasekharan	January 27, 2026	-	Member	1	1

- vii. To monitor and oversee implementation of the risk management policy/plan including evaluating the adequacy of risk management systems.
- viii. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- ix. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- x. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- xi. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

STAKEHOLDERS RELATIONSHIP AND CUSTOMER SERVICE/CONSUMER PROTECTION COMMITTEE

The Stakeholders Relationship and Customer Service/ Consumer Protection Committee was constituted pursuant to the provisions of the Companies Act, 2013 read with the rules framed thereunder and RBI Master Directions.

During the year under review, 2 (two) meetings of the Stakeholders Relationship and Customer Service/Consumer Protection Committee of the Company were held on August 6, 2025 and March 24, 2026. Due to business exigencies/ urgencies, approvals have been obtained of the Stakeholders Relationship and Customer Service/Consumer Protection Committee by way of resolution(s) passed through circulation in accordance with the Act and SS-1.

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During the period under review, the Stakeholders Relationship and Customer Service/Consumer Protection Committee was reconstituted as mentioned below:

- The Board of Directors at its meeting held on January 27, 2025, reconstituted the Committee by inducting Ms. Gauri Kirloskar as a Member of the Committee in place of Mr. Mahesh Chhabria and the said re-constitution was effective April 1, 2025.
- Consequent to the resignation, Mr. Gurumurthy Ramanathan ceased to be the Member & Chairman of Stakeholders Relationship and Customer Service/Consumer Protection Committee with effect from July 04, 2025;
- The Board of Directors at its meeting held on July 25, 2025 inducted Mr. Rahul Narain Bhagat as the Member & Chairman of the Stakeholders Relationship and Customer Service/Consumer Protection Committee effective from July 26, 2026;
- The Board of Directors at its meeting held on January 27, 2026 appointed Mr. Srikumar Vijayasekharan as the member of the Committee, effective immediately.

The terms of reference of the Stakeholders Relationship Committee and Customer Service/Consumer Protection Committee of the Company would be in terms of applicable provisions of the Companies Act, 2013 and directions issued by RBI on the Internal Ombudsman which, inter-alia, includes:

- i. To look into various aspects of interest of shareholders, debenture holders and other security holders including the following:
- ii. To oversee, monitor and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends/ interest/redemption, issue of new/duplicate certificates, loss of certificates, general meetings etc.

Composition of the CSR Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Samrat Gupta	October 23, 2024	-	Chairman	2	2
2.	Ms. Gauri Kirloskar	July 31, 2019	-	Member	2	1
3.	Mr. Vijay Chugh	July 31, 2019	January 25, 2026	Member	NA	NA
4.	Mr. Yogesh Kapur	October 20, 2022	-	Member	2	2

- iii. Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants.
- iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends/interest/principal amount and ensuring timely receipt of interest/redemption amount/dividend warrants/annual reports/statutory notices by the security holders of the company.
- v. To approve the request for dematerialization/rematerialisation.
- vi. To approve issuance of issue of duplicate/split/ consolidated security certificates.
- vii. To approve matters relating to the unclaimed dividend/ interest/redemption amount including transfer to IEPF in compliance with applicable laws.
- viii. Reviewing and analysing the reports furnished by the Internal Ombudsman (IO) on customer complaints.
- ix. To perform such other acts as may be required pursuant to Master Direction - Reserve Bank of India (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026.
- x. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

CSR Committee of the Board of Directors is constituted in terms of provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014, as amended.

During the year under review, 2 (Two) meeting of the CSR Committee was held on January 27, 2026 and March 6, 2026.

Consequent to the resignation of Mr. Vijay Chugh as Non-Executive-Independent Director he ceased to be the member of the Committee.

The terms of reference of the CSR Committee of the Company would be as provided in Section 135 and other applicable provisions of the Act read with the rules framed thereunder which, inter-alia, includes the following:

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall include the activities to be undertaken by the company in areas or subject as specified in Schedule VII of the Companies Act, 2013 as amended from time to time;
- ii. Recommend the amount of expenditure to be incurred on the CSR activities;
- iii. Monitor the Corporate Social Responsibility Policy of the company from time to time;
- iv. Recommend to the Board the amendments to the Corporate Social Responsibility Policy;
- v. Ensure that CSR activities undertaken by the Company are appropriately disclosed in the Annual Report.

Composition of the ALCO and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Samrat Gupta	October 23, 2024	-	Chairman	4	4
2.	Ms. Gauri Kirloskar	September 1, 2022	-	Member	4	3
3.	Ms. Ridhi Gangar	March 25, 2025	-	Member	4	4
4.	Mr. Anand Bang	April 10, 2025	-	Member	4	4
5.	Mr. Atit Shah	December 02, 2024	-	Member	4	4
6.	Mr. Navin Saini	December 02, 2024	April 10, 2025	Member	NA	NA

During the period under review, the Board of Directors at its meeting held on April 10, 2025 re-constituted the ALCO by inducting Mr. Anand Bang as Member of the Committee in place of Mr. Navin Saini, effective immediately.

The terms of reference of ALCO is in terms of the RBI Master Directions and charter of the Committee approved by the Board of Directors. The major terms of reference include the following:

- i. To approve/monitor matters relating to borrowings by the Company including borrowings by way of term loan, working capital demand loan, cash credit facility, issue of non-convertible debentures/issue of commercial papers and/or by way of other eligible modes of borrowing.
- ii. To ensure adherence to the risk tolerance/limits set by the Board of Directors as well as implementing the liquidity risk.
- iii. To oversee and ensure that an adequate and accurate management information system is put in place by the Company w.r.t asset liability composition / mismatches;

- vi. Ensure that any surplus arising out of CSR activities does not form a part of business profits of the Company.
- vii. Review the adequacy of the CSR policy at periodic intervals and review / modify policy on annual basis, if necessary.
- viii. To recommend to the Board of Directors annual action plan in pursuance of the CSR Policy.
- ix. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

ASSET LIABILITY COMMITTEE (ALCO)

ALCO has been constituted in accordance with the provisions of RBI Master Directions.

During the year under review, 4 (Four) meetings of the ALCO were held on April 16, 2025, July 25, 2025, October 27, 2025 and January 27, 2026. Further, due to certain business exigencies/urgencies, certain approvals of the Committee have also been obtained by way of resolution(s) passed through circulation.

- iv. To oversee balance sheet planning from risk return perspective including strategic management of interest rate and liquidity risk and tracking of liquidity through maturity or cash flow mismatches;
- v. To review the Gap reports (liquidity and interest rate sensitivities) admeasuring the mismatch between rate sensitive liabilities and rate sensitive assets and set limits thereof;
- vi. With respect to liquidity risk, to decide on desired maturity profile and mix of the incremental assets and liabilities, sale of assets as a source of funding.
- vii. To articulate the current interest rate view of the Company and base its decisions for future business strategy based on this view;
- viii. To decide on source and mix of liabilities or sale of assets and towards this end, develop a view on future direction of interest rate movements and decide on funding mixes;
- ix. To review and recommend borrowing program for the company;

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- x. Buy back / redeem / repurchase of the NCDs in case of put option and reissue of same to the new investors;
- xi. To review, approve, monitor the availing of financial assistance/credit facility in the nature of Pass-Through Certificates (PTC) transaction(s) and also approve/ review matters related/incidental in connection with PTC transactions
- xii. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
- xiii. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company;
- xiv. To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

CREDIT COMMITTEE

As on the date of this report the Credit Committee comprises of the following members:

Sr. No	Name of Members	Member of the Committee since	Category
1.	Mr. Samrat Gupta	October 23, 2024	Member
2.	Ms. Gauri Kirloskar	February 10, 2022	Member
3.	Mr. Anand Bang	April 10, 2025	Member

Mr. Sujit Varma has been appointed as an Independent Advisor to the Credit Committee with effect from February 1, 2025 to provide his insights on each of the deals to be presented before the Credit Committee.

During the period under review, the Board of Directors at its meeting held on April 10, 2025 re-constituted the Credit Committee by inducting Mr. Anand Bang as Member of the Committee, effective immediately.

Composition of the IT Strategy Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Sr. No	Name of Members	Member of the Committee since	Date of Cessation, if any	Category	No. of Meetings held during the tenure	Meetings attended
1.	Mr. Gurumurthy Ramanathan	January 23, 2024	July 04, 2025	Chairman	1	None
2.	Mr. Nasser Munjee	April 01, 2025	-	Chairman	4	4
3.	Mr. Sivanandhan Dhanushkodi	November 20, 2019	October 28, 2025	Member	2	2
4.	Mr. Samrat Gupta	October 23, 2024	-	Member	4	2
5.	Mr. Rahul Narain Bhagat	July 26, 2025	-	Member	3	2

The terms of reference of the Credit Committee includes:

- i. Oversight/Review/Approve of the credit and lending strategies of the Company.
- ii. Oversight of the credit risk management of the Company and the organizational effectiveness thereof, including reviewing internal credit policies, portfolio limits, portfolio data and analytics.
- iii. Reviewing the quality and performance of the credit portfolio.
- iv. Approving of lending criteria.
- v. Approving new financial products, if any.
- vi. Review and monitoring of portfolio mix.
- vii. Scrutinizing the loan proposals and if satisfied approving the sanction of the loan proposal.
- viii. To approve partnerships in connection with the lending business of the Company.
- ix. Approving any changes/variations in the loan amount, tenor, interest rates and security structure.
- x. To delegate the powers so conferred upon the Credit Committee as it may deem fit.
- xi. Perform such other allied functions as may be required from time to time.
- xii. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

IT STRATEGY COMMITTEE

The Board of Directors has constituted an IT Strategy Committee in terms of Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023 issued by Reserve Bank of India ("RBI IT Directions")

During the year under review, 4 (Four) meetings of the IT Strategy Committee were held on June 25, 2025, September 23, 2025, December 11, 2025 and March 24, 2026.

During the period under review, the IT Strategy Committee was reconstituted as mentioned below:

- The Board at its meeting held on January 27, 2025 reconstituted the Committee by inducting Mr. Nasser Munjee as Member of the Committee in place of Mr. Mahesh Chhabria and the said re-constitution was effective April 1, 2025;
- Consequent to the resignation, Mr. Gurumurthy Ramanathan ceased to be a Member & Chairman of IT Strategy Committee with effect from July 04, 2025;
- The Board at its meeting held on July 25, 2025 inducted Mr. Rahul Narain Bhagat as Member and re-designated Mr. Nasser Munjee as the Chairman of the Committee effective from July 26, 2025;
- Consequent to the resignation, Mr. Sivanandhan Dhanushkodi ceased to be a member of the IT Strategy Committee with effect from October 28, 2025.

The terms of reference of the IT Strategy Committee is in terms of RBI Directions and the charter approved by the Board of Directors. The major terms of reference include the following:

- i. The role and responsibility of the committee would be same as prescribed by Reserve Bank of India.
- ii. Reviewing and recommending to the Board, management's strategies relating to technology and their alignment with the strategy and objectives of the Company.
- iii. Reviewing and monitoring Management's strategies for developing or implementing new technologies and systems.
- iv. Reviewing and monitoring the effectiveness of the IT Risk Management and Security plan (including advising the Board Risk Committee on matters of Technology Risk and Cyber Security); and
- v. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- vi. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objective
- vii. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- viii. Ensuring IT investments represent a balance of risks and benefits and those budgets are acceptable;
- ix. Monitoring the method that management uses to determine the IT resources needed to achieve strategic

goals and provide high-level direction for sourcing and use of IT resources;

- x. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
- xi. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.
- xii. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

IT STEERING COMMITTEE

The Board of Directors have constituted IT Steering Committee pursuant to Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023 issued by Reserve Bank of India ("RBI IT Directions").

As on March 31, 2026, the composition of the IT Steering Committee, comprised of the following members:

Sr. No	Name of Members	Member of the Committee since	Category
1.	Ms. Ridhi Gangar	March 25, 2025	Member
2.	Mr. Anand Bang	April 10, 2025	Member
3.	Mr. Atit Shah	April 10, 2025	Member
4.	Mr. Neeloy Majumder	April 10, 2025	Member

Re-constitution of the Committee:

The Board of Directors at their meeting held on April 10, 2025, re-constituted the IT Steering Committee of the Company and inducted Mr. Anand Bang, Mr. Atit Shah and Mr. Neeloy Majumder as Members of the Committee.

The terms of reference of the IT Steering Committee are in terms of RBI IT Directions and the charter approved by the Board of Directors. The major terms of reference include the following:

- i. The role and responsibility of the committee would be same as prescribed by Reserve Bank of India.
- ii. Assist the IT Strategy Committee in strategic IT planning, oversight of IT performance, and aligning IT activities with business needs;
- iii. Oversee the processes put in place for business continuity and disaster recovery;
- iv. Ensure implementation of a robust IT architecture meeting statutory and regulatory compliance;
- v. Update IT Strategy Committee and CEO periodically on the activities of IT Steering Committee; and

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- vi. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

SECURITIES ALLOTMENT COMMITTEE

The Board of Directors has constituted a Securities Allotment Committee and the composition of the Committee as on March 31, 2026 comprised of the following:

Sr. No	Name of Members	Member of the Committee since	Category
1.	Mr. Samrat Gupta	October 23, 2024	Member
2.	Mr. Hoshang Sinor	April 01, 2025	Member
3.	Ms. Gauri Kirloskar	February 10, 2022	Member

During the period under review, the Securities Allotment Committee was reconstituted as mentioned below:

- The Board at its meeting held on January 27, 2025 reconstituted the Committee by inducting Mr. Hoshang Sinor as Member of the Securities Allotment Committee in place of Mr. Mahesh Chhabria and the said re-constitution was effective April 1, 2025;
- Consequent to the resignation, Mr. Sivanandhan Dhanushkodi ceased to be a member of the Securities Allotment Committee with effect from October 28, 2025

No meetings were held during the year under review and the approval of the Committee was obtained by means of resolution passed through circulation.

The terms of reference of the Securities Allotment Committee of the Company inter-alia, include:

- i. Allotment of securities including Equity and/or Preference Shares and/or Debentures.
- ii. Issue of new certificates for equity shares, NCDs and such other securities that may be allotted by the Company from time to time.
- iii. Approve transfer of securities including equity, NCDS.
- iv. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

INTERNAL COMPLAINTS COMMITTEE (ICC)

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act"), your Company has formulated and adopted "Policy on Prevention of Sexual Harassment at Workplace".

Further, as required under the SHWW Act, your Company has constituted an Internal Complaints Committee comprising of Senior Executives and one independent Member.

The Policy on Prevention of Sexual Harassment at Workplace is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

DETAILS OF REMUNERATION TO DIRECTORS

Remuneration, Annual Increments and Performance Linked Bonus Pay-out Policy:

In accordance with the provisions of Section 178 of the Companies Act, 2013, the applicable rules framed thereunder, the Reserve Bank of India Master Directions and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has adopted the Remuneration, Annual Increments and Performance Linked Bonus Pay-out Policy.

The Policy provides a structured and transparent framework for determining remuneration, annual increments, performance-linked bonus payouts and other reward mechanisms across the organization. It is designed to attract, retain and motivate talent while ensuring alignment between individual performance, business outcomes, prudent risk management and the long-term strategic objectives of the Company.

The remuneration framework is anchored on the principles of meritocracy, performance differentiation, governance, fairness and accountability. It incorporates a balanced scorecard approach that evaluates performance across financial, business, customer, compliance, risk and behavioural parameters, thereby reinforcing a culture of sustainable performance and responsible growth.

During the year under review, the Company strengthened the Policy by enhancing the performance management and reward architecture, including the introduction of a structured performance-linked remuneration framework, defined performance rating and differentiation mechanisms, company and individual performance multipliers, governance-linked payout conditions, and a formal performance review and redressal process. These changes are intended to reinforce pay-for-performance principles, improve transparency in reward decisions and ensure that compensation outcomes remain aligned with the Company's risk governance framework and long-term value creation objectives.

The Policy is reviewed periodically by the Nomination and Remuneration Committee and approved by the Board of Director to ensure continued alignment with regulatory requirements, industry practices and the evolving needs of the organization.

Non-Executive Directors:

The Non-Executive Directors receive remuneration by way of sitting fees for attending the Board/Committees/Independent Director's Meetings thereof, as decided by the Board from time to time subject to the limits specified under the Act and SEBI LODR. Additionally, they are also entitled to receive profit related commission as may be determined by the Board within the limits specified under the applicable provisions of the Act and as approved by the shareholders of the Company.

Commission, if any, paid to Non-Executive Directors is based on various criteria including Company's performance, time devoted, role assumed in the Committees and contribution and participation in the meetings of the Board/Committees.

Your Company pays sitting fees per meeting to the Non-Executive Directors for attending the meetings of the Board/ Committees/Independent Director's Meetings thereof, as under:

Particulars	Board Meeting (in ₹ Per meeting)	Audit and Compliance Committee (in ₹ Per meeting)	Other Committees/ Independent Director's Meeting (in ₹ Per meeting)
Sitting Fees to Non-Executive Directors	75,000	45,000	25,000

The sitting fees paid to Non-Executive Directors for attending the meeting(s) of the Board/Committees/Independent Director's held during Financial Year 2025-26 is as given below:

Sr. No.	Name of the Director	Sitting Fees (in Rupees)	Commission (in Rupees)#
1.	Mr. Nasser Munjee	6,75,000	12,00,000
2.	Ms. Gauri Kirloskar	9,25,000	8,00,000
3.	Mr. Aman Kirloskar*	75,000	-
4.	Mr. Vijay Chugh	7,00,000	8,00,000
5.	Mr. Yogesh Kapur	10,85,000	10,00,000
6.	Mr. Gurumurthy Ramanathan	75,000	8,00,000
7.	Mr. Sivanandhan Dhanushkodi	5,60,000	8,00,000
8.	Mr. Hoshang Sinor	7,20,000	4,00,000
9.	Mr. Rahul Narain Bhagat	5,75,000	4,00,000
10.	Mr. Srikumar Vijayasekharan*	5,50,000	-

#Commission pertains to financial year 2024-25 and paid in financial year 2025-26

*Appointed during the year, no commission paid for the financial year 2025-26.

During the year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees, Commission and/or reimbursement of the expenses incurred for attending the meetings. Further, the Directors of the Company are not related to each other inter se.

Executive Director

As at March 31, 2026, Mr. Samrat Gupta serves as the Executive Director designated as the Managing Director of the Company. For the remuneration paid to Mr. Samrat Gupta, Managing Director during financial year 2025 - 26, refer the table giving details of the composition of the Board of Directors and forming part of this Corporate Governance Report.

The remuneration paid to Mr. Samrat Gupta in financial year 2025-26 includes the variable pay/performance bonus for the performance during financial year 2025-26. As on March 31, 2026, Mr. Samrat Gupta holds 1,75,00,000 stock options.

The criteria for payment of remuneration to the Non-Executive Directors and Executive Director is specified in the Remuneration, Annual Increments and Performance Linked Bonus Pay-out Policy which is available on the website of the Company.

POLICIES, GUIDELINES AND CODES

In terms of the applicable provisions of the Act read with the rules framed thereunder, SEBI LODR, RBI Master Directions, various other laws applicable to the Company, as a part of good corporate governance and to ensure strong internal controls, the Company had adopted several codes/policies/ guidelines. As a part of good corporate governance practices, all the policies/codes/guidelines are reviewed by the Board/ Committees once in a financial year. Details of few policies/ codes/guidelines adopted by the Board as given below:

Policy on Selection / "Fit & Proper" Person Criteria

In terms of provisions of the Act, RBI Master Directions and SEBI LODR, your Board of Directors have adopted a 'Policy on Selection / "Fit and Proper" Person Criteria' which lays down a framework relating to appointment of Director(s) and/or senior management personnel including key managerial personnel of the Company.

The Policy on Selection/"Fit and Proper" Person Criteria inter-alia includes manner / process for selection of Directors and senior management personnel including key managerial personnel; criteria to be considered for appointment of Directors including qualifications, positive attributes, fit and proper person status and independence criteria for Independent Directors, criteria to be considered for appointment in senior management of the Company.

In terms of the Policy on Selection Criteria / "Fit and Proper" Person Criteria, the Nomination & Remuneration Committee is primarily responsible for guiding and recommending to the Board of Directors the appointment and removal of Director(s) and senior management personnel of the Company and ensuring "Fit and Proper" Person status of proposed / existing Director(s). The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which inter-alia incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

Annexure I

The KYC & AML Policy provides a comprehensive and dynamic framework and measures relating to KYC, AML and CFT to be considered while conducting business. The primary objective of the policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. KYC Procedures laid down in the Policy enable your Company to know/understand its customers and their financial dealings better, which in turn help in managing its risks prudently. KYC & AML Policy also provides for processes and procedures to monitor high value cash transactions and /or transactions of suspicious nature and to develop measures for conducting due diligence in respect of customers and reporting of such transactions.

Vigil Mechanism / Whistle Blower Policy

In terms of requirements of SEBI LODR and provisions of the Act, the Board of Directors of your Company has adopted a ‘Vigil Mechanism / Whistle Blower Policy’ to enable its stakeholders, including individual employees and/or directors, to report genuine concerns including but not limited to unethical behaviour, actual or suspected fraud or violation of the Company’s Code of Conduct for Board of Directors and Senior Management or leakage of Unpublished Price Sensitive Information (UPSI) or any other instance to the Chairperson of the Audit and Compliance Committee.

The Vigil Mechanism / Whistle Blower Policy provides for adequate safeguards against victimization who report genuine concerns under the mechanism. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>

None of the Company personnel have been denied access to the Audit and Compliance Committee Chairman.

Corporate Social Responsibility (“CSR”) Policy

In terms of the provisions of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors of your Company has adopted a ‘CSR Policy’ which helps towards contribution and furtherance of your Company’s objective to create value in the society and 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 CSR Policy of the Company inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The CSR Policy is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

Related Party Transactions Policy

In term of the provisions of SEBI LODR, the Act and RBI Master Directions, the Board of Directors of your Company has adopted a ‘Related Party Transactions Policy’ inter alia to ensure proper approval and reporting of transactions between the Company and its related parties. The Related Party Transaction Policy inter-alia sets out process for identifying

the related parties and process and manner of approval of transactions with related parties. The Related Party Transaction Policy is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

Archival Policy

In terms of the SEBI LODR, the Board of Directors of your Company has adopted an ‘Archival Policy’ in order to prescribe the period for which events / information disclosed to the stock exchanges under Regulation 51 of SEBI LODR shall be hosted on the website of the Company. The Archival Policy is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

Internal Guidelines on Corporate Governance.

The Board of Directors of your Company had adopted “Internal Guidelines on Corporate Governance” in compliance with the RBI Master Directions, covering the set of guidelines/corporate governance practices to create value for the stakeholders viz. the shareholders, employees, customers, society at large etc. The Internal Guidelines on Corporate Governance is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

Code of Conduct for Prohibition of Insider Trading

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, in order to maintain highest standards whilst dealing with confidential and unpublished price sensitive information of the Company and in order to ensure uniform dissemination of unpublished price sensitive information, the Board of Directors adopted a Code of Conduct for Prohibition of Insider Trading. Additionally, your Company has also adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Company Secretary of your Company has been appointed as the Compliance Officer under the said code for monitoring the aforesaid Code.

Further, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, your Company has in place a structured digital databased to incorporate the details including the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared.

Compliance Policy

In compliance with requirements of RBI Circular on Compliance Function and Role of Chief Compliance Officer (“CCO”) – NBFCs dated April 11, 2022, your Company has adopted a Compliance Policy inter-alia to codify the compliance framework and outline the compliance within the organisation. The Compliance Policy lays down the compliance philosophy of your Company. The broad objectives of the Policy inter-alia include embed compliance sensitivity in every department as part of the Company’s culture that emphasis standards of honesty and integrity, monitoring of strict observance of directions, circulars, guidelines and laws applicable to your Company specifically in relation to its activities as a non-banking financial company and ensuring that the customer offerings and products / services

of your Company are in compliance with rules and regulations and are fair to the customers.

Interest Rate Policy

The Board of Directors of your Company has adopted Interest Rate Policy pursuant to the RBI Master Directions.

Interest Policy has been formulated to arrive at the benchmark rates to be used for different category of products, customer segments and to determine the principles and approach to decide on the benchmark rate, taking into account the cost and the spread to be charged, methodology to arrive at the final rates charged from the customers.

Interest Rate Policy inter alia covers methodology of arriving at a benchmark/reference rate, interest rate model, interest rate for products offered by the Company, approach for gradation of risk and other charges and features.

The Interest Rate Policy is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

Asset Liability Management (“ALM”) Policy

In terms of the RBI Master Directions, the Board of Directors of your Company has amended and adopted ALM Policy to establish guidelines to ensure prudent management of assets and liabilities for your Company. These guidelines address management and reporting of capital, liquidity and interest rate risk.

The ALM Policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks. The policy explains the Company’s approach to liquidity management. It also outlines key aspects of the risk management process related to ALM process and identifies the main reporting procedures. It also describes the asset liability management process for your Company.

Policy on Liquidity Risk Management Framework

In terms of RBI Master Directions, the Board of Directors of your Company has approved and adopted Liquidity Risk Management Framework. The Framework is approved and adopted with an objective to lay down the procedures for the management to ensure that there is sufficient liquidity, to have a reliable Management Information System to provide timely information on the liquidity position of the Company, to put in place appropriate internal controls, system and procedures which shall be subject to constant supervisory/Board review to ensure adherence to liquidity risk management framework and to lay down tools to maintain, measure and manage the net funding requirements, tools to measure and monitor liquidity risk.

The Framework inter alia covers liquidity risk management policy, strategies and practices, adequate Management Information Systems, Internal Controls, Maturity Profiling, Stock Approach for liquidity risk management, managing interest rate risk, liquidity risk monitoring tools and roles and responsibilities of Asset Liability Committee.

Fraud Risk Management Policy

The Fraud Risk Management Policy has been framed to provide a system for the prevention and detection of fraud, reporting of any fraud that is detected and dealing with matters pertaining to fraud.

Fraud Risk Management Policy inter alia sets out the process for managing the fraud risk in the lending business, guidance to employees and others dealing with Company, forbidding them from involvement in any fraudulent activity and the action to be taken by them when they suspect any fraudulent activity/ies, conducting investigation into fraudulent activities, ensuring the reporting of the fraud at the right levels and also ensuring the regulatory compliance.

Policy on Appointment of Statutory Auditors

In terms of requirements of the guidelines issued by RBI from time to time, provisions of the Act and RBI Directions and in order to clearly outline the parameters to be considered for appointment and continuation of Statutory Auditors of the Company including qualification, eligibility and tenor, the Board of Directors of your Company has adopted a “Policy on Appointment of Statutory Auditors”

Code of Conduct for Directors & Employees

In terms of the SEBI Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organization, the Board of Directors of your Company adopted a ‘Code of Conduct for Directors and Employees’ (“Code”) which is applicable to all the Directors, including Non-Executive and Independent Directors to the extent of their role and responsibilities in the Company and employees of the Company. The code provides guidance to the Directors and employees to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations. All the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Employees for the year under review. A declaration to that effect, from Mr. Samrat Gupta, Managing Director of the Company, is annexed to this Corporate Governance Report.

Policy on Board Diversity

In terms of SEBI Listing Regulations, the Board of Directors adopted a ‘Policy on Board Diversity to ensure that the Company’s Board has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy and while appointing a director to consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Succession Planning Policy

Believing that succession or replacement planning is particularly important and recognising that Succession Planning is a continuous process rather than a onetime event, your Board of Directors have adopted Succession Planning Policy that aligns talent management with the said objective

Annexure I

and endeavours to mitigate the critical risks such as vacancy, readiness and transition risk.

Fair Practices Code

In terms of the RBI Master Directions, the Board of Directors adopted a 'Fair Practices Code' which inter-alia deals with matters related to manner of application for loans, their processing, loan appraisal, terms / conditions and disbursement of loans and changes in terms and conditions of loans sanctioned.

As a part of Fair Practices Code, the Board of Directors of the Company has laid down the appropriate Grievance Redressal Mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed of at least at the next higher level.

The Fair Practices Code is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

MANNER OF PERFORMANCE EVALUATION

In terms of Schedule IV to the Act, SEBI LODR, Guidance note on Board Evaluation issued by SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017, the Board of Directors of your Company, on recommendation of the Nomination & Remuneration Committee, had adopted a Policy on Performance Evaluation – Board, Committees and Directors.

The manner in which formal annual evaluation of the performance of the Board, its Committees, Chairperson and individual Directors was conducted is given below:

- Performance evaluation process has been recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.
- The Board Performance Evaluation Questionnaire was uploaded on the 'Dess Digital – Board Meetings Management Solution' ("Dess Portal").
- The Director accessed the questionnaire mapped to them through the Dess Portal using their individual login credentials and completed the evaluation by submitting the filled in questionnaire.

- Filled in questionnaire received from the directors along with the summary for evaluation of the Board, as a whole and Committees of the Board was accessible to the Chairman of Nomination & Remuneration Committee to facilitate the discussion at the Independent Directors meeting and the Board Meeting
- Independent Directors at their separate meeting, inter alia, evaluated the:
 - a. Performance of the Board, as a collective entity
 - b. Performance of the Non-Independent Directors of the Company
 - c. Performance of the Managing Director
 - d. Performance of the Chairman of the Company.

The Independent Directors evaluated the performance of the Non-Independent Directors, Board, as a collective entity, Chairman of the Company and Managing Director and found it to be good, satisfactory and meets the expectations.

The Board of Directors evaluated the performance of the Directors, including independent directors and chairperson, Board, as a collective entity and its committees and found it to be good, satisfactory and meeting the expectations.

Performance Evaluation Criteria for Independent Directors

The performance of Independent Directors is to be evaluated broadly on parameters such as providing insight on Annual Operating Plan and Long-Range Plan discussions, providing independence of judgement, providing meaningful and constructive and inputs in the meeting, contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfilment of the prescribed Independence criteria and independence from the Management.

GENERAL BODY MEETINGS

(i) Details of the last three Annual General Meetings of the Company:

Financial year	Date	Time	Special Resolutions passed	Venue
2022-2023	Friday, June 16, 2023	02.00 p.m.	i. Issue of Non-Convertible Debentures on Private Placement basis. ii. Increase in Borrowing Limits of the Company. iii. Mortgage or security creation for borrowings of the Company. iv. Continuation of Directorship of Mr. Harish Engineer on attaining the age of 75 years. i. Payment of Commission to Non-Executive Directors for the financial year 2022-23.	Held through Video Conferencing / Other Audio-Visual Means
2023-2024	Tuesday, June 25, 2024	03.00 p.m.	i. Issue of Non-Convertible Debentures on private placement basis. ii. Increase in Borrowing Limits of the Company. iii. Mortgage or Security creation for borrowings of the Company. iv. Re-appointment of Mr. Vijay Chugh as an Independent Director for a second term of 5 (five) consecutive years. v. Re-appointment of Mr. Sivanandhan Dhanushkodi as an Independent Director for a second term of 5 (five) consecutive years. v. Payment of Commission to Non-Executive Directors of the Company for the financial year 2023-24.	Held through Video Conferencing / Other Audio-Visual Means
2024-2025	Wednesday, August 6, 2025	05.15 p.m.	i. Issue of Non-Convertible Debentures on private placement basis. ii. Payment of Commission to Non-Executive Directors of the Company for the financial year 2024-25. iii. Approval for selling/assigning/securitisation of the assets including loan receivables/book, book debts and investments of the Company. iv. Appointment of Mr. Srikumar Vijaysekharan (DIN: 07810464) as an Independent Director of the Company. v. Grant of stock options to an identified employee, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant of option.	Held through Video Conferencing / Other Audio-Visual Means

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(ii) Details of the Extraordinary General Meetings (“EGM”) held during FY 2025-2026:

Date	Time	Special Resolutions passed	Venue
Wednesday, April 16, 2025	05.35 p.m.	1. Amendment to Employee Stock Option Plan 2019 and to be amended and restated as Employee Stock Option Plan 2025. 2. Approval of extending the restated Employee Stock Option Plan 2025 to eligible employees of subsidiary/ holding company(ies) of the Company.	Registered Office of the Company at 2504, 2505, 256, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai-400013.
Friday, March 6, 2026	04.30 p.m.	1. Appointment of Mr. Aman Kirloskar (DIN: 09823056) as a Non-Executive Director. 2. Alteration of the Object Clause of the Memorandum of Association of the Company. 3. Alteration to the Articles of Association of the Company consequent to the adoption of the Common Seal.	Registered Office of the Company at 2504, 2505, 256, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai-400013.

(iii) Whether any special resolution passed last year through postal ballot – details of voting pattern – During the year under review, no resolutions were passed through postal ballot.

(iv) Person who conducted the postal ballot exercise – Not applicable.

(v) Whether any special resolution is proposed to be conducted through postal ballot – None.

(vi) Procedure for postal ballot – Not applicable.

DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

During the year under review, there has been no defaults in compliance with the requirements, to the extent applicable, of the provisions of the Companies Act, 2013, read with the rules framed thereunder.

MEANS OF COMMUNICATION

The Company maintains a dedicated “Investors” section on its official website to facilitate easy access to information for shareholders/stakeholders. The “Investor Information” section on the Company’s website <https://www.arkafincap.com/> keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, Contact details of persons responsible for investor grievances, details of debenture trustee, details on credit rating and other regulatory/statutory disclosures.

The quarterly, half-yearly and annual financial results are submitted to BSE Limited. These Financial results are also published in widely circulated newspapers – “Financial Express” and “Mumbai Lakshadeep” to ensure wider public dissemination.

In compliance with Regulation 51 of SEBI LODR, your Company timely intimates the required information on the listing portal of BSE Limited.

GENERAL INFORMATION FOR SHAREHOLDERS AND DEBENTURE HOLDERS

A. Corporate Information:

Arka Fincap Limited was incorporated as a public limited company on April 20, 2018 under the provisions of the Companies Act, 2013. The Company is registered with the Reserve Bank of India (RBI) and is carrying on the business of Non-Banking Financial Company (NBFC), not accepting public deposit. The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The key corporate details of your Company are as follows:

1.	Corporate Identification Number	U65993MH2018PLC308329
2.	RBI Registration No.	N-13.02282
3.	Financial Year	March 31
4.	No. of Branches	137 as on March 31, 2026
5.	Registered Office	2504,2505,2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400025
6.	Company Secretary	Ms. Niki Chirag Mehta Email: arkasecretarialandcompliance@arkafincap.com Tel.: 022 40471000

B. Debenture Trustees

Catalyst Trusteeship Limited
CIN: U74999PN1997PLC110262
Address: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038
Tel: 022- 49220505 Fax: 022-49220555
Email: ComplianceCTL-Mumbai@ctltrustee.com
Website: <https://catalysttrustee.com/>

C. Annual General Meeting for FY 2025-26:

- a. Date, Time & Venue: Thursday, August 6, 2026 at 5:00 p.m. at 2504, 2505, 2506, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai 400013
- b. Financial Year: April 1, 2025 to March 31, 2026
- c. Dividend paid: None for the period under review

D. Listing on Stock Exchange and Listing Fees:

Name and Address of the Stock Exchange	Type of Securities Listed
BSE Limited P. J. Towers, Dalal Street, Mumbai – 400 001	Non-Convertible Debentures and Commercial Papers

The Annual Listing Fees have been paid to BSE Limited

In case the securities are suspended from trading, the directors report shall explain the reason thereof: Not Applicable

E. Registrar to issue of NCDs:

MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)
C- 101, Embassy 247, L.B.S. Marg, Vikhroli, (West),
Mumbai – 400 083, Maharashtra, India
Tel: +91 (22) 4918600
Fax: +91 (22) 49186060
Email: ganesh.jadhav@in.mpms.mufg.com
Website: <https://in.mpms.mufg.com/>

F. Share transfer system:

In terms of the provisions of the Act, the equity shares of the Company can be transferred only in dematerialised form.

Annexure I

G. Distribution of shareholding:

Shareholding Pattern as on March 31, 2026

Sr. No.	Name	Number of Equity Shares of Face Value ₹ 10/- each	Number of Equity Shares held in demat mode	Amt paid-up (₹)	Total shareholding as % of total number of equity shares
1.	Arka Financial Holdings Private Limited	92,87,09,769	92,87,09,769	928,70,97,690	99.998
2.	Mr. Samrat Gupta*	1	0	10	
3.	Mr. Anand Bang*	1	0	10	
4.	Mr. Ankit Pagaria*	1	0	10	
5.	Mr. Atit Shah*	1	0	10	
6.	Mr. Rohit Kumar*	1	0	10	
7.	Ms. Aditi Mahamunkar*	1	0	10	
8.	Mr. Ritesh Jhanwar	18,333	18,333	1,83,330	0.002
	TOTAL	92,87,28,108	92,87,28,108	928,72,81,080	100%

*In terms of Section 89 of the Companies Act, 2013, the individuals are holding equity shares as “Registered Owner” and the “Beneficial Owner” is Arka Financial Holdings Private Limited.

H. Dematerialisation of Shares and Liquidity:

Equity shares of the Company are available for trading in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. Under the Depository System, the International Securities Identification Number (“ISIN”) allotted to the Company’s equity shares is INE03W101010.

I. Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments.

J. Commodity price risk or foreign exchange risk and hedging activities: Not applicable

K. Plant Locations:

Since the Company is engaged in the business of providing financial services, the Company does not have any manufacturing plant. It operates from its Registered & Corporate Office and branches located at different places within India.

L. Address for correspondence:

Ms. Niki Chirag Mehta
Company Secretary & Chief Compliance Officer
2504/2505/2506, 25th Floor, One Lodha Place, Lodha World Towers
Senapati Bapat Marg, Lower Parel, Mumbai - 400013
Telephone: +91 22 40471000; Fax: +91 22 43157010;
Email id: arkasecretarialandcompliance@arkafincap.com

M. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

As on March 31, 2026 and as on the date of this Report, the Credit Ratings assigned to the Company are as summarised below:

Particulars / Rating Agencies	Rating
LONG-TERM PROGRAMME	
Non-Convertible Debentures	
CRISIL Limited	CRISIL AA/Stable
Acuite Rating	ACUITE AA/Stable
Market Linked Debentures	
CRISIL Limited	CRISIL PPMLD AA/Stable
Bank Borrowings	
CRISIL LIMITED	CRISIL AA/Stable
SHORT TERM PROGRAMME	
Commercial paper	
CRISIL Limited	CRISIL A1+
India Ratings	IND A1+
PASS-THROUGH CERTIFICATES	
India Ratings	IND AAA(SO)/Stable

All the above ratings indicate instruments with very strong/high degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

N. Transfer of Unclaimed / Unpaid Amounts to the Investor Education and Protection Fund:

During the year under review, no amount was due for transfer to Investor Education and Protection Fund.

*The equity shares of the Company are not listed on any of the stock exchanges and hence certain details are not applicable to the Company.

OTHER DISCLOSURES

a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

There are no material related party transactions during the year under review that might have potential conflict with the interest of the Company. For details of transactions with related parties, please refer to the Audited Financial Statements for the financial year ended March 31, 2026.

b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

None for the period under review.

c. Details of establishment of vigil mechanism/whistle blower policy, and affirmation that no personnel has been denied access to the audit and compliance committee:

In terms of the provisions of the Act and SEBI LODR, the Board of Directors of the Company have adopted Vigil Mechanism / Whistle Blower Policy. No person has been denied access to the Audit and Compliance Committee.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements, disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and disclosure to the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted.

The disclosures of the compliance with corporate governance requirements specified under Regulations 62D to 62Q, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were applicable to the Company on being categorized as “High Value Debt Listed Entity” uptill January 21, 2026.

Annexure I

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026, the Company is not categorized as a 'High Value Debt Listed Entity'. Consequently, the provisions relating to corporate governance for High Value Debt Listed Entities are not applicable to the Company with effect from January 22, 2026.

The Company has complied with the applicable Corporate Governance requirements under the SEBI LODR up to January 21, 2026, and has continued to maintain such practices on a voluntary basis up to March 31, 2026.

The Board of Directors of your Company on quarterly basis, reviews certificate with respect to compliance with the applicable laws, acts, guidelines, rules and regulations.

A certificate from M/s. Mayekar & Associates, Company Secretaries, regarding compliance of conditions of corporate governance is annexed to this Corporate Governance Report as **Annexure A**.

Compliance with discretionary requirements:

- (a) **The Board**

The Chairman is entitled to reimbursement of expenses incurred while discharging his duties.
- (b) **Modified Opinion(s) in the Audit Report**

During the year under review, there were no audit qualification in the Company's financial statements.
- (c) **Separation of Roles - Chairman and Managing Director or the Chief Executive Officer**

The role of the Chairman and the Managing Director are distinct and separate, in line with best governance practices. Mr. Nasser Munjee, Independent Director, is the Chairman of the Board.
- (d) **Risk Management**

Your Company has constituted the Risk Management Committee in compliance with the provisions of the Act read with rules prescribed thereunder and SEBI LODR.
- e. **Web-link where policy for determining 'material' subsidiaries is disclosed**

The Company does not have any subsidiary company.
- f. **Web-link where policy on dealing with related party transactions**

The Company has adopted Related Party Transactions Policy which is disclosed on its website at <https://www.arkafincap.com/policy-and-codes>.
- g. **Disclosure of commodity price risks and commodity hedging activities:**

Not Applicable
- h. **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

Not Applicable
- i. **A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority**

Your Company has obtained certificate from Mayekar & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is annexed to this Corporate Governance Report as **Annexure B**.
- j. **Where the Board had not accepted any recommendation of any committee of the Board, which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**

During FY 2025-26, all the recommendations of the various Committees of the Board were accepted by the Board of Directors.

- k. **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

Singhi & Co., Chartered Accountants, (ICAI Firm Registration No. 302049Ed), were appointed as the Statutory Auditors of the Company to hold office for a period of three years i.e., for FY 2024-25 to FY 2026-27. The particulars of payment of fees to Statutory Auditors for FY 2025-26 is given below:

Particulars	Amount
Audit Fees (including limited review reports)	29.50
Certification and other services	6.50
reimbursement of OPE	3.25
Total	39.25

The above payments exclude out-of pocket, travelling expenses and Goods and Service tax.

Further no fees were paid to any entity in the network firm/network entity of which the Singhi & Co., Chartered Accountants is a part.

- l. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on end of the financial year
1	1	Nil

- m. **Disclosure by listed entity of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount disclosures of transactions of Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in Company:**

Please refer the notes on "Related Party Disclosures" in Financial Statements of the financial year ended on March 31, 2026.

- n. **Non-compliance of any requirement of corporate governance report of sub-paras of 2 to 10 of Schedule V to SEBI LODR, with reasons thereof shall be disclosed –**
- None

As on March 31, 2026, your company is no longer categorized as a 'High Value Debt Listed Entity'. Consequently, the corporate governance norms specified of sub-paras of 2 to 10 of Schedule V to SEBI LODR are not applicable to the Company effective January 22, 2026.

- o. **Declaration signed by the managing director stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.**

The Company has adopted a Code of Conduct for its Directors and Employees. These Code is available on the Company's website at <https://www.arkafincap.com/policy-and-codes>. All the Directors on the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is reproduced at the end of this report at Annexure C.

- p. **Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report.**

A certificate from M/s. Mayekar & Associates, Company Secretaries, regarding compliance of conditions of corporate governance is annexed to this Corporate Governance Report.

- q. **Disclosures with respect to demat suspense account / unclaimed suspense account**
- Not Applicable

- r. **Disclosure of certain types of agreements binding listed entities**
- The Company being a High Value Debt Listed Entity Schedule III is not applicable to your Company.

Annexure I

Corporate governance compliance certificate

Annexure A

To,
The Members
Arka Fincap Limited,
(CIN: U65993MH2018PLC308329)
2504, 2505, 2506, 25th Floor,
One Lodha Place, Lodha World Towers,
Senapati Bapat Marg, Lower Parel,
Delisle Road, Mumbai-400013

We have examined the compliance of the conditions of Corporate Governance by Arka Fincap Limited (CIN: U65993MH2018PLC308329) ("the Company") for the year ended on March 31, 2026, as stipulated under Regulations 62D to 62Q, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as applicable to the Company on being categorized as "High Value Debt Listed Entity" uptill January 21, 2026.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026, the provisions relating to corporate governance for High Value Debt Listed Entities are not applicable to the Company with effect from January 22, 2026.

Accordingly, our examination covers the period during which such provisions were applicable to the Company. Based on our review, and as represented to us by the management, the Company has complied with the applicable Corporate Governance requirements under the SEBI Listing Regulations up to January 21, 2026, and has continued to maintain such practices on a voluntary basis up to March 31, 2026.

Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Company and considering the relaxations granted by Securities and Exchange Board of India, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 62D to 62Q, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 30/04/2026
Place: Mumbai

For Mayekar & Associates
Company Secretaries
Firm U.I.N - P2005MH007400
PR Certificate No: 4385 / 2023

Anil Vasant Mayekar
Partner
FCS - 2071, COP - 2427
U.D.I.N- F002071H000233038

Certificate of non-disqualification of directors

(Pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Arka Fincap Limited
(CIN: U65993MH2018PLC308329)
2504, 2505, 2506, 25th Floor,
One Lodha Place, Lodha World Towers,
Senapati Bapat Marg, Lower Parel,
Delisle Road, Mumbai-400013

We have examined the relevant records maintained by Arka Fincap Limited (CIN: U65993MH2018PLC308329) ("the Company") and disclosures, notices and confirmations submitted by Directors of the Company for the purpose of issuing a certificate pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our knowledge, based on the information furnished to us by the Company and based on necessary verification by us, we certify that none of the following Directors, who were on the Board of Directors of the Company as on March 31, 2026, have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of the Director	DIN	Date of appointment in Company*
1.	Ms. Gauri Atul Kirloskar	03366274	14/06/2019
2.	Mr. Yogesh Kapur	00070038	20/10/2022
3.	Mr. Nasser Mukhtar Munjee	00010180	23/10/2024
4.	Mr. Samrat Gupta	07071479	23/10/2024
5.	Mr. Hoshang Noshirwan Sinor	00074905	28/01/2025
6.	Mr. Rahul Narain Bhagat	02473708	20/02/2025
7.	Mr. Srikumar Vijayasekharan	07810464	26/07/2025
8.	Mr. Aman Rahul Kirloskar	09823056	28/01/2026

*the date of appointment is as per the MCA Portal.

Date: 30/04/2026
Place: Mumbai

For Mayekar & Associates
Company Secretaries
Firm U.I.N - P2005MH007400
PR Certificate No: 4385 / 2023

Anil Vasant Mayekar
Partner
FCS - 2071, COP - 2427
U.D.I.N - F002071H000233082

Annexure C

Declaration by Managing Director of The Company Under Paragraph D of Schedule V of SEBI Listing Regulations

I, Samrat Gupta, Managing Director of Arka Fincap Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Senior Management for the financial year ended March 31, 2026.

April 30, 2026
Mumbai

Samrat Gupta
Managing Director

Annexure II

Disclosures pursuant to Regulation 53(f) read with Schedule V of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2026

Sr. no.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.	Details
1.	Holding Company		
a)	Arka Financial Holdings Private Limited	- Loans and advances in the nature of loans to subsidiaries by name and amount. - Loans and advances in the nature of loans to associates by name and amount. - Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount	Nil
b)	Kirloskar Oil Engines Limited	- Loans and advances in the nature of loans to subsidiaries by name and amount. - Loans and advances in the nature of loans to associates by name and amount. - Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount	Nil
2.	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company	Not Applicable
3.	Holding Company		
a)	Arka Financial Holdings Private Limited	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil
b)	Kirloskar Oil Engines Limited	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil

Secretarial audit report

For the financial year ended 31st March, 2026

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
ARKA FINCAP LIMITED
(CIN - U65993MH2018PLC308329)
2504, 2505, 2506, 25th Floor, One Lodha Place,
Lodha World Towers, Senapati Bapat Marg,
Lower Parel, Mumbai, Maharashtra, India, 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARKA FINCAP LIMITED (CIN - U65993MH2018PLC308329)** (hereinafter called “the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on **31st March, 2026** according to the provisions of:

- (i)

The Companies Act, 2013 (the Act) and the rules made there under;
- (ii)

The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii)

The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv)

Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the period under review FEMA Regulations for Foreign Direct Investment and Overseas Direct Investment were not applicable to the Company);
- (v)

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) to the extent applicable:-

- a.

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company during audit period**);
- b.

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c.

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during audit period**);
- d.

The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not Applicable to the Company during audit period**);
- e.

Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- f.

The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g.

The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not Applicable to the Company during audit period**) and
- h.

The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during audit period**);
- (vi)

Various Master Directions and Guidelines issued by the Reserve Bank of India (to the extent Applicable to the Company during audit period);

We have also examined compliance with the applicable clauses of the following:

- (i)

Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii)

Listing Agreements entered into by the Company with BSE Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors

Annexure III

Annexure III

and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adequate notice is given to all directors to schedule the Board Meetings, the agenda and detailed notes on agenda were sent in the prescribed time i.e. seven days in advance and A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under review,

- i. The Board of Directors and the shareholders of the Company at their meeting held on April 16, 2025, approved amendment to Employee Stock Option Plan 2019 and to restate the same as Employee Stock Option Plan 2025.
- ii. The Board of Directors and the shareholders of the Company at their meeting held on April 16, 2025, approved extending amended and restated Employee Stock Option Plan 2025 to eligible employees of subsidiary/holding company(ies) of the Company.
- iii. During the period under review the Board of Directors of the Company, passed a resolution to approve renewal of the issuance of Non-Convertible Debentures on private placement basis during a period of 1 (one) year commencing from the date of passing of the Special Resolution at the Annual General Meeting held on August 6, 2025 for an amount upto Rs. 2000 Crore (Rupees Two Thousand Crore only) within the overall borrowing limit of the Company, subject to the approval of the shareholders of the Company.
- iv. The Board of Directors of the Company at their meeting held on April 30, 2025 passed a resolution in supersession of the earlier Board resolution passed by the Board of Directors at their meeting held on April 23, 2023, to approve increase in limit for issuance of Commercial Papers from Rs. 500 Crore (Rupees Five Hundred Crore only) to Rs. 1000 Crore (Rupees One Thousand Crore only).
- v. The Board of Directors of the Company at their meeting held on April 30, 2025, passed a resolution in supersession of the earlier Board resolution passed by

the Board of Directors at their meeting held on March 25, 2025, for increase in limit for selling/assigning/ securitisation of the assets including loan book/ receivables, book debts and investments from Rs. 1100 Crore (Rupees One Thousand One Hundred Crore only) to Rs. 3000 Crores (Rupees Three Thousand Crore only), subject to the approval of the shareholders of the Company.

- vi. The Securities Allotment Committee of the Board of Directors of the Company through their circular resolution dated April 5, 2025, approved transfer of equity shares as per the details given below with no change in the beneficial owner and the beneficial interest would continue to remain with Arka Financial Holdings Private Limited:

Sr. no.	Name of Transferor	Number of shares	Name of Transferee
1	Mr. Mridul Sharma	1 (one)	Mr. Ankit Pagaria
2	Mr. Manish Nagarsekar	1 (one)	Mr. Girish Kulkarni
3	Mr. Mahesh Chhabria	1 (one)	Mr. Atit Shah
4	Mr. Amit Kumar Gupta	1 (one)	Mr. Samrat Gupta

- vii. The Securities Allotment Committee of the Board of Directors of the Company through their circular resolution dated June 03, 2025, approved the transfer of 1 (one) equity share of the Company from Mr. Sonit Singh to Mr. Anand Bang with no change in the beneficial owner and the beneficial interest to continue to remain with Arka Financial Holdings Private Limited.
- viii. During the period under review the Board of Directors of the Company, passed a resolution, subject to the overall borrowings limits approved by the Board of Directors and Shareholders of the Company, approved the borrowing of funds through External Commercial Borrowings upto USD 100 Million.
- ix. The Board of Directors at their meeting held on July 25, 2025 and shareholders of the Company at their Annual General Meeting held on August 6, 2025, passed a resolution to approve the appointment of Mr. Srikumar Vijayasekharan (DIN: 07810464) as an Non-Executive Independent Director of the Company for a term of five (5) consecutive years effective from July 26, 2025 till July 25, 2030.
- x. The Securities Allotment Committee of the Board of Directors of the Company through their circular resolution dated August 11, 2025, approved the transfer of 1 (one) equity share of the Company from Mr. Girish Kulkarni to Mr. Rohit Kumar with no change in the beneficial owner and the beneficial interest to continue

to remain with Arka Financial Holdings Private Limited, the Board took note of the same at their meeting held on October 27, 2025.

- xi. During the period under review the Board of Directors noted the resignation of Mr. Sivanandhan Dhanushkodi (DIN: 03607203), Non-Executive Independent Director of the Company with effect from October 28, 2025.
- xii. The Board of Directors at their meeting held on October 27, 2025, approved the appointment of Mr. Aman Kirloskar (DIN: 09823056) as an Additional Non-Executive Director of the Company effective from the date of approval from RBI or such other date as may be specified by RBI.
- xiii. Pursuant to the approval of Reserve Bank of India vide Letter No. DOR.HGG.No.S8094/18-12-109/2025-2026 dated January 28, 2026 in terms of paragraph 10 of the RBI Directions and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors through circulation dated February 03, 2026, the Shareholders of the Company at the Extra-Ordinary General Meeting held on March 6, 2026 approved the appointment of Mr. Aman Kirloskar (DIN: 09823056) as a Non-Executive Director of the Company for a term of five (5) years with effect from January 28, 2026 up to January 27, 2031, liable to retire by rotation.
- xiv. The Board of Directors at their meeting held on January 27, 2026, noted the resignation of Mr. Vijay Chugh (DIN: 07112794), Non-Executive Independent Director of the Company with effect from close of business hours of January 24, 2026.
- xv. The Board of Directors and the shareholders of the Company at their meeting held on March 6, 2026, approved the alteration of the Object Clause of the Memorandum of Association of the Company to undertake the Factoring Business departmentally (without converting into an NBFC-Factor).
- xvi. The Board of Directors and the shareholders of the Company at their meeting held on March 6, 2026, approved the adoption of common seal for the company and alteration of the Articles of Association of the Company to include clause pertaining to adoption of Common Seal.
- xvii. The Members of Company at their Annual General Meeting held on August 6, 2025 confirmed the interim dividend of Rs. 0.11/- per equity share of Rs. 10/- each of the Company declared by the Board of Directors on March 25, 2025, as the final dividend for the financial year 2024-25.
- xviii. The Members of Company at the Extra Ordinary General Meeting of the Company held on April 16, 2025 passed the special resolution to approve:
 - a) Amendment to Employee Stock Option Plan 2019 by increasing the pool of Employee Stock

Option Plan 2019 from 5,00,00,000 stock options to 10,00,00,000 stock options convertible into 10,00,00,000 equity shares of the Company having the face value of Rs. 10/- per equity share and to be restated as Employee Stock Option Plan 2025.

- b) Extending the Employee Stock Option Plan 2019 to eligible employees of subsidiary/holding company(ies) of the Company under the amended and restated Employee Stock Option Plan 2025
- xix. The Members of Company at their Annual General Meeting held on August 6, 2025 approved the following by passing special resolution:
 - a) Issuance of Non-Convertible Debentures on private placement basis during a period of 1 (one) year commencing from the date of passing of the Special Resolution in this AGM for an amount upto Rs. 2000 Crore (Rupees Two Thousand Crore only) within the overall borrowing limits approved by the Members of the Company.
 - b) Payment of Commission to Non-Executive Directors of the Company for the financial year 2024-2025.
 - c) Selling/assigning/securitisation of the assets including loan receivables/book, book debts and investments of the Company for the aggregate amount of such sale/assignment/securitization/ transfer transactions not exceeding Rs. 3,000 Crore (Rupees Three Thousand Crore only), in one more or tranches, during a financial year.
 - d) Appointment of Mr. Srikumar Vijayasekharan (DIN: 07810464) as an Independent Director of the Company for a term of five (5) consecutive years effective from July 26, 2025 till July 25, 2030.
 - e) Issue, offer and allotment of 1,75,00,000 stock options, exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company, under the Employee Stock Option Plan 2025 convertible into equal number of equity shares of the Company (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company) having face value of Rs. 10/- (Rupees Ten only) per equity share to Mr. Samrat Gupta, Managing Director.
- xx. The Members of Company at their Extra-Ordinary General Meeting held on March 6, 2026 approved the following by passing special resolution:
 - a) Appointment of Mr. Aman Kirloskar (DIN: 09823056) as a Non-Executive Director of the Company for a term of five (5) years effective from January 28, 2026 till January 27, 2031, liable to retire by rotation.

Annexure III

- b) Alteration to the existing object clause of the Company by inserting the new sub clause in Clause 3rd (a) (object clause) of the Memorandum of Association of the Company
- c) Adoption of common seal of the company and Alteration to the Articles of Association of the Company by amending Article 78 of the Articles of Association

We further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

For Mayekar & Associates
Company Secretaries
Firm U.I.N - P2005MH007400
PR Certificate No: 4385 / 2023

Date: 30/04/2026
Place: Mumbai

Anil Vasant Mayekar
Partner
FCS - 2071, COP - 2427
U.D.I.N - F002071H000232983

Note: This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report

To,
The Members,
ARKA FINCAP LIMITED
(CIN - U65993MH2018PLC308329)
2504, 2505, 2506, 25th Floor, One Lodha Place,
Lodha World Towers, Senapati Bapat Marg,
Lower Parel, Mumbai, Maharashtra, India, 400013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 30/04/2026
Place: Mumbai

For Mayekar & Associates
Company Secretaries
Firm U.I.N - P2005MH007400
PR Certificate No: 4385 / 2023

Anil Vasant Mayekar
Partner
FCS - 2071, COP - 2427
U.D.I.N - F002071H000232983

Annexure A

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www.arkafincap.com 95

Annexure IV

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**a. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2025-26 is as follows:**

Sr. No.	Name of the Director	Category	Ratio of remuneration of Director to the Median remuneration
1)	Mr. Nasser Munjee	Chairman and Independent Director	2.67
2)	Mr. Samrat Gupta	Managing Director	82.22
3)	Ms. Gauri Kirloskar	Non-Executive Non-Independent Director	1.78
4)	Mr. Aman Kirloskar	Non-Executive Non-Independent Director	Not Applicable
5)	Mr. Sivanandhan Dhanushkodi	Independent Director	1.78
6)	Mr. Vijay Chugh	Independent Director	1.78
7)	Mr. Yogesh Kapur	Independent Director	2.22
8)	Mr. Hoshang Sinor	Independent Director	0.89
9)	Mr. Rahul Narain Bhagat	Independent Director	0.89
10)	Mr. Srikumar Vijayasekharan	Independent Director	Not Applicable
11)	Mr. Gurumurthy Ramanathan	Independent Director	1.78

Note 1: Remuneration to the Non-Executive Directors includes commission for financial year 2024-25 paid in financial year 2025-26 and does not include Sitting fees.

Note 2: Mr. Sivanandhan Dhanushkodi ceased to be the Independent Director of the Company effective October 28, 2025 on account of resignation.

Note 3: Mr. Vijay Chugh ceased to be the Independent Director of the Company effective January 25, 2026 on account of resignation.

Note 4: Mr. Srikumar Vijayasekharan was appointed as Non-Executive Independent Director of the Company effective from July 26, 2025 and hence no commission was paid to him for financial year 2024-25.

Note 5: Mr. Gurumurthy Ramanathan ceased to be the Independent Director of the Company effective July 4, 2025 on account of resignation.

Note 6: Only fixed component considered for the purpose of calculating the median.

Note 7: Mr. Aman Kirloskar was appointed as Non-Executive Non-Independent Director of the Company effective January 28, 2026 and hence no commission was paid to him for financial year 2024-25.

b. The percentage increase/(decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2025-26, is as follows:

Sr. No.	Name of the Director	Category	% increase/(decrease) in the remuneration
1)	Mr. Nasser Munjee	Chairman and Independent Director	Not Applicable
2)	Mr. Samrat Gupta	Managing Director	0%
3)	Ms. Gauri Kirloskar	Non-Executive Non-Independent Director	33.33%
4)	Mr. Aman Kirloskar	Non-Executive Non-Independent Director	Not Applicable
5)	Mr. Sivanandhan Dhanushkodi	Independent Director	33.33%

Sr. No.	Name of the Director	Category	% increase/(decrease) in the remuneration
6)	Mr. Vijay Chugh	Independent Director	33.33%
7)	Mr. Yogesh Kapur	Independent Director	66.67%
8)	Mr. Hoshang Sinor	Independent Director	Not Applicable
9)	Mr. Rahul Narain Bhagat	Independent Director	Not Applicable
10)	Mr. Srikumar Vijayasekharan	Independent Director	Not Applicable
11)	Mr. Gurumurthy Ramanathan	Independent Director	166.67%
12)	Ms. Ridhi Gangar	Chief Financial Officer	0%
13)	Ms. Niki Chirag Mehta	Company Secretary	23.00%

Note 1: Comparison in respect of the Remuneration to the Non-Executive Directors is of the commission for the financial year 2023-24 and 2024-25 and does not include Sitting fees

Note 2: Mr. Nasser Munjee was appointed as Non-Executive Independent Director of the Company effective from October 23, 2024 and Chairman of the Board effective December 2, 2024. He was eligible for the commission for financial year 2024-25 and not for financial year 2023-24.

Note 3: Mr. Aman Kirloskar was appointed as Non-Executive Non-Independent Director of the Company effective January 28, 2026 and hence he was not eligible for commission for financial year(s) 2023-24 and 2024-25.

Note 4: Mr. Hoshang Sinor was appointed as Non-Executive Independent Director of the Company effective from January 28, 2025. He was eligible for the commission for financial year 2024-25 and not for financial year 2023-24.

Note 4: Mr. Rahul Bhagat was appointed as Non-Executive Independent Director of the Company effective from February 20, 2025. He was eligible for the commission for financial year 2024-25 and not for financial year 2023-24.

Note 5: Mr. Srikumar Vijayasekharan was appointed as Non-Executive Independent Director of the Company effective July 26, 2025 and hence he was not eligible for commission for financial year(s) 2023-24 and 2024-25.

Note 6: Ms. Ridhi Gangar joined as a Chief Financial Officer of the Company effective February 19, 2025.

Note 7: Only fixed component considered for the purpose of calculating the increase/decrease.

c. The percentage increase in the median remuneration of employees in the financial year 2025-26:

There is a decrease in the median remuneration of employees in FY 2025-26 by 50% as compared to FY 2024-25.

d. Number of permanent employees on rolls of the Company as on March 31, 2026:

The permanent employees on the rolls of Company as on March 31, 2026, were 1673.

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in financial year 2025-26 and its comparison with the percentile increase in the managerial remuneration in financial year 2024-25 and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase already made in the salaries of employees other than that of the managerial personnel in FY 2025-26 is 8 Percentile.

There was no increase in the remuneration of managerial remuneration.

f. The key parameters for any variable component of remuneration availed by the directors:

In terms of the remuneration policy of the Company, as amended.

g. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

We hereby affirm that the remuneration paid to the employees including Key Managerial Personnels is as per the remuneration policy of the Company.

Annexure V

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(1) Brief outline on CSR Policy of the Company:

The Company, through its CSR projects, endeavours to 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.

The CSR Policy inter alia includes the following:

- CSR Vision Statement
- CSR Programmes/Projects
- Activities not to be considered as CSR activity
- CSR Expenditure
- Governance
- Implementation process
- Reporting framework and impact assessment
- Unspent CSR expenditure

The CSR Policy adopted by your Company is available on the website of the Company at <https://www.arkafincap.com/policy-and-codes>.

(2) Composition of CSR Committee as on March 31, 2026:

Sr. No.	Name of Director	Designation / Nature of Directorship	Member of the Committee since	Date of Cessation, if any	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Samrat Gupta	Chairman of the Committee, Managing Director	October 23, 2024	-	2	2
2.	Ms. Gauri Kirloskar	Member, Non-Executive Non-Independent Director	July 31, 2019	-	2	1
3.	Mr. Vijay Chugh	Member, Independent Director	July 31, 2019	January 25, 2026	NA	NA
4.	Mr. Yogesh Kapur	Member, Independent Director	October 20, 2022	-	2	2

(3) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR Committee: <https://www.arkafincap.com/board-of-directors-committees-and-its-composition>

CSR Policy: <https://www.arkafincap.com/policy-and-codes>

CSR Projects: <https://www.arkafincap.com/investor-information#arkainvestorDisclosuresAnnouncements>

(4) Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

(5) (a) Average net profit of the company as per section 135(5): ₹ 77,08,07,321/-

(b) Two percent of average net profit of the company as per section 135(5): ₹ 1,54,16,146/-

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set off for the financial year: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 1,54,16,146/-

(6) (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 22,00,000/-

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year (6b+6c+6d+6e): ₹ 22,00,000/-

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
22,00,000	1,32,16,150	27-04-2026	Not Applicable	Not Applicable	Not Applicable

(f) Excess amount for set off, if any-

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,54,16,146
(ii)	Total amount spent for the Financial Year	22,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

Annexure V

(7) Details of Unspent CSR amount for the preceding three financial years:

Sl No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in unspent CSR Account under Section 135(6) of the Act (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Name of the Fund	Amount (in ₹).	Date of transfer.		
1.	2022-23	-	-	-	-	-	-	-	-
2.	2023-24	-	-	-	-	-	-	-	-
3.	2024-25	1,27,86,003	27,87,174	99,98,829	-	-	-	-	-

(8) Whether any capital assets have been created or acquired through CSR amount spent in the financial year 2025-26:
No

If yes, enter the number of capital assets acquired/created – Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not applicable

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

(9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)
- Not Applicable

Mr. Samrat Gupta
Chairman of the CSR Committee and Managing Director

CEO and CFO certificate

Annexure VI

To,
The Board of Directors
Arka Fincap Limited

CEO and CFO certificate pursuant to Regulation 62D(14) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Samrat Gupta, Managing Director and Ridhi Gangar, Chief Financial Officer of the Company confirm the following for the financial year ending March 31, 2026 ("Financial Year"):

- A. We have reviewed the financial statements and the cash flow statement for the Financial Year and confirm that, to the best of our knowledge and belief:

1. the statements mentioned therein do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. these statements mentioned therein together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit and Compliance Committee, that there were no deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit and Compliance Committee:

1. Significant changes, if any, in internal control over financial reporting during the Financial Year.

2. Significant changes, if any, in accounting policies during the Financial Year and that the same have been disclosed in the notes to the financial statements.

3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Arka Fincap Limited

Samrat Gupta
Managing Director
Date: April 30, 2026
Place: Mumbai

Ridhi Gangar
Chief Financial Officer
Date: April 30, 2026
Place: Mumbai

Annexure VII

Disclosure of Employee Stock Option Plan in terms of Rule 12(9) of Companies
(Share Capital and Debentures) Rules, 2014 as on financial year ended March 31, 2026

Sr. No.	Particulars	ESOP 2025
1.	Options granted during Financial Year 2025-26	6,35,75,000
2.	Options vested during Financial Year 2025-26	4,77,000
3.	Options exercised during Financial Year 2025-26	None
4.	The total number of shares arising as a result of exercise of option during Financial Year 2025-26	None
5.	Options lapsed during Financial Year 2025-26	1,05,05,000
6.	The exercise price	Exercise Price for each grant is determined by Nomination & Remuneration Committee.
7.	Variation of terms of options	The Board of Directors and shareholders of the Company at their meeting held on April 16, 2025 approved amendments to ESOP 2019 and restated it as Employee Stock Option Plan 2025.
8.	Money realized by exercise of options	Not Applicable
9.	Total number of options in force	8,06,75,000

Details of stock options granted to Key Managerial Personnel during Financial Year 2025-26:

Sr. No.	Name	Designation	Number of Stock Options granted during financial year 2025-26
1.	Mr. Samrat Gupta	Managing Director	1,75,00,000
2.	Ms. Ridhi Gangar	Chief Financial Officer	30,00,000
3.	Ms. Niki Mehta	Company Secretary and Chief Compliance Officer	2,00,000

Details of employees including director(s) who have received a grant of option amounting to 5% or more of options granted during financial year 2025-26:

Sr. No.	Name	Designation	Number of Stock Options granted during financial year 2025-26
1.	Mr. Samrat Gupta	Managing Director	1,75,00,000
2.	Mr. Anand Bang	Chief Executive Officer	70,00,000

Details of employees including director(s) who were granted options during the financial year 2025-26 equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant during Financial Year 2025-26:

Sr. No.	Name	Designation	Number of Stock Options granted during financial year 2025-26
1.	Mr. Samrat Gupta	Managing Director	1,75,00,000

Independent auditor’s report

To
The Members of
Arka Fincap Limited
Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying Ind AS Financial Statements (“Financial Statements”) of Arka Fincap Limited (hereinafter referred as “the Company”), which comprise the Balance sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended (“Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (“SAs”), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described

in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1.	Information Technology (IT) systems & controls The Company’s key financial accounting and reporting processes are highly dependent on the automated controls over the Company’s information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, we have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter.	Our Audit Approach: With the assistance of our IT specialists, we obtained an understanding of the Company’s IT applications, databases and operating systems relevant to financial reporting and the control environment. Our audit approach was a combination of test of internal controls and substantive procedures on the areas of the IT infrastructure, which majorly focused access security (including controls over privileged access), program change controls, database management and network operations. In particular, our activity included the following:

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		General IT controls design, observation and operation: ➤ Understood the changes made in the IT environment during the year and ascertained its effect on the financial statements controls and accounts. ➤ Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. User access controls operation: ➤ Obtained management’s evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. ➤ Further, we assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. Application controls: ➤ We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. ➤ For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures. ➤ Our tests also included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the Financial Statements.
2.	Accuracy of recognition, measurement, presentation and disclosures of Impairment of Loans and Advances (Expected Credit Loss)	Our Audit Approach: Our audit approach was a combination of test of internal controls and substantive procedures which included the following: ➤ Evaluating the Company’s accounting policies, as approved by the Board of Directors, for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. ➤ Obtained an understanding of the modelling techniques / models adopted by the Company including the key inputs and assumptions including overlays, if any; ➤ Evaluated the reasonableness of the management estimates by analysing the underlying assumptions and testing of controls around data extraction / validation.

Independent auditor’s report

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	In the process, a significant degree of judgement has been applied by the management for:	➤ Assessed the criteria for staging of loans based on their past-due status to check compliance with the requirement of Ind-AS 109. Tested samples of Stage 1 loans, to assess whether any SICR or loss indicators were present requiring them to be classified under Stage 2 or Stage 3.
a)	Defining qualitative/ quantitative thresholds for ‘significant increase in credit risk’ (“SICR”) and ‘default’ categorically for corporate portfolio, wherein Company’s credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis.	➤ Evaluated the appropriateness of the Company’s determination of Significant Increase in Credit Risk (“SICR”) in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages.
b)	Determining effect of less frequent past events on future probability of default.	➤ Performed test of details over calculation of ECL, in relation to the completeness and accuracy of the data;
c)	Grouping of borrowers based on homogeneity by using appropriate statistical techniques.	➤ Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable;
d)	Determining macro-economic factors impacting credit quality of receivables.	➤ Discussed with the management, the approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals.
e)	Data inputs – The application of ECL model requires inputs from several data sources.	➤ Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 Financial Instruments: Disclosure (“Ind AS 107”), Ind AS 109 and related RBI circulars.

Information Other than the Financial Statements and Auditor’s Report thereon

5. The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report but does not include the Financial Statements and our auditor’s report thereon. These reports are expected to be made available to us after the date of our auditor’s report. Our opinion on the Ind AS Financial Statements does not cover the other information and we will not express any form of assurance thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

Management’s Responsibility for the Financial Statements

6. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the Financial Statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. The Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- 10.1. Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 10.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- 10.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 10.4. Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

10.5. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2026 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of

Independent auditor’s report

India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the “Annexure A”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.		Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us, we report as under:		by the Company as per the statutory requirements for record retention to the extent enabled.	
15.	As required by Section 143(3) of the Act, we report that:	16.1.	The Company has disclosed the impact of pending litigations as at March 31, 2026 on its financial position in its Financial Statements – Refer Note 5.07 to the Financial Statements;	16.6.	As more fully explained in Note 7.02 to the financial statements, based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that no audit trail was enabled at the database level for one of the accounting software to log any direct data changes. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved
15.1.	We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	16.2.	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;		
15.2.	In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matter stated in the paragraph 16.6 below on reporting under Rule 11(g).	16.3.	There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.		
15.3.	The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.	16.4.	(a) The management has represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.		
15.4.	In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.	(b)	The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and		
15.5.	On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors in the meeting dated April 30, 2026, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.	(c)	Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement		
15.6.	The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 15.2 above on reporting under Section 143(3)(b) of the Act and paragraph 16.6 below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014	16.5.	The Board of Directors of the Company have not proposed any dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting.		
15.7.	With respect to the adequacy of the internal financial controls with reference to these Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.				
15.8.	In our opinion, the managerial remuneration for the year ended March 31, 2026 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.				
16.	With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the				

For Singhi & Co.
Chartered Accountants
Firm Registration Number: 302049E

Ravi Kapoor
Partner
Membership No: 040404
UDIN: 26040404MZDJUH1586

Place: Mumbai
Date: April 30, 2026

Annexure - A to the independent auditor’s report

Annexure A referred to in paragraph 14 of the Independent Auditors Report of even date to the members of Arka Fincap Limited (the “Company”) in the Financial Statements as of and for the year ended March 31, 2026 under the heading “Report on other Legal and Regulatory requirements”.

- i.

In respect of the Company’s Property, Plant & Equipment and Intangible Assets:
- (a)

(A)

The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment and relevant details of Right-of-use assets.

(B)

The Company has maintained proper records showing full particulars including quantitative details and situation of Intangible Assets.
- (b)

As per the information and explanation given to us and as verified by us, the Property, Plant and Equipment and Right-of-Use Assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and on the basis of explanations received no material discrepancies were noticed during the verification.
- (c)

There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d)

The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year ended March 31, 2026.
- (e)

According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and details have been appropriately disclosed in the note 3.07 to the financial statements.
- ii.

(a)

The Company is primarily engaged in lending business. Accordingly, it does not hold any inventories. Accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

- (b)

The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions during the year on the basis of security of current assets of the Company. Based on the information and explanations provided to us, and on the audit procedures performed, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- iii.

(a)

The Company’s principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(a) is not applicable to the Company.

(b)

Considering that the Company is a Non – Banking Finance Company, the investments made, and the terms and conditions of the grant of all loans and advances in the nature of loans are not prima facie prejudicial to the Company’s interest. According to information and explanations provided to us, the Company has not provided any guarantees or security during the year. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c)

The Company, being a NBFC, is registered under provisions of the Reserve Bank of India Act,1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments schedules are stipulated basis the nature of the loan products. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of the amount, due date for repayment or receipt and extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the ICAI for reporting under this clause), in respect of loans and advances which were not repaid/ paid when they were due or were repaid/ paid with a delay, in the normal course of lending business

(d)

In respect of loans granted and advances in the nature of loans, provided by the Company, the total amount overdue for more than ninety days as on March 31, 2026 is as under:

No. of cases	Principal amount overdue (₹ in lakhs)	Interest overdue (₹ in lakhs)	Total overdue (₹ in lakhs)	Remarks (if any)
2401	5999.38	481.32	6480.70#	According to the information and explanation given to us, reasonable steps have been taken by the Company for recovery of principal amount and interest.

#The amounts include Ind AS adjustments

(e)

The Company’s principal business is to give loans and is a registered NBFC, accordingly, reporting under clause(iii)(e) of the order is not applicable.

(f)

Basis the information and explanations provided to us, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

iv.

According to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Act, in respect of loans and investments given during the year. The Company has not given any guarantee and security during the year and the provisions of Section 186 of the Act are not applicable to the Company.

v.

According to the information and explanations given to us, the Company has neither accepted any deposit from the public nor accepted any amounts which are deemed to be deposits during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules made there under, are not applicable to the Company. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

vi.

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii.

In respect of statutory dues:

(a)

The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, sales-tax, service tax, duty of customs, duty of excise, value added tax and Cess. The Company is generally regular in depositing undisputed statutory dues including income tax, labour welfare fund and professional tax. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except for the following cases, made good subsequent to the year-end.

Name of the Statute	Nature of Dues	Amount (₹) (₹ In lakhs)	Period to which the amount relates	Due Date	Date of Payment
The Puducherry Municipalities (Amendment) Act, 2017	Professional Tax	0.02	FY 2023-24 & FY 2024-25	31 July 2024	15 April 2026
The Puducherry Municipalities (Amendment) Act, 2017	Professional Tax	0.03	FY 2024-25	31 July 2025	15 April 2026
The Puducherry Municipalities (Amendment) Act, 2017	Professional Tax	0.05	FY 2024-25 & FY 2025-26	31 July 2025	15 April 2026

(b)

According to the information and explanations given to us and on the basis of our examination of the records, there are no statutory dues referred to in sub clause (a) that have not been deposited on account of any dispute.

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Annexure - A to the independent auditor's report

viii.	According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.	have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.	of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.	by the Company as and when they fall due.
ix.	(a) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.	(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.	(d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has two Core Investment Companies (CIC) as part of its Group (as identified by the management and reported to the RBI), one of which is unregistered CIC and the other one is in the process of registration with the RBI.	Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in annual report is expected to be made available to us after the date of this auditor's report.
	(b) Basis the information and explanation provided to us, the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.	(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.	xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.	xx. (a) There are no unspent CSR amounts on account on "other than ongoing projects" for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable for the year.
	(c) According to the information and explanations given to us and to the best of our knowledge and belief, in our opinion, term loans availed by the Company were applied during the year for the purpose for which the loans were obtained, other than temporary deployment pending application of proceeds.	xii. The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.	xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.	(b) According to the information and explanations given to us, the amounts remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, which is required to be transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act have been transferred within 30 days from the end of the financial year in compliance with the provisions of the Act. Refer Note no. 4.07(b) to the financial statements.
	(d) On an overall examination of the financial statements of the Company, no funds raised on short term basis have been used for long-term purposes by the Company.	xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.	xix. According to the information and explanations given to us and on the basis of the financial ratios disclosed in Note 6.08 to the Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, undrawn credit lines, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged	xxi. According to the information and explanations given to us and based on our examination of the records of the Company, there are no subsidiaries / associates / joint ventures of the Company and hence the paragraph 3(xxi) of the Order is not applicable.
	(e) The Company does not have any subsidiaries / associates / joint ventures. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.	xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.		
	(f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.	(b) We have taken into consideration, the internal audit reports for the period under audit issued to the Company till the date of Auditor's Report for determining the nature, timing and extent of audit procedures.		
x.	(a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.	xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Companies Act, 2013 under clause 3(xv) of the Order is not applicable to the Company.		
	(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.	xvi. (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.		
		(b) According to the information and explanations given to us, the Company holds a valid Certificate of Registration (CoR).		
xi.	(a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we	(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank		

For Singhi & Co.
Chartered Accountants
Firm Registration Number: 302049E

Ravi Kapoor
Partner
Place: Mumbai
Date: April 30, 2026
Membership No: 040404
UDIN: 26040404MZDJUH1586

Annexure - B to the independent auditor’s report

(Referred in paragraph 15.7 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

We have audited the internal financial controls with reference to the financial statements of Arka Fincap Limited (“the Company”) as of March 31, 2026 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2026 based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to the financial statements.

Meaning of Internal Financial Controls with reference to the financial statements

A Company’s internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting rinciples. A Company’s internal financial control with reference to the financial statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to The Financial Statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, including the

possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Singhi & Co.
Chartered Accountants
Firm Registration Number: 302049E

Ravi Kapoor
Partner
Membership No: 040404
UDIN: 26040404MZDJUH1586

Place: Mumbai
Date: April 30, 2026

Balance sheet

As at 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2026	As at 31 March 2025
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	57,227.79	63,571.02
Bank balances other than cash and cash equivalents	3.02	5,350.91	1,816.57
Loans	3.03	554,406.08	600,094.18
Investments	3.04	32,871.94	28,114.94
Other financial assets	3.05	16,148.04	8,511.72
		666,004.76	702,108.43
Non-financial assets			
Current tax assets (net)	3.06	2,703.75	2,645.31
Property, plant and equipment	3.07	4,210.12	1,443.39
Intangible assets	3.08	97.55	145.65
Capital work-in-progress	3.09	95.43	137.62
Other non-financial assets	3.10	1,224.85	935.00
		8,331.70	5,306.97
TOTAL ASSETS		674,336.46	707,415.40
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payable			
Trade payables	3.11		
(i) total outstanding to micro enterprises and small enterprises		33.09	53.44
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,699.69	1,027.53
Debt securities	3.12	107,772.59	124,093.09
Borrowings (other than debt securities)	3.13	375,081.22	400,082.30
Subordinated Debt	3.14	21,338.62	21,286.40
Other financial liabilities	3.15	25,025.80	27,746.57
		530,951.01	574,289.33
Non-financial liabilities			
Provisions	3.16	3,470.65	4,094.08
Deferred tax liabilities (Net)	3.18	2,757.71	778.07
Other non-financial liabilities	3.17	1,625.06	3,527.64
		7,853.42	8,399.79
TOTAL LIABILITIES		538,804.43	582,689.12
Equity			
Equity share capital	3.19	92,872.81	92,872.81
Other equity	3.20	42,659.22	31,853.47
TOTAL EQUITY		135,532.03	124,726.28
TOTAL LIABILITIES AND EQUITY		674,336.46	707,415.40
The accompanying summary of material accounting policy information and notes form an integral part of the Financial Statements	1-7		

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.: 302049E

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 30 April 2026

For and on behalf of the Board of Directors of
Arka Fincap Limited

Samrat Gupta
Managing Director
DIN: 07071479

Ridhi Gangar
Chief Financial Officer

Place: Mumbai
Date: 30 April 2026

Hoshang Sinor
Director
DIN: 00074905

Niki Mehta
Company Secretary

Statement of profit & loss

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2026	For the year ended 31 March 2025
Revenue from operations			
Interest income	4.01	70,192.91	67,175.84
Fees and commission income	4.01A	3,179.84	3,329.62
Gain on derecognition of financial assets measured at amortised cost		11,277.77	4,676.02
Net gain/(loss) on financial instruments at fair value through profit or loss	4.01B	2,398.99	2,245.27
Total revenue from operations		87,049.51	77,426.75
Other income	4.02	2,921.19	1,366.44
Total income		89,970.70	78,793.19
Expenses			
Finance costs	4.03	49,879.81	45,551.27
Impairment on financial instruments	4.04	6,756.99	5,304.16
Employee benefit expenses	4.05	16,812.12	12,601.47
Depreciation, amortisation and impairment	4.06	1,245.31	767.01
Other expenses	4.07	5,942.31	5,157.52
Total expenses		80,636.54	69,381.43
Profit before exceptional items and tax		9,334.16	9,411.76
Exceptional items - Expenses / (Income)- (Refer Note 7.02 (1) and (7))		204.56	(1,528.50)
Profit before tax		9,129.60	10,940.26
Tax expense:	4.08		
1. Current tax		926.36	1,253.68
2. (Excess)/Short provision related to earlier years		450.25	(30.11)
3. Deferred tax expense /(income)		892.68	1,681.09
Total tax expenses		2,269.29	2,904.66
Profit after tax		6,860.31	8,035.60
Other comprehensive income			
I. Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		52.83	(38.12)
- Income tax relating to items that will not be reclassified to profit or loss		(13.30)	9.59
Subtotal (A)		39.53	(28.53)
- Fair valuation of equity investments		0.01	(1.34)
- Income tax relating to items that will not be reclassified to profit or loss		-	0.34
Subtotal (B)		0.01	(1.00)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		39.54	(29.53)
II. Items that will be reclassified to profit and loss			
- Fair valuation of debt instruments		4,265.94	-
- Income tax relating to items that will be reclassified to profit or loss		(1,073.65)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		3,192.29	-
Total comprehensive income for the period		10,092.14	8,006.07
Earnings per equity share	5.01		
Basic earnings per share (₹)		0.74	0.87
Diluted earnings per share (₹)		0.72	0.86
(Equity Share of face value of ₹ 10 each)			
The accompanying summary of material accounting policy information and notes form an integral part of the Financial Statements	1-7		

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.: 302049E

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 30 April 2026

For and on behalf of the Board of Directors of
Arka Fincap Limited

Samrat Gupta
Managing Director
DIN: 07071479

Ridhi Gangar
Chief Financial Officer

Place: Mumbai
Date: 30 April 2026

Hoshang Sinor
Director
DIN: 00074905

Niki Mehta
Company Secretary

Statement of cash flows

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash Flow from Operating Activities		
Net profit before tax	9,129.60	10,940.26
Adjustments for :		
Depreciation and amortisation	1,245.31	767.01
Loss on sale of Property, Plant and Equipment	17.80	2.02
Provision for expected credit loss	6,756.99	5,304.16
Provision for share based payments	713.61	73.38
Fair value loss / (gain) on investments	318.09	(382.49)
Finance cost	49,731.39	45,551.27
Interest on lease liabilities	148.42	-
Interest received on fixed deposits	(812.72)	(171.44)
Profit on sale of investments	(2,786.72)	(1,862.78)
(Gain) / loss on derecognition of financial assets measured at amortised cost (unrealised)	(11,277.77)	(4,676.02)
Provision for Investments in Arka Credit Fund I	-	(1,528.50)
Interest received on Investment	(1,670.92)	(1,215.81)
Interest income on investments in AIF	-	(10.04)
Interest income on security deposit	(27.90)	(18.24)
Operating profit before working capital changes	51,485.18	52,772.78
Working capital adjustments		
(Increase)/Decrease in loans and advances	43,161.52	(134,626.92)
(Increase)/Decrease in trade receivables	-	20.25
(Increase)/Decrease in Other financial assets	3,849.44	1,709.10
(Increase) / Decrease in Security Deposit	(239.71)	(79.84)
(Increase) / Decrease in Prepaid expenses and stamp	(82.48)	7.48
(Increase) / Decrease in Other non-financial assets	(207.37)	(182.75)
Increase/(Decrease) in provisions	(541.13)	304.59
Increase/(Decrease) in trade payable	651.81	465.11
Increase/(Decrease) in Other financial liabilities	(4,191.30)	5,361.82
Increase/(Decrease) in Other non-financial liabilities	(1,902.58)	244.99
Cash used in operating activities	91,983.38	(74,003.39)
Direct taxes paid	(1,435.06)	(2,049.54)
Net cash generated from / (used in) operating activities (A)	90,548.32	(76,052.93)
B Cash flows from investing activities		
Interest received on fixed deposits	812.72	171.44
Receipt on sale / redemption of Investments	-	362,729.07
Payments on purchase of Mutual fund investment	(1,392,780.36)	-
Receipt on sale / redemption of Mutual fund investment	1,418,192.23	-
Interest received on debt instrument and PTC	691.32	1,215.82
Net Investment in debt instrument	(6,575.75)	-
Receipt on sale / redemption of PTC	200.68	0
(Increase) / decrease in other bank balance	(3,534.34)	(1,816.57)
Payments on purchase of T-bills	(131,612.21)	-
Receipt on sale / redemption of T-Bills	122,000.00	-
Interest received on Gsec Investment	322.20	-
Payments on purchase of Gsec	(11,049.00)	(377,981.17)
Payments on purchase of Investments of KPL	(0.50)	-
Payments for Purchase of Property, Plant and Equipment	(1,697.33)	(307.73)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest received on investments in AIF	-	10.04
Payments for Purchase of Other Intangible assets	(18.34)	-
Net cash (used in) investing activities (B)	(5,048.68)	(15,979.10)
C Cash Flow from Financing Activities		
Proceeds/(Repayment) from Bank and NBFCs Borrowings (net)	(26,024.61)	157,679.11
Proceeds /(Repayment) from issuance of Non-Convertible Debentures (net)	(19,085.08)	11,823.83
Proceeds /(Repayment) from issuance of Commercial Papers (net)	2,596.38	(7,412.99)
Finance cost paid	(48,487.46)	(44,236.68)
Lease liability paid	(842.10)	(481.59)
Dividend Paid	-	(1,021.60)
Net cash generated from / (used in) financing activities (C)	(91,842.87)	116,350.09
Net Increase in cash and cash equivalents (A) + (B) + (C)	(6,343.23)	24,318.06
Cash and Cash Equivalents at the beginning of the year	63,571.02	39,252.96
Cash and Cash Equivalents at the end of the year	57,227.79	63,571.02
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	1,899.86	33,551.60
Deposits with original maturity of less than three months	55,327.93	30,019.42
Total	57,227.79	63,571.02
Additional disclosure pursuant to Ind AS 7		
Opening balance of debt securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	545,461.79	382,136.95
Cash flow (net)	(42,513.31)	162,089.96
Non cash changes	1,243.94	1,234.88
Closing balance of debt securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	504,192.42	545,461.79

Refer Note 5.08 for movement in lease liabilities

Refer Note 3.07 for movement in Right of use (ROU) assets.

The above statement of cash flow has been prepared under the indirect method as set out in Ind AS 7: Statement of Cash Flows.

The accompanying summary of material accounting policy information and notes form an integral part of the Financial Statements

1-7

For Singhi & Co.

Chartered Accountants
ICAI Firm Registration No.: 302049E

Ravi Kapoor

Partner
Membership No. 040404

For and on behalf of the Board of Directors of
Arka Fincap Limited

Samrat Gupta

Managing Director
DIN: 07071479

Ridhi Gangar

Chief Financial Officer

Hoshang Sinor

Director
DIN: 00074905

Niki Mehta

Company Secretary

Place: Mumbai
Date: 30 April 2026

Place: Mumbai
Date: 30 April 2026

Statement of changes in equity (SOCIE)

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

(a) Equity Share Capital (Refer Note 3.19)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 1 April 2024	928,728,108	92,872.81
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 1 April 2024	928,728,108	92,872.81
Shares issued during the year	-	-
Balance as at 31 March 2025	928,728,108	92,872.81
Balance as at 1 April, 2025	928,728,108	92,872.81
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 1 April 2025	928,728,108	92,872.81
Changes in equity share capital during the year	-	-
Balance as at 31 March 2026	928,728,108	92,872.81

(b) Other equity (Refer Note 3.20)

Particulars	Reserves and surplus				Items of OCI		Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Retained Earnings	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income	
Balance at 1 April 2024	3,721.77	1,139.96	5,860.66	14,073.24	-	-	24,795.63
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance as at 1 April 2024	3,721.77	1,139.96	5,860.66	14,073.24	-	-	24,795.63
Profit for the year	-	-	-	8,035.60	-	-	8,035.60
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	(28.53)	-	-	(28.53)
Other comprehensive income for the year (Remeasurement loss on investments)	-	-	-	-	(1.00)	-	(1.00)
Total	3,721.77	1,139.96	5,860.66	22,080.31	(1.00)	-	32,801.70
Transfer to Special Reserve u/s 45 IC of the RBI Act, 1934	1,607.12	-	-	(1,607.12)	-	-	-
Transferred to / from Retained earnings	-	(150.48)	-	150.48	-	-	-
Share based payment expense (net)	-	73.37	-	-	-	-	73.37
Interim Dividend for the year ended 31 March 2025	-	-	-	(1,021.60)	-	-	(1,021.60)

Particulars	Reserves and surplus				Items of OCI		Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Retained Earnings	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income	
Balance as at 31 March 2025	5,328.89	1,062.85	5,860.66	19,602.07	(1.00)	-	31,853.47
Balance at 1 April 2025	5,328.89	1,062.85	5,860.66	19,602.07	(1.00)	-	31,853.47
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance as at 1 April 2025	5,328.89	1,062.85	5,860.66	19,602.07	(1.00)	-	31,853.47
Profit for the year	-	-	-	6,860.31	-	-	6,860.31
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	39.53	-	-	39.53
Other comprehensive income for the year (Remeasurement gain / (loss) on loans net of tax)	-	-	-	-	0.01	3,192.29	3,192.30
Total	5,328.89	1,062.85	5,860.66	26,501.91	(0.99)	3,192.29	41,945.61
Transfer to Special Reserve u/s 45 IC of the RBI Act, 1934	1,372.06	-	-	(1,372.06)	-	-	-
Transferred to / from Retained earnings	-	(270.79)	-	270.79	-	-	-
Share based payment expense	-	713.61	-	-	-	-	713.61
Balance as at 31 March 2026	6,700.95	1,505.67	5,860.66	25,400.64	(0.99)	3,192.29	42,659.22

The accompanying summary of material accounting policy information and notes form an integral part of the Financial Statements

1-7

For Singhi & Co.

Chartered Accountants
ICAI Firm Registration No.: 302049E

Ravi Kapoor

Partner
Membership No. 040404

Place: Mumbai
Date: 30 April 2026

For and on behalf of the Board of Directors of
Arka Fincap Limited

Samrat Gupta

Managing Director
DIN: 07071479

Ridhi Gangar

Chief Financial Officer

Place: Mumbai
Date: 30 April 2026

Hoshang Sinor

Director
DIN: 00074905

Niki Mehta

Company Secretary

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

1. Corporate Information

Arka Fincap Limited (Formerly known as Kirloskar Capital Limited) (the 'Company') was incorporated on 20 April 2018. The Company is registered with the Reserve Bank of India (RBI) as a non-banking financial Company vide certificate no. N-13.02282 dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate no. N-13.02282 dated 29 October 2018) in pursuance of Section 45-IA of the 'RBI' Act, 1934. The Company is NBFC classified under Middle Layer (pursuant to framework of Master directions- Reserve Bank of India Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025. (The Company is wholly owned subsidiary of. Arka Financial Holdings Private Limited ("AFHPL") and it's ultimate holding company is Kirloskar Oil Engines Limited. The Company is primarily engaged in lending activities under various product lines. The Company's Debt securities are listed at BSE Limited.

2 Statement of Compliance, Basis of Preparation and Presentation of the Financial Statements

2.01 Statement of compliance

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), to be read with Section 133 of the Companies Act, 2013 ('Act') and relevant amendments rules issued thereafter.

Any directions/clarifications/guidance issued by the RBI or other regulators are implemented as and when they become applicable. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28, 2025. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

These Financial Statements for the year ended 31 March 2026 have been reviewed by the Audit Committee and were authorized for issue by the Board of Directors of the Company at their meeting held on 30 April 2026.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.02 Basis of preparation

The financial statement comprises of the Balance sheet as at March 31 2026, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of Material accounting policies and other explanatory information. The financial statements have been prepared and presented on a going concern basis. The financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by the relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of the financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where the assumptions are significant to the Company are discussed in relevant policies or notes.

2.03 Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Change in Equity are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.04 Functional and Presentation Currency

These financial statements are presented in Indian Rupees ('INR') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.05 Material Accounting Policy Information

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

ii) Date of recognition and initial measurement

All financial instruments are recognized initially at fair value. However, in the case of financial instruments not recorded at fair value through profit or loss, transaction

costs that are attributable to the acquisition of the financial instruments are added to the fair value. Purchases or sales of financial instruments that require delivery of assets / liabilities within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset / liabilities.

iii) Financial assets

i) Initial recognition and measurement

Based on the Business Model, the contractual characteristics of the financial assets and specific elections where appropriate, the financial assets are classified into one of the three categories for measurement and income recognition:

- Amortized Cost (AC)
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

Amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions:

- a) The financial asset is held within a business model whose objective is to hold the financial assets in order to collect the contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value through other comprehensive income (FVOCI)

Further other things remain the same (as in (a) and (b) above), if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, such asset/s are classified as held at FVOCI. The fair value gain on such loans has been disclosed as "Fair value changes on loans classified under "Hold & Sell" business model under other comprehensive income. Financial assets included within the FVOCI category are measured subsequently at each reporting date at fair value. Interest income using effective interest rate ('EIR') and impairment loss are recognised in the statement of profit and loss. Fair value movements on subsequent measurement are recognised in the OCI.

The Company has elected irrevocable option to classify investment in Equity instruments in FVOCI. The Company makes such election on an instrument-by-instrument basis. Where the Company classifies equity instruments as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

Fair value through Profit and Loss (FVTPL)

In case of a financial asset that does not meet both the above conditions, it is classified as FVTPL.

Financial assets included within the FVTPL category are measured subsequently at each reporting date at fair value. Transaction costs, net gain or loss, including interest and other income are recognized in the Statement of Profit and Loss.

Investment in Mutual funds are classified as FVTPL.

Business Model (BM) Assessment

The Company from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the Company's business model for managing its financial assets becomes a critical judgment.

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

iv) Initial measurement, classification and subsequent measurement of Financial Liabilities and Equity Instruments

The Company classifies instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

a) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the face value and proceeds received in excess of the face value are recognised as securities premium.

b) Financial liabilities

Financial liabilities are measured at amortised cost using the EIR method. Interest expenses is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

v) De-recognition of Financial Assets and Liabilities

a) Derecognition of financial assets

A financial asset is derecognized only when:
- the contractual rights to the cash flows from the financial asset expire,

Or

The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the company has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains the

control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

b) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

vi) Reclassifications of Financial Assets and Financial Liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or in the period the Company changes its business model for managing financial assets. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the changes in the business model that results in reclassification.

Reclassifications are expected to be very infrequent. Such changes must be determined by the Company's senior management as a result of external or internal changes and must be significant to the Company's operations and demonstrable to external parties.

Further re- classification is not allowed in following cases;

-Investments in equity instruments irrevocably designated as at FVOCI cannot be reclassified.

-Reclassification of financial liabilities

vii) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for- equity instruments which are not subject to impairment under Ind AS 109, and- other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in

which case the allowance is based on the 12 months' expected credit loss. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

At the end of each reporting period, the Company performs an assessment of whether the loan's / investment's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the asset. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic condition, forward looking information and scenario analysis

The expected credit loss is a product of Exposure at Default (EAD), Probability of Default (PD) and Loss given default (LGD).

The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on their risk profiles.

The company categorizes financial assets at the reporting date into stages based on the days past due (DPD) status as under:

Based on the above, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3 as under:

The three stages reflect the general pattern of credit deterioration of a financial asset.

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances up to 0-30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Stage 2: The Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. The Company classifies all advances past due for 31-90 days under this category. Also, other qualitative factors to assess deterioration in credit quality of a financial asset is considered under this category. For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. Stage 3 is considered where "Contractual payments of principal and/or interest are past due for more than 90 days.

Exposure-At-Default (EAD): EAD is taken as the gross exposure under a facility upon default of an obligor. The principal and the interest accrued is considered as EAD for the purpose of ECL computation.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. In order to estimate the PDs, studies on defaults available in public domain and experience of the Company have been taken into account.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any security.

ECL is calculated as under:

Stage 1: The Company calculates the 12 months' ECL based on the expectation of a default occurring within 12 months from the reporting date. The expected 12-month PD is applied to the EAD and multiplied by the expected LGD and discounted at the EIR.

Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for life time expected credit loss as above, but the PD and LGD is estimated over the lifetime of the loan.

Stage 3: For loans considered credit impaired, life time ECL is recognized. The method is similar to that for Stage 2 loans / assets, with the PD set at 100%.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

Forward looking information

The Company considers a broad range of forward-looking information with reference to external forecasts of economic parameters such as GDP growth, inflation, Brent rates etc., as considered relevant so as to determine the impact of macro-economic factors on the Company's ECL estimates. The inputs and models used for calculating ECLs are recalibrated periodically using available incremental and recent information. Further, internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

2.06 Write Off

Loans and Debt Securities are written off when the company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to the financial assets written off. Recoveries resulting from the Company’s enforcement activities will be credited to impairment on financial instruments in the Statement of Profit and Loss.

2.07 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance sheet, if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.08 Fair value measurement

The Company’s accounting policies and disclosures require the measurement of fair values for certain financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Level 3: Valuation techniques for which the lowest level inputs for the asset or liability that are not based on observable market data (unobservable inputs)”

Management regularly reviews significant unobservable inputs and valuation adjustments.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.09 Cash and Cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

2.10 Property, Plant and Equipment

Property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation, estimated useful life and residual value

The Company follows Straight Line Method (‘SLM’) of depreciation which is computed based on useful lives of assets as provided in Part “C” of Schedule II of the Companies Act 2013 or the useful lives as estimated by the management. Depreciation on assets purchased during the period is provided on pro rata basis from the date asset is available for use as intended by management. Item of PPE is derecognized upon disposal, when no future economic benefits are expected from its use or disposal. The residual values, useful lives and method of depreciation of PPE are reviewed annually and adjusted prospectively. The Company has used below estimated useful lives to provide depreciation and amortization on its Property, plant and equipment:

Particulars	Estimated useful life by the Company	Estimated useful life as per Companies Act, 2013
Office Equipment	5 years	5 years
Office Equipment (Mobile Handset)	2 years	5 years
Leasehold Improvements	5 years	As per Lease Term
Furniture & Fixtures	10 years	10 years
Motor vehicles	5 years	8 years
Computers	3 years	3 years

The company uniformly estimates a zero residual value for all these assets except motor vehicles.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate prospectively.

Derecognition

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their carrying amount & fair value less costs to sell. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in statement of profit and loss within other gains/(losses) in the year the asset is derecognised.

2.11 Other Intangible assets and Amortization

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

The amortisation period and amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired.

Asset Category	No. of years
Computer Software	5 Years
LOS Software	5 Years
LMS Software	8 Years
Supply Chain Software	4 Years

Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

2.12 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.13 Provisions, Contingent liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Company’s best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The expenses relating to a provision is presented in the statement of profit or loss

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent liability also

Notes to the financial statements

For the year ended 31 March 2026

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arises in extremely rare cases where there is liability that cannot be recognized because it cannot be measured reliably.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and gets recognized.

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.15 Employee Benefits

i) Short-term employee benefits

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

The Company recognizes a liability, and records an expense for bonuses (including performance-linked bonuses) where contractually obliged or where there is a past practice that has created a constructive obligation.

ii. Other long-term employment benefits:

The Company measures Accumulated leaves and long term incentives based on the actuarial valuation using the projected unit credit method at the year-end.

iii Defined Contribution Plan

The Company's contribution paid/payable during the year towards Provident and other funds is

charged to statement of profit and loss in the year in which employee renders the related service. The Company has no further obligation beyond making the contributions.

iv Defined Benefit Plan

The employee's gratuity scheme is Company's defined benefit retirement plan.

The Company has an obligation towards gratuity, a non funded defined benefit plan covering eligible employees. Vesting for gratuity occurs upon completion of five years of service.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of profit or loss in subsequent periods.

v) Compensated Absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses on long term compensated absences are recognised in statement of profit and loss.

vi) Share based payments Transactions

Share-based compensation benefits are provided to the employees through the Employee Stock Option Scheme 2019 and Restated and Amended the Employee Stock Option 2025 ("Plan") . The fair value of options determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to share options outstanding reserve, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the

specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

2.16 Taxes

Income tax expense comprises current tax and deferred tax and is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in Other Comprehensive Income (OCI)

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other

comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

2.17 Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract as per Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Notes to the financial statements

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(Currency : Indian Rupees in Lakhs)

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using borrowing rates of the Company since interest rate implicit in the lease is not readily determinable. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liabilities are remeasured at fair value at the balance sheet date with the corresponding impact considered in the statement of profit and loss as interest charge/ income.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

2.18 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Company operates only in one Business Segment i.e. lending, since the nature of the loans are exposed to similar risks and return profiles, hence they are collectively operating under a single segment. Accordingly the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments.

2.19 Revenue Recognition

Recognition of Interest income

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets. (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated applying the EIR to the amortised cost of the credit-impaired financial asset (i.e. the gross carrying amount less the allowances for ECLs).

The EIR in case of a financial asset is computed –

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Fee income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out in Ind AS 115, unless included in the effective interest calculation

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met. Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. Step 3: : Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation. Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Syndication, advisory & other fees

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

Recognition of Profit/loss on sale of investments

Any differences between the fair values of financial assets classified as FVTPL held by the Company on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes under Revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value changes" under Expenses in the standalone statement of profit and loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain/ loss on fair value changes.

Income from de-recognition of financial assets:

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the expected cash flows on the execution of the transaction, discounted at the applicable rate

entered into with the assignee is recorded upfront in the statement of profit and loss.

2.20 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferral or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular operating, investing and financing activities of the Company are segregated.

2.21Critical Accounting Estimates and Judgements

The preparation of the Company's financial statements in conformity with IND AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Any revisions to accounting estimates are recognised prospectively in the current and future periods.Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the future periods.Estimates and underlying assumptions are reviewed on an ongoing basis.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements

The significant areas involving estimates or judgements are:

- 1. Estimation of defined benefit obligations
- 2. Recognition of deferred tax assets, estimation of current tax expense and current tax payable
- 3. Estimation of provisions and contingencies
- 4. Fair value of employee share options
- 5. Fair value of financial instruments including unlisted equity instruments
- 6. Business model assessment
- 7. Impairment of financial assets
- 8. Determination of useful life of Property, Plant and Equipment
- 9. Determination of useful life of Intangible asset
- 10. Effective interest rate
- 11. Evaluation of lease, lease term and discount rates

2.22 NEW STANDARDS/AMENDMENTS NOTIFIED BUT NOT YET EFFECTIVE:

During the financial year 2025–26, the Ministry of Corporate Affairs (MCA) introduced certain amendments to the applicable regulations and reporting requirements. Management has evaluated these amendments and assessed their applicability to the Company. Based on such assessment, the Company is of the view that these amendments do not have any material impact on the financial statements for the year ended 31 March 2026 and do not require any additional disclosure.

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with banks		
- in current accounts	1,899.86	33,551.60
- Deposits with original maturity of less than three months	55,327.93	30,019.42
	57,227.79	63,571.02

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Deposits with original maturity of more than three months	5,350.91	1,816.57
	5,350.91	1,816.57

Bank balances other than cash and cash equivalents include fixed deposits which are lien marked against borrowings from securitization transaction (i.e. PTC) and debentures issued.

NOTE 3.03 : Loans

Particulars	As at 31 March 2026	As at 31 March 2025
(A) At amortised cost		
Term Loan and other credit facilities	512,481.45	605,623.44
Total - Gross	512,481.45	605,623.44
Less: Impairment loss allowance	(7,209.84)	(5,529.26)
Total - Net	505,271.61	600,094.18
(B) At fair value through other comprehensive income (FVOCI) (Note No.5)		
Term Loan	49,134.47	-
Total - Gross	49,134.47	-
(C)		
Secured by tangible assets	506,721.16	504,019.57
Unsecured	54,894.75	101,603.87
Total - Gross	561,615.91	605,623.44
Less: Impairment loss allowance	(7,209.84)	(5,529.26)
Total - Net	554,406.07	600,094.18
(D)		
(i) Loans in India		
Public sector	-	-
Others	561,615.92	605,623.44
Total - Gross	561,615.92	605,623.44
Less: Impairment loss allowance	(7,209.84)	(5,529.26)
Total - Net	554,406.08	600,094.18
(ii) Loans outside India		
Total - Net D (i)+(ii)	554,406.08	600,094.18

1. Loans to the extent of ₹ 506,721.16 Lakh (31 March 2025: ₹ 504,019.57 Lakh) are secured by:
(i) hypothecation of assets and / or,
(ii) mortgage of property and / or
(iii) pledge of shares and other financial securities
2. There is no loan asset measured at FVTPL or any asset that is designated as measured at FVTPL.
3. There are no loans or advances in the nature of loans which are granted to promoters, Directors, KMPs and the related parties (as defined by the Companies Act 2013) either severally or jointly with any other person that are: (a) repayable on demand or (b) without specifying any terms or period of repayment during the year ended 31 March 2026. (31 March 2025 - NIL)
4. Refer Note 5.03 for credit quality of financial assets and expected credit loss
5. In respect of FVOCI loans, the outstanding loan balance is disclosed net of ECL amounting to ₹150.79 Lacs

NOTE 3.04 : Investments

Particulars	As at 31 March 2026				As at 31 March 2025			
	At fair value				At fair value			
	Amortised cost	Through other comprehensive income	Through profit or loss	Total	Amortised cost	Through other comprehensive income	Through profit or loss	Total
Category of investments								
Quoted investments								
(a) Mutual funds	-	-	-		-	-	22,980.06	22,980.06
(b) Government securities- Gsec	11,330.46	-	-	11,330.46	-	-	-	-
(c) Government securities- Tbills	9,988.15	-	-	9,988.15	-	-	-	-
(d) Investment in NCDs		-	11,552.66	11,552.66	4,940.09	-	-	4,940.09
(e) Pass through certificates	-				200.68			200.68
Unquoted investments								
(a) Equity instruments	-	0.67		0.67	-	0.15		0.15
Total (A) - Gross	21,318.61	0.67	11,552.66	32,871.94	5,140.77	0.15	22,980.06	28,120.98
(a) Investments outside India	-	-	-		-	-	-	
(b) Investments in India	21,318.61	0.67	11,552.66	32,871.94	5,140.77	0.15	22,980.06	28,120.98
Total (B)	21,318.61	0.67	11,552.66	32,871.94	5,140.77	0.15	22,980.06	28,120.98
Less: Allowance for impairment loss (C)*	-	-	-	-	(6.04)		-	(6.04)
Total (D) = (A - C)	21,318.61	0.67	11,552.66	32,871.94	5,134.73	0.15	22,980.06	28,114.94

* Impairment loss allowance is created on debentures and pass through certificates as per Ind As 109.

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 3.05 : Other financial assets

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposit	605.46	397.47
Fees and commission receivables	485.66	496.32
Advance to Vendors	35.72	-
Excess Interest Spread (EIS) receivable	15,021.20	7,617.93
Total	16,148.04	8,511.72

NOTE 3.06 : Current tax assets (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Taxes paid (net of provision for tax)	2,703.75	2,645.31
Total	2,703.75	2,645.31

NOTE 3.07 : Property plant and equipment

Particulars	Right of use Building	Leasehold Improvements	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Gross Carrying value as at 31 March 2024	1,899.70	573.40	143.75	105.67	200.96	317.16	3,240.63
Additions	104.41	21.70	16.57	-	40.23	119.97	302.88
Disposals	-	-	-	(105.67)	(5.53)	(8.30)	(119.50)
Gross Carrying value as at 31 March 2025	2,004.11	595.10	160.32	-	235.66	428.83	3,424.01
Additions	2,223.84	294.74	243.17	554.09	196.88	451.11	3,963.83
Disposals	-	(14.07)	(3.54)	-	(13.58)	(2.42)	(33.61)
Gross Carrying value as at 31 March 2026	4,227.95	875.77	399.95	554.09	418.96	877.52	7,354.24
Accumulated depreciation as at 31 March 2024	1,105.34	39.74	6.22	92.93	30.39	151.03	1,425.65
Depreciation charged during the year	370.27	122.97	15.60	7.11	46.65	103.27	665.87
Disposals	-	-	-	(100.03)	(4.35)	(6.52)	(110.90)
Accumulated depreciation as at 31 March 2025	1,475.61	162.71	21.82	0.00	72.69	247.78	1,980.62
Depreciation charged during the year	680.38	155.88	28.66	80.59	66.40	166.95	1,178.86
Disposals	-	(5.94)	(0.71)	-	(7.13)	(1.58)	(15.36)
Accumulated depreciation as at 31 March 2026	2,155.99	312.65	49.77	80.59	131.96	413.15	3,144.12
Net carrying amount as at 31 March 2025	528.50	432.39	138.50	(0.00)	162.97	181.05	1,443.39
Net carrying amount as at 31 March 2026	2,071.96	563.12	350.18	473.50	287.00	464.37	4,210.12

1. For Depreciation policy refer accounting policy no. 2.10
2. Title deeds of Immovable Properties not held in name of the Company:
There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deed is not held in the name of the company during the current year and previous year.
3. Benami properties:
No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the current year and previous year."
4. There has been no revaluation of any property, plant and equipment during the current year and previous year.

NOTE 3.08 : Intangible assets

Particulars	Softwares	Total
Gross Carrying value as at 31 March 2024	555.94	555.94
Additions	-	-
Disposals	(28.36)	(28.36)
Gross Carrying value as at 31 March 2025	527.58	527.58
Additions	18.34	18.34
Disposals	-	-
Gross Carrying value as at 31 March 2026	545.92	545.92
Accumulated amortisation as at 31 March 2024	306.66	306.66
Amortisation recognised for the year	101.15	101.15
Disposals	(25.88)	(25.88)
Accumulated amortisation as at 31 March 2025	381.93	381.93
Amortisation recognised for the year	66.44	66.44
Disposals	-	-
Accumulated amortisation as at 31 March 2026	448.37	448.37
Net carrying amount as at 31 March 2025	145.65	145.65
Net carrying amount as at 31 March 2026	97.55	97.55

1. For amortisation policy refer accounting policy no. 2.11
2. There has been no revaluation of intangible assets during the current year ended 31 March 2026 and previous year ended 31 March 2025.

NOTE 3.09 : Capital Work-In-Progress

Particulars	As at 31 March 2026	As at 31 March 2025
Leasehold Improvements	95.43	137.62
Total	95.43	137.62

Refer note 6.06 for CWIP ageing and Completion schedule

NOTE 3.10 : Other non-financial assets

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid expenses	202.39	171.94
Stamp in Hand	52.02	-
Balance with Government Authorities	129.07	184.12
Advance recoverable in cash or kind	841.37	578.94
Total	1,224.85	935.00

Notes to the financial statements

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(Currency : Indian Rupees in Lakhs)

NOTE 3.11 : Trade payables

Particulars	As at 31 March 2026	As at 31 March 2025
Total outstanding dues of micro enterprises and small enterprises	33.09	53.44
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,699.69	1,027.53
Total	1,732.78	1,080.97

No amount is due to directors or other Officers of the Company either severally or jointly with any other person or to firm or private companies respectively in which any director is a partner, director or a member.

Refer note 5.09 relating to dues to Micro, Small and Medium enterprises

Refer note 6.07 for ageing schedule

NOTE 3.12 : Debt securities

Particulars	As at 31 March 2026	As at 31 March 2025
At amortised cost		
Non convertible debentures\$	90,873.77	109,805.24
Commercial paper (Gross)	17,500.00	15,000.00
Less: Unamortized discount and processing fees	(601.18)	(712.15)
Total	107,772.59	124,093.09
Debt securities in India	107,772.59	124,093.09
Debt securities outside India	-	-
Total	107,772.59	124,093.09
Secured	90,873.77	109,805.24
Unsecured	16,898.82	14,287.85
Total	107,772.59	124,093.09

\$ include interest accrued but not due ₹ 2249.09 Lakhs (Previous Year ₹ 4,016.91 Lakhs)

1. There have been no default in repayment of principal or payment of interest during the current year and previous year.
2. There have been no Debt Securitues measured at FVTPL.
3. There have been no Debt Securities issued outside India.
4. Funds borrowed have been utilised for the purposes for which they were borrowed.

1 (a) Non Convertible Debenture (NCD)
Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	Above 5 Years	
7.00% -8.00%	-	-	-	-	-
8.00% -9.00%	-	-	-	-	-
9.00%-10.00%	41,369.19	9,739.11	-	39,765.48	90,873.77
10.00%-11.00%	-	-	-	-	-
Total	41,369.19	9,739.11	-	39,765.48	90,873.77

As on 31 March 2025

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	Above 5 Years	
7.00% -8.00%	-	-	-	-	-
8.00% -9.00%	3,236.02	-	-	-	3,236.02
9.00%-10.00%	18,353.08	38,841.85	9,713.00	39,661.30	106,569.22
10.00%-11.00%	-	-	-	-	-
Total	21,589.10	38,841.85	9,713.00	39,661.30	109,805.24

1 (b) Commercial Papers (CP)
Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment	Total
	Less than 1 year	
7.00% -8.00%	9,910.34	9,910.34
8.01% -9.00%	6,988.48	6,988.48
9.01%-10.00%	-	-
10.01%-11.00%	-	-
Total	16,898.82	16,898.82

As on 31 March 2025

Rate of Interest	Repayment	Total
	Less than 1 year	
7.00% -8.00%	-	-
8.01% -9.00%	7,256.50	7,256.50
9.01%-10.00%	7,031.35	7,031.35
10.01%-11.00%	-	-
Total	14,287.85	14,287.85

Nature of Security:

Security is created in favour of the Debenture Trustee, as follows:

Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.

Non convertible debentures are covered by asset cover ranging from 1.05 x to 1.25 x

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 3.13 : Borrowings (other than debt securities)

Particulars	As at 31 March 2026	As at 31 March 2025
At amortised cost		
Term loans		
Term loans from banks\$	344,731.26	353,691.24
Term loans from financial institutions other than Banks#	17,316.90	27,089.45
Others		
Collateralized Debt Obligation	13,033.06	19,301.61
Total	375,081.22	400,082.30
Borrowings in India	375,081.22	400,082.30
Borrowings outside India	-	-
Total	375,081.22	400,082.30
Secured borrowings	375,081.22	400,082.30
Unsecured borrowings	-	-
Total	375,081.22	400,082.30

\$ include interest accrued but not due ₹ 172.59 Lakhs (Previous Year ₹ 292.11 Lakhs)

include interest accrued but not due ₹ 56.55 Lakhs (Previous Year ₹ 96.68 Lakhs)

(a) Term loan from banks Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment			Total
	Less than 1 year	1 Year to 3 Years	3 Years to 5 Years	
7.00% -8.00%	10,362.18	9,486.28		19,848.46
8.01% -9.00%	81,368.93	129,350.89	36,024.21	246,744.03
9.01%-10.00%	36,404.14	36,446.13	5,288.50	78,138.77
10.01%-11.00%				
Total	128,135.25	175,283.30	41,312.71	344,731.26

As on 31 March 2025

Rate of Interest	Repayment			Total
	Less than 1 year	1 Year to 3 Years	3 Years to 5 Years	
7.00% -8.00%	-	-	-	-
8.01% -9.00%	10,547.02	15,678.73	2,945.26	29,171.01
9.01%-10.00%	108,701.36	148,822.93	47,874.72	305,399.01
10.01%-11.00%	14,175.89	4,945.33	-	19,121.22
Total	133,424.27	169,446.99	50,819.98	353,691.24

Nature of Security:

Security against facilities from bank (including term loan and demand loan):

Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.

(b) Term loan from financial institutions other than Banks Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment		Total
	Less than 1 year	1 Year to 3 Years	
7.00% -8.00%	-	-	-
8.01% -9.00%	4,543.93	3,377.14	7,921.07
9.01%-10.00%	5,918.54	3,477.29	9,395.83
10.01%-11.00%	-	-	-
Total	10,462.47	6,854.43	17,316.90

As on 31 March 2025

Rate of Interest	Repayment		Total
	Less than 1 year	1 Year to 3 Years	
7.00% -8.00%	-	-	-
8.01% -9.00%	-	-	-
9.01%-10.00%	5,740.00	10,458.59	16,198.59
10.01%-11.00%	7,646.75	3,244.11	10,890.86
Total	13,386.75	13,702.70	27,089.45

Nature of Security:

Security against term loan from Banks and NBFCs :

Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.

(c) Funds borrowed have been utilised for the purpose for which they were sanctioned.

(d) The Company has not defaulted in the repayment of any borrowings or in the payment of interest thereon to any lender during the current period and previous year. The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

(e) Securitization (PTC): Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	5 Years and Above	
7.00% -8.00%	-	-	-	-	-
8.01% -9.00%	984.51	2,149.53	2,589.50	7,309.52	13,033.06
9.01%-10.00%	-	-	-	-	-
10.01%-11.00%	-	-	-	-	-
Total	984.51	2,149.53	2,589.50	7,309.52	13,033.06

As on 31 March 2025

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	5 Years and Above	
7.00% -8.00%	-	-	-	-	-
8.01% -9.00%	584.38	1,281.98	1,519.86	12,547.75	15,933.97
9.01%-10.00%	587.02	1,235.43	1,545.19	-	3,367.64
10.01%-11.00%	-	-	-	-	-
Total	1,171.40	2,517.41	3,065.05	12,547.75	19,301.61

Nature of security

Security is created in favour of Trustee(s) as follows:

Secured by way of hypothecation on specific pool of receivables and cash collateral as per terms agreed

Refer Note 3.02: Bank balances other than cash and cash equivalents

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 3.14 : Subordinated Debt

Particulars	As at 31 March 2026	As at 31 March 2025
At amortised cost		
Subordinated Debt (non convertible debentures)\$	21,338.62	21,286.40
Total	21,338.62	21,286.40
Debt securities in India	21,338.62	21,286.40
Debt securities outside India	-	-
Total	21,338.62	21,286.40
Secured	-	-
Unsecured	21,338.62	21,286.40
Total	21,338.62	21,286.40

\$ include interest accrued but not due ₹ 618.07 Lakhs (Previous Year ₹ 622.26 Lakhs)

(a) There have been no default in repayment of principal or payment of interest during the current period and previous year

(b) Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment				Total
	Less than 1 year	1 year to 3 year	3 to 5 years	Above 5 years	
7.00% -8.00%	-	-	-	-	-
8.01% -9.00%	248.55	-	-	7,318.89	7,567.44
9.01%-10.00%	369.52	5,980.12	7,421.54	-	13,771.18
10.01%-11.00%	-	-	-	-	-
Total	618.07	5,980.12	7,318.89	7,318.89	21,338.62

As on 31 March 2025

Rate of Interest	Repayment				Total
	Less than 1 year	1 year to 3 year	3 to 5 years	Above 5 years	
7.00% -8.00%	-	-	-	-	-
8.01% -9.00%	248.55	-	-	7,297.97	7,546.52
9.01%-10.00%	373.71	5,969.70	7,396.47	-	13,739.88
10.01%-11.00%	-	-	-	-	-
Total	622.26	5,969.70	7,396.47	7,297.97	21,286.40

NOTE 3.15 : Other financial liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liabilities	2,174.10	703.58
Payable to assignee for assigned receivables	5,821.85	2,544.99
Other liabilities	17,029.85	24,498.00
	25,025.80	27,746.57

NOTE 3.16 : Provisions

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for employee benefits:		
- Gratuity	244.64	160.93
- Leave encashment	248.72	137.52
- Long term benefits	-	12.50
- Salaries and employee benefits payable	2,542.77	3,392.46
Others:		
- Other Provisions	73.33	-
- Impairment loss allowance on undrawn loan commitments	111.19	140.67
- Other contingency provision	250.00	250.00
	3,470.65	4,094.08

NOTE 3.17 : Other non-financial liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory dues (undisputed)	756.33	1,025.26
Other liabilities	868.73	2,502.38
	1,625.06	3,527.64

NOTE 3.18 : Deferred tax assets / (liabilities) (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred Tax Assets		
Disallowances u/s 43 B of Income Tax Act, 1961	364.73	614.94
Impairment loss allowance	1,894.67	1,357.23
On difference between book balance and tax balance of property, plant and equipment	80.99	-
Impact of Ind AS 116	563.11	183.80
Unamortised Premium on G Sec	8.05	-
Unamortized processing fee on loans	457.22	113.92
Total (A)	3,368.77	2,269.89
Deferred tax liability		
On difference between book balance and tax balance of property, plant and equipment	-	73.54
Impact of Ind AS 116	521.47	-
Unamortized gain on derecognition of financial asset	3,828.79	1,902.89
Fair value of investment in mutual funds and Debentures	16.21	96.26
Unamortized processing fee on borrowings	686.36	975.27
Fair value of loans	1,073.65	-
Total (B)	6,126.48	3,047.96
Net deferred tax asset / (liability) (A-B)	(2,757.71)	(778.07)

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 3.19 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,00,00,00,000	100,000.00	1,00,00,00,000	100,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	92,87,28,108	92,872.81	92,87,28,108	92,872.81
Total	92,87,28,108	92,872.81	92,87,28,108	92,872.81

b. Reconciliation of number of shares at the beginning and at the end of the year

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	92,87,28,108	92,872.81	92,87,28,108	92,872.81
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Total	92,87,28,108	92,872.81	92,87,28,108	92,872.81

c. Particulars of shares held by holding Company

Particulars	Relationship	As at 31 March 2026		As at 31 March 2025	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Arka Financial Holdings Private Limited*	Holding Company	92,87,09,775	99.998%	92,87,09,775	99.998%

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

d. Particulars of shareholders holding more than 5% of the share capital

Particulars	Relationship	As at 31 March 2026		As at 31 March 2025	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Arka Financial Holdings Private Limited*	Holding Company	92,87,09,775	99.998%	92,87,09,775	99.998%

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

e. Particulars of shares held by promoters

Particulars	As at 31 March 2026			As at 31 March 2025		
	No. of Shares	%of total shares	% Change during the year	No. of Shares	%of total shares	% Change during the year
Arka Financial Holdings Private Limited*	92,87,09,775	99.998%	0.00%	92,87,09,775	99.998%	0.00%

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

f. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

g. Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts

Refer Note 5.12: Employee Stock Options Plans

h. Dividend:

The Board of Directors in their meeting held on 26 March 2025, had declared an interim dividend of ₹ 0.11 per equity share amounting to ₹ 1,021.60 lakhs which was paid on 28 March 2025.

Accounting period	Net Profit Rs in Cr	Amount of Div Rs in Cr.	Div pay out ratio %
Profit for the year ended 31 March 2025	8,035.60	1,021.60	12.71%

The Company has not declared any dividend during the financial year 2025-26.

i. Objective for managing capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

NOTE 3.20 : Other equity

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory reserves u/s 45-IC of The RBI Act, 1934	6,700.95	5,328.89
Securities premium reserve	5,860.66	5,860.66
Share options outstanding account	1,505.67	1,062.85
Retained earnings	25,400.64	19,602.07
Equity instruments through other comprehensive income	(0.99)	(1.00)
Debt instruments through other comprehensive income	3,192.29	-
	42,659.22	31,853.47

3.20. A Other equity movement

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	5,328.89	3,721.77
Add : Transferred from retained earnings	1,372.06	1,607.12
Closing Balance	6,700.95	5,328.89
Securities premium reserve		
Opening Balance	5,860.66	5,860.66
Add : Premium collected on share allotment	-	-
Closing Balance	5,860.66	5,860.66
Share options outstanding account		
Opening Balance	1,062.85	1,139.96
Less : Transferred to Retained Earnings	(270.79)	(150.48)
Add/(Less) : Movement during the year	713.61	73.37
Closing Balance	1,505.67	1,062.85

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2026	As at 31 March 2025
Retained earnings		
Opening Balance	19,602.07	14,073.24
Add: Profit / (Loss) for the year	6,860.31	8,035.60
Add: Other Comprehensive income	39.53	(28.53)
Add: ESOP reserves	270.79	150.48
Less: Interim Dividend for the year ended 31 March 2025	-	(1,021.60)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(1,372.06)	(1,607.12)
Closing Balance	25,400.64	19,602.07
Equity instruments through other comprehensive income		
Opening Balance	(1.00)	-
Add: Gain / (Loss) for the year	0.01	(1.00)
Closing Balance	(0.99)	(1.00)
Debt instruments through other comprehensive income		
Opening Balance	-	-
Add: Gain / (Loss) for the year	3,192.29	-
Closing Balance	3,192.29	-

Other equity - nature of the components

Particulars

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves represent reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by the RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation

Securities premium reserve

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013

Share options outstanding account

Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for its employees

Retained earnings

Retained earnings represents undistributed accumulated earnings of the Company as on Balance Sheet date.

Equity instruments through other comprehensive income

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through OCI reserve.

Debt instruments through other comprehensive income

The company has elected to recognise changes in the fair value of loan portfolio which is likely to be assigned in other comprehensive income. These changes are accumulated within the Debt instruments through OCI reserve.

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest income on financial assets measured at amortised cost:		
Interest on loans	65,469.96	65,778.55
Interest on investments		
- Debentures / bonds	690.25	696.39
- On lending through Pass through certificates	3.95	55.64
- Commercial papers / Certificate of Deposits	-	463.78
- Govt. Securities (G-Sec.) / T-Bill	976.72	-
Other interest		
- Deposits with banks	812.72	171.44
Interest income on financial assets measured at fair value through other comprehensive income (FVOCI):		
Interest on loans	2,239.31	-
Interest income on financial assets measured at fair value through profit or loss:		
- Investments in AIF	-	10.04
Total	70,192.91	67,175.84

NOTE 4.01A : Fees and Commision Income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Fees and commission income		
- Syndication, advisory & other fees	1,736.62	2,003.15
- Corporate agency income	1,443.22	1,326.47
Total	3,179.84	3,329.62

NOTE 4.01B : Net gain/(loss) on financial instruments at fair value through profit or loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Realised gain/(loss) on investments	2,717.08	1,862.78
- Unrealised gain/(loss) on investments	(318.09)	382.49
Total	2,398.99	2,245.27

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Miscellaneous income		
- Interest on income tax refund	138.43	124.42
- Interest Income on security deposit	27.90	18.24
- Liabilities no longer required written back	2,118.33	1,027.50
- Other	636.53	196.28
Total	2,921.19	1,366.44

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest expense on financial liabilities measured at amortised cost:		
Interest on borrowings other than debt securities		
Interest on term loan from banks and financial institutions	33,241.46	28,811.29
Interest on overdraft facility from banks	0.10	12.34
Interest on lease liability	148.42	79.71
Interest on debt securities		
Debentures	9,446.39	10,168.16
Commercial Papers	1,785.71	2,236.29
Collateralized Debt Obligation	1,436.80	921.95
Interest on subordinated liabilities	2,137.07	1,669.80
Other interest expense		
Bank charges & other related costs	1,683.86	1,651.73
Total	49,879.81	45,551.27

NOTE 4.04 : Impairment on financial instruments

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Impairment on financial instruments at amortised cost:		
Impairment loss allowance on loans		
Provision for expected credit loss	1,680.58	2,936.41
Write offs (net of recovery)	4,961.14	1,918.15
Impairment loss allowance on investments		
Provision for expected credit loss	(6.04)	(19.55)
Impairment loss allowance on others		
Undrawn loan commitments	(29.48)	219.15
Contingency provision	-	250.00
	6,606.20	5,304.16
Impairment on financial instruments at fair value through other comprehensive income (FVOCI):		
Provision for expected credit loss	150.79	-
	150.79	-
Total	6,756.99	5,304.16

NOTE 4.05 : Employee benefit expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, other allowances and bonus	14,804.15	11,730.56
Gratuity expenses	103.79	57.17
Leave encashment	90.22	84.09
Contribution to provident fund and other funds	454.46	259.22
Share based payment expense	713.61	73.38
Employee welfare expenses	645.89	397.05
Total	16,812.12	12,601.47

NOTE 4.06 : Depreciation, amortisation and impairment expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation of property, plant and equipment	498.49	295.59
Depreciation of right of use assets (ROU)	680.38	370.27
Amortisation of intangible assets	66.44	101.15
Total	1,245.31	767.01

NOTE 4.07 : Other expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Rent	414.44	384.97
Rates and taxes	423.31	302.00
Electricity charges	72.62	42.51
Legal and professional charges	1,749.87	1,467.78
Technology expenses	976.28	724.54
Loan processing charges	637.91	599.21
Custodian charges	1.67	1.64
Insurance	14.40	3.53
Branding and advertisement expenses	161.52	171.65
Printing and stationery	44.66	21.24
Postage and courier	90.77	34.07
Other repairs and maintenance	12.52	9.60
Loss on Disposal of PPE	17.80	2.02
Travelling and conveyance	460.20	509.77
Communication expenses	107.79	63.19
Direct Assignment Expenses	63.74	381.69
Membership and subscription	6.99	6.94
Auditor's remuneration (Refer Note (a) below)	39.25	30.92
Directors' sitting fees and commission	133.91	80.31
Corporate social responsibilities expenses (refer (b) below)	154.16	146.36
Office expenses	156.67	64.30
Housekeeping and security charges	201.83	109.28
Total	5,942.31	5,157.52

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
(a) Payment to auditor includes:		
a) as statutory auditors	29.50	24.00
b) for certification and other tax matters	6.50	4.00
c) reimbursement of OPE	3.25	2.92
Total	39.25	30.92
(b) Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	154.16	146.36
b) Amount spent during the year:		

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
- Expenses paid in cash	22.00	18.50
- Expenses yet to be paid for	132.16	127.86
Total	154.16	146.36
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	
- Revenue expenditure	22.00	18.50
The donation is towards the expenses related to activities for admission process, payment of salaries, professional fees for education services, library subscriptions, books etc.		
Total	22.00	18.50

NOTE 4.08 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax expense		
Current income tax	926.36	1,253.68
(Excess)/short provision related to earlier years	450.25	(30.11)
	1,376.61	1,223.57
Deferred tax expense		
Origination and reversal of temporary differences	892.68	1,681.09
	892.68	1,681.09
Tax expense reported in the statement of profit and loss	2,269.29	2,904.66

(b) Amounts recognised in other comprehensive income (OCI)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	13.30	-
Fair valuation of debt instruments	1,073.65	(9.93)
Deferred tax charged to OCI	1,086.95	(9.93)

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Accounting profit before income tax expense	9,129.60	10,940.26
Tax @ 25.168%	2,297.74	2,753.45
Difference in tax rate due to:		
Effect of non-deductible expenses	39.18	62.95
Income Tax of earlier year	(77.22)	(30.11)
Others	9.59	118.37
Total Tax Expenses	2,269.29	2,904.66
Effective tax rate	24.86%	26.55%

Note :- The Company does not have unused tax losses

NOTE 5.01 : Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
I. Profit attributable to equity holders (A)		
Profit attributable to equity holders for basic and diluted EPS	6,860.31	8,035.60
II. Weighted average number of equity shares for calculating Basic EPS (B)	92,87,28,108.00	92,87,28,108
III. Effect of dilution (employee stock options)	2,07,24,397.07	78,22,716
IV. Weighted average number of equity shares for calculating Diluted EPS (C)	94,94,52,505.07	93,65,50,824
V. Basic earnings per share (₹)	0.74	0.87
VI. Diluted earnings per share (₹)	0.72	0.86

NOTE 5.02 : Financial instruments – Fair values

A. Fair value hierarchy

Ind AS 107, 'Financial Instruments – Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

B. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using a valuation technique.

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For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2026					
	Carrying amount			Fair value		
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Fair value	Fair value Hierarchy
Financial Assets						
Cash and cash equivalents	-	-	57,227.79	57,227.79	57,227.79	
Bank balances other than cash and cash equivalents	-	-	5,350.91	5,350.91	5,350.91	
Loans	-	49,134.47	505,271.61	554,406.08	556,113.54	Level 3
Other financial assets	-	-	16,148.04	16,148.04	16,148.04	
Investments	11,552.66	0.67	21,318.61	32,871.94	32,871.94	Level 1
	11,552.66	49,135.14	605,316.96	666,004.76	667,712.22	
Financial Liabilities						
Trade Payables	-	-	1,732.78	1,732.78	1,732.78	
Debt securities	-	-	107,772.59	107,772.59	109,735.09	Level 2
Borrowings (other than debt securities)	-	-	375,081.22	375,081.22	375,582.29	Level 2
Subordinated Liabilities	-	-	21,338.62	21,338.62	22,530.15	Level 2
Other financial liabilities	-	-	25,025.80	25,025.80	25,025.80	
	-	-	530,951.01	530,951.01	534,606.10	

Particulars	As at 31 March 2025					
	Carrying amount			Fair value		
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Fair value	Fair value Hierarchy
Financial Assets						
Cash and cash equivalents	-	-	63,571.02	63,571.02	63,571.02	
Bank balances other than cash and cash equivalents	-	-	1,816.57	1,816.57	1,816.57	
Loans	-	-	600,094.18	600,094.18	601,169.52	Level 3
Other financial assets	-	-	8,511.72	8,511.72	8,511.72	
Investments	22,980.06	0.15	5,134.73	28,114.94	28,114.94	Level 2
	22,980.06	0.15	679,128.22	702,108.43	703,183.77	
Financial Liabilities						
Trade Payables	-	-	1,080.97	1,080.97	1,080.97	
Debt securities	-	-	124,093.09	124,093.09	128,239.68	Level 2
Borrowings (other than debt securities)	-	-	400,082.30	400,082.30	401,092.38	Level 2
Subordinated Liabilities	-	-	21,286.40	21,286.40	23,104.05	Level 2
Other financial liabilities	-	-	27,746.57	27,746.57	27,746.57	
	-	-	574,289.33	574,289.33	581,263.65	

The carrying amounts of financial assets and financial liabilities other than those disclosed in table above are considered to be the same as their fair values due to the short term maturities of instruments or no material differences in the values.

The fair value of fixed coupon issued debts and term loans taken has been determined using a discounted cash flow methodology, applying market-observable inputs such as yields published by relevant authorities

The fair values of fixed rate loans are estimated using discounted cash flow models based on contractual cash flows, applying the latest average yield rates on loans disbursed.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

These fair values were calculated for disclosure purposes only.

Reconciliation of level 3 financial asset measured at fair value is as below :

Particulars	As on 31 March 2026	As on 31 March 2025
Balance at the beginning of the period/year	-	-
Additions/(Reduction) during the period/year	94,807.75	-
Mark to Market (loss)/gain recognized in OCI	4,115.15	-
Mark to Market gain recognized in P&L	-	-
Regroup from Level 3 to other level	(49,788.42)	-
Realised during the period/year		
Balance at the end of the period/year	49,134.47	-

NOTE 5.03 : Financial instruments risk management

The Company has exposure to the following risks from financial instruments:

- (A) Market Risk;
- (B) Credit Risk;
- (C) Operational Risk;
- (D) Liquidity Risk; and
- (E) Strategic Risk

(A) Market Risk;

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates. The company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk, if the same is not managed properly.

Interest Rate Risk;

The Company being in the business of lending raises money from diversified sources like market borrowings, term Loan from banks and financial institutions etc. Financial assets and liabilities constitute significant portion, changes in market interest rates can adversely affect the financial condition.

Interest rate risk is the risk of loss in company's net income out of change in level of interest rates and/or their implied volatility.

Mitigation:

- The interest rate sensitivity statement is prepared and reviewed by the management of the Company every month. The statement captures the duration of rate sensitive assets and liabilities of the Company.
- Any major gap between interest sensitive assets and liabilities is presented to the Asset Liability Committee (ALCO)

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The impact of change in interest rate on the earnings of the Company is as below:

Change in interest rate	31 March 2026		31 March 2025	
	Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
25 basis points down	872.70	638.60	982.85	719.20
50 basis points down	1,745.40	1,277.19	1,965.70	1,438.39
25 basis points up	(872.70)	(638.60)	(982.85)	(719.20)
50 basis points up	(1,745.40)	(1,277.19)	(1,965.70)	(1,438.39)

Break-up of borrowings into variable rate and fixed rate

Particulars	31 March 2026	31 March 2025
Variable rate borrowings	349,080.43	393,140.16
Fixed rate borrowings	155,112.00	152,321.63
Total borrowings	504,192.43	545,461.79

(B) Credit Risk:

The Company is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue for the company.

Mitigation:

- The company has formed a Credit procedures and policy to address the risk.
- Continuous monitoring mechanism is developed by adopting various checks and controls in the process.
- The Company has set up a Credit Committee for approval of the lending for exposures above certain limits in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Company in terms of its charter as approved by the Board if the Company.

(A):Changes in gross carrying amount (excluding staff loans)

For the year ended 31 March 2026

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	594,141.31	7,330.44	4,151.69	605,623.44
New assets originated (refer note 1 below)	321,428.46	1,239.47	340.00	323,007.93
Assets repaid (excluding write offs)	(354,901.66)	(2,104.54)	(4,897.09)	(361,903.28)
Transfers to Stage 1	2,468.08	(2,129.40)	(338.67)	-
Transfers to Stage 2	(10,664.43)	10,702.05	(37.62)	-
Transfers to Stage 3	(10,140.58)	(2,454.60)	12,595.18	-
Amounts written off	-	-	(4,961.14)	(4,961.14)
Closing Balance	542,331.17	12,583.42	6,852.36	561,766.95

Note 1: New assets originated represents fresh disburseals made during the year.

Note 2: The above amounts have been grossed up for ECL on FVOCI loans.

For the year ended 31 March 2025

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	469,861.19	1,873.69	1,095.18	472,830.06
New assets originated (refer note 1 below)	628,977.53	-	-	628,977.53
Assets repaid (excluding write offs)	(493,195.67)	(673.95)	(396.38)	(494,266.00)
Transfers to Stage 1	378.28	(207.91)	(170.37)	-
Transfers to Stage 2	(6,907.70)	6,907.70	-	-
Transfers to Stage 3	(4,972.32)	(569.09)	5,541.41	-
Amounts written off	-	-	(1,918.15)	(1,918.15)
Closing Balance	594,141.31	7,330.44	4,151.69	605,623.44

Note 1: New assets originated represents fresh disburseals made during the year.

(B):Reconciliation of Expected Credit Loss balance

For the year ended 31 March 2026

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	2,373.82	235.74	2,919.70	5,529.26
New assets originated*	918.67	58.63	267.61	1,244.92
Assets repaid (excluding write offs)	(866.27)	(26.64)	(211.24)	(1,104.15)
Transfers to Stage 1	230.60	(57.71)	(172.89)	-
Transfers to Stage 2	(42.08)	56.72	(14.64)	-
Transfers to Stage 3	(82.03)	(94.85)	176.88	-
Impact on year end ECL on exposures transferred between stages during the year	(734.19)	458.57	6,927.36	6,651.74
Amounts written off			(4,961.14)	(4,961.14)
Closing Balance	1,798.52	630.47	4,931.65	7,360.63

*New assets originated represents fresh disburseals made during the year. Classification of new assets originated in stage 1,2,3 is based on year end staging.

For the year ended 31 March 2025

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	1,457.39	89.50	795.96	2,342.85
New assets originated*	1,867.60	85.69	1,289.10	3,242.39
Assets repaid (excluding write offs)	(824.40)	(23.27)	(23.14)	(870.81)
Transfers to Stage 1	135.38	(7.48)	(127.90)	-
Transfers to Stage 2	(11.54)	11.54	-	-
Transfers to Stage 3	(6.47)	(9.82)	16.29	-
Impact on year end ECL on exposures transferred between stages during the year	(244.14)	89.58	1,481.78	1,327.22
Amounts written off	-	-	(512.39)	(512.39)
Closing Balance	2,373.82	235.74	2,919.70	5,529.26

*New assets originated represents fresh disburseals made during the year. Classification of new assets originated in stage 1,2,3 is based on year end staging.

(C) Operational Risk:

Operational risk is the risk arising out of failure of internal process, people and systems put in place by the company. Such risk may also arise out of the external factors as well as internal control system failure defeating the core objective of the company operations.

Mitigation:

- The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

(D) Liquidity Risk:

The risk arises due to asset liability mismatch. The inadequacy of the company in increasing its asset base, managing any unplanned changes in funding sources and meeting the financial commitments when required may result in non-liquidity

Mitigation:

- The company has Asset Liability Management Policy in line with the RBI guidelines.
- The Asset Liability Management Committee (ALCO) is responsible for managing the risk arising out of exposures to interest rate changes and mismatches between assets and liabilities.

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For the year ended 31 March 2026

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(E) Strategic Risk:

The risk arising out of non-responsiveness of business in adapting to internal as well as external environment. Such risk arises when the business strategies are not flexible to factor in the macro factors.

Mitigation:

- The Board and Risk Committee are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
- The Risk/ALCO committee are given responsibility of recommending the changes in the risk appetite of the company.

NOTE 5.04 : Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Board of directors reviews the capital position on a regular basis.

Particulars	As at 31 March 2026	As at 31 March 2025	% Variance	Reason for variance (if above 25%)
CRAR – Tier I capital (%)	20.83%	17.97%	15.90%	NA
CRAR – Tier II capital (%)	2.65%	2.87%	-7.75%	NA
CRAR (%)	23.47%	20.84%	12.64%	NA
Liquidity Coverage Ratio (LCR) (%)	146%	192%	-24%	NA
Amount of subordinated debt raised during the year as Tier-II capital (₹ Lakhs)	-	7,500.00	NA	NA
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil	NA	NA

NOTE 5.05: Revenue from contract with customers (Ind AS 115)

Particulars	31-Mar-26	31-Mar-25
Type of services		
Advisory and syndication fees	578.59	1,078.49
Foreclosure charges	961.08	878.57
Corporate agency income	1,443.22	1,326.47
Bounce Charges	209.63	112.74
Other fees	199.26	64.99
Total	3,391.78	3,461.26
Geographical markets		
India	3,391.78	3,461.26
Outside India	-	-
Total	3,391.78	3,461.26
Timing of revenue recognition		
Services transferred at a point in time	3,391.78	3,461.26
Services transferred over time	-	-
Total	3,391.78	3,461.26

NOTE 5.06(A) : Related Party Disclosure as per Ind AS regulations

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

A. Related Parties Relationship

(i) Name of the Related party and nature of relationship where control exists:

Sr. No.	Related Party Category	Company Name
1	Ultimate Holding Company	Kirloskar Oil Engines Limited
2	Holding Company	Arka Financial Holdings Private Limited
3	Subsidiary Company of Holding Company	Arka Investment Advisory Services Private Limited
4	Subsidiary Company of Ultimate Holding Company	KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited Kirloskar Advanced Sytems Private Limited (w.e.f. 30 March 2026) Kirloskar Americas Corp. USA Engines LPG LLC, DBA Wildcat Power Gen, USA Kirloskar International ME FZE (w.e.f. 07 January 2025)
5	Entity / fund under common group	Arka Credit Fund I (upto 02 March 2026)
6	Chairman, Independent Director	Nasser Munjee (w.e.f. 23 October 2024)
7	Non-Executive Director	Gauri Kirloskar
8	Non-Executive Director	Aman Kirloskar (w.e.f. 28 January 2026)
9	Non-Executive Director	Mahesh Chhabria (upto 31 March 2025)
10	Non-Executive Director	Vimal Bhandari (upto 31 March 2025)
11	Independent Director	Hoshang Sinor (w.e.f. 28 January 2025)
12	Independent Director	Gurumurthy Ramanathan (upto 03 July 2025)
13	Independent Director	Rahul Bhagat (w.e.f. 19 Februay 2025)
14	Independent Director	Yogesh Kapur
15	Independent Director	Vijay Chugh (upto 24 January 2026)
16	Independent Director	Sivanandhan Dhanushkodi (upto 27 October 2025)
17	Independent Director	Harish Engineer (upto 14 June 2024)
18	Independent Director	Srikumar Vijayasekharan (w.e.f 26 July 2025)

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(Currency : Indian Rupees in Lakhs)

(ii) Key Management Personnel and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Samrat Gupta - Managing Director (w.e.f. 23 October 2024)	Vaishali Gupta	Wife
		Amalendu Dutta Gupta	Father
		Rina Dutta Gupta	Mother
		Rohan Gupta	Son
2	Vimal Bhandari - Executive Vice Chairman & CEO (upto 22 October 2024)	Vibha V. Bhandari	Wife
		Vatsal V Bhandari	Son
		Shivani Bhandari	Son's Wife
		Vandini V Bhandari	Daughter
		Shree Krishna M Gupta	Daughter's Husband
		Pushpa Bhandari	Mother
		Ashok Bhandari	Brother
		Asha Singhvi	Sister
		Vibha Doshi	Sister
		Jayashree Mehta	Sister
3	Ridhi Gangar - Chief Financial Officer (w.e.f. 19 Februay 2025)	Mahavir Lunawat	Husband
		Ruxamani Gangar	Mother
		Krina Gangar	Sister
		Charmi Gangar	Sister
4	Amit Kumar Gupta - Chief Financial Officer (upto 18 February 2025)	Suresh Kumar Gupta	Father
		Sumitra Devi Gupta	Mother
		Meghana Gupta	Wife
		Purvi Gupta	Daughner
		Pehal Gupta	Daughner
		Vikash Gupta	Brother
		Rashmi Goel	Sister
5	Niki Mehta - Company Secretary	Chirag Mehta	Husband
		Bharatbhai Modi	Father
		Mayaben Modi	Mother
		Devansh Mehta	Son
		Karan Modi	Brother
		Amisha Karani	Sister

(iii) Key Management Personnel of Holding Company and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Samrat Gupta - Managing Director (w.e.f. 24 October 2024 upto 16 April 2025)	Vaishali Gupta	Wife
		Amalendu Dutta Gupta	Father
		Rina Dutta Gupta	Mother
		Rohan Gupta	Son
2	Vimal Bhandari - Managing Director (upto 23 October 2024)	Vibha V. Bhandari	Wife
		Vatsal V Bhandari	Son
		Shivani Bhandari	Son's Wife
		Vandini V Bhandari	Daughter
		Shree Krishna M Gupta	Daughter's Husband
		Pushpa Bhandari	Mother
		Ashok Bhandari	Brother
		Asha Singhvi	Sister
		Vibha Doshi	Sister
		Jayashree Mehta	Sister
3	Anand Bang - Manager (w.e.f. 17 April 2025)	Shilpa Bang	Wife
		Sarveshwer Bang	Father
		Nirmala Devi Bang	Mother
		Sanchit Bang	Son
		Ashish Bang	Brother
4	Ridhi Gangar - Chief Financial Officer (upto 16 April 2025)	Mahavir Lunawat	Husband
		Ruxamani Gangar	Mother
		Krina Gangar	Sister
		Charmi Gangar	Sister
5	Girish Kulkarni - Chief Financial Officer (w.e.f 17 April 2025 upto 30 September 2025)	Swati Kulkarni	Wife
		Vinayak Kulkarni	Father
		Vaishali Kulkarni	Mother
		Pallavi Deshpande	Sister
6	Rohit Kumar - CFO (w.e.f. 01 October 2025)	Nitasha Goyal	Wife
		Satish Gupta	Father
		Kiran Gupta	Mother
		Vihaan Gupta	Son
		Sunil Bansal	Brother
7	Aditi Mahamunkar - Company Secretary	Arun Mahamunkar	Father
		Sadhana Mahamunkar	Mother
		Gaurav Chindarkar	Spouse
		Trishika Chindarkar	Daughter
		Akshaya Mahamunkar	Sister
		Atul Mahamunkar	Brother

(iv) Key Management Personnel of Ultimate Holding Company and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Gauri Kirloskar	Arti A. Kirloskar	Mother
		Atul C. Kirloskar	Father
		Christopher Kolenaty	Husband
		Maya Kolenaty	Daughter
		Pia Kolenaty	Daughter

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(Currency : Indian Rupees in Lakhs)

(v) Entities controlled by Key Management Personnel of Holding Company

Sr. No.	Related Party Category	Company Name
1	Key Management Personnel of Ultimate Holding Company	Snow Leopard Technology Ventures, LLP Beluga Whale Capital Management Pte Ltd.
2	Entities controlled by Close Member of Key Managerial Personnel of Ultimate Holding Company	Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited) Kirloskar Energen Private Limited (upto 11 March 2025) Kirloskar Solar Technologies Private Limited Alotoxl Ventures LLP Indifour Consult Private Limited Binaza Consult Private Limited Gumtree Capital Advisors LLP Snow Leopard Lever Boost LLP Snow Leopard Infrastructure-1 LLP Cephalopod Teknik - V LLP upto (24 March 2025) Cephalopod Teknik - VI LLP (upto 24 March 2025) Cephalopod Teknik - VII LLP (w.e.f 03 October 2024) Snow Leopard Momentum-III LLP (upto 18 January 2026) Snow Leopard Momentum IV LLP (w.e.f. 21 January 2026) Paragon Greensutra Private Limited

B. Transactions with Related Parties

Sr. No.	Nature of the transaction and relationship	2025-26		2024-25	
		Amount	Amount	Amount	Amount
1	Transactions with holding company				
	Arka Financial Holdings Private Limited (AFHPL)	39.94		1,233.02	
	Expenses incurred on behalf of AFHPL		3.69		151.40
	Reimbursement of Expenses from AFHPL (net of TDS)		13.20		60.04
	Security Deposit paid related to Corporate Office		22.55		-
	Purchase of Equity Shares of Kirloskar Proprietary Ltd		0.50		-
	Payment of Dividend		-		1,021.58
	Total	39.94	39.94	1,233.02	1,233.02
2	Transactions with fellow subsidiary				
	Arka Investment Advisory Services Private Limited (AIASPL)	69.33		3,444.09	
	Expenses incurred on behalf AIASPL		8.19		275.77
	Reimbursement of Expenses from AIASPL (net of TDS)		38.59		73.32
	Security Deposit paid related to Corporate Office		22.55		-
	Sale of Investments done in the Arka Credit Fund I		-		3,095.00
	Total	69.33	69.33	3,444.09	3,444.09
3	Transactions with Entity under same group				
	Arka Credit Fund I			73.30	
	Income Earned from the Investment		-	-	10.04
	Payments done on behalf of Arka Credit Fund I		-	-	63.26
	Total		-	73.30	73.30

Sr. No.	Nature of the transaction and relationship	2025-26		2024-25	
		Amount	Amount	Amount	Amount
4	Directors' Sitting Fees and Commission	123.35	-	80.31	-
5	Managerial Remunerations paid to Key Management Personnel	1,017.10	-	1,576.86	-
	Balances with related parties				
1	Receivable from holding company			0.97	
	Arka Financial Holdings Private Limited		-	-	0.97
	Total		-	0.97	0.97
2	Fellow subsidiary			13.35	-
	Arka Investment Advisory Services Private Limited		-		13.35
	Total		-	13.35	13.35

Notes

- 1
- The above compensation of the Company's key managerial personnel does not include provision for bonus, leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.
- 2
- The amounts are inclusive of GST wherever applicable.
- 3
- Directors' Sitting Fees and Commission exclude GST under Reverse Charge Mechanism (RCM) borne by the Company

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(Currency : Indian Rupees in Lakhs)

NOTE 5.06(B) : Related Party Disclosure pursuant to RBI Circular No. RBI/DOR.ACC.REC.No.278/21.04.018/2025-26 dated 28 November 2025

Particulars	Holding Company		Fellow Subsidiary (Subsidiary of Holding Company)		Private Company in which a director is a director		Entity under common group		Key Management Personnel		Key Management Personnel		Total	
	Arka Financial Holdings Pvt Ltd		Arka Investment Advisory Services Private Limited		Kirkoskar Management Services Private Limited (w.e.f. 9 March 2023)		Arka Credit Fund I		Non-Executive Directors		Other than Non- Executive Directors (1)			
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Borrowings														
Outstanding at year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances														
Outstanding at year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables														
Outstanding at year end	-	0.97	-	13.35	140.36	14.30	-	-	-	-	-	-	140.36	28.62
Maximum outstanding during the year	22.55	449.70	22.55	596.62	140.36	25.74	-	69.33	-	-	-	-	185.45	1,141.39
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed / Other Assets	0.50	-	-	-	-	-	-	-	-	-	-	-	0.50	-
Sale of Fixed / Other Assets	-	-	-	3,095.00	-	-	-	-	-	-	-	-	-	3,095.00
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest & processing fees received	-	-	-	-	-	-	-	10.04	-	-	-	-	-	10.04

Particulars	Holding Company		Fellow Subsidiary (Subsidiary of Holding Company)		Private Company in which a director is a director		Entity under common group		Key Management Personnel		Key Management Personnel		Total	
	Arka Financial Holdings Pvt Ltd		Arka Investment Advisory Services Private Limited		Kirkoskar Management Services Private Limited (w.e.f. 9 March 2023)		Arka Credit Fund I		Non-Executive Directors		Other than Non- Executive Directors (1)			
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Others														
Capital Contribution received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividend	-	1,021.58	-	-	-	-	-	-	-	-	-	-	-	1,021.58
Payments done on behalf	3.69	151.40	8.19	275.77	-	-	63.26	-	-	-	-	-	11.88	490.43
Reimbursement of Expenses from (net of TDS)	13.20	60.04	38.59	73.32	-	-	-	-	-	-	-	-	51.79	133.36
Security Deposit paid related to Corporate Office	22.55	-	22.55	-	-	-	-	-	-	-	-	-	-	-
Services availed (net of TDS)	-	-	-	-	284.02	143.27	-	-	-	-	-	-	284.02	143.27
Remuneration (2)	-	-	-	-	-	-	-	-	123.35	80.31	1,017.10	1,576.86	1,140.45	1,657.17

Notes

1. Key Management Personnel (other than non-executive directors) include following persons:
(a) Mr. Samrat Gupta – Managing Director (w.e.f. 23 October 2024)
(b) Mr. Vimal Bhandari – Executive Vice Chairman and CEO (upto 22 October 2024)
(c) Ms. Ridhi Zaveri Gangar – CFO (w.e.f. 19 February 2025)
(d) Mr. Amit Kumar Gupta – CFO (upto 18 February 2025)
(e) Ms. Niki Mehta – Company Secretary
(f) Anand Bang – Manager of Holding Company (w.e.f. 17 April 2025)
(g) Mr. Rohit Kumar – CFO of Holding Company (w.e.f. 01 October 2025)
(h) Girish Kulkarni – CFO of Holding Company (upto 30 September 2025)
(i) Ms. Aditi Mahamunkar – KMP of Holding Company
2. Remuneration to Non-Executive Directors represents commission and sitting fees for attending board and other committee meetings. The amounts are exclusive of GST.
3. The Company does not have any subsidiary companies or Associates / Joint Ventures as on reporting date or as on previous year.
4. The Company does not have any transactions with relatives of Key Management Personnel during current year or previous year.

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 5.07 : Contingent liabilities and Commitments

Particulars	As at 31 March 2026	As at 31 March 2025
Contingent liabilities	Nil	Nil
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	112.89	15.15
Other commitments		
Loans sanctioned not yet disbursed	7,442.59	42,580.40

NOTE 5.08 : Leases

Where the Company is a lessee

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new leases accounting standard on 30 March 2019. Ind AS 116 come into force on 1 April 2019.

Ind AS 116 have replaced the previous guidance in Ind AS 17, 'Leases'. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Ind AS 116 requires lessees to recognize assets and liabilities arising from all leases (except for short-term leases and leases of low-value assets) in the Balance sheet. The Company have capitalised all assets currently held under operating leases. Operating lease expenses have been replaced by a depreciation expense on Right of Use assets recognised and an interest expense as the incremental borrowing rate in the lease liabilities unwinds.

Disclosures as required by Ind AS 116 'Leases' are given below:

(A) Lease liability movement

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liability at beginning of the year	703.58	1,005.44
Add: Interest on lease liability	148.42	79.71
Add: Lease liability recognised during the year	2,164.27	100.01
Less: Lease rental payments	(842.17)	(481.58)
Lease liability at the end of the year	2,174.10	703.58

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2026	As at 31 March 2025
Minimum Lease Payments:		
Not later than one year	642.22	536.96
Later than one year but not later than five years	1,456.80	217.92
Later than five years	852.30	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liability:		
Less than 12 months	462.38	491.52
More than 12 months	1,711.72	212.06

Refer Note 3.07: Property, plant and equipment for the movement in ROU

NOTE 5.09 : Dues to Micro, Small and Medium enterprises as per MSME Act, 2006

Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

Particulars	As at 31 March 2026	As at 31 March 2025
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

NOTE 5.10 : Disclosure pursuant to Employee benefits

Defined contribution plan (Provident fund):

The Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The provident fund payment recognised as expenses and included in Employee benefit expenses during the current year ₹ 454.46 Lakhs (previous year: ₹ 259.22 Lakhs).

Defined benefit plans: The Company has following Defined benefit plans:

- A Gratuity
- B Compensated Absences
- C Long term incentive plan (LTIP) (upto March 31, 2022)

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Particulars	As at 31 March 2026	As at 31 March 2025
A (i) Gratuity:		
Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	244.64	160.93
Fair value of plan assets as at the end of the year	-	-
Net (asset) / liability to be recognised in the balance sheet	244.64	160.93
(ii) Compensated Absences:		
Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	248.72	137.52
Fair value of plan assets as at the end of the year	-	-
Net (asset) / liability to be recognised in the balance sheet	248.72	137.52
(iii) Long term incentive plan:		
Amount recognised in the balance sheet		

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2026	As at 31 March 2025
Present value of the obligation as at the end of the year	-	12.50
Fair value of plan assets as at the end of the year	-	-
Net (asset) / liability to be recognised in the balance sheet	-	12.50
B (i) Gratuity:		
Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	160.93	139.65
Current service cost	95.56	49.78
Past service cost	106.28	-
Interest cost	8.22	7.39
Benefits paid	(73.53)	(74.01)
Actuarial (gain) / loss on obligation	(52.82)	38.12
Projected benefit obligation at the end of the year	244.64	160.93
(ii) Compensated Absences:		
Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	137.52	95.17
Current service cost	100.65	46.91
Past service cost	98.28	-
Interest cost	6.54	5.35
Benefits paid	(77.30)	(41.74)
Remeasurements on obligation - (Gain) / Loss	(16.97)	31.83
Projected benefit obligation at the end of the year	248.72	137.52
C (i) Gratuity:		
Amount recognised in the statement of profit and loss		
Current service cost	95.56	49.78
Past service cost and loss/(gain) on curtailments and settlement	106.28	-
Net interest cost	8.22	7.39
Expenses recognised in the statement of profit and loss	210.06	57.17
(ii) Compensated Absences:		
Amount recognised in the statement of profit and loss		
Current service cost	100.65	46.91
Past service cost	98.28	-
Remeasurements on obligation - (Gain) / Loss	(16.97)	31.83
Net interest cost	6.54	5.35
Expenses recognised in the statement of profit and loss	188.50	84.09
(iii) Long term incentive plan		
Amount recognised in the statement of profit and loss		
Current service cost	-	-
Remeasurements on obligation - (Gain) / Loss	-	-
Net interest cost	-	-
Expenses recognised in the statement of profit and loss	-	-

Particulars	As at 31 March 2026	As at 31 March 2025
D (i) Gratuity:		
Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(16.33)	10.05
- change in demographic assumption	-	5.27
- experience variation	(36.49)	22.80
Amount recognised in other comprehensive income	(52.82)	38.12
E Assumptions used		
Discount rate (gratuity and compensated absences)	7.10%	6.62%
Rate of increase in compensation levels	"9% for first year Thereafter 7.5%"	9.00%
Expected average remaining working lives of employees (in years)	6.04	6.61
Retirement Age*	60 years	60 years
Withdrawal Rate		
Business	34.00%	34.00%
Others	19.00%	19.00%

F Sensitivity analysis - Gratuity

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2026		As at 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	234.11	256.04	153.59	168.95
Salary growth rate (1% movement)	253.52	236.25	167.17	155.08
Withdrawal rate (1% movement)	241.49	247.87	159.10	162.85

G Sensitivity analysis - Compensated Absences

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2026		As at 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	240.55	257.46	132.31	143.17
Salary growth rate (1% movement)	254.95	242.78	141.70	133.59
Withdrawal rate (1% movement)	252.49	244.72	146.21	128.24

H Other information:

- The plan is unfunded as on the valuation date.
- Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 6.95 years for Gratuity and 2.60 years for Compensated Absences.
- The amount expected to be paid in next year ₹13.49 Lakhs for Gratuity and ₹72.92 Lakhs for Compensated Absences.

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 5.11 : Maturity pattern of Assets and Liabilities

Financial statements of the Company are disclosed in the format of order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	As at 31 March 2026			As at 31 March 2025		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	57,227.79	-	57,227.79	63,571.02	-	63,571.02
Bank balances other than cash and cash equivalents	3,476.30	1,874.61	5,350.91	1,018.05	798.52	1,816.57
Loans	197,764.16	356,641.92	554,406.08	145,218.39	454,842.53	600,060.92
Investments	21,540.80	11,331.13	32,871.94	23,178.56	4,936.38	28,114.94
Other financial assets	566.43	15,581.62	16,148.04	496.32	8,015.40	8,511.72
Non-financial assets						
Current tax assets (net)	2,703.75	-	2,703.75	2,645.31	-	2,645.31
Deferred tax assets (net)	-	-	-	-	-	-
Property, plant and equipment	-	4,210.12	4,210.12	-	1,443.39	1,443.39
Capital work-in-progress	-	95.43	95.43	-	137.62	137.62
Intangible assets	-	97.55	97.55	-	145.65	145.65
Other non-financial assets	1,187.23	37.62	1,224.85	658.61	92.27	750.88
TOTAL ASSETS	284,466.46	389,870.00	674,336.46	236,786.26	470,411.76	707,198.02
LIABILITIES						
Financial liabilities						
Trade payables	1,732.78	-	1,732.78	1,080.97	-	1,080.97
Debt securities	58,268.01	49,504.58	107,772.59	36,499.22	87,593.87	124,093.09
Borrowings (other than debt securities)	139,582.23	235,498.99	375,081.22	147,982.43	252,099.87	400,082.30
Subordinated Debt	618.07	20,720.55	21,338.62	622.26	20,664.14	21,286.40
Other financial liabilities	23,313.99	1,711.81	25,025.80	27,501.25	212.06	27,713.31
Non-financial liabilities						
Provisions	2,706.95	763.70	3,470.65	3,850.53	243.55	4,094.08
Deferred tax liabilities (Net)	-	2,757.71	2,757.71	-	778.07	778.07
Other non-financial liabilities	1,625.06	-	1,625.06	3,343.52	-	3,343.52
TOTAL LIABILITIES	227,847.09	310,957.34	538,804.43	220,880.17	361,591.57	582,471.74

NOTE 5.12 : Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company. The relevant details of the schemes and the grant are as below.

Description of share-based payment arrangements:

As at 31 March 2026, the Company has the following share-based payment arrangements:

Share option plans (equity settled):

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The ESOP Plan 2019 was approved by the Board of Directors on April 24, 2019 and by the shareholders in EGM dated May 2, 2019 for issue of 5,00,00,000 options representing 5,00,00,000 Equity shares of ₹ 10 each. Further, the Board of Directors on April 16, 2025 and shareholders of the Company at their EGM held on April 16, 2025 inter alia approved (i) increase of pool of Employee Stock Option Plan 2019 from 5,00,00,000 (Five Core) stock options to 10,00,00,000 (Ten Crore) stock options convertible into 10,00,00,000 (Ten Crore) equity shares of the Company having face value of ₹ 10/- (Rupees Ten Only) per equity share and; (ii) amendments to the ESOP Plan 2019, and that the amended Employee Stock Option Plan 2019 was restated as ESOP Plan 2025.

I. Details of the ESOP:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
ESOP Plan/ Scheme	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options.					
Maximum term of Options granted (years)	Vesting period of option varies from employee to employee or class of employees. the maximum vesting period of option is five years from the date of grant of option. Options shall be capable of being exercised within a period of 6 years from the Date of Vesting.					
Method of Settlement	Equity					
Method used for accounting of options	Fair Value Method					

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
ESOP Plan/ Scheme	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025
Date of Grants	4-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options.					
Maximum term of Options granted (years)	Vesting period of option vary from employee to employee or class of employees. the maximum vesting period of option is four years from the date of grant of option. Options shall be capable of being exercised within a period of 6 years from the Date of Vesting.					
Method of Settlement	Equity					
Method used for accounting of options	Fair Value Method					

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17	
ESOP Plan/ Scheme	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	
Date of Grants	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026	
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options.					
Maximum term of Options granted (years)	Vesting period of option vary from employee to employee or class of employees. the maximum vesting period of option is four years from the date of grant of option. Options shall be capable of being exercised within a period of 6 years from the Date of Vesting.					
Method of Settlement	Equity					
Method used for accounting of options	Fair Value Method					

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For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

II. Option Movement during the year ended Mar 2026:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
No. of Options Outstanding at the beginning of the year	20,150,000	1,250,000	325,000	6,260,000	2,620,000	-
Options Granted during the year	-	-	-	-	-	-
Options Forfeited / Lapsed during the year	5,150,000	1,250,000	250,000	3,460,000	1,330,000	-
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	15,000,000	-	75,000	2,800,000	1,290,000	-
Number of Options exercisable at the end of the year	15,000,000	-	75,000	2,800,000	903,000	-
The weighted average share price of options exercised during the year ended 31 March 2026	NA	NA	NA	NA	NA	NA

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
Date of Grants	4-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
No. of Options Outstanding at the beginning of the year	-	-	-	-	-	-
Options Granted during the year	39,310,000	4,665,000	100,000	500,000	700,000	1,625,000
Options Forfeited / Lapsed during the year	-	1,615,000	-	-	450,000	-
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	39,310,000	3,050,000	100,000	500,000	250,000	1,625,000
Number of Options exercisable at the end of the year	-	-	-	-	-	-
The weighted average share price of options exercised during the year ended 31 March 2026	NA	NA	NA	NA	NA	NA

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17	
Date of Grants	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026	
No. of Options Outstanding at the beginning of the year	-	-	-	-		
Options Granted during the year	700,000	1,000,000	900,000	3,400,000	10,675,000	
Options Forfeited / Lapsed during the year	-	-	-	-		
Options Exercised during the year	-	-	-	-		
Number of options Outstanding at the end of the year	700,000	1,000,000	900,000	3,400,000	10,675,000	
Number of Options exercisable at the end of the year	-	-	-	-		
The weighted average share price of options exercised during the year ended 31 March 2026	NA	NA	NA	NA		

Option Movement during the year ended Mar 2025:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
No. of Options Outstanding at the beginning of the year	20,650,000	1,250,000	325,000	9,950,000	4,520,000	200,000
Options Granted during the year	-	-	-	-	-	-
Options Forfeited / Lapsed during the year	500,000	-	-	3,690,000	1,900,000	200,000
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	20,150,000	1,250,000	325,000	6,260,000	2,620,000	-
Number of Options exercisable at the end of the year	20,150,000	1,250,000	325,000	5,330,000	1,108,000	-
The weighted average share price of shares exercised during the year ended 31 March 2025	NA	NA	NA	NA	NA	NA

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(Currency : Indian Rupees in Lakhs)

III. Weighted Average remaining contractual life:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Range of Exercise Price (₹ per share)	10	10	11	12	12.75	12.75
No. of Options Outstanding as on 31 March 2026	15,000,000	0	75,000	2,800,000	1,290,000	0
Contractual Life: Granted but not vested (in years)	-	-	-	-	1.00	-

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
Date of Grants	4-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Range of Exercise Price (₹ per share)	13.50	13.50	13.50	13.50	13.50	13.50
No. of Options Outstanding as on 31 March 2026	39,310,000	3,050,000	100,000	500,000	250,000	1,625,000
Contractual Life: Granted but not vested (in years)	1.75	1.75	1.91	2.00	2.08	2.17

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
Date of Grants	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026
Range of Exercise Price (₹ per share)	13.50	13.50	13.50	13.50	13.50
No. of Options Outstanding as on 31 March 2026	700,000	1,000,000	900,000	3,400,000	10,675,000
Contractual Life: Granted but not vested (in years)	2.25	2.34	2.42	2.50	2.75

IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value had been calculated using the Black Scholes Option Pricing model. The Assumptions used in the model are a.s follows:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Risk Free Interest Rate	7.40%	6.60%	5.80%	7.17%	6.84%	6.95%
Weighted average expected life (in years)	6	7	7	5	5	5
Expected Volatility	1.00%	1.00%	1.00%	19.45%	19.67%	19.45%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
	4-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Risk Free Interest Rate	5.94%	6.04%	6.31%	6.27%	6.26%	6.23%
Weighted average expected life (in years)	6	6	6	6	6	6
Expected Volatility	20.64%	20.57%	20.42%	20.21%	20.07%	19.92%
Weighted average exercise price (₹ per share)	13.50	13.50	13.50	13.50	13.50	13.50

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026
Risk Free Interest Rate	6.30%	6.42%	6.26%	6.65%	6.69%
Weighted average expected life (in years)	6	6	6	6	6
Expected Volatility	19.82%	19.76%	19.47%	19.05%	20.00%
Weighted average exercise price (₹ per share)	13.50	13.50	13.50	13.50	13.50

V. Effect of share-based payment transactions on the entity’s Statement of Profit and Loss for the year:

Particulars	31 March 2026	31 March 2025
Employee share based expense	713.61	73.39
Total ESOP reserve outstanding at the end of the year	1,505.67	1,062.85

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 5.13 : Asset liability management

As on 31 March 2026

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	7,289.42	783.30	9,426.78	4,772.28	15,199.66	24,795.24	81,537.78	222,202.68	56,916.76	138,692.02	561,615.92
Investments	21,350.42	-	-	-	-	11,520.85	-	-	-	0.67	32,871.94
Borrowings	554.11	114.97	2,394.76	15,514.75	35,832.51	40,926.82	103,130.40	200,006.47	51,323.74	54,393.90	504,192.43
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	29,193.95	898.27	11,821.54	20,287.03	51,032.17	77,242.91	184,668.18	422,209.15	108,240.50	193,086.59	1,098,680.29

As on 31 March 2025

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	4,184.72	1,420.60	3,665.26	9,554.10	21,039.18	34,556.06	85,149.66	201,367.36	51,309.94	193,376.56	605,623.44
Investments	-	6,500.00	3,539.55	3,035.34	3,032.67	100.19	6,972.98	4,940.09	-	0.15	28,120.97
Borrowings	6,348.16	175.43	2,441.40	5,171.90	28,484.70	50,302.68	91,565.73	230,478.63	70,986.15	59,507.00	545,461.79
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	10,532.88	8,096.03	9,646.21	17,761.34	52,556.55	84,958.93	183,688.37	436,786.08	122,296.09	252,883.71	1,179,206.20

The above disclosure is made as per RBI Guidelines on Liquidity Risk Management Framework and the policy approved by the ALCO and relied upon by the auditors

In addition to the investments shown in the table above, the Company also has cash & equivalents and undrawn funding lines as under:

Particulars	As at 31 March 2026	As at 31 March 2025
- Cash & Cash Equivalents (refer note 3.01)	57,227.79	63,571.02
- Undrawn Funding lines	14,000.00	44,400.00
Total	71,227.79	107,971.02

NOTE 5.14 : Exposure to Real Estate Sector

Particulars	As at 31 March 2026	As at 31 March 2025
i) Direct exposure		
a) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	124,990.94	86,978.15
b) Commercial Real Estate		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	197,704.69	134,317.83
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential		-
- Commercial Real Estate		-
ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		495.37
Total Exposure to Real Estate Sector	322,695.63	221,791.35

NOTE 5.15 : Exposure to Capital Market

Particulars	As at 31 March 2026	As at 31 March 2025
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt		-
ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds		-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	17,640.84	7,918.79
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances		-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		5,003.29

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2026	As at 31 March 2025
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		-
vii) Bridge loans to companies against expected equity flows / issues		-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds		-
ix) Financing to stockbrokers for margin trading		-
x) All exposures to Alternative Investment Funds:		-
(i) Category I		-
(ii) Category II		-
(iii) Category III	-	-
Total Exposure to Capital Market	17,640.84	12,922.08

NOTE 6.01 : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

I. Exposure to Real Estate Sector

The disclosure on exposure to real estate sector has been given in Note No 5.14 of the financial statements

II. Exposure to Capital Market

The disclosure on exposure to capital market has been given in Note No 5.15 of the financial statements

III. Sectoral Exposure

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1 Agriculture and Allied Activities	-	-	0.00%	187.46	19.18	10.23%
2 Industry						
i Micro and Small	72,288.51	2,345.06	3.24%	121,568.22	1,749.93	1.44%
ii Medium	3,112.03	47.39	1.52%	3,779.64	7.68	0.20%
iii Large	247,083.78	-	0.00%	278,361.18	-	0.00%
iv Others	10,233.36	453.59	4.43%	20,062.92	725.15	3.61%
Total of Industry (i+ii+iii+iv)	332,717.68	2,846.04	0.86%	423,771.96	2,482.76	0.59%
3 Services						
i NBFCs	4,288.16	-	-	8,827.36	469.75	5.32%
ii Retail Trade	81,061.28	890.85	1.10%	54,621.87	688.06	1.26%
iii Wholesale Trade (other than Food Procurement)	34,831.02	528.48	1.52%	44,314.79	130.28	0.29%
iv Others	83,948.97	1,519.45	1.81%	80,004.52	222.27	0.28%
Total of Services (i+ii+iii+iv)	204,129.43	2,938.78	1.44%	187,768.54	1,510.36	0.80%

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
4 Personal Loans						
i Education Loans	124.23	34.05	27.41%	14,149.79	-	0.00%
ii Others	24,777.83	1,033.50	4.17%	27,466.85	139.39	0.51%
Total of Personal Loans (i+ii)	24,902.06	1,067.55	4.29%	41,616.64	139.39	0.33%
5. Others, if any (please specify)	-	-	-	-	-	0.00%

IV. Intra-group exposures

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
i) Total amount of intra-group exposure	-	-
ii) Total amount of top 20 intra-group exposures	Nil	Nil
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.00%	0.00%

V. Unhedged Foreign Currency Exposure

The Company does not have any unhedged foreign currency exposure for the year ended March 31, 2026 (Previous year : ₹Nil).

VI. Disclosure of complaints

1) Summary of information on complaints received by the Company from customers and from the offices of Ombudsman		For the year ended 31 March 2026	For the year ended 31 March 2025
Sr. No.	Particulars		
	Complaints received by the Company from its Customers		
1	Number of complaints pending at beginning of the year	5	-
2	Number of complaints received during the year	677	289
3	Number of complaints disposed during the year	626	284
3.1	Of which, number of complaints rejected by the Company	8	-
4	Number of complaints pending at the end of the year	56	5
	Maintainable complaints received by the Company from Office of Ombudsman *		
5	Number of maintainable complaints received by the Company from Office of Ombudsman	47	-
5.1	Of 5, number of complaints resolved in favour of the Company by Office of Ombudsman	47	-
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* In addition, as on 31st March 2026, three complaints remained open on the CMS portal despite submission of the Company's responses. Since these complaints are still pending closure by the Reserve Bank of India Ombudsman, they have not yet been categorized as maintainable or non-maintainable.

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

2) Top grounds of complaints received by the Company from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
EMI related	-	363	2.59	10	1
Loans and advances	2	86	0.15	2	0
Non receipt of documents	-	1	-0.95		0
Reporting	3	226	2.53	44	1
Staff Behaviour	-	1	-0.97		
Others	-		NA		
Total	-	677	1.34	56	2
Previous Year					
EMI related	-	101	NA	-	-
Loans and advances		75	-0.63	2	1
Non receipt of documents	-	20	NA	-	-
Reporting	-	64	-0.19	3	1
Staff Behaviour	-	29	1.23	-	-
Others	-	-	NA	-	-
Total	-	289	-0.02	5	2

NOTE 6.02 : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

I. Significant accounting policies

Significant accounting policies have been given in Note No 2 of the financial statements.

II. Capital

The disclosure related to capital has been given in Note No 5.04 in the financial statements.

III. Investments

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	32,871.94	28,120.98
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	32,871.94	28,120.98
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	-	-

IV. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year-end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

V. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

The disclosure on Asset Liability Management Maturity pattern has been given in Note No 5.13 of the financial statements

VI. Details of financing of parent Company products : None

VII. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC:

The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financial year. (Previous year: NIL)

VIII. Unsecured Advances against intangible securities : None

IX. Registration obtained from other financial sector regulators :

The Company is registered with the Insurance Regulatory And Development Authority Of India (IRDA) on 29th February 2024 to act as a corporate agent for distribution of insurance products. The registration code is CA0914 and is valid till 28th February 2027

X. Disclosure of penalties imposed by RBI and other regulators :

There were no penalties imposed by the RBI or any other regulators on the Company during the year ended 31 March 2026. (Previous Year : Nil)

XI. Breach of Covenant

There are no instances of breach of covenants of loans availed or debt securities issued during the current year and previous year.

XII. Divergence in Asset Classification and Provisioning

There are no divergence noted in asset classification and provisioning during the current year and previous year.

XIII. Related Party Transactions :

Details of all material transactions with related parties has been given in Notes No 5.06(B) of the financial statements.

XIV. Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr. No.	Instrument		For the year ended 31 March 2026	For the year ended 31 March 2025
1	Bank Loan Facilities	CRISIL	AA	AA
2	Commercial Paper	CRISIL	A1+	A1+
		INDIA RATINGS	A1+	A1+
3	Market Linked Debentures (MLD)	CRISIL	PPMLD AA	PPMLD AA
4	NCD	CRISIL	AA	AA
		Acuite	AA	AA

XV. Remuneration of Directors :

Sr. No.	Instrument	For the year ended 31 March 2026	For the year ended 31 March 2025
1	Transactions with the Non-Executive Directors		
	Payment of Director Sitting fees and commission (inclusive of GST)	133.91	80.31

XVI. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items impacting current year's profit and loss. There are no changes in accounting policies during current year and previous year.

XVII. Revenue Recognition

There is no postponement of revenue due to pending resolution of significant uncertainties during the current year and previous year.

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

XVIII. Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Provisions for depreciation on Investment	-	-
2 Provision towards loan assets (Stage 3)	2,011.95	2,123.74
3 Bad debts written off (net of recovery)	4,961.14	1,918.15
4 Provision made towards Income tax	926.36	1,253.68
5 Other Provision and Contingencies	-	250.00
6 Provision for Standard Assets (Stage 1 & Stage 2)	(190.50)	1,031.82
7 Impairment loss allowance on investments	(6.04)	(19.55)

XIX. Draw down from reserves : None

XX. Concentration of Advances

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Total Advances to twenty largest borrowers	154,194.50	134,684.29
2 Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	27.46%	22.24%

XXI. Concentration of Exposures*

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Total Exposures to twenty largest borrowers	154,194.50	147,231.95
2 Percentage of Exposures to twenty largest borrowers to Total Exposures of the Company	26.56%	22.54%

* As per the RBI Master Circular DBR No. Diir. BC. 12/13.03.00/2015-16, exposure includes credit exposure (funded and non funded credit lines) and investments exposure (including underwriting and similar commitments). The sanctioned limits or outstandings, whichever are higher, has been reckoned for arriving at the exposure limit.

XXII. Concentration of NPA

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Total Exposure to top four NPA accounts	1,164.74	1,376.19

XXIII. Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Agriculture and allied activities	0.00%	10.23%
2 MSME	3.17%	1.01%
3 Corporate borrowers	-	-
4 Services	1.44%	3.52%
5 Unsecured personal loans	0.00%	0.65%
6 Auto loans	0.00%	4.05%
7 Other personal loans	4.52%	3.49%
8 Others	3.99%	0.00%

XXIV. Movement of NPAs

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 Net NPAs to Net Advances (%)	0.35%	0.20%
2 Movement of NPAs (Gross)		
(a) Opening balance	4,151.69	1,095.18
(b) Additions during the year	12,935.18	5,541.41
(c) Reductions during the year	(10,234.51)	(2,484.90)
(d) Closing balance	6,852.36	4,151.69
3 Movement of Net NPAs		
(a) Opening balance	1,231.99	299.22
(b) Additions during the year	5,740.21	2,770.53
(c) Reductions during the year	(5,051.49)	(1,837.76)
(d) Closing balance	1,920.71	1,231.99
4 Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,919.70	795.96
(b) Additions during the year	7,194.98	2,770.88
(c) Reductions during the year	(5,183.03)	(647.14)
(d) Closing balance	4,931.65	2,919.70

XXV. Overseas Assets (for those with joint ventures and Subsidiaries abroad):

There are no overseas assets owned by the Company during the current year and previous year

XXVI. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

XXVII. Customer Complaints

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1 No. of complaints pending at the beginning of the period	5	-
2 No. of complaints received during the period	677	289
3 No. of complaints redressed during the period	626	284
4 No. of complaints pending at the end of the period	56	5

XXVIII. Loan against security of single product - Gold Jewellery

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Percentage of Loan against security of single product - Gold Jewellery* to Total Assets	0.00%	0.00%

* These loans were not sourced by the Company and acquired under direct assignment arrangement. No auctions have been conducted by the Company during the current year and previous year.

Loans sanctioned to Directors, Senior Officers and relatives of Directors

Sr. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1	Directors and their relatives	-	-
2	Entities associated with directors and their relatives	-	-
3	Senior Officers and their relatives	-	-

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 6.02 (B) : Disclosures Pursuant to RBI Master Direction on Fraud Risk Management in Non-Banking Financial Companies (NBFC) dated 15 July 2024

The Company has not reported any fraud in the current financial year 2025-26 (previous year : Nil) to RBI.

NOTE 6.03 (A) : Disclosures pursuant to Master Directions - (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

(i) Details of loans not in default acquired through assignments:

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Aggregate amount of loans acquired	NIL	2,965.01
Weighted average residual maturity (in years)	NA	1.29
Weighted average holding period by originator (in years)	NA	0.99
Retention of beneficial economic interest by the originator	NA	10%
Tangible security coverage	NA	0%
Rating-wise distribution of loans	NA	Unrated

(ii) Details of loans not in default transferred by way of Novation:

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Number of loans	2	5
Aggregate amount of loans transferred	5,750.00	9,869.70
Weighted average remaining maturity (in years)	2.70	3.25
Weighted average holding period after origination (in years)	0.68	0.44
Retention of beneficial economic interest	NIL	Nil
Coverage Tangible security coverage	175% 125%	100%
Rating-wise distribution of loans	NA	NA
Number of transactions where transferor has agreed to replace the transferred loans	NIL	Nil
Number of transferred loans replaced	NIL	Nil

(iii) Details of loans not in default transferred by way of Assignment:

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Number of loans	1,530.00	5,649.00
Aggregate amount of loans transferred (in Lakhs) *	160,382.95	96,498.72
Sale Consideration (in Lakhs)	160,382.95	96,498.72
Weighted average remaining maturity (in years)	12.75	10.09
Weighted average holding period after origination (in years)	0.75	0.77
Retention of beneficial economic interest	17%	17%
Coverage Tangible security coverage	100%	78%
Rating-wise distribution of loans	NA	NA
Number of transactions where transferor has agreed to replace the transferred loans	Nil	Nil
Number of transferred loans replaced	Nil	Nil

*Including Deal under Co-lending arrangement of ₹ 77,061.07 Lakhs for the period ended March 31, 2026

(iv) During the year, the company has not transferred / acquired loans in default.

(v) During the year ended 31 March 2026 and 31 March 2026, the company has sold NPA loans to ARC

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Number of Accounts	1	NA
Aggregate principal outstanding of loans transferred (on the date of transfer)	472.22	NA
Weighted average residual tenor of the loans transferred (years)	2.00	NA
Net Book value of the loans transferred (at the time of transfer)	530.33	NA
Aggregate consideration	233.00	NA
Additional consideration realised in respect of accounts transferred in earlier years	-	NA

(vi) Co lending Arrangement Disclosure

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Aggregate amount of Loans aquired	NIL	NIL
Weighted Average holding period (in months)	NIL	NIL
Weighted Average holding period (in months)	NIL	NIL
weighted average rate of interest	NIL	NIL
Retention of Beneficial economic Interest by the originator	NIL	NIL
Tangible Security Cover	NIL	NIL
fees charged / paid	NIL	NIL

The Company has not entered into any CLA arrangement under the Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, 2025 and therefore no disclosure for the same has been provided.

(vii) Project Finance

Particulars	No of Accounts	Total Outstanding
1. Projects under implementation accounts at the beginning of the quarter.	2	7,386
2. Projects under implementation accounts sanctioned during the quarter.	5	7,788
3. Projects under implementation accounts where DCCO has been achieved during the quarter	-	-
4. Projects under implementation accounts at the end of the quarter. (1+2-3)	7	15,174
5. Out of '4' – accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked	-	-
5.1 Out of '5' – accounts in respect of which Resolution plan has been implemented.	-	-
5.2 Out of '5' – accounts in respect of which Resolution plan is under implementation	-	-
5.3 Out of '5' – accounts in respect of which Resolution plan has failed	-	-
6. Out of '5', accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked due to change in scope and size of the project.	-	-
7. Out of '5', account in respect of which cost overrun associated with extension in original / extended DCCO, as the case may be, was funded	-	-

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	No of Accounts	Total Outstanding
7.1 Out of '7', accounts where SBCF was sanctioned during financial closure and renewed continuously	-	-
7.2 Out of '7', accounts where SBCF was not pre-sanctioned or renewed continuously	-	-
8. Out of '4' – accounts in respect of which resolution process not involving extension in original / extended DCCO, as the case may be, has been invoked.	-	-
8.1 Out of '8' – accounts in respect of which Resolution plan has been implemented.	-	-
8.2 Out of '8' – accounts in respect of which Resolution plan is under implementation	-	-
8.3 Out of '8' – accounts in respect of which Resolution plan has failed	-	-

NOTE 6.03 (B) : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

Details of securitisation (PTC) with Ecstasy Oct 2024

Sr. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1	No of SPEs holding assets for securitisation transactions originated by the originator	1	1
	(only the SPVs relating to outstanding securitization exposures to be reported here)		-
2	Total amount of securitised assets as per books of the SPEs	8,792.81	13,162.12
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	-	-
a)	Off-balance sheet exposures	-	-
	• First loss	-	-
	• Others	-	-
b)	On-balance sheet exposures		
	• First loss	FD Lein Amount- ₹ 995 Lakh	FD Lein Amount- ₹ 995 Lakh
	• Others	Equity Tranche- ₹ 710.10	Equity Tranche- ₹ 710.10
4	Amount of exposures to securitisation transactions other than MRR	-	-
a)	Off-balance sheet exposures	-	-
i)	Exposure to own securitisations	-	-
	• First loss	-	-
	• Others	-	-
ii)	Exposure to third party securitisations	-	-
	• First loss	-	-
	• Others	-	-
b)	On-balance sheet exposures	-	-
i)	Exposure to own securitisations	-	-
	• First loss	-	-
	• Others	-	-
ii)	Exposure to third party securitisations	-	-
	• First loss	-	-
	• Others	-	-

Sr. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	14,202.01	14,202.01
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	FD Lien marked ₹ 995 Lakh ;Equity Tranche ₹ 710.10 Lakh	FD Lien marked ₹ 995 Lakh ;Equity Tranche ₹ 710.10 Lakh
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	Credit enhancement		
(a)	Amount paid		995.00
(b)	Repayment received	-	-
(c)	Outstanding amount	995.00	995.00
	Servicing Agent- April 25 - March-26 Collection		
(a)	Amount paid	7332.64	1,579.15
(b)	Repayment received	7332.64	1,579.15
(c)	Outstanding amount	-	-
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc (may mention average default rate of previous 5 years)	-	-
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
10	Investor complaints	-	-
	(a) Directly/Indirectly received		
	(b) Complaints outstanding		

Details of securitisation (PTC) with Silver Arrows

Sr. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
1	No of SPEs holding assets for securitisation transactions originated by the originator	1	1
	(only the SPVs relating to outstanding securitization exposures to be reported here)		-
2	Total amount of securitised assets as per books of the SPEs	6218.21	21,967.53
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		-
a)	Off-balance sheet exposures	-	-
	• First loss	-	-
	• Others	-	-
b)	On-balance sheet exposures		
	• First loss	FD Lien Marked - ₹ 790.60 Lakh	FD Lien Marked - ₹ 790.60 Lakh
	• Others	Equity Tranche - ₹ 465.04 Lakh	Equity Tranche - ₹ 465.04 Lakh

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Sr. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
4	Amount of exposures to securitisation transactions other than MRR	-	-
a)	Off-balance sheet exposures	-	-
i)	Exposure to own securitisations	-	-
	• First loss	-	-
	• Others	-	-
ii)	Exposure to third party securitisations	-	-
	• First loss	-	-
	• Others	-	-
b)	On-balance sheet exposures	-	-
i)	Exposure to own securitisations	-	-
	• First loss	-	-
	• Others	-	-
ii)	Exposure to third party securitisations	-	-
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	9300.79	9,300.79
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	FD -Lien Marked- ₹ 790.6 Lakh ;Equity Tranche - ₹ 465.04 Lakh	FD -Lien Marked- ₹ 790.6 Lakh ;Equity Tranche - ₹ 465.04 Lakh
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	Credit enhancement		
(a)	Amount paid	-	790.60
(b)	Repayment received	-	-
(c)	Outstanding amount	790.60	790.60
	servicing agent- Collection for the period April 25- March 26		
(a)	Amount paid	4,607.39	2,182.02
(b)	Repayment received	4,607.39	2,182.02
(c)	Outstanding amount	-	-
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc (may mention average default rate of previous 5 years)	-	-
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
10	Investor complaints	-	-
(a)	Directly/Indirectly received		
(b)	Complaints outstanding		

NOTE 6.04 : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

As per the said RBI notification, a comparison (as shown in below Appendix) between provisions required under IRACP and impairment allowances made under Ind AS 109 should be disclosed by NBFC in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses.

As per the said notification, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFC shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

						FY 2025-26
Asset Classification as per RBI Norms	Asset classifica tion as per Ind AS 109	Gross Carrying Amount* as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	542,331.16	1,798.51	540,532.65	2,262.99	(464.48)
	Stage 2	12,583.42	630.47	11,952.95	49.78	580.69
Subtotal		554,914.58	2,428.98	552,485.60	2,312.76	116.22
Non-Performing Assets (NPA)						
Substandard	Stage 3	5,626.51	4,278.70	1,347.81	553.41	3,725.29
Doubtful - up to 1 year	Stage 3	1,225.85	652.95	572.90	230.19	422.76
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,225.85	652.95	572.90	230.19	422.76
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,852.36	4,931.65	1,920.71	783.60	4,148.05
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	39,491.55	111.08	39,380.47	-	111.08
	Stage 2	2.00	0.11	1.89	-	0.11
	Stage 3	-	-	-	-	-
Subtotal		39,493.55	111.19	39,382.36	-	111.19
TOTAL	Stage 1	581,822.71	1,909.58	579,913.12	2,262.99	(353.40)
	Stage 2	12,585.42	630.57	11,954.84	49.78	580.80
	Stage 3	6,852.36	4,931.65	1,920.71	783.60	4,148.05
Total		601,260.49	7,471.81	593,788.67	3,096.37	4,375.45

* Amounts disclosed include Ind AS adjustments

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

						FY 2024-25
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount* as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	599,248.83	2,354.23	596,894.60	2,366.39	(12.15)
	Stage 2	7,330.43	235.76	7,094.67	28.93	206.82
Subtotal		606,579.26	2,589.99	603,989.27	2,395.32	194.67
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,503.55	2,344.18	1,159.37	878.59	1,460.59
Doubtful - up to 1 year	Stage 3	178.38	103.47	74.91	35.31	68.15
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		178.38	103.47	74.91	35.31	68.15
Loss	Stage 3	469.76	472.05	(2.29)	472.05	-
Subtotal for NPA		4,151.69	2,919.70	1,231.99	1,385.95	1,528.75
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	42,580.40	140.67	42,439.73	-	140.67
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		42,580.40	140.67	42,439.73	-	140.67
TOTAL	Stage 1	641,829.23	2,494.90	639,334.33	2,366.39	128.52
	Stage 2	7,330.43	235.76	7,094.67	28.93	206.82
	Stage 3	4,151.69	2,919.70	1,231.99	1,385.95	1,528.75
Total		653,311.35	5,650.36	647,660.99	3,781.27	1,864.09

* Amounts disclosed include Ind AS adjustments

NOTE 6.05 : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

Particulars	As at March 31, 2026		As at March 31, 2025	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
LIABILITIES SIDE				
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a) Debenture : Secured	90,873.77	-	109,805.24	-
: Unsecured	21,338.62	-	21,286.40	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	362,048.16	-	380,780.69	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	16,898.82	-	14,287.85	-
(f) Public Deposits	-	-	-	-
(g) Other Loans - Working capital demand loans from bank	-	-	-	-
Securitization (PTC)	13,033.06	-	19,301.61	-
(g) Overdraft	-	-	-	-
(ii) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(iii) (a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-
ASSETS SIDE				
	As at March 31, 2026		As at March 31, 2025	
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
(a) Secured	506,721.16		504,019.57	
(b) Unsecured	54,894.75		101,603.87	
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities				
(i) Lease assets including lease rentals under sundry debtors:				
(a) Financial lease	-		-	
(b) Operating lease	-		-	
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	-		-	
(b) Repossessed Assets	-		-	
(iii) Other loans counting towards asset financing activities				
(a) Loans where assets have been repossessed	-		-	
(b) Loans other than (a) above	-		-	

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

ASSETS SIDE		As at March 31, 2026	As at March 31, 2025
(5) Break-up of Investments			
Current Investments			
1.	Quoted		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	11,552.66	-
(iii)	Units of mutual funds	-	22,980.06
(iv)	Government Securities	21,318.61	-
(v)	Others (please specify)	-	-
2.	Unquoted		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Commercial paper	-	-
(vi)	Others - Pass through certificates	-	200.68
Long Term investments			
1.	Quoted		
(i)	Shares: (a) Equity		
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	4,940.09
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
2.	Unquoted		
(i)	Shares: (a) Equity	0.67	0.15
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others - Pass through certificates, units of AIF	-	-

(6)	Borrower group-wise classification of assets financed as in (3) and (4) above:		As at March 31, 2026			As at March 31, 2025		
	Category		Amount (net of provisions)					
			Secured	Unsecured	Total	Secured	Unsecured	Total
1.	Related Parties							
	(i)	Subsidiaries	-	-	-	-	-	-
	(ii)	Companies in the same group	-	-	-	-	-	-
	(iii)	Other related parties	-	-	-	-	-	-
2.	Other than related parties		506,721.16	54,894.75	561,615.91	504,019.57	101,603.87	605,623.44

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	As at March 31, 2026		As at March 31, 2025	
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties				
	(i) Subsidiaries	-	-	-	-
	(ii) Companies in the same group	-	-	-	-
	(iii) Other related parties	-	-	-	-
2.	Other than related parties	32,871.94	32,871.94	28,120.98	28,114.94

Particulars		As at March 31, 2026	As at March 31, 2025
(8)	Other information		
(i)	Gross Non-Performing Assets		
(a)	Related parties	-	-
(b)	Other than related parties	6,852.36	4,151.69
(ii)	Net Non-Performing Assets		
(a)	Related parties	-	-
(b)	Other than related parties	1,920.71	1,231.99
(iii)	Assets acquired in satisfaction of debt	-	-

Note 6.06: CWIP ageing and Completion schedule - 31 March 2026

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Projects in progress	95.43	-	-	-	95.43
Projects temporarily suspended	-	-	-	-	-

There were no overrun as on 31 March 2026 on account of cost or timelines for the ongoing projects

CWIP ageing and Completion schedule - 31 March 2025

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Projects in progress	137.62	-	-	-	137.62
Projects temporarily suspended	-	-	-	-	-

There were no overrun as on 31 March 2025 on account of cost or timelines for the ongoing projects

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Note 6.07: Trade Payables aging schedule - 31 March 2026

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled / Provision	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		33.09	-	-	-	33.09
(ii) Others	1,687.38	12.29		-	-	1,699.67
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues – Others	-	-	-	-	-	-
Total	1,687.38	45.38	-	-	-	1,732.76

Trade Payables aging schedule - 31 March 2025

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled / Provision	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	53.44	-	-	-	-	53.44
(ii) Others	1,006.87	20.66	-	-	-	1,027.53
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues – Others	-	-	-	-	-	-
Total	1,060.31	20.66	-	-	-	1,080.97

Note 6.08: Other notes

6.08 (i): Accounting Ratios

Ratios	As at 31 March 2026	As at 31 March 2025
Debt-equity ratio ¹	3.73 : 1	4.38 : 1
Current ratio ²	Not Applicable	Not Applicable
Long term debt to working capital ²	Not Applicable	Not Applicable
Bad debts to Account receivable ratio ²	Not Applicable	Not Applicable
Current liability ratio ²	Not Applicable	Not Applicable
Total debts to total assets ³	0.80:1	0.82 : 1
Gross NPA (%)	1.22%	0.69%
Net NPA (%)	0.35%	0.20%
Capital Adequacy Ratio (CRAR)	23.47%	20.84%

¹ Debt = Debt Securities + Borrowings (other than debt securities) + Subordinated Debt.

² The Company being a Non-Banking Financial Company registered with the Reserve Bank of India, these ratios are not applicable

³ Total debt = Total Liabilities

6.08 (ii): Relationship with struck off companies

The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. during the current year and previous year

6.08 (iii): Registration of charges

For the year ended 31 March 2026

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2026

For the year ended 31 March 2025

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2025

6.08 (iv): Satisfaction of charges

For the year ended 31 March 2026

Satisfaction of charges were performed as per the terms of sanction within due date during the year ended 31 March 2026

For the year ended 31 March 2025

Satisfaction of charges were performed as per the terms of sanction within due date during the year ended 31 March 2025

6.08 (v): Utilization of borrowed funds

(i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, during the current year and previous year.

(ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, during the current year and previous year.

NOTE 6.09 : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28,2025

1 Funding Concentration based on significant counterparty

As on 31 March 2026			
No. of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
27	435,390.71	N.A.	80.81%

As on 31 March 2025			
No. of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
31	462,248.73	N.A.	79.36%

- i) A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.
- ii) Total Liabilities have been computed as Total Assets less Equity share capital less Other Equity.
- iii) The amounts represent outstanding principal as on reporting date

2 Top 20 large deposits

N.A., since Arka Fincap is a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, and does not accept public deposits.

3 Top 10 borrowings

As on 31 March 2026	
Amount	% of Total Borrowings
295,425.69	58.59%

As on 31 March 2025	
Amount	% of Total Borrowings
264,107.72	48.42%

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

4 Funding Concentration based on significant instrument / product

As on 31 March 2026		
Name of the product	Amount	% of Total Liabilities
Commercial Papers	16,898.82	3.14%
NCD	112,212.39	20.83%
Term Loan	362,048.16	67.19%
PTC	13,033.06	2.42%
Cash credit (CC)	-	-
Working capital demand loan (WCDL)	-	-
Total	504,192.43	93.58%

As on 31 March 2025		
Name of the product	Amount	% of Total Liabilities
Commercial Papers	7,500.00	1.29%
NCD	83,333.92	14.31%
Term Loan	351,864.31	60.41%
PTC	19,550.50	3.36%
Cash credit (CC)	-	0.00%
Working capital demand loan (WCDL)	-	-
Total	462,248.73	79.36%

5 Stock ratios

Stock Ratio	31-03-2026 %	31-03-2025 %
Commercial papers as a % of total public funds	3.35	2.75
Commercial papers as a % of total liabilities	3.14	2.58
Commercial papers as a % of total assets	2.51	2.12
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	-	-
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	-	-
Non-convertible debentures (original maturity of less than one year) as a % of total assets	-	-
Other short-term liabilities as a % of total public funds	39.36	6.48
Other short-term liabilities as a % of total liabilities	36.83	6.07
Other short-term liabilities as a % of total assets	29.43	5.00

i) Total Public Funds is defined as total borrowings

6 Institutional set-up for Liquidity Risk Management:

The Board of Directors has constituted the Asset Liability Committee (ALCO) inter-alia to manage liquidity risks faced by the Company. Further, the Board of Directors has constituted the Risk Management Committee for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk. The Company has adopted and put in place an Enterprise Risk Management Policy and Risk Appetite Framework to monitor, report and manage risks across all business verticals and support functions. Further, the RMC monitors various parameters of liquidity risk against prescribed risk appetites.

The Company's liquidity and funding approach is documented through its various plans and policies which ensures that funding is available to meet all market related stress situations

The Company's liquidity management set up is assessed periodically to align same with regulatory changes, the economic landscape or business needs.

NOTE 6.10 : Disclosures Pursuant to Master Direction – (Non-Banking Financial Companies – Financial Statements and Disclosures) Directions, 2025 dated November 28,2025

Liquidity Coverage Ratio (LCR)

"The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The mandated regulatory threshold as per the transition plan is embedded into the policy to ensure maintenance of adequate liquidity buffers. LCR computations are reported to ALCO and the Board for oversight and periodical review.

The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

LCR guidelines have become effective from 1 December 2020, requiring NBFCs to maintain minimum LCR of 50%, LCR is gradually required to be increased to 100% by 1 December 2024. LCR for quarter ended March 31, 2026 stood at 146.36%

High Quality Liquid Assets (HQLA)	For the quarter ended 31 March 2026		For the quarter ended 31 Dec 2025		For the quarter ended 30 Sept 2025		For the quarter ended 30 June 2025		For the quarter ended 31 March 2025	
	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)
1 ** Total High Quality Liquid Assets (HQLA)	23,887.14	23,887.14	26,888.45	26,888.45	26,761.97	26,761.97	41,796.31	41,796.31	67,949.48	67,949.48
CASH OUTFLOWS	-	-	-	-	-	-	-	-	-	-
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	3,713.52	4,270.55	2,254.48	2,592.65	5,771.09	6,636.75	1,667.07	1,971.13	7,602.00	8,742.30
4 Secured wholesale funding	24,413.56	28,075.59	22,758.05	26,171.75	18,409.16	21,170.54	15,537.57	17,868.21	27,753.65	31,916.70
5 Additional requirements, of which	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

High Quality Liquid Assets (HQLA)	For the quarter ended 31 March 2026		For the quarter ended 31 Dec 2025		For the quarter ended 30 Sept 2025		For the quarter ended 30 June 2025		For the quarter ended 31 March 2025	
	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	25,209.99	28,991.49	32,392.17	37,251.00	23,768.12	27,333.33	25,501.45	29,326.67	-	-
7 Other contingent funding obligations	3,431.15	3,945.82	3,000.53	3,450.60	2,463.88	2,833.47	1,740.94	2,002.08	20,654.27	23,752.41
8 TOTAL CASH OUTFLOWS	56,768.21	65,283.44	60,405.22	69,466.01	50,412.25	57,974.09	44,447.03	51,114.09	56,009.92	64,411.41
CASH INFLOWS										
9 Secured Lending	-	-	-	-	-	-	-	-	21,510.94	16,133.20
10 Inflows from fully performing exposures	33,892.93	25,419.70	32,417.92	24,313.44	31,304.68	23,478.51	27,529.99	20,647.49	-	-
11 Other cash inflows	46,741.28	35,055.96	72,318.67	54,239.00	54,577.78	40,933.33	35,505.33	26,629.00	17,166.34	12,874.76
12 TOTAL CASH INFLOWS	80,634.21	60,475.66	104,736.58	78,552.44	85,882.46	64,411.84	63,035.33	47,276.49	38,677.28	29,007.96
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA		23,887.14		26,888.45		26,761.97		41,796.31		67,949.48
14 TOTAL NET CASH OUTFLOWS		16,320.86		17,366.50		14,493.52		12,778.52		35,414.51
15 LIQUIDITY COVERAGE RATIO (%)		146.36%		154.83%		184.65%		327.08%		191.87%

⁽¹⁾ Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

⁽²⁾ Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Composition of HQLAs

High Quality Liquid Assets (HQLA)	For the quarter ended 31 March 2026		For the quarter ended 31 Dec 2025		For the quarter ended 30 Sept 2025		For the quarter ended 30 June 2025		For the quarter ended 31 March 2025	
	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)	Total Unweighted ⁽¹⁾ Value (average)	Total Weighted ⁽²⁾ Value (average)
1 Assets to be included as HQLA without any haircut	23,887.14	23,887.14	26,888.45	26,888.45	26,761.97	26,761.97	41,796.31	41,796.31	67,949.48	67,949.48
(i) Bank Balance/ Investment	4,442.78	4,442.78	6,112.75	6,112.75	8,127.12	8,127.12	6,698.98	6,698.98	67,949.48	67,949.48
(ii) G Sec	19,444.36	19,444.36	20,775.70	20,775.70	18,634.85	18,634.85	35,097.33	35,097.33	-	-
2 Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-	-	-
3 Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-	-	-
4 Approved securities held as per the provisions of section 45 IB of RBI Act – Government securities	-	-	-	-	-	-	-	-	-	-
Total HQLA	23,887.14	23,887.14	26,888.45	26,888.45	26,761.97	26,761.97	41,796.31	41,796.31	67,949.48	67,949.48

Notes to the financial statements

For the year ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 7.01 :Segment Reporting

The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

NOTE 7.02 :Other significant notes

- 1

The Government of India, vide notification dated November 21 , 2025, has notified the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as “the Labour Codes”), which consolidate and replace existing multiple labour legislations. In accordance with the requirements of Ind AS 19, “Employee Benefits,” changes to employee benefit plans resulting from legislative amendments constitute a plan amendment, necessitating the immediate recognition of any variation in the cost upon such notification. Consequently, the Company has evaluated the potential impact and recognized an estimated past service costs amounting to ₹ 2.05 crore which has been disclosed seperately as Exceptional items - Expenses / (Income) in the standalone financial results for year ended March 31, 2026. As the underlying Rules to the Labour Codes are yet to be notified, the Company will continue to monitor further developments and will evaluate and give effect to any consequential adjustments arising subsequently in this respect.
- 2

Audit trail

The Company is using multiple accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except in respect of one accounting software where audit trail feature is enabled through a third party tool at the database level throughout the year. Audit trails in the application systems and database were not disabled during the year. Adequate internal controls are in place to protect audit trail from any modification . Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention to the extent enabled.
- 3

Events after the reporting date

Subsequent events are tracked and evaluated by the Company. There are no events / information which requires adjustment to the financial statements as per Ind AS 10
- 4

The Company has not traded or invested in Crypto Currency or Virtual Currency during the current year and previous year.
- 5

The Company does not have any income from undisclosed transactions during the year ended 31 March 2026 and 31 March 2025
- 6

The Company does not have any restructured accounts for the year ended and as on 31 March 2026 and 31 March 2025
- 7

During the year ended 31 March 2024, the Company had made provision of ₹ 1,528.50 lakh against its investments in Alternate Investment Funds (AIFs) as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 and RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024. During the quarter ended 30 June 2024, the Company had reversed the provision to the extent of ₹ 742.10 lakh. The balance provision of ₹ 786.40 lakh has been reversed during the quarter ended 30 September 2024 which is in compliance with the above-mentioned RBI circulars.

NOTE 7.03 : Regrouping and / or reclassification

Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

As per our attached report of even date

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.: 302049E

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 30 April 2026

For and on behalf of the Board of Directors of
Arka Fincap Limited

Samrat Gupta
Managing Director
DIN: 07071479

Ridhi Gangar
Chief Financial Officer

Place: Mumbai
Date: 30 April 2026

Hoshang Sinor
Director
DIN: 00074905

Niki Mehta
Company Secretary



REGISTERED OFFICE AND CORPORATE OFFICE

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