



ARKA FINCAP LIMITED

CIN: U65993MH2018PLC308329

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**Subject: Intimation with respect of deduction of Tax at Source (TDS) on interest payable on Non-Convertible
Debentures – ARKA Fincap Limited**

Dear Debenture Holders,

Greetings from ARKA Fincap Limited,

In accordance with the Income Tax Act, 2025 , effective from April 1, 2026 the Company is required to deduct Tax at Source (TDS) on the interest payable to Debentures Holders as per prescribed rates. The TDS rate may vary depending upon the availability of valid PAN, residential status, category of Bondholder, etc. and is subject to provision of requisite documents / declarations received by us from the debenture holders. The rate of TDS, applicability of exemption (if any) along with documents required for various categories of Debentures Holders is enumerated below:

Resident Debenture Holder:

Particulars	Applicable Rate	Documents required (if any)
With PAN	10% (on the amount exceeding the basic exemption limit of 10,000 rupees)	Update/Verify the PAN, and the residential status as per Income Tax Act, 2025 (“Act”)
Without PAN/ Invalid PAN/PAN not linked with Aadhar	20%	-
Submitting Form No. 121 (Part A)	NIL	Declaration in online Form No. 121 (Part A) , fulfilling certain conditions. The Link to obtain the declaration form is given herein below. PAN is mandatory to provide in Form 121 . Declaration provided in Form 15G / 15H for Tax Year 2026-27 will not be considered for providing exemptions as the same is replaced with Form 121 as per Income Tax Act 2025. Guidance note for filing Form 121 is annexed in the mail alongwith Form 121.
Submitting Certificate under Section 395 of the Income Tax Act, 2025	Rate provided in the Certificate	Lower/NIL withholding tax certificate obtained from tax authority.

Non-Resident Debenture holders:

Particulars	Applicable Rate	Documents required (if any)
Non-resident investors being Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI): Tax is required to be withheld in accordance with the provisions of Section 393 (2) of the Act at applicable rates in force.	20% (plus highest applicable surcharge and cess) or tax treaty rate whichever is beneficial.	To avail beneficial rate of tax as per treaty following documents would be required: <ol style="list-style-type: none">1. 1.In case of FPI/FII, Copy of SEBI registration certificate. 2. Self-attested Tax Residency certificate (TRC) (for Tax Year 2026-27), valid as on record date of interest payment, obtained from the tax authorities of the country of which the debenture holder is resident. In case, the TRC is furnished in a language other than English, the official translated copy of TRC would be required. 3. Self-certified PAN, if available 4. 4. Form No. 41 in electronic format as required by Notification No 03/2022

		<p>5. 5. Self-declaration for non-existence of permanent establishment/ fixed base in India, beneficial ownership and eligibility to Tax Treaty benefit (for Tax Year 2026-27) including declaration by the investor regarding the satisfaction of the place of effective management (POEM), principal purpose test, GAAR, Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements. In case of investor being tax resident of Singapore proof of satisfying requirement of Article 24-Limitation of Relief should be provided.</p>
Other Non-resident Investors	30% (plus highest surcharge and cess) OR Tax Treaty Rate (whichever is lower)	<p>To avail beneficial rate of tax as per treaty following documents would be required:</p> <ol style="list-style-type: none"> 1. In case of FPI/FII, Copy of SEBI registration certificate. 2. Self-attested Tax Residency certificate (TRC) (for Tax Year 2026-27), valid as on record date of interest payment, obtained

		<p>from the tax authorities of the country of which the debenture holder is resident. In case, the TRC is furnished in a language other than English, the official translated copy of TRC would be required.</p> <ol style="list-style-type: none">3. Self-certified PAN, if available4. Form No. 41 in electronic format as required by Notification No 03/20225. Self-declaration for non-existence of permanent establishment/ fixed base in India, beneficial ownership and eligibility to Tax Treaty benefit (for Tax Year 2026-27) including declaration by the investor regarding the satisfaction of the place of effective management (POEM), principal purpose test, GAAR, Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements. In case of investor being tax resident of Singapore proof of satisfying
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		requirement of Article 24-Limitation of Relief should be provided.
Submitting Order u/s 395 (i.e. lower or NIL withholding tax certificate)	Rate provided in the Certificate	Lower/NIL withholding tax certificate obtained from tax authority.

Note:

- If the PAN is not as per the database of the Income-Tax Portal, it would be considered as invalid PAN.
- The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction / withholding on interest amounts. Application of beneficial Tax Treaty Rates shall depend upon the completeness of the documents submitted by the Non- Resident Debenture holders and review to the satisfaction of the Company.
- Considering the transferability of NCD's and the practical difficulty in computing aggregate interest payments made for the financial year, the Company will deduct tax without considering basic exemption limit of Rs 10,000 for individual resident and will apply highest surcharge rate applicable to non-resident debenture holder.
- All the declarations and documents to avail the benefit of non- deduction of tax at source to be uploaded on [Click here](#) Please note that submission of documents by mail or by fax/courier/ speed post will not be considered for availing benefit of TDS

Given the short timelines involved, the Company will not intimate debenture holders of any discrepancy and will proceed to deduct tax in accordance with Income Tax Act, 2025. The Company's Decision in this regard shall be final and no amount shall be refunded for tax deducted

Debenture holders should submit declarations in prescribed forms to avail the benefit of non-deduction of tax at source by uploading the aforesaid documents as applicable to [Click here](#) at least 15 days prior to interest/principal payment_date to enable the Company to determine the appropriate TDS rates. No communication on the tax determination/deduction received

post timings mentioned above shall be considered for payment of the Interest. It is advisable to upload the documents at the earliest to enable the Company to collate the documents to determine the appropriate TDS rates.

Kindly note that the aforementioned documents are required to be submitted at least 15 days prior to interest/principal payment date in order to enable the Company to determine and deduct appropriate TDS/ withholding tax rate. No communication on the tax determination/deduction shall be entertained post timings mentioned above. It may be further noted that in case the tax on said Interest is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. It is advisable to send the documents at the earliest to enable the Company to collate the documents to determine the appropriate TDS rates.

All communications/ queries in this respect should be addressed and sent to our RTA, MUFGE Intime India Private Limited (Formerly Link Intime India Private Limited) at its email address Bonds Helpdesk bonds.helpdesk@in.mpms.mufg.com

If the tax on said interest is deducted at a higher rate in absence of receipt of or satisfactory completeness of the aforementioned details / documents on or before timelines as mentioned above, the Debenture holders may claim an appropriate refund in the return of income filed with their respective Tax authorities.

No claim shall lie against the Company for such taxes deducted.

Debenture holders will be able to see the credit of TDS in Form 26AS, wherever PAN is available which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal>

In the event of any income-tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Debenture holders, such Debenture holders will be responsible to pay and indemnify such income-tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income-tax/appellate authority.

Debenture holders will be able to see the credit of TDS in Form 26AS, wherever PAN is available which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>

To view / download Form 121 [Click here](#)

To view / download Guidance Note [Click here](#)

ABOVE COMMUNICATION ON TDS SETS OUT THE PROVISIONS OF LAW IN A SUMMARIZED MANNER ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES. DEBENTURE HOLDER SHOULD CONSULT WITH THEIR OWN TAX ADVISORS FOR THE TAX PROVISIONS APPLICABLE TO THEIR PARTICULAR CIRCUMSTANCES.

Thanking You,
Secretarial Team
For ARKA FINCAP LIMITED

A Kirloskar Group Company

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