

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, 2025, 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 significant 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, 2025, 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, 2025. 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	
	<p>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.</p>	<p>Our Audit Approach:</p> <p>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.</p> <p>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.</p> <p>In particular, our activity included the following:</p> <p>General IT controls design, observation and operation:</p> <ul style="list-style-type: none"> ➤ 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. <p>User access controls operation:</p> <ul style="list-style-type: none"> ➤ 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. <p>Application controls:</p> <ul style="list-style-type: none"> ➤ 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



Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<p>and, where necessary, extended the scope of our substantive audit procedures.</p> <ul style="list-style-type: none"> ➤ 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)	
	<p>Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loan & Advances and Investments ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances and Investments.</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <p>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</p>	<p>Our Audit Approach: Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> ➤ 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. ➤ 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. ➤ 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. ➤ Performed test of details over calculation of ECL, in relation to the completeness and accuracy of the data; ➤ Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; ➤ Discussed with the management, the approach, interpretation, systems and controls implemented in

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>exposures are reviewed and accounted on a case by case basis.</p> <p>b) Determining effect of less frequent past events on future probability of default.</p> <p>c) Grouping of borrowers based on homogeneity by using appropriate statistical techniques.</p> <p>d) Determining macro-economic factors impacting credit quality of receivables.</p> <p>e) Data inputs - The application of ECL model requires inputs from several data sources.</p>	<p>relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals.</p> <p>➤ 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.</p>

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, 2025 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 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.
15. As required by Section 143(3) of the Act, we report that:
 - 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.
 - 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 matters stated in the paragraph 16.6 below on reporting under Rule 11(g).
 - 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.
 - 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.
 - 15.5. On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors in the meeting dated April 30, 2025, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.



- 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
- 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, 2025 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 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:
- 16.1. The Company has disclosed the impact of pending litigations as at March 31, 2025 on its financial position in its Financial Statements – Refer Note 5.06 to the Financial Statements;
- 16.2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- 16.3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 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.
- (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
- (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
- 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, further, the Company has declared and paid an interim dividend during the year which is in compliance with Section 123 of the Act.



16.6. Based on our examination, which included test checks, the Company has used various accounting software(s) for maintaining its books of account which has a feature of recording audit trail (edit log) facility and has been operated throughout the year for all relevant transactions recorded in the respective software(s), except that:

a) audit trail feature is not enabled at the database level throughout the year in respect of three accounting applications(s);

Hence, we are unable to comment upon whether the required provisions of the Act regarding audit trail for these software(s) have been complied with in all aspects. Further, except for the accounting software(s) referred in above paras, where the audit trail feature is not enabled, during the course of our examination, in respect of the other accounting software(s) being used by the Company, we did not come across any instance of audit trail feature being tampered with or audit trail retention not being maintained.

For Singhi & Co.

Chartered Accountants

Firm Registration Number: 302049E



Shweta Singhal

Partner

Membership No: 414420

Place: Mumbai

Date: April 30, 2025

UDIN: 25414420 BML EJT 2561

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, 2025 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 at reasonable intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the operations of the Company 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.

(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.

ii.

(a) The Company is primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus, paragraph 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 on the basis of security of current assets. Based on the information and explanations provided to us, and on the audit procedures performed, we have not come across any discrepancies between the information submitted in the quarterly returns/statements filed by the Company (up to the date of signing the financial statements and not considering provisional submissions) with such banks or financial institutions, and the books of account and other relevant information provided by the Company.

iii.

(a) The Company is primarily engaged in lending activities and hence reporting under paragraph 3(iii)(a) of the order is not applicable to the Company.

(b) Considering that the Company is a Non – Banking Finance Company, the investments made, security given 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 during the year

(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, 2025 is as under:

No. of cases	Principal amount overdue (Rs in lakhs)	Interest overdue# (Rs in lakhs)	Total overdue# (Rs in lakhs)	Remarks (if any)
735	3,881.83	269.86	4,151.69	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 IndAS adjustments

- (e) The Company is engaged primarily in lending activities and hence reporting under paragraph 3(iii)(e) of the order is not applicable to the Company.

- (f) Basis the information and explanations provided to us, we did not come across loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Thus, reporting under paragraph 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, investments, guarantees and security given, as applicable 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 not accepted any deposit or 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 Companies Act, 2013 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 paragraph 3(vi) of the Order is not applicable to the Company.
- vii. In respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except in case of Professional Tax and Labour Welfare Fund.

There were no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues in arrears as at March 31, 2025, for a period of more than six months from the date they became payable.



- (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.
- viii. According to the information and explanations given to us, there are no transactions which have not been recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 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) Basis the information and explanation provided to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (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.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis do not seem to have been utilized during the year for long-term purposes.
- (e) The Company does not have any subsidiaries / associates / joint ventures. Accordingly, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.
- x.
- (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3 (x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under paragraph 3 (x)(b) of the Order is not applicable to the Company.
- xi.
- (a) According to the information, explanations and representations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (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.
- (c) According to the information and explanations given to us, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to 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.



- xiv. (a) In our opinion the company has an adequate internal audit system commensurate with the size and nature of its business.
- (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.
- xv. According to the information and explanations given by the management, the Company has not entered into non-cash transactions with directors or persons connected with them as referred to in Section 92 of the Act. Accordingly, reporting under paragraph 3(xv) 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 (2 of 1934).
- (b) According to the information and explanations given to us, the company holds a valid Certificate of Registration (CoR).
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under paragraph 3 (xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has one Core Investment Company (CIC) as part of its Group (as identified by the management and reported to the RBI), which is in the process of registration with the RBI. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.
- 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.
- xviii. There has been a resignation of the Statutory Auditors of the company during the year in lieu of RBI Circular no. RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 relating to Guidelines for appointment of Statutory Auditors and no issue, objection or concern was raised by the erstwhile auditor.
- xix. According to the information and explanations given to us and on the basis of the financial ratios disclosed in Note 6.09 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 by the Company as and when they fall due.

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.



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.
- (b) According to the information and explanations given to us, the amount 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 has be 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.

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.

For Singhi & Co.
Chartered Accountants
Firm Registration Number: 302049E



Shweta Singhal
Partner
Membership No: 414420

Place: Mumbai
Date: April 30, 2025
UDIN: 25414420 BMLEJT2561

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in paragraph 15.6 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, 2025 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, 2025 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 principles. 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



Shweta Singhal

Partner

Membership No: 414420

Place: Mumbai

Date: April 30, 2025

UDIN: 25414420 BMLEJT2561

BALANCE SHEET

AS AT 31 MARCH 2025

(In Rupees Lakhs)

Particulars	Note	As at 31 March 2025	As at 31 March 2024
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	63,571.02	39,252.96
Bank balances other than cash and cash equivalents	3.02	1,816.57	-
Receivables			
Trade receivables	3.03	-	20.25
Loans	3.04	6,00,060.92	4,70,488.06
Investments	3.05	28,114.94	9,070.85
Other financial assets	3.06	8,511.72	5,409.75
		7,02,075.17	5,24,241.87
Non-financial assets			
Current tax assets (net)	3.07	2,645.31	1,819.33
Deferred tax assets (net)	3.08	-	893.08
Property, plant and equipment	3.09	1,443.39	1,814.99
Capital work-in-progress	3.10	137.62	19.31
Intangible assets	3.11	145.65	249.28
Other non-financial assets	3.12	750.88	564.55
		5,122.85	5,360.54
TOTAL ASSETS		7,07,198.02	5,29,602.41
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payable			
Trade payables	3.13	53.44	79.73
(i) total outstanding to micro enterprises and small enterprises		1,027.53	536.13
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
Debt securities	3.14	1,24,093.09	1,25,150.32
Borrowings (other than debt securities)	3.15	4,00,082.30	2,43,153.65
Subordinated Debt	3.16	21,286.40	13,832.98
Other financial liabilities	3.17	27,713.31	22,602.86
		5,74,256.07	4,05,355.67
Non-financial liabilities			
Provisions	3.18	4,094.08	3,532.21
Deferred tax liabilities (Net)	3.08	778.07	-
Other non-financial liabilities	3.19	3,343.52	3,046.09
		8,215.67	6,578.30
TOTAL LIABILITIES		5,82,471.74	4,11,933.97
Equity			
Equity share capital	3.20	92,872.81	92,872.81
Other equity	3.21	31,853.47	24,795.63
TOTAL EQUITY		1,24,726.28	1,17,668.44
TOTAL LIABILITIES AND EQUITY		7,07,198.02	5,29,602.41

The accompanying summary of material accounting policy information and notes form an integral part of the Financial Statements

2

As per our attached report of even date

For Singhi & Co.

Chartered Accountants

ICAI Firm Registration No : 302049E

Shweta Singhal

Partner

Membership No 414420



For and on behalf of the Board of Directors of
Arka Fincap Limited

Sameer Gupta
Managing Director
DIN: 07071479

Ridhi Gangar
Chief Financial Officer

Gauri Kirloskar
Non Executive Director
DIN: 03366274

Niki Mehta
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2025

(All amounts in Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2025	For the year ended 31 March 2024
Revenue from operations	4 01		
Interest income		67,190.91	49,041.60
Fees and commission income		3,329.62	1,220.71
Gain on derecognition of financial assets measured at amortised cost		4,676.02	1,008.73
Net gain on fair value changes		2,245.27	2,093.12
Total revenue from operations		77,441.82	56,366.16
Other income	4 02	1,351.37	709.90
Total income		78,793.19	57,076.06
Expenses			
Finance costs	4 03	45,551.27	31,533.12
Impairment on financial instruments	4 04	5,304.16	2,561.19
Employee benefit expenses	4 05	12,601.47	7,864.18
Depreciation, amortisation and impairment	4 06	767.01	772.12
Other expenses	4 07	5,157.52	3,437.74
Total expenses		69,381.43	46,168.35
Profit before exceptional items and tax		9,411.76	10,907.71
Exceptional items - Expenses / (Income)		(1,528.50)	1,528.50
Profit before tax		10,940.26	9,379.21
Tax expense:	4 08		
1 Current tax		1,253.68	2,049.53
2 (Excess)/Short provision related to earlier years		(30.11)	-
3 Deferred tax expense/(income)		1,681.09	406.60
Total tax expenses		2,904.66	2,456.13
Profit after tax		8,035.60	6,923.08
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(38.12)	(27.18)
- Income tax relating to items that will not be reclassified to profit or loss		9.59	6.84
Subtotal (A)		(28.53)	(20.34)
Items that will be reclassified to profit or loss			
- Fair valuation of equity investments		(1.34)	-
- Income tax relating to items that will be reclassified to profit or loss		0.34	-
Subtotal (B)		(1.00)	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B), net of tax		(29.53)	(20.34)
Total comprehensive income for the year		8,006.07	6,902.74
Earnings per equity share	5 01		
Basic earnings per share (₹)		0.87	0.75
Diluted earnings per share (₹)		0.86	0.74
(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

2

As per our attached report of even date

For Singhi & Co.

Chartered Accountants

ICAI Firm Registration No. 302049F

Shweta Singhal

Partner

Membership No. 414420



For and on behalf of the Board of Directors of
Arka Fincap Limited

Samir Chugh
Managing Director
DIN 07071479

Ridhi Gangar
Chief Financial Officer

Gauri Kirloskar
Non Executive Director
DIN 03366274

Nikhil Mehta
Company Secretary

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
A Cash Flow from Operating Activities		
Net profit before tax	10,940.26	9,379.21
Adjustments for :		
Depreciation and amortisation	767.01	772.12
Loss on sale of Property, Plant and Equipment	2.02	7.44
Provision for expected credit loss	5,304.16	2,561.19
Provision for share based payments	73.39	212.72
Fair value loss / (gain) on investments	(382.49)	2.67
Finance cost	45,551.27	31,533.12
Interest received on fixed deposits	(171.44)	(746.45)
Profit on sale of investments	(1,862.78)	(2,095.79)
Gain on derecognition of financial assets measured at amortised cost (unrealised)	(4,676.02)	(3,819.15)
Provision for investments in Arka Credit Fund I	(1,528.50)	1,528.50
Interest received on debt instrument	(1,215.81)	(2,039.74)
Interest income on security deposit	(18.24)	(32.30)
Interest income on investments in AIF	(10.04)	(216.49)
Operating profit before working capital changes	52,772.78	37,047.05
Working capital adjustments		
(Increase)/Decrease in loans and advances	(1,34,677.42)	(1,04,495.99)
(Increase)/Decrease in trade receivables	20.25	(20.25)
(Increase) / Decrease in security deposits	(79.84)	268.71
(Increase) / Decrease in Prepaid expenses	7.48	46.60
(Increase) / Decrease in Other financial assets	1,709.10	(618.80)
(Increase) / Decrease in Other non-financial assets	(193.81)	(346.70)
Increase/(Decrease) in provisions	304.59	(43.98)
Increase/(Decrease) in trade payable	465.11	453.64
Increase/(Decrease) in Other financial liabilities	5,412.32	12,062.27
Increase/(Decrease) in Other non-financial liabilities	256.05	(1,042.30)
Cash used in operating activities	(74,003.39)	(56,689.75)
Direct taxes paid	(2,049.54)	(3,423.00)
Net cash generated from / (used in) operating activities (A)	(76,052.93)	(60,112.75)
B Cash flows from investing activities		
Interest received on fixed deposits	171.44	746.45
Receipt on sale / redemption of Investments	3,62,729.07	4,25,030.18
Interest received on debt instrument	1,215.82	2,039.74
Interest received on investments in AIF	10.04	216.49
(Increase) / decrease in other bank balance	(1,816.57)	1,022.19
Payments on purchase of investment	(3,77,981.17)	(3,94,375.24)
Payments for Purchase of Property, Plant and Equipment	(307.73)	(1,012.40)
Payments for Purchase of Other Intangible assets	-	(89.65)
Net cash generated from / (used in) investing activities (B)	(15,979.10)	33,577.76



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

(As per the Ind AS 7)

Particulars

For the year ended 31
March 2025For the year ended
31 March 2024

Cash flow from Financing Activities		3,699.79
Proceeds from issue of equity share capital (including securities premium)	1,57,679.11	47,540.09
Proceeds from Bank and NBFCs Borrowings	11,823.84	15,079.00
Proceeds from issuance of Non-Convertible Debentures	(7,412.99)	7,824.32
Proceeds from issuance of Commercial Papers	(44,236.68)	(31,424.13)
Finance cost paid	(481.59)	(390.18)
Lease liability paid	(1,021.60)	-
Dividend Paid	1,16,350.09	44,349.07
Net cash generated from / (used in) financing activities (C)	24,318.06	17,814.08
Net Increase in cash and cash equivalents (A) + (B) + (C)	39,252.96	21,438.88
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		
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks	33,551.60	39,252.96
- in current accounts	30,019.42	-
Deposits with original maturity of less than three months	63,571.02	39,252.96
Total		

Particulars

For the year ended 31
March 2025For the year ended
31 March 2024

Additional disclosure pursuant to Ind AS 7		
Opening balance of debt securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	3,82,136.95	3,11,581.85
Cash flow (net)	1,62,089.96	70,463.41
Non cash changes	1,234.88	91.69
Opening balance of debt securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	5,45,461.79	3,82,136.95

Refer Note 5.07 for movement in lease liabilities

Refer Note 3.09 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

As per our attached report of even date

For Singh & Co.

Chartered Accountants

ICAI Firm Registration No. 302049E

Shweta Singhal
Partner

Membership No. 414420

Place Mumbai
Date 30 April 2025For and on behalf of the Board of Directors of
Arka Fincap LimitedSamrat Gupta
Managing Director
DIN 7071479Ridhi Gangar
Chief Financial OfficerPlace Mumbai
Date 30 April 2025Gauri Kirloskar
Non Executive Director
DIN 03366274Niki Mehta
Company Secretary

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2025

(Continued from Page 11 of 12)

(a) Equity Share Capital (Refer Note 3.20)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 1 April 2023	89,40,21,166	89,402.13
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 1 April 2023	89,40,21,166	89,402.13
Shares issued during the year	1,17,05,842	4,470.33
Balance as at 31 March 2024	92,87,28,108	92,872.81
Balance as at 1 April, 2024	92,87,28,108	92,872.81
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 1 April 2024	92,87,28,108	92,872.81
Changes in equity share capital during the year	-	-
Balance as at 31 March 2025	92,87,28,108	92,872.81

(b) Other equity (Refer Note 3.21)

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	
Balance at 1 April 2023	2,337.15	927.21	4,631.25	8,555.12	-	16,450.73
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 1 April 2023	2,337.15	927.21	4,631.25	8,555.12	-	16,450.73
Profit for the year	-	-	-	6,923.08	-	6,923.08
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	(20.34)	-	(20.34)
Total	2,337.15	927.21	4,631.25	15,457.86	-	23,353.47
Transferred from Retained earnings	1,384.62	-	-	(1,384.62)	-	-
Share based payment expense (net)	-	212.75	-	-	-	212.75
Shares issued during the year	-	-	1,229.41	-	-	1,229.41
Balance as at 31 March 2024	3,721.77	1,139.96	5,860.66	14,073.24	-	24,795.63
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	-	73.37	-	-	-	73.37
Interim Dividend for the year ended 31 March 2025	-	-	-	(1,021.60)	-	(1,021.60)
Balance as at 31 March 2025	5,328.89	1,062.85	5,860.66	19,602.07	(1.00)	31,853.47

The accompanying summary of material accounting policy information and notes form an integral part of the Financial Statements

As per our attached report of even date

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No. 302049E

Soweta Singhal
Partner
Membership No. 414420



For and on behalf of the Board of Directors of
Arka Fincap Limited

Santosh Gupta
Managing Director
DIN: 07074179

Rishi Gangar
Chief Financial Officer

Gauri Kirloskar
Non Executive Director
DIN: 03366274

Niki Mehta
Company Secretary

Place Mumbai
Date: 30 April 2025

Place Mumbai
Date: 30 April 2025

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 wholly owned subsidiary of Arka Financial Holdings Private Limited ("AFHPL") and its ultimate holding company is Kirloskar Oil Engines Limited. The Company is primarily engaged in lending activities. 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 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 RBI notification no. RBI/2019-20/170 DOR NBFC/CC PD No 109/22 IO 106/2019-20 dated March 13, 2020. 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 2025 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 2025.

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 2025, 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

Amounts in the financial statements are presented in Indian Rupees in Lakhs (rounded off to two decimal places) which is determined to be the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements.

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.

Financial assets included within the FVOCI category are measured subsequently at each reporting date at fair value. Interest income and impairment loss are recognised in the statement of profit and loss. Fair value movements on subsequent measurement are recognised in the OCI.



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. Net gain or loss, including interest and other income are recognized in the Statement of Profit and Loss.

a) Business Model (BM) Assessment

In order to arrive at the appropriate Business Model, the following factors are considered by the Company

- How the performance of the business model (including the financial assets in that business model) are evaluated and reported to key management personnel within the Company
- The risks that affect the performance of the business model (and the financial assets in it) and how those risks are managed

Changes in Business Model

The Company periodically reviews and updates the existing business model for its portfolio as long as these changes are expected to be infrequent, significant to the entity's operations, and demonstrable to external parties.

b) Solely Payments of Principal and Interest (SPPI) Test

Contractual Cash Flow Assessment

To determine whether a financial asset is measured at either amortized cost or FVOCI, the Company has considered whether the cash-flows from the financial asset are solely for the payments of principal and interest ("SPPI")

For the purpose of Ind AS 109, principal and interest are defined as follows

- Principal is the fair value of the financial asset at initial recognition
- Interest is consideration for
- The time value of money
- Credit risk associated with the principal amount
- In addition, interest may also include consideration for other basic lending risks such as liquidity risk and costs of holding the asset (e.g. administrative costs)
- Interest may include a profit margin that is consistent with a basic lending arrangement

If the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding then the SPPI criteria is met.

The Company classifies its financial assets into the following four categories

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Initial measurement, classification and subsequent measurement of Financial Liabilities and Equity Instruments

The Company classifies these instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

iv) 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.

v) Financial liabilities

The Company's borrowings include bonds, commercial paper, borrowings from banks, etc. Debt securities issued, subordinated liabilities and other borrowings are initially measured at fair value less directly attributable transaction costs and subsequently measured at their amortised cost using the EIR method.

Initial recognition and subsequent measurement of financial liability is based on their classification.

The Company's most of the Financial Liabilities are measured initially and subsequently measured at amortised cost.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

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.

iii) 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



iv) Impairment of financial assets

The Company records allowance for expected credit losses (ECL) for all loans and debt investments, together with loan commitments to customers

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 three stages reflect the general pattern of credit deterioration of a financial asset

The company categorizes financial assets at the reporting date into stages based on the days past due (DPD) status as under

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

Based on the above, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3 as under

Stage 1: When loans are first recognized, the Company recognizes an allowance based on 12 months' expected credit loss

Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for the lifetime expected credit loss

Stage 3: When a loan is credit impaired, the Company records an allowance for the lifetime expected credit loss

Exposure-At-Default (EAD): The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments

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%

2.06 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

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 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 result in impairment gains and will be recognized in the Statement of Profit and Loss

2.07 Fair value measurement

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments. Management regularly reviews significant unobservable inputs and valuation adjustments

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

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



2.08 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.

2.09 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)	2 years	5 years
Leasehold Improvements	5 years	As per Lease Term
Furniture & Fixtures	10 years	10 years
Motor vehicles	5 years	8 years
Computer Equipment		
-Desktop/laptop	3 years	3 years

Depreciation on addition is provided from put to use date of assets.

2.10 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.

2.11 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.

2.12 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 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.



2.13 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. 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.

2.14 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.

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 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.

vi) Share based payments Transactions

Share-based compensation benefits are provided to the employees through the Employee Stock Option Scheme 2019 ("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.

2.15 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.



2.16 Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using incremental borrowing rates of the Company. 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.

2.17 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 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.

2.18 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

Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of mutual fund units is determined based on the first in first out (FIFO) method.

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.



2.19 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.

2.20 Critical Accounting Estimates and Judgements

The preparation of the Company's financial statements 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. 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.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the Company's accounting policies.

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

2.21 NEW STANDARDS/AMENDMENTS NOTIFIED BUT NOT YET EFFECTIVE:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Balances with banks		
- in current accounts	33,551.60	39,252.96
- Deposits with original maturity of less than three months	30,019.42	-
	63,571.02	39,252.96

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Deposits with original maturity of more than three months	1,816.57	-
	1,816.57	-

Bank balances other than cash and cash equivalents represent fixed deposits which are lien marked against borrowings from securitization transaction (i.e. PTC)

NOTE 3.03 : Trade receivables

Particulars	As at 31 March 2025	As at 31 March 2024
Trade receivables (Unsecured - considered good)	-	20.25
	-	20.25

Refer Note 6.07 for ageing schedule

There are no dues from private company in which director(s) of the Company is a director(s) or member(s)

NOTE 3.04 : Loans (At amortised cost)

Particulars	As at 31 March 2025	As at 31 March 2024
(A)		
Term Loan	6,05,590.18	4,72,830.06
Employee Loan	-	0.85
Total - Gross	6,05,590.18	4,72,830.91
Less: Impairment loss allowance	(5,529.26)	(2,342.85)
Total - Net	6,00,060.92	4,70,488.06
(B)		
Secured by tangible assets	5,03,986.31	4,15,130.75
Unsecured	1,01,603.87	57,700.16
Total - Gross	6,05,590.18	4,72,830.91
Less: Impairment loss allowance	(5,529.26)	(2,342.85)
Total - Net	6,00,060.92	4,70,488.06
(C)		
(i) Loans in India		
Public sector	-	-
Others	6,05,590.18	4,72,830.91
Total - Gross	6,05,590.18	4,72,830.91
Less: Impairment loss allowance	(5,529.26)	(2,342.85)
Total - Net	6,00,060.92	4,70,488.06
(ii) Loans outside India	-	-
Total - Net C (i)+(ii)	6,00,060.92	4,70,488.06

1. Loans to the extent of ₹ 503,986.31 Lakh (31 March 2024: ₹ 415,130.75 Lakh) are secured by:

- hypothecation of assets and / or,
- mortgage of property and / or
- pledge of shares and other financial securities

2. There is no loan asset measured at FVOCI or 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 2025. (31 March 2024 - NIL)

4. Refer Note 5.16 for credit quality of financial assets and expected credit loss



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.05 : Investments

Particulars	As at 31 March 2025	As at 31 March 2024
Quoted investments		
Mutual funds (At fair value through P&L)	22,980.06	-
Debentures (At amortised cost)	4,940.09	6,503.02
Unquoted investments		
Pass through certificates (At amortised cost)	200.68	1,031.34
Alternate Investment Fund (At fair value through P&L)	-	3,089.09
Equity Instruments (At fair value through OCI)	0.15	1.49
Total - Gross	28,120.98	10,624.94
Investments in India	28,120.98	10,624.94
Investments outside India	-	-
Total - Gross	28,120.98	10,624.94
Less: Impairment loss allowance*	(6.04)	(1,554.09)
Total - Net	28,114.94	9,070.85

* Impairment loss allowance is created on debentures and pass through certificates.

NOTE 3.06 : Other financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Security deposit	397.47	303.79
Fees and commission receivables	496.32	812.68
Advance to lenders	-	458.33
Excess Interest Spread (EIS)	7,617.93	3,834.95
	8,511.72	5,409.75

NOTE 3.07 : Current tax assets (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Taxes paid (net of provision for tax)	2,645.31	1,819.33
	2,645.31	1,819.33



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.08 : Deferred tax assets / (liabilities) (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Deferred Tax Assets		
Disallowances u/s 43 B of Income Tax Act, 1961	614.94	1,171.44
Impairment loss allowance	1,357.23	1,023.95
Fair value of Employee Loan	-	0.25
Impact of Ind AS 116	183.80	264.29
Unamortized processing fee on loans	113.92	253.60
Total (A)	2,269.89	2,713.53
Deferred tax liability		
On difference between book balance and tax balance of property, plant and equipment	73.54	173.43
Unamortized gain on derecognition of financial asset	1,902.89	961.20
Fair value of investment in mutual funds	96.26	-
Unamortized processing fee on borrowings	975.27	685.82
Total (B)	3,047.96	1,820.45
Net deferred tax asset / (liability) (A-B)	(778.07)	893.08



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 3.09 : 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 2023	708.44	345.65	10.38	105.67	40.49	198.34	1,408.97
Additions	1,191.26	573.41	137.21	-	166.21	119.43	2,187.52
Disposals	-	(345.66)	(3.84)	-	(5.74)	(0.61)	(355.85)
Gross Carrying value as at 31 March 2024	1,899.70	573.40	143.75	105.67	200.96	317.16	3,240.64
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	3,424.02
Accumulated depreciation as at 31 March 2023	618.28	303.19	1.61	78.82	14.91	78.45	1,095.26
Depreciation charged during the year	487.06	75.60	5.11	14.11	20.67	73.05	675.60
Disposals	-	(339.05)	(0.50)	-	(5.19)	(0.47)	(345.21)
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	7.10	46.65	103.27	665.86
Disposals	-	-	-	(100.03)	(4.35)	(6.50)	(110.88)
Accumulated depreciation as at 31 March 2025	1,475.61	162.71	21.82	-	72.69	247.80	1,980.63
Net carrying amount as at 31 March 2024	794.36	533.66	137.53	12.74	170.57	166.13	1,814.99
Net carrying amount as at 31 March 2025	528.50	432.39	138.50	-	162.97	181.03	1,443.39

1. For Depreciation policy refer accounting policy no. 2.09

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 year ended at 31 March 2025 and 31 March 2024



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.10 : Capital Work-In-Progress

Particulars	As at 31 March 2025	As at 31 March 2024
Leasehold Improvements	137.62	19.31
	137.62	19.31

Refer note 6.06 for CWIP ageing and Completion schedule



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.11 : Intangible assets

Particulars	Softwares	Total
Gross Carrying value as at 31 March 2023	466.29	466.29
Additions	89.65	89.65
Disposals	-	-
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
Accumulated amortisation as at 31 March 2023	210.14	210.14
Amortisation recognised for the year	96.52	96.52
Disposals	-	-
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
Net carrying amount as at 31 March 2024	249.28	249.28
Net carrying amount as at 31 March 2025	145.65	145.65

1. For amortisation policy refer accounting policy no. 2.10

2. There has been no revaluation of intangible assets during the year ended at 31 March 2025 and 31 March 2024



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.12 : Other non-financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Prepaid expenses	171.94	179.41
Advance recoverable in cash or kind	578.94	336.36
Balance with Government Authorities	-	48.78
	750.88	564.55



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.13 : Trade payables

Particulars	As at 31 March 2025	As at 31 March 2024
Total outstanding dues of micro enterprises and small enterprises	53.44	79.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,027.53	536.13
	1,080.97	615.86

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 5.08 relating to dues to Micro, Small and Medium enterprises

Refer note 6.08 for ageing schedule

NOTE 3.14 : Debt securities

Particulars	As at 31 March 2025	As at 31 March 2024
At amortised cost		
Non convertible debentures ^S	1,09,805.24	1,05,678.83
Commercial paper (Gross)	15,000.00	20,500.00
Less: Unamortized discount and processing fees	(712.15)	(1,028.51)
Total	1,24,093.09	1,25,150.32
Debt securities in India	1,24,093.09	1,25,150.32
Debt securities outside India	-	-
Total	1,24,093.09	1,25,150.32
Secured	1,09,805.24	1,05,678.83
Unsecured	14,287.85	19,471.49
Total	1,24,093.09	1,25,150.32

^S include interest accrued but not due ₹ 4,016.90 Lakhs (Previous Year ₹ 4,241.39 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 Securities 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

(a) Non Convertible Debenture (NCD)

Terms of repayment

Redeemable within	As at 31 March 2025	As at 31 March 2024
	Rate of interest ≥ 8.75% < 10.75%	Rate of interest ≥ 8.00% < 10.00%
	Amount	Amount
Above 60 Months	39,661.28	-
48-60 Months	-	4,810.83
36-48 Months	9,713.00	-
24-36 Months	-	28,293.78
12-24 Months	38,841.85	13,475.98
0-12 Months	21,589.11	59,098.24
Total	1,09,805.24	1,05,678.83

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 the weighted average Asset Cover of 1.13 x (Ranging from 1.05 x to 1.33 x)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 3.15 : Borrowings (other than debt securities)

Particulars	As at 31 March 2025	As at 31 March 2024
At amortised cost		
Term loans		
Term loans from banks ^a	3,53,691.24	2,06,448.10
Term loans from financial institutions other than Banks ^b	27,089.45	34,963.50
Loans repayable on demand		
Cash Credit	-	1,742.05
Others		
Securitisation (PTC)	19,301.61	-
Total	4,00,082.30	2,43,153.65
Borrowings in India	4,00,082.30	2,43,153.65
Borrowings outside India	-	-
Total	4,00,082.30	2,43,153.65
Secured borrowings	4,00,082.30	2,43,153.65
Unsecured borrowings	-	-
Total	4,00,082.30	2,43,153.65

^a include interest accrued but not due ₹ 292.11 Lakhs (Previous Year ₹ 206.17 Lakhs)^b include interest accrued but not due ₹ 96.68 Lakhs (Previous Year ₹ 160.42 Lakhs)(a) Term loan from banks
Terms of repayment

Repayment within	As at 31 March 2025 Rate of interest >8.10% <= 10.85%		As at 31 March 2024 Rate of interest >8.35% <= 10.65%	
	No. of Installments	Amount	No. of Installments	Amount
Above 60 Months	-	-	-	-
48-60 Months	23	11,258.92	1	589.60
36-48 Months	70	39,561.06	17	8,353.35
24-36 Months	116	66,156.22	62	33,920.11
12-24 Months	183	1,03,290.77	142	69,443.88
0-12 Months	243	1,33,424.27	183	94,141.16
Total	635	3,53,691.24	405	2,06,448.10

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

Repayment within	As at 31 March 2025 Rate of interest >9.60% <= 10.35%		As at 31 March 2024 Rate of interest >9.25% <= 10.70%	
	No. of Installments	Amount	No. of Installments	Amount
Above 60 Months	-	-	-	-
48-60 Months	-	-	-	-
36-48 Months	-	-	11	1,358.20
24-36 Months	26	4,534.77	25	4,573.56
12-24 Months	45	9,167.93	46	9,282.12
0-12 Months	64	13,386.75	63	19,749.62
Total	135	27,089.45	145	34,963.50

Nature of Security:

Security against term loan from 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 year 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

Repayment within	As at 31 March 2025 Rate of interest >8.50% <= 9.30%		As at 31 March 2024 Rate of interest	
	No. of Installments	Amount	No. of Installments	Amount
Above 60 Months	95	12,547.74	-	-
48-60 Months	24	1,610.27	-	-
36-48 Months	24	1,454.78	-	-
24-36 Months	24	1,320.18	-	-
12-24 Months	24	1,197.23	-	-
0-12 Months	24	1,171.41	-	-
Total	215	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 2025

(Currency Indian Rupees in Lakhs)

NOTE 3.16 : Subordinated Debt

Particulars	As at 31 March 2025	As at 31 March 2024
At amortised cost		
Subordinated Debt (non convertible debentures) ^S	21,286.40	13,832.98
Total	21,286.40	13,832.98
Debt securities in India	21,286.40	13,832.98
Debt securities outside India	-	-
Total	21,286.40	13,832.98
Secured	-	-
Unsecured	21,286.40	13,832.98
Total	21,286.40	13,832.98

^S include interest accrued but not due ₹ 622.26 Lakhs (Previous Year ₹ 373.71 Lakhs)

(a) There have been no default in repayment of principal or payment of interest during the current year and previous year

(b) Terms of repayment

	As at 31 March 2025 Rate of interest ≥ 9.60% < 10.75%	As at 31 March 2024 Rate of interest ≥ 10.25% < 10.75%
Redeemable within	Amount	Amount
Above 60 Months	7,297.97	7,500.00
48-60 Months	7,396.47	-
36-48 Months	-	5,959.27
24-36 Months	5,969.70	-
12-24 Months	-	-
0-12 Months	622.26	373.71
Total	21,286.40	13,832.98

NOTE 3.17 : Other financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Book overdraft	23,022.49	20,511.40
Lease liabilities	703.58	1,005.44
Payable to assignee	2,544.99	394.67
Advance from customers	1,442.25	570.01
Interest refundable to customers	-	121.34
	27,713.31	22,602.86

NOTE 3.18 : Provisions

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for employee benefits:		
- Gratuity	160.93	139.65
- Leave encashment	137.52	95.17
- Long term benefits	12.50	52.50
- Salaries and employee benefits payable	3,392.46	3,073.38
Others:		
- Impairment loss allowance on undrawn loan commitments	140.67	171.51
- Other contingency provision	250.00	-
	4,094.08	3,532.21

NOTE 3.19 : Other non-financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory dues (undisputed)	841.14	399.06
Other liabilities	2,502.38	2,647.03
	3,343.52	3,046.09



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 3.20 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
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 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	92,87,28,108	92,872.81	88,40,22,266	88,402.23
Add: Shares issued during the year	-	-	4,47,05,842	4,470.58
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

Name of Shareholder	Relationship	As at 31 March 2025		As at 31 March 2024	
		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

Name of Shareholder	Relationship	As at 31 March 2025		As at 31 March 2024	
		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

Promoter name	As at 31 March 2025			As at 31 March 2024		
	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%	5.06%

* 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 5.10: 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%

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 3.21 : Other equity

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory reserves u/s 45-IC of The RBI Act, 1934	5,328.89	3,721.77
Securities premium reserve	5,860.66	5,860.66
Share options outstanding account (refer note 1 below)	1,062.85	1,139.96
Retained earnings	19,602.07	14,073.24
Equity instruments through other comprehensive income	(1.00)	-
	31,853.47	24,795.63

3.21.A Other equity movement

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	3,721.77	2,337.15
Add : Transferred from retained earnings	1,607.12	1,384.62
Closing Balance	5,328.89	3,721.77
Securities premium reserve		
Opening Balance	5,860.66	4,631.25
Add : Premium collected on share allotment	-	1,229.41
Closing Balance	5,860.66	5,860.66
Share options outstanding account (refer note 1 below)		
Opening Balance	1,139.96	927.21
Less : Transferred to Retained Earnings	(150.48)	-
Add/(Less) : Movement during the year	73.37	212.75
Closing Balance	1,062.85	1,139.96
Retained earnings		
Opening Balance	14,073.24	8,555.12
Add: Profit / (Loss) for the year	8,035.60	6,923.08
Add: Other Comprehensive income	(28.53)	(20.34)
Add: ESOP reserves	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	(1,607.12)	(1,384.62)
Closing Balance	19,602.07	14,073.24
Equity instruments through other comprehensive income		
Opening Balance	-	-
Add: Gain / (Loss) for the year	(1.00)	-
Closing Balance	(1.00)	-

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 investments through OCI reserve.

1. Refer note no. 5-10 for disclosure on Employee Stock option Plan (ESOP).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest income on financial assets measured at amortised cost:		
Interest on loans	65,775.38	46,008.17
Interest on investments		
- Debentures / bonds	696.39	2,028.66
- On lending through Pass through certificates	55.64	-
- Commercial papers / Certificate of Deposits	463.78	11.08
Other interest		
- Deposits with banks	171.44	746.45
- Security deposits	18.24	32.30
- Staff loan	-	0.45
Interest income on financial assets measured at fair value through profit or loss:		
- Investments in AIF	10.04	216.49
Total	67,190.91	49,043.60
Fees and commission income		
- Syndication, advisory & other fees	2,003.15	1,220.71
- Corporate agency income	1,326.47	-
Total	3,329.62	1,220.71
Gain on derecognition of financial assets measured at amortised cost	4,676.02	4,008.73
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Realised gain/(loss) on investments	1,862.78	2,093.12
- Unrealised gain/(loss) on investments	382.49	-
Total	2,245.27	2,093.12

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Miscellaneous income		
- Interest on income tax refund	124.42	-
- Liabilities no longer required written back	1,027.50	-
- Other	199.45	709.90
Total	1,351.37	709.90



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 4.03 : Finance costs

	For the year ended 31 March 2025	For the year ended 31 March 2024
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	28,811.29	20,259.18
Interest on overdraft facility from banks	12.34	5.55
Interest on lease liability	79.71	108.96
Interest on debt securities		
Debentures	10,168.16	7,986.63
Commercial Papers	2,236.29	903.60
PTCs	921.95	-
Interest on subordinated liabilities	1,669.80	917.10
Other interest expense		
Bank charges & other related costs	1,651.73	1,352.10
	45,551.27	31,533.12

NOTE 4.04 : Impairment on financial instruments

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Impairment on financial instruments at amortised cost:		
Impairment loss allowance on loans		
Provision for expected credit loss	2,936.41	1,065.67
Write offs (net of recovery)	1,918.15	1,515.15
Impairment loss allowance on investments		
Provision for expected credit loss	(19.55)	(59.40)
Impairment loss allowance on others		
Undrawn loan commitments	219.15	39.77
Contingency provision	250.00	-
	5,304.16	2,561.19



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 4.05 : Employee benefit expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Salaries, other allowances and bonus	11,730.56	7,187.81
Gratuity expenses (Refer Note no. 5.09)	57.17	34.28
Leave encashment	84.09	43.12
Contribution to provident fund and other funds	259.22	190.39
Share based payment expense	73.39	212.75
Employee welfare expenses	397.04	195.83
	12,601.47	7,864.18

NOTE 4.06 : Depreciation, amortisation and impairment expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Depreciation of property, plant and equipment	295.59	188.54
Depreciation of right of use assets (ROU)	370.27	487.06
Amortisation of intangible assets	101.15	96.52
	767.01	772.12

NOTE 4.07 : Other expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Rent	384.97	219.14
Rates and taxes	302.00	120.48
Insurance	3.53	5.53
Other repairs and maintenance	9.60	47.26
Travelling and conveyance	509.77	345.45
Communication expenses	63.19	18.15
Printing and stationery	21.24	24.78
Loan processing charges	429.35	317.51
Legal and professional charges	1,637.64	796.73
Membership and subscription	6.94	24.99
Auditor's remuneration (refer (a) below)	30.92	25.54
Technology expenses	724.54	515.91
Custodian charges	1.64	0.67
Directors' sitting fees and commission	80.31	158.99
Electricity charges	42.51	33.21
Office expenses	64.30	126.62
Postage and courier	34.07	19.88
Housekeeping and security charges	109.28	67.73
Corporate social responsibilities expenses (refer (b) below)	146.36	120.00
Loss on Disposal of PPE	2.02	7.44
Branding and advertisement expenses	171.65	148.27
Direct Assignment Expenses	381.69	271.13
Net loss on sale of investments	-	22.33
	5,157.52	3,437.74

(a) Payment to auditor includes:

a) as statutory auditors	24.00	22.38
b) for certification related matters	4.00	2.09
c) reimbursement of OPE	2.92	1.07
Total	30.92	25.54

(b) Details for expenditure on Corporate Social Responsibility:

a) Gross amount required to be spent during the year	146.36	120.00
b) Amount spent during the year:		
- Expenses paid in cash	18.50	120.00
- Expenses yet to be paid for	127.86	-
Total	146.36	120.00

c) Nature of expenditure:

- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure		
The donation is towards the expenses related to activities for admission process, payment of salaries, professional fees for education services, library subscriptions, books etc.	18.50	120.00
Total	18.50	120.00



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 4.08 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Current tax expense		
Current income tax	1,253.68	2,049.53
(Excess)/short provision related to earlier years	(30.11)	-
	1,223.57	2,049.53
Deferred tax expense		
Origination and reversal of temporary differences	1,681.09	406.60
	1,681.09	406.60
Tax expense reported in the statement of profit and loss	2,904.66	2,456.13

(b) Amounts recognised in other comprehensive income (OCI)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	(9.93)	(6.84)
Deferred tax charged to OCI	(9.93)	(6.84)

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Accounting profit before income tax expense	10,940.26	9,379.21
Tax @ 25.168% (31 March 2024 : 25.168%)	2,753.45	2,360.56
Difference in tax rate due to:		
- Effect of non-deductible expenses	62.95	88.72
- Others	118.37	6.85
Total Tax Expenses	2,934.77	2,456.13
Effective tax rate	26.83%	26.19%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

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 2025	For the year ended 31 March 2024
I. Profit attributable to equity holders (A)		
Profit attributable to equity holders for basic and diluted EPS	8,035.60	6,923.08
II. Weighted average number of equity shares for calculating Basic EPS (B)	92,87,28,108	92,07,88,546
III. Weighted average number of equity shares for calculating Diluted EPS (C)	93,65,50,824	93,01,00,390
IV. Basic earnings per share (₹)	0.87	0.75
V. Diluted earnings per share (₹)	0.86	0.74



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 5.02 : Financial instruments – Fair values**A. Fair value hierarchy**

Ind AS 107, 'Financial Instrument - 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.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

	As at 31 March 2025							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual Funds	22,980.06	-	-	22,980.06	22,980.06	-	-	22,980.06
(b) Investments in Debentures	-	-	4,940.09	4,940.09	Not applicable		-	-
(c) Investments in Pass through certificates (PTCs)	-	-	200.68	200.68	Not applicable		-	-
(d) Investments in equity instruments	-	0.15	-	0.15	-	-	0.15	0.15
Total	22,980.06	0.15	5,140.77	28,120.98	22,980.06	-	0.15	22,980.21

Particulars	As at 31 March 2024							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual Funds	-	-	-	-	-	-	-	-
(b) Investments in Debentures	-	-	6,503.02	6,503.02	Not applicable		-	-
(c) Investments in Pass through certificates (PTCs)	-	-	1,031.34	1,031.34	Not applicable		-	-
(d) Investments in Arka Credit Fund I	3,089.09	-	-	3,089.09	-	-	3,089.09	3,089.09
(e) Investments in equity instruments	-	1.49	-	1.49	-	-	1.49	1.49
Total	3,089.09	1.49	7,534.36	10,624.94	-	-	3,090.58	3,090.58

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, working capital demand loans and other current liabilities are a reasonable approximation to their fair value.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 5.03 : Financial instruments risk management

The Company has exposure to the following risks from financial instruments:

- (A) Interest Rate Risk;
- (B) Credit Risk;
- (C) Liquidity Risk;
- (D) Operational Risk; and
- (E) Strategic Risk

(A) Interest Rate Risk;

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)

The impact of change in interest rate on the earnings of the Company is as below:

Change in interest rate	31 March 2025		31 March 2024	
	Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
25 basis points down	982.85	719.20	607.88	448.70
50 basis points down	1,965.70	1,438.39	1,215.77	897.40
25 basis points up	(982.85)	(719.20)	(607.88)	(448.70)
50 basis points up	(1,965.70)	(1,438.39)	(1,215.77)	(897.40)

Break-up of borrowings into variable rate and fixed rate

Particulars	31 March 2025	31 March 2024
Variable rate borrowings	3,93,140.16	2,43,153.65
Fixed rate borrowings	1,52,321.63	1,38,983.30
Total borrowings	5,45,461.79	3,82,136.95

(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 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.

(C) 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 5.03 : Financial instruments risk management (Continued)**(D) 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.

(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 2025	As at 31 March 2024	% Variance	Reason for variance (if above 25%)
CRAR – Tier I capital (%)	17.97%	22.54%	-20.28%	NA
CRAR – Tier II capital (%)	2.87%	2.55%	12.55%	NA
CRAR (%)	20.84%	25.09%	-16.94%	NA
Liquidity Coverage Ratio (LCR) (%)	192%	219%	-12%	NA
Amount of subordinated debt raised during the year as Tier-II capital (₹ Lakhs)	7,500.00	7,500.00		
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil	NA	NA



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 5.05(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	Fellow subsidiaries	Arka Investment Advisory Services Private Limited La-Gajar Machineres Private Limited Optuqua Pipes and Electricals Private Limited (upto 25 March 2024)
4	Subsidiary Company of Ultimate Holding Company	Kirloskar Americas Corp. USA Engines LPG LLC, DBA Wildcat Power Gen, USA (w e f 29 November 2023) Kirloskar International ME FZE (w e f 07 January 2025)
5	Entity / fund under common group	Arka Credit Fund I
6	Chairman, Independent Director	Nasser Mukhtar Munjee (w e f 23 October 2024)
7	Non-Executive Director	Gauri Kirloskar
8	Non-Executive Director	Mahesh Chhabra (upto 31 March 2025)
9	Non-Executive Director	Vimal Bhandari (upto 31 March 2025)
10	Independent Director	Hoshang Noshirwan Sinor (w e f 28 January 2025)
11	Independent Director	Gurumurthy Ramanathan
12	Independent Director	Rahul Bhagat (w e f 19 February 2025)
13	Independent Director	Yogesh Kapur
14	Independent Director	Vijay Chugh
15	Independent Director	Sivanandhan Dhanushkodi
16	Independent Director	Harish Engineer (upto 14 June 2024)

(ii) Key Management Personnel and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	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
2	Samrat Gupta - Managing Director (w e f 23 October 2024)	Vaishali Gupta	Wife
		Amalendu Dutta Gupta	Father
		Rina Dutta Gupta	Mother
		Rohan Gupta	Son
		Suresh Kumar Gupta	Father
3	Amit Kumar Gupta - Chief Financial Officer (upto 18 February 2025)	Sumitra Devi Gupta	Mother
		Meghana Gupta	Wife
		Purvi Gupta	Daughter
		Pehal Gupta	Daughter
		Vikash Gupta	Brother
4	Ridhi Zaveri Gangar - Chief Financial Officer (w e f 19 February 2025)	Rashmi Goel	Sister
		Mahavir Mahendrakumar Lunawat	Husband
5	Niki Mehta - Company Secretary	Ruxamani Zaveri Gangar	Mother
		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	Aditi Mahamunkar	Arun Mahamunkar	Father
		Sadhana Mahamunkar	Mother
		Gaurav Chindarkar	Spouse
		Akshaya Mahamunkar	Sister
		Atul Mahamunkar	Brother
2	Tejas Raja (upto 31 July 2023)	Tanvi Raja	Wife
		Chandrakanti Raja	Father
		Nita Raja	Mother
		Atharva Raja	Son
		Ashish Raja	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	Aru A Kirloskar	Mother
		Atul C Kirloskar	Father
		Christopher Kolenaty	Husband
		Maya Kolenaty	Daughter
		Pia Kolenaty	Daughter



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 5.05(A) : Related Party Disclosures (Continued)**B. Transactions with Related Parties**

Sr. No.	Nature of the transaction and relationship	2024-25		2023-24	
		Amount	Amount	Amount	Amount
	Capital Contribution received from				
	Holding Company				
1	Arka Financial Holdings Private Limited	-	-	5,699.88	5,699.88
	Total	-	-	5,699.88	5,699.88
	Purchase of Equity Shares of Kirtoskar Proprietary Ltd from				
	Holding Company				
2	Arka Financial Holding Private Limited			1.49	1.49
	Total			1.49	1.49
	Loan given to				
	Subsidiary Company of Ultimate Holding Company				
3	Optiqua Pipes and Electricals Private Limited	-	-	477.47	477.47
	Total	-	-	477.47	477.47
	Loan repayment from				
	Subsidiary Company of Ultimate Holding Company				
4	Optiqua Pipes and Electricals Private Limited	-	-	477.47	477.47
	Total	-	-	477.47	477.47
	Interest & fees received on loan given				
	Subsidiary Company of Ultimate Holding Company				
5	Optiqua Pipes and Electricals Private Limited	-	-	4.85	4.85
	Total	-	-	4.85	4.85
	Transactions with Key Management Personnel				
	Vimal Bhandari	-	-	162.15	
6	Interest expenses on NCD issued				12.15
	Repayment of Non-Convertible Debentures				150.00
	Total	-	-	162.15	162.15
	Transactions with holding company				
	Arka Financial Holdings Private Limited (AFHPL)	1,233.02		126.51	
	Expenses incurred on behalf of AFHPL		151.40		81.46
7	Reimbursement of Expenses from AFHPL (net of TDS)		60.04		43.56
	Purchase of Equity Shares of Kirtoskar Proprietary Ltd		-		1.49
	Payment of Dividend		1,021.58		-
	Total	1,233.02	1,233.02	126.51	126.51
	Transactions with fellow subsidiary				
	Arka Investment Advisory Services Private Limited (AIASPL)	3,444.09		228.51	
8	Expenses incurred on behalf AIASPL		275.77		171.00
	Reimbursement of Expenses from AIASPL (net of TDS)		73.32		57.51
	Sale of Investments done in the Arka Credit Fund I		3,095.00		-
	Total	3,444.09	3,444.09	228.51	228.51
	Transactions with Entity under same group				
	Arka Credit Fund I	73.30		5,382.75	
	Sale of Exposure in NCD		-		2,025.06
9	Investments done in the Arka Credit Fund I		-		3,089.09
	Income Earned from the Investment		10.04		216.49
	Payments done on behalf of Arka Credit Fund I		63.26		52.11
	Total	73.30	73.30	5,330.64	5,382.75
10	Directors' Sitting Fees and Commission	80.31		158.99	
11	Managerial Remunerations paid to Key Management Personnel	1,576.86		984.35	



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Balances with related parties				
1	Receivable from holding company	0.97		239.24
	Arka Financial Holdings Private Limited		0.97	239.24
	Total	0.97	0.97	239.24
2	Fellow subsidiary	13.35		260.88
	Arka Investment Advisory Services Private Limited		13.35	260.88
	Total	13.35	13.35	260.88
3	Receivable from Entity under same group	-		35.08
	Arka Credit Fund I		-	35.08
	Total	-	-	35.08
4	Investment in Entity under same group	-		3,089.09
	Arka Credit Fund I		-	3,089.09
	Total	-	-	3,089.09

Notes

- 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
- The amounts are inclusive of GST wherever applicable
- Directors' Sitting Fees and Commission include GST under Reverse Charge Mechanism (RCM) borne by the Company



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NOTE 5.05(B) : Related Party Disclosure pursuant to RBI Circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.2018/2022-23 - Disclosures in Financial Statements- Notes to Accounts of NBFCs

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary (Subsidiary of Holding Company)		Fellow Subsidiary (Subsidiary of Ultimate Holding Company)		Private Company in which a director is a director		Entity under common group		Key Management Personnel				Total
	Kirdoskar Off Engines Limited		Arka Financial Holdings Pvt Ltd		Arka Investment Advisory Services Private Limited		Optimum Pipes and Electricals Private Limited (upto 25 March 2024)		Kirdoskar Management Services Private Limited (w.e.f. 9 March 2023)		Arka Credit Fund I		Non-Executive Directors		Other than Non-Executive Directors ⁽¹⁾		
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	
Borrowings																	
Outstanding at year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.00	150.00
Placement of Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances																	
Outstanding at year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum outstanding during the year	-	-	-	-	-	-	471.84	-	-	-	-	-	-	-	-	-	-
Other Receivables																	
Outstanding at year end	-	-	0.97	239.24	13.35	260.88	-	-	14.30	-3.82	-	35.08	-	-	-	28.62	531.37
Maximum outstanding during the year	-	-	449.70	239.24	596.62	260.88	-	-	25.74	37.76	69.33	35.08	-	-	-	1,141.39	572.95
Investments	-	-	-	-	-	-	-	-	-	-	-	3,089.09	-	-	-	-	3,089.09
Purchase of Fixed / Other Assets	-	-	-	1.49	-	-	-	-	-	-	-	-	-	-	-	-	1.49
Sale of Fixed / Other Assets	-	-	-	-	3,095.00	-	-	-	-	-	-	2,025.06	-	-	-	3,095.00	2,025.06
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest & processing fees received	-	-	-	-	-	-	-	4.85	-	-	10.04	216.49	-	-	-	12.15	12.15
Others																	
Capital Contribution received	-	-	-	5,699.88	-	-	-	-	-	-	-	-	-	-	-	-	5,699.88
Payment of Dividend	-	-	1,021.58	-	-	-	-	-	-	-	-	-	-	-	-	1,021.58	-
Payments done on behalf	-	-	151.40	81.46	275.77	171.00	-	-	-	-	63.26	52.11	-	-	-	490.43	304.56
Reimbursement of Expenses from (net of TDS)	-	-	60.04	43.56	73.32	57.51	-	-	-	113.28	-	-	-	-	-	133.36	214.35
Services availed (net of TDS)	-	-	-	-	-	-	-	-	143.27	78.59	-	-	-	-	-	143.27	78.59
Remuneration ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	80.31	158.99	1,576.86	984.35	1,657.17

Notes

- 1 Key Management Personnel (other than non-executive directors) include following persons
 - (a) Mr Vimal Bhandari - Executive Vice Chairman and CEO (upto 22 October 2024)
 - (b) Mr Samrat Gupta - Managing Director (w.e.f. 23 October 2024)
 - (c) Mr Amit Kumar Gupta - CFO (upto 18 February 2025)
 - (d) Ms Rishi Zaveri Ganjar - CFO (w.e.f. 19 February 2025)
 - (e) Ms Niki Mehta - Company Secretary
 - (f) Ms Aditi Mahamunkar - KMP of Holding Company
 - (g) Mr Tejas Raja - KMP of Holding Company (upto 31 July 2023)
- 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.



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(Currency - Indian Rupees in Lakhs)

NOTE 5.06 : Contingent liabilities and Commitments

Particulars	As at 31 March 2025	As at 31 March 2024
Contingent liabilities	Nil	Nil
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	15.15	2.82
Other commitments		
Loans sanctioned not yet disbursed	42,580.40	56,761.09

NOTE 5.07 : 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 came 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 2025	As at 31 March 2024
Lease liability at beginning of the year	1,005.44	95.40
Add: Interest on lease liability	79.71	108.96
Add: Lease liability recognised during the year	100.01	1,191.26
Less: Lease rental payments	(481.58)	(390.18)
Lease liability at the end of the year	703.58	1,005.44

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2025	As at 31 March 2024
Minimum Lease Payments:		
Not later than one year	536.96	472.99
Later than one year but not later than five years	217.92	657.48
Later than five years	-	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2025	As at 31 March 2024
Lease liability:		
Less than 12 months	491.52	394.75
More than 12 months	212.06	610.69

Refer Note 3.09: Property, plant and equipment for the movement in ROU

NOTE 5.08 : Dues to Micro, Small and Medium enterprises as per MSMED 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 2025	As at 31 March 2024
a. Principal and interest amount remaining unpaid	-	0.85
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	-	-



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(Currency: Indian Rupees in Lakhs)

NOTE 5.09 : 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 ₹ 259.22 Lakhs (previous year: ₹ 190.39 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 2025	As at 31 March 2024
A (i) Gratuity:		
Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	160.93	139.65
Fair value of plan assets as at the end of the year	-	-
Net (asset) / liability to be recognised in the balance sheet	160.93	139.65
(ii) Compensated Absences:		
Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	137.52	95.17
Fair value of plan assets as at the end of the year	-	-
Net (asset) / liability to be recognised in the balance sheet	137.52	95.17
(iii) Long term incentive plan:		
Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	12.50	52.50
Fair value of plan assets as at the end of the year	-	-
Net (asset) / liability to be recognised in the balance sheet	12.50	52.50
B (i) Gratuity:		
Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	139.65	79.86
Current service cost	49.78	28.52
Past service cost	-	-
Interest cost	7.39	5.76
Benefits paid	(74.01)	(1.67)
Actuarial (gain) / loss on obligation	38.12	27.18
Projected benefit obligation at the end of the year	160.93	139.65
(ii) Compensated Absences:		
Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	95.17	59.45
Current service cost	46.91	27.33
Past service cost	-	-
Interest cost	5.35	4.07
Benefits paid	(41.74)	(7.40)
Remeasurements on obligation - (Gain) / Loss	31.83	11.72
Projected benefit obligation at the end of the year	137.52	95.17
C (i) Gratuity:		
Amount recognised in the statement of profit and loss		
Current service cost	49.78	28.52
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	7.39	5.76
Expenses recognised in the statement of profit and loss	57.17	34.28
(ii) Compensated Absences:		
Amount recognised in the statement of profit and loss		
Current service cost	46.91	27.33
Remeasurements on obligation - (Gain) / Loss	31.83	11.72
Net interest cost	5.35	4.07
Expenses recognised in the statement of profit and loss	84.09	43.12
(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	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 5.09 : Disclosure pursuant to Employee benefits (Continued)

Particulars	As at	As at
	31 March 2025	31 March 2024
D (i) Gratuity:		
Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	10.05	0.41
- change in demographic assumption	5.27	-
- experience variation	22.80	26.77
Amount recognised in other comprehensive income	38.12	27.18
E Assumptions used		
Discount rate (gratuity and compensated absences)	6.62%	7.20%
Rate of increase in compensation levels	9.00%	8.00%
Expected average remaining working lives of employees (in years)	6.61	3.26
Retirement Age*	60 years	60 years & 64 years
Withdrawal Rate		
Business	34.00%	30.00%
Others	19.00%	30.00%

* There were two retirement age groups upto previous year based on management hierarchy. From the current year ended March 31, 2025, the retirement age is considered as 60 years for all employees

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 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	153.59	168.95	135.70	143.87
Salary growth rate (1% movement)	167.17	155.08	142.40	136.95
Withdrawal rate (1% movement)	159.10	162.85	138.90	140.43

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 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	132.31	143.17	92.70	97.79
Salary growth rate (1% movement)	141.70	133.59	96.95	93.45
Withdrawal rate (1% movement)	146.21	128.24	99.30	90.86

I 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 6.36 years for Gratuity and 2.87 years for Compensated Absences.
- The amount expected to be paid in next year Rs 16.86 Lakhs for Gratuity and Rs. 33.50 Lakhs for Compensated Absences.
- The Company had created a provision towards long term incentive for certain key employees in previous year ended 31 March 2022. The amount outstanding as on 31 March 2025 is expected to be paid in next financial year subject to the terms of the plan.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 5.10 : 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 2025, 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 Plan was approved by 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 Rs 10 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee had made grants, the details of the same are produced in the below table

I. Details of the ESOPs:

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 vary 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					

II. 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	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000	2,00,000
Options Granted during the year	-	-	-	-	-	-
Options Forfeited / Lapsed during the year	5,00,000	-	-	36,90,000	19,00,000	2,00,000
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	2,01,50,000	12,50,000	3,25,000	62,60,000	26,20,000	-
Number of Options exercisable at the end of the year	2,01,50,000	12,50,000	3,25,000	53,30,000	11,08,000	-
The weighted average share price of options exercised during the year ended 31 March 2025	NA	NA	NA	NA	NA	NA

Option Movement during the year ended Mar 2024:

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	2,06,50,000	12,50,000	3,25,000	99,50,000	-	-
Options Granted during the year	-	-	-	-	45,20,000	2,00,000
Options Forfeited / Lapsed during the year	-	-	-	-	-	-
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000	2,00,000
Number of Options exercisable at the end of the year	2,06,50,000	12,50,000	1,95,000	39,80,000	-	-
The weighted average share price of shares exercised during the year ended 31 March 2024	NA	NA	NA	NA	NA	NA

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
Range of Exercise Price (₹ per share)	10	10	11	12	12.75	12.75
No. of Options Outstanding as on 31 March 2025	2,01,50,000	12,50,000	3,25,000	62,60,000	26,20,000	0
Contractual Life: Granted but not vested (in years)	0	0	0.00	1.00	1.60	0.00

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 as follows

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
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

V. Effect of share-based payment transactions on the entity's Statement of Profit and Loss for the year:

Particulars	31 March 2025	31 March 2024
Employee share based expense	73.39	212.75
Total ESOP reserve outstanding at the end of the year	1,062.85	1,139.96



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(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 2025			As at 31 March 2024		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	63,571.02	-	63,571.02	39,252.96	-	39,252.96
Bank balances other than cash and cash equivalents	1,025.97	790.60	1,816.57	-	-	-
Trade receivable	-	-	-	20.25	-	20.25
Loans	1,45,218.39	4,54,842.53	6,00,060.92	1,37,946.59	3,32,541.47	4,70,488.06
Investments	23,178.56	4,936.38	28,114.94	6,483.73	2,587.12	9,070.85
Other financial assets	496.32	8,015.40	8,511.72	1,295.85	4,113.90	5,409.75
Non-financial assets						
Current tax assets (net)	2,645.31	-	2,645.31	1,819.33	-	1,819.33
Deferred tax assets (net)	-	-	-	-	893.08	893.08
Property, plant and equipment	-	1,443.39	1,443.39	-	1,814.99	1,814.99
Capital work-in-progress	-	137.62	137.62	-	19.31	19.31
Intangible assets	-	145.65	145.65	-	249.28	249.28
Other non-financial assets	658.61	92.27	750.88	531.06	33.49	564.55
TOTAL ASSETS	2,36,794.18	4,70,403.84	7,07,198.02	1,87,349.77	3,42,252.65	5,29,602.41

Particulars	As at 31 March 2025			As at 31 March 2024		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	1,080.97	-	1,080.97	615.86	-	615.86
Debt securities	36,499.22	87,593.87	1,24,093.09	78,569.73	46,580.59	1,25,150.32
Borrowings (other than debt securities)	1,47,982.43	2,52,099.87	4,00,082.30	1,15,632.82	1,27,520.83	2,43,153.65
Subordinated Debt	622.26	20,664.14	21,286.40	373.71	13,459.27	13,832.98
Other financial liabilities	27,501.25	212.06	27,713.31	21,992.17	610.69	22,602.86
Non-financial liabilities						
Provisions	3,850.53	243.55	4,094.08	3,149.78	382.43	3,532.21
Deferred tax liabilities (Net)	-	778.07	778.07	-	-	-
Other non-financial liabilities	3,343.52	-	3,343.52	3,046.09	-	3,046.09
TOTAL LIABILITIES	2,20,880.18	3,61,591.56	5,82,471.74	2,23,380.16	1,88,553.81	4,11,933.97



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NOTE 5.12 : Asset liability management

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
LIABILITIES										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	95.65	57.86	2,360.97	4,174.58	26,699.06	35,498.04	64,538.11	1,69,446.99	50,819.98	-
PTC	-	117.57	64.14	85.45	88.58	263.66	552.01	2,517.41	3,065.05	12,547.74
Borrowings from financial institutions	580.40	-	16.28	911.87	1,691.12	3,666.15	6,520.93	13,702.70	-	-
Debt Securities (including Subordinated Debt)	5,663.76	-	-	-	5.95	10,874.83	19,954.68	44,811.54	17,109.47	46,959.25
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-
ASSETS										
Loans & advances	4,184.72	1,420.60	3,665.26	9,554.10	21,039.18	34,556.06	85,149.66	2,01,367.36	48,671.31	1,95,981.93
Investments	-	6,500.00	3,539.55	3,035.34	3,032.67	100.19	6,972.98	4,940.09	-	0.15
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-

As on 31 March 2024

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
LIABILITIES										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	3,364.41	315.21	835.87	4,909.68	14,899.46	25,594.15	45,964.54	1,03,364.00	8,942.95	-
PTC	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,012.17	-	113.64	818.93	1,382.72	3,254.19	13,167.95	13,855.68	1,358.19	-
Debt Securities (including Subordinated Debt)	-	-	4,978.45	2,464.22	2,867.64	10,084.19	58,548.95	41,769.76	10,770.10	7,499.90
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-
ASSETS										
Loans & advances	4,258.07	5,575.43	6,319.97	8,625.69	19,973.48	34,307.51	73,432.98	1,57,233.26	34,118.09	1,28,985.58
Investments	-	-	3,569.65	71.44	71.77	209.61	3,432.48	179.40	-	3,090.59
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-

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 2025	As at 31 March 2024
- Cash & Cash Equivalents (refer note 3.01)	63,571.02	13,167.93
- Undrawn Funding lines	44,400.00	7,000.00
Total	1,07,971.02	20,167.93

NOTE 5.13 : Exposure to Real Estate Sector

Particulars	As at 31 March 2025	As at 31 March 2024
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	86,978.15	1,02,387.59
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	1,34,317.83	1,10,400.41
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	-	-
- Commercial Real Estate	-	214.33
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	2,21,791.35	2,13,002.33

NOTE 5.14 : Exposure to Capital Market

Particulars	As at 31 March 2025	As at 31 March 2024
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	7,918.79	26,118.93
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	-	-



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v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	5,003.29	-
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	-	3,089.09
	(iii) Category III	-	-
Total Exposure to Capital Market		12,922.08	29,208.02



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(Currency: Indian Rupees in Lakhs)

NOTE 5.15: Revenue from contract with customers (Ind AS 115)

Particulars	31-Mar-25	31-Mar-24
Type of services		
Advisory and syndication fees	1,078.49	870.47
Foreclosure charges	878.57	341.08
Corporate agency income	1,326.47	-
Bounce Charges	112.74	-
Other fees	64.99	-
Total	3,461.26	1,211.55
Geographical markets		
India	3,461.26	1,211.55
Outside India	-	-
Total	3,461.26	1,211.55
Timing of revenue recognition		
Services transferred at a point in time	3,461.26	1,211.55
Services transferred over time	-	-
Total	3,461.26	1,211.55

NOTE 5.16: Credit quality of financial assets and expected credit loss

(A): Changes in gross carrying amount (excluding staff loans)

For the year ended 31 March 2025

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	4,69,861.19	1,873.69	1,095.18	4,72,830.06
New assets originated (refer note 1 below)	6,28,977.53	-	-	6,28,977.53
Assets repaid (excluding write offs)	(4,93,228.93)	(673.95)	(396.38)	(4,94,299.26)
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	5,94,108.05	7,330.44	4,151.69	6,05,590.18

Note 1: New assets originated represents fresh disbursements made during the year

For the year ended 31 March 2024

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	3,69,612.91	194.81	34.54	3,69,842.26
New assets originated (refer note 1 below)	4,84,139.68	-	-	4,84,139.68
Assets repaid (excluding write offs)	(3,79,503.60)	(133.13)	-	(3,79,636.73)
Transfers to Stage 1	12.16	(12.46)	0.30	-
Transfers to Stage 2	(1,873.60)	1,873.01	0.59	-
Transfers to Stage 3	(2,526.36)	(48.54)	2,574.90	-
Amounts written off	-	-	(1,515.15)	(1,515.15)
Closing Balance	4,69,861.19	1,873.69	1,095.18	4,72,830.06

Note 1: New assets originated represents fresh disbursements made during the year

(B): Reconciliation of Expected Credit Loss balance

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 disbursements 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 2024

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	1,171.96	0.57	104.65	1,277.18
New assets originated*	1,118.45	41.18	225.35	1,384.98
Assets repaid (excluding write offs)	(818.18)	0.05	(1.26)	(819.39)
Transfers to Stage 1	12.95	(0.09)	(12.86)	-
Transfers to Stage 2	(3.98)	5.18	(1.20)	-
Transfers to Stage 3	(2.81)	(0.01)	2.82	-
Impact on year end ECL on exposures transferred between stages during the year	(21.00)	42.62	572.74	594.36
Amounts written off	-	-	(94.28)	(94.28)
Closing Balance	1,457.39	89.50	795.96	2,342.85

*New assets originated represents fresh disbursements made during the year. Classification of new assets originated in stage 1,2,3 is based on year end staging

NOTE 5.17: Change in accounting estimates during the year

During the year ended 31 March 2025, the Company has updated the criteria for recognising leases under Ind AS 116. The revision has led to an additional recognition of right of use asset to the extent of ₹ 104.41 lakh and lease liabilities to the extent of ₹ 100.01 lakh.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 6.01 : Disclosures Pursuant to Annex VII (Section I) to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

I. Exposure to Real Estate Sector

The disclosure on exposure to real estate sector has been given in Note No 5.13 of the financial statements

II. Exposure to Capital Market

The disclosure on exposure to capital market has been given in Note No 5.14 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	187.46	19.18	10.23%	1,458.20	9.16	0.63%
2 Industry						
i Micro and Small	1,21,568.22	1,749.93	1.44%	69,519.44	14.21	0.02%
ii Medium	3,779.64	7.68	0.20%	1,819.51	-	0.00%
iii Large	2,78,361.18	-	0.00%	2,84,584.60	-	0.00%
iv Others	20,062.92	725.15	3.61%	30,547.86	546.26	1.79%
Total of Industry (i+ii+iii+iv)	4,23,771.96	2,482.76	0.59%	3,86,471.41	560.47	0.15%
3 Services						
i NBFCs	8,827.36	469.75	5.32%	9,862.83	-	0.00%
ii Retail Trade	54,621.87	688.06	1.26%	34,930.14	198.25	0.57%
iii Wholesale Trade (other than Food Procurement)	44,314.79	130.28	0.29%	31,407.95	156.56	0.50%
iv Others	80,004.52	222.27	0.28%	63,296.60	131.88	0.21%
Total of Services (i+ii+iii+iv)	1,87,768.54	1,510.36	0.80%	1,39,497.52	486.69	0.35%
4 Personal Loans						
i Education Loans	14,149.79	-	0.00%	3,667.00	7.61	0.21%
ii Others	27,466.85	139.39	0.51%	6,112.41	31.26	0.51%
Total of Personal Loans (i+ii)	41,616.64	139.39	0.33%	9,779.41	38.87	0.40%
5 Others, if any (please specify)	-	-	0.00%	-	-	0.00%

IV. Intra-group exposures

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
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, 2025 (Previous year: Rs Nil)

VI. Related Party Disclosure :

Details of all material transactions with related parties has been given in Notes No 5.05(B) of the financial statements

VII. Disclosure of complaints

1) Summary of information on complaints received by the Company from customers and from the offices of Ombudsman

Sr. No.	Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Complaints received by the Company from its Customers			
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	289	296
3	Number of complaints disposed during the year	284	296
3.1	Of which: number of complaints rejected by the Company	-	-
4	Number of complaints pending at the end of the year	5	-
Maintainable complaints received by the Company from Office of Ombudsman			
5	Number of maintainable complaints received by the Company from Office of Ombudsman	-	6
5.1	Of 5, number of complaints resolved in favour of the Company by Office of Ombudsman	-	6
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)	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 6.01 : Disclosures Pursuant to Annex VII (Section I) to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Continued)**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	-	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
Previous Year					
Loans and advances	-	204	50	-	-
Non receipt of documents	-	0	-1	-	-
Reporting	-	79	9	-	-
Staff Behaviour	-	13	n a	-	-
Others	-	-	-	-	-
Total	-	296	22	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 6.02 : Disclosures Pursuant to Annex VII (Section II) to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023**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 2025	For the year ended 31 March 2024
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	28,120.98	10,624.94
(b) Outside India	-	-
(ii) Provision for Depreciation*		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	28,120.98	10,624.94
(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	-	-

* ECL Provision on investments and provision on investments in Arka Credit Fund I made in compliance with RBI circulars RBI/2023-24/90 DOR.STR.REC/58/21.04.048/2023-24 dated December 19, 2023 & RBI/2023-24/140 DOR.STR.REC/85/21.04.048/2023-24 dated March 27, 2024 are not considered here.

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 5.12 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 2025

During the previous year ended 31 March 2024, the company had received an order No. ACCT/LGSTO-55/PT order Sl no. 7793/T. No. 12001 /2023-24 dated October 31, 2023 from Commercial Taxes Department, Government of Karnataka towards non-payment of Profession Tax of ₹ 4,425/- (including interest & penalty) for FY 2022-23 and ₹ 3,975/- (including interest & penalty) for FY 2023-24.

The Company had also received an assessment notice from Greater Chennai Corporation, Revenue Department, Chennai towards non-payment of Profession Tax of ₹ 61,165/- (including interest & penalty) for period Apr-22 to Sep-22, Oct-22 to Mar-23 & Apr-23 to Sep-23.

Both the above liabilities have been paid and there is no outstanding demand from any regulators and statutory authorities as on 31 March 2024.

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 5.05(B) of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 6.02 : Disclosures Pursuant to Annex VII (Section II) to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Continued)

XIV. Rating assigned by credit rating agencies and migration of ratings during the year/period				
Sr No	Instrument		For the year ended 31 March 2025	For the year ended 31 March 2024
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-
		Aacute	AA	-

XV. Remuneration of Directors :				
Sr No	Instrument		For the year ended 31 March 2025	For the year ended 31 March 2024
1	Transactions with the Non-Executive Directors			
	Payment of Director Sitting fees and commission (inclusive of GST)		80.31	158.99

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.

XVIII. Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
1 Provisions for depreciation on Investment	-	-
2 Provision towards loan assets (Stage 3)	2,123.74	691.31
3 Bad debts written off (net of recovery)	1,918.15	1,515.15
4 Provision made towards Income tax	1,253.68	2,049.53
5 Other Provision and Contingencies	250.00	-
6 Provision for Standard Assets (Stage 1 & Stage 2)	1,031.82	414.13
7 Impairment loss allowance on investments	(19.55)	(59.40)

During the previous 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 year ended 31 March 2025, the Company has reversed the entire provision of ₹ 1,528.50 lakh which is in compliance with the above-mentioned RBI circulars.

XIX. Draw down from reserves : None**XX. Concentration of Advances**

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
1 Total Advances to twenty largest borrowers	1,34,684.29	1,40,608.17
2 Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	22.24%	29.74%

XXI. Concentration of Exposures*

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
1 Total Exposures to twenty largest borrowers	1,47,231.95	1,57,643.80
2 Percentage of Exposures to twenty largest borrowers to Total Exposures of the Company	22.54%	29.34%

* 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 2025	For the year ended 31 March 2024
1 Total Exposure to top four NPA accounts	1,376.19	684.28



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 6.02 : Disclosures Pursuant to Annex VII (Section II) to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Continued)**XXIII. Sectorwise NPA (% of NPA to Total Advances in that sector)**

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
1 Agriculture and allied activities	10.23%	0.63%
2 MSME	1.01%	0.28%
3 Corporate borrowers	-	-
4 Services	3.52%	0.04%
5 Unsecured personal loans	0.65%	0.60%
6 Auto loans	4.05%	-
7 Other personal loans	3.49%	2.16%

XXIV. Movement of NPAs

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
1 Net NPAs to Net Advances (%)	0.20%	0.06%
2 Movement of NPAs (Gross)		
(a) Opening balance	1,095.18	34.54
(b) Additions during the year	5,541.41	1,137.25
(c) Reductions during the year	(2,484.90)	(76.61)
(d) Closing balance	4,151.69	1,095.18
3 Movement of Net NPAs		
(a) Opening balance	299.22	-
(b) Additions during the year	2,770.53	299.22
(c) Reductions during the year	(1,837.76)	-
(d) Closing balance	1,231.99	299.22
4 Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	795.96	104.65
(b) Additions during the year	2,770.88	691.31
(c) Reductions during the year	(647.14)	-
(d) Closing balance	2,919.70	795.96

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 2025	For the year ended 31 March 2024
1 No. of complaints pending at the beginning of the period	-	-
2 No. of complaints received during the period	289	296
3 No. of complaints redressed during the period	284	296
4 No. of complaints pending at the end of the period	5	-

XXVIII. Loan against security of single product - Gold Jewellery

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Percentage of Loan against security of single product - Gold Jewellery* to Total Assets	0.00%	0.22%

* 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



ARKA FINCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 6.02 (B) : Disclosures Pursuant to Annex XI to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

Loans sanctioned to Directors, Senior Officers and relatives of Directors

Sr. No.	Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
1	Directors and their relatives	-	-
2	Entities associated with directors and their relatives	-	-
3	Senior Officers and their relatives	-	-

NOTE 6.02 (C) : Disclosures Pursuant to RBI Master Direction - Monitoring of frauds in NBFCs dated September 29, 2016

The Company has not reported any fraud in the current financial year 2024-25 (previous year : ₹ 6.96 lakhs) to RBI.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 6.03 (A) : Disclosures pursuant to Master Directions - RBI (Transfer of Loan Exposures) Directions, 2021 vide circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22**(i) Details of loans not in default acquired through assignments:**

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Aggregate amount of loans acquired	2,965.01	18,971.78
Weighted average residual maturity (in years)	1.29	1.55
Weighted average holding period by originator (in years)	0.99	0.85
Retention of beneficial economic interest by the originator	10%	10%
Tangible security coverage	0%	20%
Rating-wise distribution of loans	Unrated	Unrated

(ii) Details of loans not in default transferred by way of Novation:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Number of loans	5	10
Aggregate amount of loans transferred	9,869.70	17,568.78
Weighted average remaining maturity (in years)	3.25	2.52
Weighted average holding period after origination (in years)	0.44	0.58
Retention of beneficial economic interest	Nil	Nil
Coverage Tangible security coverage	100%	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 2025	For the year ended 31 March 2024
Number of loans	5,649.00	1,008.00
Aggregate amount of loans transferred (in Lakhs)	96,498.72	44,358.68
Sale Consideration (in Lakhs)	96,498.72	44,358.68
Weighted average remaining maturity (in years)	10.09	11.66
Weighted average holding period after origination (in years)	0.77	0.84
Retention of beneficial economic interest	17%	14%
Coverage Tangible security coverage	78%	87%
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

(iv) During the year, the company has not transferred / acquired loans in default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 6.03B : Disclosures Pursuant to Annex 3 to Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021

Details of securitisation (PTC) with Ecstasy Oct 2024

Sr. No	Particulars	For the year ended 31-Mar-2025	For the year ended 31-Mar-2024
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	1	-
2	Total amount of securitised assets as per books of the SPEs	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 Lien Amount- Rs. 995 Lakh	-
	• Others	Equity Tranche- Rs. 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	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	13,491.91	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc	FD Lien marked Rs. 995 Lakh Equity Tranche Rs. 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	-
	Servicing Agent- Dec 24 - March-25 Collection		
	(a) Amount paid	1,579.15	-
	(b) Repayment received	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	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

Details of securitisation (PTC) with Silver Arrows

Sr. No	Particulars	For the year ended 31-Mar-2025	For the year ended 31-Mar-2024
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	1	-
2	Total amount of securitised assets as per books of the SPEs	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 - Rs 790.60 Lakh	-
	• Others	Equity Tranche - Rs 465.04 Lakh	-
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	8,835.75	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc	FD -Lien Marked- Rs 790.6 Lakh ;Equity Tranche - Rs 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	-
	servicing agent- Collection for the period Aug 24 - March -25		
	(a) Amount paid	2,182.02	-
	(b) Repayment received	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		



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 6.04 : Disclosures Pursuant to Annex II to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

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 2024025
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	5,99,248.83	2,354.23	5,96,894.60	2,366.39	(12.15)
	Stage 2	7,330.43	235.76	7,094.67	28.93	206.82
Subtotal		6,06,579.26	2,589.99	6,03,989.27	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	1,528.74
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	6,41,829.23	2,494.90	6,39,334.33	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	1,528.74
	Total	6,53,311.35	5,650.36	6,47,660.99	3,781.27	1,864.08

* Amounts disclosed include Ind AS adjustments



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 6.04 : Disclosures Pursuant to Annex II to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Cont.....)

						FY 2023-24
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	4,77,395.56	1,482.98	4,75,912.58	1,876.24	(393.26)
	Stage 2	1,873.68	89.51	1,784.18	7.41	82.10
	Subtotal	4,79,269.24	1,572.49	4,77,696.76	1,883.65	(311.16)
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,095.17	795.96	299.22	116.00	679.95
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
	Subtotal for doubtful	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
	Subtotal for NPA	1,095.17	795.96	299.22	116.00	679.95
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	56,761.09	171.51	-	-	171.51
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Subtotal	56,761.09	171.51	-	-	171.51
TOTAL	Stage 1	5,34,156.65	1,654.49	4,75,912.58	1,876.24	(221.75)
	Stage 2	1,873.68	89.51	1,784.18	7.41	82.10
	Stage 3	1,095.17	795.96	299.22	116.00	679.95
	Total	5,37,125.50	2,539.96	4,77,995.98	1,999.65	540.30

* Amounts disclosed include Ind AS adjustments



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 6.05 : Disclosures Pursuant to Annex VIII to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

Particulars		As at March 31, 2025		As at March 31, 2024	
LIABILITIES SIDE		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a)	Debiture : Secured	1,09,805.24	-	1,05,678.83	-
	Unsecured	21,286.40	-	13,832.98	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	3,80,780.69	-	2,41,411.60	-
(d)	Inter-corporate loans and borrowing	-	-	-	-
(e)	Commercial Paper	14,287.85	-	19,471.49	-
(f)	Public Deposits	-	-	-	-
(g)	Other Loans - Working capital demand loans from bank	-	-	-	-
	Securitization (PTC)	19,301.61	-	-	-
(g)	Overdraft	-	-	1,742.05	-
(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, 2025		As at March 31, 2024	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
(a)	Secured	5,03,986.31		4,15,130.75	
(b)	Unsecured	1,01,603.87		57,700.16	
(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	-		-	
(5)	Break-up of Investments				
	Current Investments				
1.	Quoted				
(i)	Shares: (a) Equity	-		-	
	(b) Preference	-		-	
(ii)	Debentures and Bonds	-		6,503.02	
(iii)	Units of mutual funds	22,980.06		-	
(iv)	Government Securities	-		-	
(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		-	



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 6.05 : Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (Continued)

Long Term investments				
1.	Quoted			
	(i)	Shares: (a) Equity		-
		(b) Preference	-	-
	(iii)	Debentures and Bonds	4,940.09	-
	(iii)	Units of mutual funds	-	-
	(iv)	Government Securities	-	-
	(v)	Others (please specify)	-	-
2.	Unquoted			
	(i)	Shares: (a) Equity	0.15	1.49
		(b) Preference	-	-
	(ii)	Debentures and Bonds	-	-
	(iii)	Units of mutual funds	-	-
	(iv)	Government Securities	-	-
	(v)	Others - Pass through certificates, units of AIF	-	4,120.43

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:			As at March 31, 2025			As at March 31, 2024		
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		5,03,986.31	1,01,603.87	6,05,590.18	4,15,130.75	57,700.16	4,72,830.91

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		As at March 31, 2025		As at March 31, 2024	
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	-	-	3,089.09	1,528.50
	(iii) Other related parties	-	-	-	-
2.	Other than related parties	28,120.98	28,114.94	7,535.85	7,542.35

(8) Other information		As at March 31, 2025		As at March 31, 2024	
Particulars					
(i)	Gross Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	4,151.69		1,095.17	
(ii)	Net Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	1,231.99		299.22	
(iii)	Assets acquired in satisfaction of debt	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

Note 6.06: CWIP ageing and Completion schedule - 31 March 2025

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
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

CWIP ageing and Completion schedule - 31 March 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
Projects in progress	19.31	-	-	-	19.31
Projects temporarily suspended	-	-	-	-	-

There were no overrun as on 31 March 2024 on account of cost or timelines for the ongoing projects

Note 6.07: Trade receivable ageing schedule - 31 March 2025

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables—considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-

Trade receivables aging schedule - 31 March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	20.25	-	-	-	-	20.25
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables—considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-

Note 6.08: Trade Payables aging schedule - 31 March 2025

Particulars	Unbilled / Provision	Outstanding for following periods from due date of payment				Total
		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	-	-	-	-	-	-

Trade Payables aging schedule - 31 March 2024

Particulars	Unbilled / Provision	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	78.88	0.85	-	-	-	79.73
(ii) Others	531.52	4.61	-	-	-	536.13
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-



ARKA FINCAP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025
(Currency : Indian Rupees in Lakhs)

Note 6.09: Other notes

6.09 (i): Accounting Ratios

Ratios	As at 31 March 2025	As at 31 March 2024
Debt-equity ratio ¹	4.38 : 1	3.28 : 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	0.82 : 1	0.78 : 1
Gross NPA (%)	0.69%	0.23%
Net NPA (%)	0.20%	0.06%
Capital Adequacy Ratio (CRAR)	20.84%	25.09%

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

6.09 (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

6.09 (iii): Registration of charges

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

For the year ended 31 March 2024

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2024

6.09 (iv): Satisfaction of charges

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

For the year ended 31 March 2024

Satisfaction of charges were performed as per the terms of sanction within due date during the year ended 31 March 2024

6.09 (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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 6.10 : Disclosures Pursuant to Annex VI to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023**1 Funding Concentration based on significant counterparty**

As on 31 March 2025

No. of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
31	4,62,248.73	N.A.	79.36%

As on 31 March 2024

No. of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
28	3,22,090.00	N.A.	78.19%

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 NBFC- NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

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 2025

Amount	% of Total Borrowings
2,64,107.72	48.42%

As on 31 March 2024

Amount	% of Total Borrowings
1,98,687.00	52.17%

4 Funding Concentration based on significant instrument / product

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	3,51,864.31	60.41%
PTC	19,550.50	3.36%
Cash credit (CC)	-	-
Working capital demand loan (WC DL)	-	-
Total	4,62,248.73	79.36%

As on 31 March 2024

Name of the product	Amount	% of Total Liabilities
Commercial Papers	19,471.49	5.10%
NCD	1,19,511.81	31.27%
Term Loan	2,41,411.60	63.17%
Cash credit (CC)	1,742.05	0.46%
Working capital demand loan (WC DL)	-	-
Total	3,82,136.95	100.00%

5 Stock ratios

	31-Mar-25	31-Mar-24
Stock Ratio	%	%
Commercial papers as a % of total public funds	2.75%	5.10%
Commercial papers as a % of total liabilities	2.58%	4.73%
Commercial papers as a % of total assets	2.12%	3.68%
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	6.48%	53.82%
Other short-term liabilities as a % of total liabilities	6.07%	49.92%
Other short-term liabilities as a % of total assets	5.00%	38.83%

i) Total Public Funds is defined as total borrowings



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency - Indian Rupees in Lakhs)

NOTE 6.10 : Disclosures Pursuant to Annex VI to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (continue)

6 Institutional set-up for Liquidity Risk Management:

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC held at regular interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk- return perspective. The main objective of ALCO is to assist the Board in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds.

The company's liquidity and funding approach documented through its various plans and policies including the Assets Liability Management policy, Treasury Deployment policy is to ensure 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 int the economic landscape or business needs.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Continued from Page 10)

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 104 dealing with Operating segment

NOTE 7.02 : Other significant notes

- 1 The Indian Parliament has approved the Code on Social Security, 2020, which subsumes the Provident Fund and the Gratuity Act and rules thereunder, vide its notification in the Gazette of India dated September 28, 2020. The Ministry of Labour and Employment notified few sections of the Code in May 2023. However the date from which all the provision of the Code will come into force is not yet notified. The Company will assess the complete Code as and when it comes into effect and will take necessary impact if any, in the respective period.
- 2 **Audit trail**
The Company has used various 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. The Company has used three applications for maintaining some of its books of accounts and in the absence of service organisation control reports for the period April 1, 2024 to March 31, 2025 with respect to audit trail feature at the database level, the Company is unable to confirm whether audit trail feature in the aforesaid softwares at the database level was enabled and have operated throughout the year or not. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention, except for the three applications stated above at database level.
- 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 2025 and 31 March 2024.
- 6 The Company does not have any restructured accounts for the year ended and as on 31 Mar 2025 and 31 March 2024.

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

Shweta Singhal

Shweta Singhal
Partner
Membership No. 414420



For and on behalf of the Board of Directors of
Arka Fincap Limited

Sameer Gupta
Sameer Gupta
Managing Director
DIN: 7071479

Gauri Kirloskar
Gauri Kirloskar
Non Executive Director
DIN: 03366274

Ridhi Gangar
Ridhi Gangar
Chief Financial Officer

Niki Mehta
Niki Mehta
Company Secretary

Place: Mumbai
Date: 30 April 2025



Place: Mumbai
Date: 30 April 2025