INDEPENDENT AUDITOR'S REPORT

To the Members of Arka Financial Holdings Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Arka Financial Holdings Private Limited ('the Company'), which comprise the standalone balance sheet as at 31st March, 2026, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flow for the year then ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2026, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 Standalone 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's report but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

2002, Urmi Estate – Tower A, 20th Floor, 95, Ganpatrao Kadam Marg, Lower Parel (West), Mumbai – 400013, India
T +91 22 6617 8100 | **W** www.suditkparekh.com
Mumbai | Pune | Hyderabad | Gurugram | Bengaluru

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Board of Directors for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone 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. 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Board of Directors are 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone 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.

- 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) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the Standalone Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Financial Statements made by Management and Board of Directors.

- Conclude on the appropriateness of 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 Standalone 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.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

Other Matter

The Standalone Financial Statements include comparative financial figures of the Company for the year ended 31st March, 2025, which have been audited by the predecessor auditor whose report dated 02nd May, 2025 expressed an unmodified opinion on those Standalone Financial Statements.

Our opinion on the Standalone Financial Statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1) 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, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2) As required by Section 143(3) of the Act, we report that:

   a) 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.

b) 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.

c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, and rules made thereunder, as applicable.

e) On the basis of the written representations received from the directors as on 31st March, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to the Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.

g) 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:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts due to be transferred to the Investor Education and Protection Fund by the Company.

   iv. a) The management has represented that to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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.

   b) The management has represented that to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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.

c) Based on our audit procedures that we have 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 mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31st March, 2026 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. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

3) The Company has not paid any managerial remuneration to its directors and thus, the provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31st March, 2026.

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No. 110512W/W100378
NEMISH BHARATKUMAR KAPADIA
Digitally signed by NEMISH BHARATKUMAR KAPADIA
Date: 2026.05.04 23:52:46 +05'30'
Nemish Kapadia
Partner
Membership No. 111929
ICAI UDIN No: 26111929BOEYSE3784
Place: Mumbai
Date: 04th May, 2026

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of the Company)

i. (a)(A) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company does not hold any Property, Plant and Equipment including right-of-use assets covered under Ind AS 116, 'Leases'. Accordingly, reporting under paragraph 3(i)(a)(A) of the Order is not applicable to the Company.

(a)(B) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company does not hold any intangible assets. Accordingly, paragraph 3(i)(a)(B) of the Order is not applicable to the Company.

(b) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company does not hold any Property, Plant and equipment. Accordingly, paragraph 3(i)(b) of the Order is not applicable to the Company.

(c) According to information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company does not hold any immovable properties either as owner or as lessee. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company does not hold any Property, Plant and equipment. Accordingly, paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) According to the Information and explanations provided to us and based on our audit procedures, we are of the opinion that there are no proceedings being 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) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the nature of Company's business is such that the Company does not hold any inventory. Accordingly, paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from any of the banks or financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on our audit procedures, we are of the opinion that the Company has not made investment or provided any guarantee or security or has granted any loan or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, paragraphs 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

iv. According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company has not granted any loan or provided any security or guarantee to any of its directors, or to any other person in whom the director is interested during the year. Further the Company has not made any investments and has not provided any loan or guarantee or security in connection therewith to any person or body corporate during the year. Hence, provisions of section 185 and 186 of the Act are not applicable to the Company. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company has not accepted any deposits or amounts which are deemed to be deposits to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder apply. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

vi. According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for any of the services of the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations provided to us and based on our audit procedures and our examination of the records of the Company, we are of the opinion that the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including income-tax, goods and service tax and other material statutory dues applicable to the Company. As per the records of the Company, as at 31st March, 2026, the Company does not have any undisputed statutory dues which are outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us and based on our audit procedures and our examination of the records of the Company, we are of the opinion that the Company does not have any dues as at 31st March, 2026 as referred to in subclause (a) above which have not been deposited on account of any dispute. Accordingly, paragraph 3(vii)(b) of the Order is not applicable to the Company.

viii. According to the information and explanation provided to us and based on our audit procedures and our examination of the records of the Company, we are of the opinion that there have been no transactions unrecorded in the books of account that have been surrendered or disclosed as income during the year, in the tax assessments under the Income Tax Act, 1961(43 of 1961).

ix. (a) According to the information and explanations provided to us and based on our audit procedures and the records of the Company, the Company has not availed any loan from any financial institution, bank, government, debenture holders or any other lenders. Accordingly, paragraph 3(ix)(a) of the Order is not applicable to the Company.

(b)According to the information and explanations given to us and on the based on our audit procedures, we are of the opinion that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company has not availed for any term loan. Accordingly, paragraph 3(ix)c of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and based on our audit procedures, and on an overall examination of the standalone financial statements of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and based on our audit procedures and on an overall examination of the standalone financial statements of the Company, we are of the opinion that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its Subsidiaries. The Company does not have any Associates or Joint Ventures.

(f) According to the information and explanations given to us and based on our audit procedures, we are of the opinion that the Company has not raised loans during the year on the pledge of securities held in its Subsidiaries. The Company does not have any Associates or Joint Ventures.

x. (a) According to the information and explanations given to us and based on our audit procedures, we are of the opinion that the Company has not raised money by way of initial public offer/ further public offer (including debt instruments). Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations provided to us and based on our audit procedures and records of the Company, we are of the opinion that the Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year.

xi. (a) According to the information and explanations provided to us and based on our audit procedures and the records produced to us for the purpose of reporting the true and fair view of the standalone financial statements of the Company, we have not come across any instance of fraud by the Company or any fraud on the Company during the year. Accordingly, paragraph 3(xi(a)) of the Order is not applicable to the Company.

(b) According to the information and explanations provided to us and based on our audit procedures, in our opinion, no report under sub-section (12) of section 143 of the Act has been filed by auditors in Form ADT 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As per the information and explanation provided by the Company, there are no whistle-blower complaints received during the year by the Company.

xii. According to the information and explanations provided to us and based on our audit procedures, in our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations provided to us and based on our audit procedures and records of the Company, we are of the opinion that the transactions with related parties undertaken by the Company during the year, are in accordance with the provisions of sections 188 and 177 of the Act to the extent applicable and the details in respect of such transactions to the extent required have been disclosed in the standalone financial statements, as per the applicable Indian Accounting Standards.

xiv. (a) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company has an internal audit system commensurate with the size and nature of its business.

(b) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that all the internal audit reports of the Company issued till date, for the period under audit have been considered by us.

xv. According to the information and explanations given to us and based on our audit procedures, we are of the opinion that during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, the provisions of section 192 of the Act are not applicable to the Company.

xvi. (a) According to the information and explanations provided to us and as per the record of the Company, we are of the opinion that the Company is not required to obtain any registration under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

(b) According to the Information and explanations given to us and based on our audit procedures, we are of the opinion that the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid certificate of registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) According to the information and explanations provided to us and based on our audit procedures, we report that the Company is an unregistered Core Investment Company (CIC) and continues to fulfil the criteria of an unregistered CIC.

(d) According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Group has two Core Investment Company (CICs) (including the Company itself) which are not required to be registered with the Reserve Bank of India.

xvii. According to the information and explanations provided to us and based on our audit procedures, we are of the opinion that the Company has not incurred any cash losses in the preceding financial year 2024-25, however, during the current financial year, cash losses have been incurred amounting to Rs.50.47 lakhs.

xviii. There has been resignation of the statutory auditors during the year and there have been no issues, objections or concerns raised by the outgoing auditors.

xix. According to the information and explanations given to us and based on our audit procedures and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone 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 opine 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.

xx. According to the information and explanations provided to us and based on our audit procedures, section 135 of the Act is not applicable to the Company. Accordingly, paragraph (xx)(a) and (b) of the Order are not applicable to the Company.

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No. 110512W/W100378

NEMISH BHARATKUMAR KAPADIA

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Date: 2026.05.04 23:53:10 +05'30'

Nemish Kapadia
Partner
Membership No. 111929
ICAI UDIN No: 26111929BOEYSE3784
Place: Mumbai
Date: 04th May, 2026

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of the Arka Financial Holdings Private Limited)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

We have audited the internal financial controls with reference to the Standalone Financial Statements of Arka Financial Holdings Private Limited (“the Company”) as of 31st March, 2026 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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 Standalone Financial Statements criteria 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 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone 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 Standalone Financial Statements were 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 with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone 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 judgement, including the assessment of the risks of material misstatement of the Standalone 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 with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

Because of the inherent limitations of internal financial controls reference to the Standalone 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 reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial control reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls with reference to the Standalone Financial Statements were operating effectively as at 31st March, 2026, based on the internal control with reference to the Standalone Financial Statements criteria 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 ("the ICAI").

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No. 110512W/W100378
NEMISH BHARATKUMAR KAPADIA
Digitally signed by NEMISH BHARATKUMAR KAPADIA
Date: 2026.05.04 23:53:31 +05'30'
Nemish Kapadia
Partner
Membership No. 111929
ICAI UDIN No: 26111929BOEYSE3784
Place: Mumbai
Date: 04th May, 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN : U65993MH2021PTC363806)

Standalone Balance Sheet

as at 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	Note No	As at 31 March 2026	As at 31 March 2025
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	16.18	306.31
Bank balances other than cash and cash equivalents	3.02	486.22	-
Investments	3.03	1,04,207.76	1,04,422.07
Other financial assets	3.04	-	22.55
		1,04,710.16	**1,04,750.93**
Non-financial assets			
Current tax assets (net)	3.05	2.85	-
Other non-financial assets	3.06	-	38.99
		2.85	**38.99**
TOTAL ASSETS		**1,04,713.01**	**1,04,789.92**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	3.07		
(i) total outstanding to micro and small enterprises		-	3.72
(ii) total outstanding dues of creditors other than micro and small enterprises		4.49	19.68
		4.49	**23.40**
Non-financial liabilities			
Current tax liabilities (net)	3.08	-	99.65
Other non-financial liabilities	3.09	0.76	2.48
		0.76	**102.13**
TOTAL LIABILITIES		**5.25**	**125.53**
Equity			
Equity share capital	3.10	1,05,265.30	1,05,265.30
Other equity	3.11	(557.54)	(600.91)
TOTAL EQUITY		**1,04,707.76**	**1,04,664.39**
TOTAL LIABILITIES AND EQUITY		**1,04,713.01**	**1,04,789.92**

Notes forming part of the standalone financial statements 1 to 5.11

As per our report of even date attached

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 110512W/W100378

NEMISH BHARATKUMAR KAPADIA
Digitally signed by NEMISH BHARATKUMAR KAPADIA
Date: 2026.05.04 23:54:15 +05'30'

Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2026.05.04 23:18:18 +05'30'

Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

YOGESH KAPUR
Digitally signed by YOGESH KAPUR
Date: 2026.05.04 23:13:10 +05'30'

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

ROHIT KUMAR
Digitally signed by ROHIT KUMAR
Date: 2026.05.04 23:39:37 +05'30'

Rohit Kumar
Chief Financial Officer
Place: Mumbai

Aditi Arun Mahamunkar
Digitally signed by Aditi Arun Mahamunkar
Date: 2026.05.04 23:27:28 +05'30'

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN : U65993MH2021PTC363806)

Standalone Statement Of Profit And Loss

For The Year Ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	Note No	For the year ended 31 March 2026	For the year ended 31 March 2025
Revenue from operations	4.01		
Dividend Income		-	1,021.58
Interest income		31.13	62.31
Total revenue from operations		**31.13**	**1,083.89**
Other income	4.02	14.30	23.72
Total income		**45.43**	**1,107.61**
Expenses			
Finance costs	4.03	-	8.66
Employee benefits expenses	4.04	1.57	32.43
Depreciation, amortisation and impairment expenses	4.05	-	32.70
Other expenses	4.06	109.42	123.95
Total expenses		**110.99**	**197.74**
Profit / (loss) before exceptional items and tax		**(65.56)**	**909.87**
Exceptional items - Expenses / (Income)	5.08	(110.25)	850.00
Profit before tax		**44.69**	**59.87**
Tax expense:	4.07		
1. Current tax		-	208.43
2. (Excess)/Short provision related to earlier years		0.25	-
3. Deferred tax charge /(credit)		-	98.57
Total tax expenses		**0.25**	**307.00**
Profit / (Loss) after tax		**44.44**	**(247.13)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Fair valuation of equity investments		0.04	(4.02)
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		**0.04**	**(4.02)**
Total comprehensive income / (Loss) for the period		**44.48**	**(251.15)**
Earnings per equity share	5.01		
Basic Earnings per share (₹)		0.0042	(0.0236)
Diluted Earnings per share (₹)		0.0042	(0.0236)
(Equity Share of face value of ₹ 10 each)			
Notes forming part of the standalone financial statements	1 to 5.11		

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 110512W/W100378

NEMISH BHARATKUMAR KAPADIA Digitally signed by NEMISH BHARATKUMAR KAPADIA Date: 2026.05.04 23:54:45 +05'30'

Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of Arka Financial Holdings Private Limited

SAMRAT GUPTA Digitally signed by SAMRAT GUPTA Date: 2026.05.04 23:18:43 +05'30'

YOGESH KAPUR Digitally signed by YOGESH KAPUR Date: 2026.05.04 23:13:47 +05'30'

Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

ROHIT KUMAR Digitally signed by ROHIT KUMAR Date: 2026.05.04 23:40:16 +05'30'

Aditi Arun Mahamunkar Digitally signed by Aditi Arun Mahamunkar Date: 2026.05.04 23:27:50 +05'30'

Rohit Kumar
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN : U65993MH2021PTC363806)

Standalone Statement Of Cash Flows

For The Year Ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash Flow from Operating Activities		
Net profit / (loss) before tax and after exceptional items	44.69	58.88
Adjustments for :		
Add:		
Depreciation and amortisation	-	32.70
Impairment loss allowance	(110.25)	850.00
Finance cost	-	9.65
	(110.25)	**892.35**
Less:		
Dividend Income	-	1,021.58
Interest received on fixed deposits	19.48	9.25
Interest income on security deposit	-	1.78
Gain on Derecognition of ROU	-	23.20
Interest received on Investment in AIF	11.65	51.28
	31.13	**1,107.09**
Operating profit / (loss) before working capital changes	**(96.69)**	**(155.86)**
Adjustments:		
(Increase) / Decrease in Other financial assets	22.56	5.72
(Increase) / Decrease in Other non-financial assets	38.98	(27.09)
Increase/(Decrease) in trade payable	(18.91)	(218.94)
Increase/(Decrease) in Other non-financial liabilities	(1.72)	(0.18)
Cash generated / (used) in operating activities	**(55.78)**	**(396.35)**
Direct taxes paid	(102.75)	(103.00)
Net cash generated used in operating activities (A)	**(158.53)**	**(499.35)**
B Cash flows from investing activities		
Dividend Income	-	1,021.58
Interest received on fixed deposits	19.48	9.25
Interest received on Investment in AIF	14.76	51.28
Receipt on sale of Investments	320.99	175.90
Payments on purchase of investment	-	(125.00)
Investment in Fixed Deposits with bank (net)	(486.22)	-
Receipt on sale of investment in Equity Shares	0.50	-
Net cash generated from / (used in) investing activities (B)	**(130.49)**	**1,133.01**
C Cash Flow from Financing Activities		
Payments on purchase of investment in Subsidiaries	-	(750.50)
Lease Liability Paid	-	(47.12)
Net cash generated from / (used in) financing activities (C)	**-**	**(797.62)**
Net Increase / (Decrease) in cash and cash equivalents (A) + (B) + (C)	**(289.02)**	**(163.96)**
Cash and Cash Equivalents at the beginning of the year	**306.31**	**470.27**
Cash and Cash Equivalents at the end of the year	**17.29**	**306.31**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	16.18	254.84
Deposits with original maturity of less than three months	-	51.47
Total	**16.18**	**306.31**

Notes:

1. The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7, "Statement of Cash Flows".

Notes forming part of the standalone financial statements 1 to 5.11

As per our report of even date attached
For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 110512W/W100378

NEMISH BHARATKUMAR KAPADIA Digitally signed by NEMISH BHARATKUMAR KAPADIA Date: 2026.05.04 23:55:21 +05'30'

Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

SAMRAT GUPTA Digitally signed by SAMRAT GUPTA Date: 2026.05.04 23:19:01 +05'30'

Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

YOGESH KAPUR Digitally signed by YOGESH KAPUR Date: 2026.05.04 23:14:11 +05'30'

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

ROHIT KUMAR Digitally signed by ROHIT KUMAR Date: 2026.05.04 23:40:51 +05'30'

Rohit Kumar
Chief Financial Officer
Place: Mumbai

Aditi Arun Mahamunkar Digitally signed by Aditi Arun Mahamunkar Date: 2026.05.04 23:28:06 +05'30'

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN : U65993MH2021PTC363806)

Standalone Statement Of Changes In Equity (SOCIE)

For The Year Ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

(a) Equity Share Capital (Note 3.10)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	**No. of Shares**	**Amount**
Balance as at 01 April, 2024	1,05,26,52,962	1,05,265.30
Shares issued during the period	-	-
Balance as at 31 March 2025	**1,05,26,52,962**	**1,05,265.30**
Balance as at 01 April, 2025	1,05,26,52,962	1,05,265.30
Shares issued during the period	-	-
Balance as at 31 March 2026	**1,05,26,52,962**	**1,05,265.30**

(b) Other equity (Note 3.11)

Particulars	**Retained Earnings**	**Equity instruments through other comprehensive income**	**Total**
Balance as at 1 April 2024	**(348.78)**	**-**	**(348.78)**
Profit / (loss) for the year	(248.11)	-	(248.11)
Other comprehensive income for the year	-	(4.02)	(4.02)
Balance as at 31 March 2025	**(596.89)**	**(4.02)**	**(600.91)**
Balance as at 1 April 2025	**(596.89)**	**(4.02)**	**(600.91)**
Profit / (loss) for the year	43.33	-	43.33
Other comprehensive income for the year	-	0.04	0.04
Transfer to Retaining Earnings on disposal of investments	(3.98)	3.98	-
Balance as at 31 March 2026	**(557.54)**	**-**	**(557.54)**

Notes forming part of the standalone financial statements 1 to 5.11

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 110512W/W100378

NEMISH BHARATKUMAR KAPADIA
Digitally signed by NEMISH BHARATKUMAR KAPADIA
Date: 2026.05.04 23:55:53 +05'30'

Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2026.05.04 23:19:21 +05'30'

Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

YOGESH KAPUR
Digitally signed by YOGESH KAPUR
Date: 2026.05.04 23:14:35 +05'30'

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

ROHIT KUMAR
Digitally signed by ROHIT KUMAR
Date: 2026.05.04 23:41:17 +05'30'

Rohit Kumar
Chief Financial Officer
Place: Mumbai

Aditi Arun Mahamunkar
Digitally signed by Aditi Arun Mahamunkar
Date: 2026.05.04 23:28:20 +05'30'

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 04 May 2026

1. Corporate Information

Arka Financial Holdings Private Limited (the 'Company') was incorporated on 13 July 2021. The Company is wholly owned subsidiary of Kirloskar Oil Engines Limited ("KOEL") operating as unregistered Core Investment Company. The Board in its meeting dated 25 March 2025 has approved to apply for Core Investment Company License to Reserve Bank of India. The Company has submitted the application with Reserve Bank of India and the same is under process.

2 Material Accounting Policy Information

2.01 Statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance based on Division III of Schedule III 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) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment. Any application guidance/clarifications/ directions issued by relevant regulators are implemented as and when they are issued/ applicable.

2.02 Basis of preparation

The financial statement comprises of the Balance sheet as at March 31 2026, the Statement of Profit and Loss, including the statement of Other Comprehensive Income / (loss), the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

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 Company has assessed its liquidity position and its possible sources of funds. The Board of Directors of the Company are confident of the Company's ability to meet its obligations as and when they arise in the next twelve months from the date of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

2.03 Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention as modified by the application of fair value measurements required or allowed by the relevant standards under Ind AS in the case of certain financial assets and liabilities, net defined benefit (asset)/ liability and share based payments.

2.04 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind AS.

2.05 Functional Currency

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to nearest Rupee in Lakhs with two decimal places as permitted by Schedule III to the Companies Act, 2013. Values of 0.00 in lakhs represents amount less than INR 500. Per share data are presented in Indian Rupee to two decimal places.

2.06 Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

2.06.A Financial assets

i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss. Investments in subsidiary is recognised at cost.

The financial assets include investments in equity of Subsidiary Company, trade and other receivables, loans and advances and cash and bank balances.

ii) Classification and Subsequent measurement.

For purposes of subsequent measurement, financial assets are classified in three categories depending on the Company's business model for managing the financial assets and the contractual terms of the cash flow:

- At amortised cost,
- At fair value through other comprehensive income (FVOCI), and
- At fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and
- 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.

Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Fair value through other comprehensive income (FVOCI)

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the statement of profit and loss.

Fair value through Profit and Loss (FVTPL)

A financial asset is measured at fair value through profit or loss unless it is measured at Amortised cost or at fair value through other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets Amortised cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’).

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

Equity Instruments/Investments :

Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Company has irrevocable option to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

iii) Reclassifications

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The following are various reclassifications and how they are accounted for.

Reclassification from Amortised cost to FVTPL : Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.

Reclassification from FVTPL to Amortised cost : Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.

Reclassification from Amortised cost to FVOCI : Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.

Reclassification from FVOCI to Amortised cost : Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.

Reclassification from FVTPL to FVOCI : Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.

Reclassification from FVOCI to FVTPL : Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

iv) Impairment of financial assets

Expected Credit Loss (ECL) principles

The provision for credit risks, which is recognized in accordance with the expected credit loss method specified by Ind AS 109 and in accordance with uniform standards applied, encompasses all financial assets measured at amortised cost. The calculation of the provision for credit risks generally takes into account the exposure at default, the probability of default and the loss given default.

Financial assets are subject to credit risks, which are taken into account by recognising the amount of the expected loss; such allowances are recognised for both financial assets with objective evidence of impairment and non-impaired financial assets.

The general approach is used for financial assets measured at amortised cost on initial recognition. Financial assets are broken down into three stages in the general approach.

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances up to 0-30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: The Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. The Company classifies all advances past due for 31-90 days under this category. Also, other qualitative factors to assess deterioration in credit quality of a financial asset is considered under this category. For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. Stage 3 is considered where "Contractual payments of principal and/or interest are past due for more than 90 days".

The Company undertakes the classification of exposures within the aforesaid stages at each borrower account level.

Impairment arises in a number of situations, such as delayed payment over a certain period, the initiation of enforcement measures, the threat of insolvency or over indebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures.

Reviews are regularly carried out to ensure that the allowances are appropriate. Uncollectible loans or receivables that are already subject to a workout process and for which all collateral has been recovered and all further options for recovering the loan or receivable have been exhausted are written off directly. Any valuation allowances previously recognised are utilised. Income subsequently collected in connection with loans or receivables already written off is recognised in profit or loss.

Loans and receivables are reported in the balance sheet at the net off ECL provision. The provision for credit risks relating to off-balance sheet irrevocable credit commitments is recognised as ECL provision and shown under provisions on liability side.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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.

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 collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.
The Company compute the ECL allowance on individual basis based on type of asset/exposure and nature of collateral.

2.06.B Financial liabilities

i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss. The financial liabilities include trade and other payables and loans and borrowings etc.

ii) Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified and measured as follows.

ii.a) Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

ii.b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

2.06.C De-recognition

a) Derecognition of financial assets

A financial asset is derecognized 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

2.06.D Offsetting of financial instruments

Financial assets and financial liabilities including derivative instruments are offset and the net amount is reported in the Balance sheet, if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.06.E 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.

2.06.F Modification of financial assets and financial liabilities

Financial Assets

If the terms of a financial assets are modified, the Company evaluates whether the cash flow of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cashflows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of profit and loss. Any costs or fees incurred adjust the carrying amount of modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses, in other cases, it is presented as interest income.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of profit and loss.

2.07 Equity Instrument

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

2.08 Cash and Cash equivalents

Cash comprises cash on hand, cash at bank 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 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 on a straight-line basis 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..

2.10 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Provisions

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.

2.12 Contingent liabilities

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.

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 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 OCI.

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with 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.

2.15 Segment Reporting

The Company, being a Unregistered Core Investment Company has been primarily engaged in making investments in its group companies and being only in India, the disclosure requirements of IND-AS-108 Segment Reporting are not applicable.

2.16 Revenue Recognition

Recognition of Interest income

• Interest income and expense presented in statement of profit and loss includes interest on financial assets and liabilities measured at amortised cost calculated on an effective interest basis. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. The amortization of income and expenses for financial assets under EIR approach is done on a systematic basis that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset.

• The interest income is calculated by applying the EIR to the gross carrying amount of non-credit imparied financial assets. (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-imparied 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).

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.

Net gain/(loss) on Fair value changes:

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as a Fair value gain or loss as a gain or expense respectively.

2.17 Cash Flow Statement

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. The cash flows from regular operating, investing and financing activities of the Company are segregated. Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

2.18 Critical Accounting Estimates and Judgements

The preparation of the Company's financial statements in conformity with IND AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Any revisions to accounting estimates are recognised prospectively in the current and future periods.Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the future periods.Estimates and underlying assumptions are reviewed on an ongoing basis.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements

The significant areas involving estimates or judgements are:

1. Recognition of deferred tax assets, estimation of current tax expense and current tax payable
2. Estimation of provisions and contingencies
3. Fair value of financial instruments including unlisted equity instruments
4. Business model assessment
5. Impairment of financial assets
6. Determination of useful life of Property, Plant and Equipment
7. Determination of useful life of Intangible asset
8. Effective interest rate
9. Evaluation of lease, lease term and discount rates

2.19 New Standards/Amendments notified but not yet effective:

During the financial year 2025–26, the Ministry of Corporate Affairs (MCA) introduced certain amendments to the applicable regulations and reporting requirements. Management has evaluated these amendments and assessed their applicability to the Company. Based on such assessment, the Company is of the view that these amendments do not have any material impact on the financial statements for the year ended 31 March 2026 and do not require any additional disclosure.

(Currency : Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Cash on hand	-	-
Balances with banks		
- in current accounts	16.18	254.84
Deposits with original maturity of less than three months	-	51.47
	16.18	**306.31**

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Deposits with original maturity of more than 3 months but less than 12 months	486.22	-
	486.22	**-**

NOTE 3.03 : Investments

Particulars	As at 31 March 2026	As at 31 March 2025
Arka Credit Fund I (At fair value through P&L)	-	324.10
Equity Instruments of subsidiaries(at cost)		
Arka Fincap Limited	1,03,996.01	1,03,996.01
Arka Investment Advisory Services Private Limited	951.50	951.50
Equity Instruments of others (FVTOCI)		
Kirloskar Proprietary Ltd	-	0.46
Total	**1,04,947.51**	**1,05,272.07**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	1,04,947.51	-
Total	**1,04,947.51**	**1,05,272.07**
Less: Impairment loss allowance	(739.75)	(850.00)
Total - Net	**1,04,207.76**	**1,04,422.07**

* Investment in equity (at cost) represents

(i) 92,87,09,755 (Previous year 92,87,09,755) fully paid equity shares (includes 6 shares held by nominee shareholders on behalf of the Company) of subsidiary Arka Fincap Limited (Face Value Rs. 10) valued at cost of INR 1,03,996.01 lakhs (Previous year INR 1,03,996.01 lakhs).

(ii) 95,15,000 (Previous year 95,15,000) fully paid equity shares of wholly owned subsidiary Arka Investment Advisory Services (Face Value Rs. 10) valued at cost of INR 951.5 lakhs (Previous year INR 951.5 lakh).

** Investment in equity of others (FVTOCI) as at 31 March 2026 represents nil (Previous year 3) full paid equity shares of Kirloskar Proprietary Ltd (Face Value Rs. 100).

*** Impairment loss allowance pertains to the investment in fully paid equity shares of wholly owned subsidiary Arka Investment Advisory Services and the same has been accounted for based on assessment of recoverable amount. *(Refer Note 5.08)*

NOTE 3.04 : Other financial assets

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposit	-	22.55
	-	**22.55**

NOTE 3.05 : Current tax assets (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Taxes paid (net of provision for tax)	2.85	-
	2.85	**-**

(Currency : Indian Rupees in Lakhs)

NOTE 3.06 : Other non-financial assets

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid expenses	-	13.98
GST receivable (net)	30.43	25.01
Less: Provision against GST receivable	(30.43)	
	-	**38.99**

NOTE 3.07 : Trade payables

Particulars	As at 31 March 2026	As at 31 March 2025
Dues to micro and small enterprises	-	3.72
Dues to creditors others than micro and small enterprises	4.49	19.68
	4.49	**23.40**

Note: 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 5.03 for Trade Payables ageing schedule
Refer Note 5.07 for dues to micro and small enterprises

NOTE 3.08 : Current tax liabilities (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for tax (net of taxes paid)	-	99.65
	-	**99.65**

NOTE 3.09 : Other non-financial liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory dues payable	0.76	2.48
	0.76	**2.48**

Notes To The Standalone Financial Statements

For The Year Ended 31 March 2026

(Currency : Indian Rupees in Lakhs)

NOTE 3.10 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,50,00,00,000	1,50,000.00	1,50,00,00,000	1,50,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	1,05,26,52,962	1,05,265.30	1,05,26,52,962	1,05,265.30
Total	**1,05,26,52,962**	**1,05,265.30**	**1,05,26,52,962**	**1,05,265.30**

b. Reconciliation of number of shares at the beginning and at the end of the year

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,05,26,52,962	1,05,265.30	1,05,26,52,962	1,05,265.30
Add: Shares issued during the year	-	-	-	-
Total	**1,05,26,52,962**	**1,05,265.30**	**1,05,26,52,962**	**1,05,265.30**

c. Particulars of shares held by holding Company / Promoters

Name of Shareholder	Relationship	As at 31 March 2026		As at 31 March 2025	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited*	Holding Company	**1,05,26,52,962**	**100%**	**1,05,26,52,962**	**100%**

* Number of shares include 1 shares held by nominee shareholders on behalf of Kirloskar Oil Engines Limited

d. Particulars of shareholders holding more than 5% of the share capital

Name of Shareholder	Relationship	As at 31 March 2026		As at 31 March 2025	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company	1,05,26,52,962	100%	1,05,26,52,962	100%

e. 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.

(Currency : Indian Rupees in Lakhs)

NOTE 3.11 : Other equity

Particulars	As at 31 March 2026	As at 31 March 2025
Retained earnings	(557.54)	(596.89)
Equity instruments through other comprehensive income	-	(4.02)
	(557.54)	**(600.91)**

3.11.A Other equity movement

Particulars	As at 31 March 2026	As at 31 March 2025
Retained earnings		
Opening Balance	(596.89)	(348.78)
Add: Profit / (Loss) for the year	43.33	(248.11)
Less: Transfer from Equity instruments through other comprehensive income	(3.98)	-
Closing Balance	**(557.54)**	**(596.89)**
Equity instruments through other comprehensive income		
Opening Balance	(4.02)	-
Add: Gain / (Loss) for the year	0.04	(4.02)
Add: Transfer to Retaining Earnings on disposal of investments	3.98	-
Closing Balance	**-**	**(4.02)**

Nature and Purpose of Reserves

i) Retained Earnings

Retained earnings are the profits that the Company has earned till date.

ii) 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.

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Dividend Income from subsidiary Company - Arka Fincap Limited	-	1,021.58
Interest income on financial assets measured at amortised cost:		
Interest on Deposits		
- Deposits with banks	19.48	9.25
- Security deposits	-	1.78
Total	**19.48**	**11.03**
Interest income on financial assets measured at fair value through profit or loss:		
- Investments in AIF	11.65	51.28
Total	**11.65**	**51.28**
	31.13	**1,083.89**

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
- Gain on derecognition of Lease Liability	-	23.20
- Provision no longer required written back	14.30	-
- Interest on income tax refund	-	0.52
	14.30	**23.72**

NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest expense on financial liabilities measured at amortised cost:		
Interest on lease liability	-	8.66
	-	**8.66**

NOTE 4.04 : Employee benefit expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, other allowances and bonus	1.57	32.43
	1.57	**32.43**

NOTE 4.05 : Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation of property, plant and equipment	-	32.70
	-	**32.70**

NOTE 4.06 : Other expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Rent	-	4.24
Resource Sharing Expenses	12.40	65.71
Rates and taxes	0.32	0.64
Other repairs and maintenance	0.12	6.80
Professional charges	42.23	7.88
Auditor's remuneration*	6.33	4.05
Technology expenses	0.07	5.64
Custodian charges	1.70	0.82
Directors' sitting fees	15.82	24.95
Office expenses	-	3.14
Provision for GST Input Tax Credit	30.43	-
Interest on Income Tax	-	-
Stamp duty	-	0.08
	109.42	**123.95**

*** 'Payment to auditor includes:**		
a) As statutory auditors#	5.75	3.85
b) For certification related matters	0.32	0.20
c) Reimbursement of out of pocket expenses	0.26	
Total	**6.33**	**4.05**

#Includes Auditors' remuneration of Rs. 0.77 lakhs paid to erstwhile auditor.

(Currency : Indian Rupees in Lakhs)

NOTE 4.07 : Income Tax

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax expense		
Current income tax	-	208.43
	-	**208.43**
Deferred tax expense		
Origination and reversal of temporary differences	-	98.57
	-	**98.57**
Tax expense reported in the statement of profit and loss	**-**	**307.00**

(b) Reconciliation of tax expense

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Accounting profit / (loss) before income tax expense	43.58	58.88
Tax @ 25.168%	**10.97**	**14.82**
Difference in tax expense due to:		
- Effect of non-deductible expenses	-	193.61
- Permanent difference	(10.97)	-
- Reversal of deferred tax asset on brought forward unabsorbed losses of subsidiary	-	98.57
Total Tax Expenses	**-**	**307.00**
Effective tax rate	**0.00%**	**521.39%**

Notes To The Standalone Financial Statements

FOR THE YEAR ENDED 31 MARCH 2026

(Currency : Indian Rupees in Lakhs)

NOTE 5.01 : Earnings per share (EPS)

Basic EPS calculated by dividing the net profit / (loss) 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 / (loss) attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
I.	**Profit / (Loss) attributable to equity holders (A)**		
	Profit / (Loss) attributable to equity holders for basic and diluted EPS	44.44	(248.10)
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	1,05,26,52,962	1,05,26,52,962
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	1,05,26,52,962	1,05,26,52,962
IV.	**Basic earnings / (loss) per share (₹)**	0.0042	(0.0236)
V.	**Diluted earnings / (loss) per share (₹)**	0.0042	(0.0236)

(Currency : Indian Rupees in Lakhs)

NOTE 5.02 : Related Party Disclosures

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	Holding Company	Kirloskar Oil Engines Limited
2	Subsidiary Company	Arka Fincap Limited
		Arka Investment Advisory Services Private Limited
3	Subsidiary Company of Holding Company	KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited
		Kirloskar Advanced Sytems Private Limited (w.e.f. 30 March 2026)
		Kirloskar Americas Corp. USA
		Engines LPG LLC, DBA Wildcat Power Gen, USA
		Kirloskar International ME FZE (w.e.f. 07 January 2025)
4	Entity under same group	Arka Credit Fund I (upto 02 March 2026)
5	Non-Executive Director	Gauri Kirloskar
6	Non-Executive Director	Samrat Gupta
7	Independent Director	Srikumar Vijayasekharan (w.e.f. 28 January 2026)
8	Independent Director	Rahul Bhagat
9	Independent Director	Yogesh Kapur
10	Non-Executive Director	Mahesh Chhabria (upto 31 March 2025)
11	Independent Director	D Sivanandhan (upto 27 January 2026)

(ii) Key Management Personnel and their relatives:

1	Anand Bang - Manager (w.e.f. 17 April 2025)	Shilpa Bang	Wife
		Sarveshwer Bang	Father
		Nirmala Devi Bang	Mother
		Sanchit Bang	Son
		Ashish Bang	Brother
2	Samrat Gupta - Managing Director (w.e.f. 24 October 2024 upto 16 April 2025)	Vaishali Gupta	Wife
		Amalendu Dutta Gupta	Father
		Rina Dutta Gupta	Mother
		Rohan Gupta	Son
3	Vimal Bhandari - Managing Director (upto 23 October 2024)	Vibha V. Bhandari	Wife
		Vatsal V Bhandari	Son
		Shivani Bhandari	Son's Wife
		Vandini V Bhandari	Daughter
		Shree Krishna M Gupta	Daughter's Husband
		Pushpa Bhandari	Mother
		Ashok Bhandari	Brother
		Asha Singhvi	Sister
		Vibha Doshi	Sister
		Jayashree Mehta	Sister
4	Rohit Kumar - CFO (w.e.f. 01 October 2025)	Nitasha Goyal	Wife
		Satish Gupta	Father
		Kiran Gupta	Mother
		Vihaan Gupta	Son
		Sunil Bansal	Brother
5	Girish Kulkarni - CFO (w.e.f. 17 April 2025 upto 30 September 2025)	Swati Kulkarni	Wife
		Vinayak Kulkarni	Father
		Vaishali Kulkarni	Mother
		Pallavi Deshpande	Sister
6	Ridhi Gangar - CFO (upto 16 April 2025)	Mahavir Lunawat	Husband
		Ruxamani Gangar	Mother
		Krina Gangar	Sister
		Charmi Gangar	Sister
7	Aditi Mahamunkar - Company Secretary	Arun Mahamunkar	Father
		Sadhana Mahamunkar	Mother
		Gaurav Chindarkar	Husband
		Trishika Chindarkar	Daugher
		Akshaya Mahamunkar	Sister
		Atul Mahamunkar	Brother

(Currency : Indian Rupees in Lakhs)

(iii) Key Management Personnel of Holding Company and their relatives:

Name of KMPs	Name of Relatives of KMPs	Relationship
Gauri Kirloskar	Arti A. Kirloskar	Mother
	Atul C. Kirloskar	Father
	Christopher Kolenaty	Husband
	Maya Kolenaty	Daughter
	Pia Kolenaty	Daughter

(iv) Entities controlled by Key Management Personnel of Holding Company

Sr. No.	Related Party Category	Company Name
1	Key Management Personnel of Ultimate Holding Company	Snow Leopard Technology Ventures, LLP
		Beluga Whale Capital Management Pte Ltd.
2	Entities controlled by Close Member of Key Managerial Personnel of Ultimate Holding Company	Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited)
		Kirloskar Energen Private Limited (upto 11 March 2025)
		Kirloskar Solar Technologies Private Limited
		Alotoxl Ventures LLP
		Indifour Consult Private Limited
		Binaza Consult Private Limited
		Gumtree Capital Advisors LLP
		Snow Leopard Lever Boost LLP
		Snow Leopard Infrastructure-1 LLP
		Cephalopod Teknik - V LLP upto (24 March 2025)
		Cephalopod Teknik - VI LLP (upto 24 March 2025)
		Cephalopod Teknik - VII LLP (w.e.f 03 October 2024)
		Snow Leopard Momentum-III LLP (upto 18 January 2026)
		Snow Leopard Momentum IV LLP (w.e.f. 21 January 2026)
		Paragon Greensutra Private Limited

(Currency : Indian Rupees in Lakhs)

B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	For The Year Ended 31 March 2026		For The Year Ended 31 March 2025	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Investment in Equity of Subsidiary Company**	-		750.50	
	Arka Investment Advisory Services Pvt Ltd		-		750.50
	Total	**-**	**-**	**750.50**	**750.50**
2	**Reimbursement of expenses paid/payable to Subsidiary Company**	13.20		60.04	
	Arka Fincap Limited (Net of TDS)		13.20		60.04
	Total	**13.20**	**13.20**	**60.04**	**60.04**
3	**Payments done by Subsidiary Company**	3.69		151.40	
	Arka Fincap Limited		3.69		151.40
	Total	**3.69**	**3.69**	**151.40**	**151.40**
4	**Security Deposit received related to Corporate Office**	22.55		-	
	Arka Fincap Limited		22.55		-
	Total	**22.55**	**22.55**	-	-
5	**Sale of equity shares of Kirloskar Proprietary Ltd to to Subsidiary Company**	0.50		-	
	Arka Fincap Limited		0.50		-
	Total	**0.50**	**0.50**	-	-
6	**Dividend Income**	-		1,021.58	
	Arka Fincap Limited		-		1,021.58
	Total	**-**	**-**	**1,021.58**	**1,021.58**
7	**Transactions with Entity under same group**				
	Arka Credit Fund I	**335.75**		**352.17**	
	Investments done in the Arka Credit Fund I		-		125.00
	Redemption of Investments in the Arka Credit Fund I		320.99		175.90
	Income Earned from the Investment		14.76		51.28
	Total	**335.75**	**335.75**	**352.17**	**352.17**
8	**Directors' Sitting Fees paid to Key Management Personnel of Holding Company**	3.80		3.10	
	Gauri Kirloskar		3.80		3.10
	Total	**3.80**	**3.80**	**3.10**	**3.10**
Balances with related parties		**As at 31 March 2026**		**As at 31 March 2025**	
1	**Payable to Subsidiary Company**	-		0.97	
	Arka Fincap Limited		-		0.97
	Total	**-**	**-**	**0.97**	**0.97**
2	**Receivable from Entity under same group**	-		-	
	Arka Credit Fund I		-		-
	Total	**-**	**-**	**-**	**-**

Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables.

(Currency : Indian Rupees in Lakhs)

Note 5.03: Trade Payables ageing schedule - 31 March 2026

Particulars		Outstanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	4.49	-	-	-	-	4.49
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

Trade Payables ageing schedule - 31 March 2025

Particulars		Outstanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	3.72	-	-	-	-	3.72
(ii) Others	18.71	0.97	-	-	-	19.68
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

(Currency : Indian Rupees in Lakhs)

NOTE 5.04 : Financial instruments – 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:

Particulars	Carrying amount				Fair value	
	Fair value through profit and loss	Fair value through other comprehensive income	At Cost	Total	Fair value	Fair value Hierarchy
As at 31 March 2026						
Financial Assets:						
Investment in Kirloskar Proprietary Ltd		-				
Investment in Arka Credit Fund I	-					
Total	**-**	**-**	**-**	**-**	**-**	
As at 31 March 2025						
Financial Assets:						
Investment in Kirloskar Proprietary Ltd		0.46		0.46	0.46	Level 3
Investment in Arka Credit Fund I	324.10			324.10	324.10	Level 3
Total	**324.10**	**0.46**	**-**	**324.56**	**324.56**	

Note 1: Valuation techniques used to determine fair value
- Alternative Investment Fund: Net Asset Value provided by issuer fund in Statement of Account at the end of the year.
- Equity instruments of unlisted subsidiary: on the basis of net worth of the Company.

Note 2: The carrying amounts of financial assets and financial liabilities other than those disclosed in table above are considered to be the same as their fair values due to the short term maturities of instruments or no material differences in the values.

Note 3: There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2026 and March 31, 2025.

NOTE 5.05 : Contingent liabilities and Commitments

There are no contingent liabilities or commitments as at 31 March 2026.

NOTE 5.06: Winding up of Arka Credit Fund I

The company was Sponsor to the Arka Credit Fund I registered with SEBI as category II Alternative Investment Fund which was being managed by Arka Investments Advisory Services Pvt Ltd ("AIASPL" - the subsidiary company) as an Investment Manager. During the year, AIASPL has initiated the process to wind up the Arka Credit Fund I in accordance with SEBI (Alternative Investment Funds) Regulations, 2012. During the current year, the fund has liquidated all its investments and has distributed entire capital contributions and proceeds to the investors. AIASPL has submitted the application for surrender of registration of the Fund on 04 November 2025 and the same has been approved by SEBI with effect from 02 March 2026.

NOTE 5.07 : Dues to micro and small enterprises as per MSMED Act, 2006

The information required to be disclosed as per MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.

Sr. No.	Particulars	As at 31 March 2026	As at 31 March 2025
a.	Principal amount remaining unpaid	-	-
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e.	Interest accrued and remaining unpaid	-	-
f.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

NOTE 5.08 : Impairment loss allowance pertaining to Investment in Arka Investment Advisory Services Private Limited

Exceptional Item for the year ended 31 March 2026 represents reversal of provision of Rs. 110.25 lakhs towards Impairment in investments of Rs. 951.50 lakhs in the subsidiary viz. Arka Investments Advisory Services Pvt Ltd ("AIASPL"). The provision for impairment has been recognised in view of accumulated losses in AIASPL and also since AIASPL does not intend to launch any other Alternative Investment Fund after the surrender of Arka Hreem Real Estate Opportunities Fund-I before its commence of operations and closure of Arka Credit Fund I.

(Currency : Indian Rupees in Lakhs)

NOTE 5.09: Maturity pattern of Assets and Liabilities

Financial statements of the Company are disclosed in the format of order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	As at 31 March 2026			As at 31 March 2025		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	16.18	-	16.18	306.31	-	306.31
Bank balances other than cash and	486.22	-	486.22	-	-	-
Investments		1,04,207.76	1,04,207.76		1,04,422.07	1,04,422.07
Non-financial assets						
Current tax assets (net)	2.85	-	2.85	-	-	-
Other non-financial assets	-	-	-	-	38.99	38.99
						-
TOTAL ASSETS	**505.25**	**1,04,207.76**	**1,04,713.01**	**306.31**	**104461.06**	**104767.37**

Particulars	As at 31 March 2026			As at 31 March 2025		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	4.49	-	4.49	23.40	-	23.40
						-
Non-financial liabilities			-			-
Current tax liabilities (net)	-	-	-	99.65	-	99.65
Other non-financial liabilities	0.76	-	0.76	2.48	-	2.48
						-
TOTAL LIABILITIES	**5.25**	**-**	**5.25**	**125.53**	**-**	**125.53**

NOTE 5.10: Segment Reporting

The Company, being a Unregistered Core Investment Company has been primarily engaged in making investments in its group companies and being only in India, the disclosure requirements of IND-AS-108 Segment Reporting are not applicable.

NOTE 5.11 : Other notes including regulatory information

5.11 (i): Investment in Arka Investment Advisory Services Private Limited
Arka Investment Advisory Service Private Limited has been incorporated on 30 March 2022 as wholly owned subsidiary of the company and is acting as an Investment Manager for the purpose of Management of funds and undertaking Advisory business.

5.11 (ii): Relationship with struck off companies
The company has not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

5.11 (iii): Note on Capital Management
The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The Company's capital structure completely comprises of equity component. No changes were made in the objectives, policies or processes for managing capital during the current period.

5.11 (iv): Note on Capital Disclosure
The Company being unregistered Core Investment Company, Capital Disclosure requirements are not applicable. Liquidity Coverage Ratio (LCR) is not applicable to the Company as per RBI Master Directions 2016.

5.11 (v): Financial Risk Management
The Company's activities exposes it to liquidity risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.
Liquidity Risk:
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. The flexibility in funding requirements is met by ensuring availability of adequate inflows which is mainly sourced through equity capital contribution by the Holding Company or dividend income from subsidiaries. The Company had no outstanding bank borrowings as on March 31, 2026.

5.11 (vi): Borrowings from banks or financial institutions against security of current assets
As at 31 March 2026, borrowings from banks or financial institutions on the basis of security of current assets is Nil (31 March 2025: Nil).

5.11 (vii): Title deeds of Immovable Properties not held in name of the Company
The Company does not hold any immovable properties whose title deeds are not in the name of the Company.

5.11 (viii): Registration of charges or satisfaction with Registrar of Companies (ROC)
There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period as at March 31, 2026 and at March 31, 2025.

5.11 (ix): 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.

5.11 (x): Details of Crypto Currency or Virtual Currency
The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

5.11 (xi): Undisclosed Income
There are no transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

5.11 (xii): Compliance with number of layers of companies
The Company, being unregistered Core Investment Company, is exempted from restriction on number of layers as Non-Banking Financial Companies are exempted under (Restriction on number of layers) Rules, 2017.

5.11 (xiii): Utilisation of borrowed funds and share premium
I. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :
(i) 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
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

II. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall :
(i) 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
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

5.11 (xiv): Loans or Advances
The Company has not granted Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under 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,

5.11 (xv): Wilful Defaulter
The Company has not been declared as wilful defaulter by any bank or financial institution or any lender.

5.11 (xvi): Events after reporting period
According to the management's evaluation of events subsequent to the balance sheet date, there were no significant adjusting events that occurred other than those disclosed/given effect to in these Financial Statements as at 31 March 2026.

5.11 (xvi): Previous year's figures have been re-grouped, reclassified where necessary to correspond with the figures of the current year. Previous year figures have been audited by a firm of Chartered Accountants other than Sudit K. Parekh & Co. LLP.

As per our report of even date attached
For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 110512W/W100378
NEMISH BHARATKUMAR KAPADIA
Digitally signed by NEMISH BHARATKUMAR KAPADIA
Date: 2026.05.04 23:56:32 +05'30'
Nemish Kapadia
Partner
Membership No. 111929

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2026.05.04 23:20:00 +05'30'
Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

YOGESH KAPUR
Digitally signed by YOGESH KAPUR
Date: 2026.05.04 23:15:10 +05'30'
Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

ROHIT KUMAR
Digitally signed by ROHIT KUMAR
Date: 2026.05.04 23:41:47 +05'30'
Rohit Kumar
Chief Financial Officer
Place: Mumbai

Aditi Arun Mahamunkar
Digitally signed by Aditi Arun Mahamunkar
Date: 2026.05.04 23:28:51 +05'30'
Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 04 May 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Arka Financial Holdings Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Arka Financial Holdings Private Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2026, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of the subsidiary referred to in the 'Other Matters' section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the consolidated state of affairs of the Group as at 31st March, 2026, its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group 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 Consolidated 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 we have obtained and the other auditor referred to in Other Matter paragraph of this report has obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not audit the financial statements of one of the subsidiaries, viz. **Arka Fincap Limited** as at and for the year ended on 31st March, 2026, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our identification and reporting, if any, of the Key Audit Matters, in so far as it relates to said subsidiary, is based solely on the report of the other auditor.

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The following Key Audit Matters were included in the audit report dated 30th April 2026, containing an unmodified opinion on the separate financial statements of Arka Fincap Limited, a subsidiary of the Holding Company issued by other auditors, which is as under:

Sr no.	Key Audit Matter	Key Audit Procedures included:
1.	**Information Technology (IT) systems & controls** The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, Auditors of Subsidiary 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.	**Audit Approach:** With the assistance of their IT specialists, auditors of the subsidiary obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. Auditors of the subsidiary approached with a combination of test of internal controls and substantive procedures on the areas of the IT infrastructure, which majorly focused access security (including controls over privileged access), program change controls, database management and network operations. In particular, the procedures included the following: **General IT controls design, observation and operation:** • Understood the changes made in the IT environment during the year and ascertained its effect on the financial statements controls and accounts. • Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. **User access controls operation:** • Obtained management's evaluation of the access rights granted to applications

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		relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. • Further, auditors of the subsidiary assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. **Application controls:** • Auditors of the subsidiary tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. • For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of substantive audit procedures. • The 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)** 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.	**Audit Approach:** Auditors of the subsidiary approached with a combination of test of internal controls and substantive procedures which included the following: • Evaluating the Company's accounting policies, as approved by the Board of Directors, for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. • Obtained an understanding of the modelling techniques / models adopted by the Company including the key inputs and assumptions including overlays, if any. • Evaluated the reasonableness of the management estimates by analysing the

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	In the process, a significant degree of judgement has been applied by the management for: a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default' categorically for corporate portfolio, wherein Company's credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis. b) Determining effect of less frequent past events on future probability of default. c) Grouping of borrowers based on homogeneity by using appropriate statistical techniques. d) Determining macro-economic factors impacting credit quality of receivables. e) Data inputs - The application of ECL model requires inputs from several data sources.	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 relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. • 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.

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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is material misstatement therein, we will communicate the matter to those charged with governance.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of each company.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated 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.

- 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) of the Act, we are also responsible for expressing our opinion on whether the Companies in the Group have adequate internal financial controls with reference to the Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Consolidated Financial Statements made by Board of Directors.

- Conclude on the appropriateness of 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 Group'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 Consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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Chartered Accountants

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

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.

Other Matters

The Consolidated Financial Statements include the audited financial statements of one of the subsidiaries i.e. Arka Fincap Limited, whose financial statements, before consolidation adjustments, include total assets of Rs. 6,74,336.46 lakhs, total revenue of Rs. 87,049.51 lakhs, total net profit after tax of Rs. 6,860.31 lakhs and total comprehensive income of Rs. 10,092.14 lakhs for the period from 01st April, 2025 to 31st March, 2026 and cash outflow (net) of Rs. 6,343.23 lakhs for the year ended 31st March, 2026, as considered in the Consolidated Financial Statements, which have been audited by their independent auditor. The independent auditor's report on Financial Statements of the said subsidiary has been furnished to us and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the said subsidiary, is based solely on the said report and the procedures performed by us are as stated in paragraph above.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

The Consolidated Financial Statements include comparative financial figures of the Company for the year ended 31st March, 2025 which have been audited by the predecessor auditors whose report dated 02nd May, 2025 expressed an unmodified opinion on those Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1) As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the separate financial statements of one of the subsidiary companies as were audited by other auditors, referred to in the 'Other Matters' section above, we report to the extent applicable that:

   a) 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 of the aforesaid Consolidated Financial Statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Group so far as it appears from our examination of those books and reports of the other auditors except for the matters related to audit trail stated in the paragraph 1(f) and 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

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Mumbai
Chartered Accountants

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act, and rules made thereunder, as applicable.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2026 taken on record by the Board of Directors of the Holding Company and based on the report of the statutory auditor of one of the subsidiary companies, referred to in the 'Other Matters' section above, none of the directors of the Group companies is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164 (2) of the Act

f) The modifications relating to audit trail are as stated in the paragraph 1(b) and 1(h)(vi) on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g) With respect to the adequacy of the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and its subsidiary companies, which is based on the other auditor's report, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

h) 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 and based on the report of the statutory auditor of one of the subsidiary companies, referred to in the 'Other Matters' section above:

   i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 5.06 to the Consolidated Financial Statements.

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts due to be transferred to the Investor Education and Protection Fund by the Group.

   iv. a) The respective Management of the Holding Company and its subsidiary companies whose financial statements have been audited under the Act, have represented to us, and in respect of one of the subsidiary companies audited by other auditors as referred to in the Other matter paragraph above, to their independent auditor, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries 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

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of the said Companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The respective Management of the Holding Company and its subsidiary whose financial statements have been audited under the Act, have represented to us and in respect of one of the subsidiary companies audited by other auditors as referred to in the Other matter paragraph above, to their independent auditor, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries 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.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and one of its subsidiaries whose financial statements have been audited by us under the Act, and in respect of one of the subsidiary companies audited by other auditors as referred to in the Other matter paragraph above, by their independent auditor, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e), as provided under (a) and (b) above, contain any material mis-statement.

v. The Group has not declared or paid dividend during the year. Hence, compliance with section 123 of the Act is not applicable.

vi. Based on our examination which included test checks, and based on the report of the statutory auditor of one of the subsidiary companies, referred to in the 'Other Matters' section above, and as explained in note no 6.01(vi) of the consolidated financial statements, we report that the Holding company and subsidiaries have used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for one of the subsidiaries viz. Arka Fincap Limited where audit trail feature is not enabled at the database level for one of the accounting software to log any direct data changes. Further, except for the accounting software referred above, where the audit trail feature is not enabled at the database level, we did not come across any instance of tampering of the audit trail feature during the course of our audit and the audit trail has been preserved by the Holding company and subsidiaries as per the statutory requirements for record retention.

2) With respect to the matter to be included in the Auditor's Report under section 197(16):

The Group, except one of the subsidiaries as referred to in the Other matter paragraph above, has not paid any managerial remuneration to its directors and thus, the provisions of Section 197 read with Schedule V of the Act are not applicable for the year ended 31st March, 2026. Further, based on the report of the statutory auditor of the said subsidiary company, the remuneration paid by the subsidiary to its directors is in accordance with the provisions of Section 197 of the Act.

3) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the

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Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and based on the report of the statutory auditor of one of the subsidiary companies, referred to in the 'Other Matters' section above, we report that there are no qualifications or adverse remarks in these CARO reports except paragraph 3(vii)(a) in CARO report of one of the subsidiaries, Arka Fincap Limited (CIN U65993MH2018PLC308329).

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No. 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929
ICAI UDIN No: 26111929RUABJJ4333
Place: Mumbai
Date: 04th May, 2026

Sudit K. Parekh & Co. LLP Mumbai Chartered Accountants

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of the Arka Financial Holdings Private Limited on the Consolidated Financial Statements for the year ended 31st March, 2026)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

In conjunction with our audit of the Consolidated Financial Statements of Arka Financial Holdings Private Limited ("the Holding Company") as of and for the year ended 31st March 2026, we have audited the internal financial controls with reference to the consolidated financial statements of Arka Financial Holdings Private Limited ("the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group") whose financial statements have been audited under the Act.

Management and Board of Director's Responsibility for Internal Financial Controls

The respective Board of Directors of Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the respective Companies 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 ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to Consolidated Financial Statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to policies of the Holding company and its subsidiary companies respectively, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and its subsidiary companies 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 Consolidated Financial Statements were 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 with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated 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 judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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Mumbai
Chartered Accountants

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the Consolidated 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 Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls reference to the Consolidated 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 Consolidated Financial Statements to future periods are subject to the risk that the internal financial control reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the 'Other Matters' paragraph below the Holding Company and its subsidiary companies have in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls with reference to the Consolidated Financial Statements were operating effectively as at 31st March, 2026, based on the internal control with reference to the Consolidated Financial Statements criteria established by such companies 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 ("the ICAI").

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Mumbai
Chartered Accountants

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to financial statements in so far as it relates to Arka Fincap Limited, one of the subsidiary companies, is based solely on the corresponding report of the statutory auditor of the said subsidiary company.

Our opinion is not modified in respect of above matter.

For **Sudit K. Parekh & Co. LLP**
Chartered Accountants
Firm Registration No. 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929
ICAI UDIN No: 26111929RUABJJ4333
Place: Mumbai
Date: 04th May, 2026

Sudit K. Parekh & Co. LLP
Mumbai
Chartered Accountants

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Consolidated Balance Sheet

AS AT 31 MARCH 2026

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2026	As at 31 March 2025
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	57,250.17	64,489.62
Bank balances other than cash and cash equivalents	3.02	6,060.52	1,816.57
Receivables			
Trade receivables	3.03	-	34.69
Loans	3.04	5,54,406.08	6,00,094.18
Investments	3.05	32,872.10	32,105.87
Other financial assets	3.06	16,148.04	8,542.40
		6,66,736.91	**7,07,083.33**
Non-financial assets			
Current tax assets (net)	3.07	2,733.13	2,698.94
Property, plant and equipment	3.08	4,210.10	1,443.41
Capital work-in-progress	3.10	95.43	137.62
Intangible assets	3.09	97.55	145.65
Other non-financial assets	3.11	1,272.18	1,016.12
		8,408.39	**5,441.74**
TOTAL ASSETS		**6,75,145.30**	**7,12,525.07**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	3.12		
(i) total outstanding to micro enterprises and small enterprises		33.09	59.33
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,720.02	1,073.84
Debt securities	3.13	1,07,772.59	1,28,122.85
Borrowings (other than debt securities)	3.14	3,75,081.22	4,00,082.30
Subordinated Debt	3.15	21,338.62	21,286.40
Other financial liabilities	3.16	25,025.80	27,784.33
		5,30,971.34	**5,78,409.05**
Non-financial liabilities			
Current tax liabilities (net)		-	99.65
Provisions	3.17	3,471.32	4,094.08
Deferred tax liabilities (Net)	3.19	2,757.71	778.07
Other non-financial liabilities	3.18	1,628.13	3,542.91
		7,857.16	**8,514.71**
TOTAL LIABILITIES		**5,38,828.50**	**5,86,923.76**
Equity			
Equity share capital	3.20	1,05,265.30	1,05,265.30
Other equity	3.21	31,048.84	20,333.55
Total equity attributable to owners		**1,36,314.14**	**1,25,598.85**
Non controlling interest		2.66	2.46
TOTAL EQUITY		**1,36,316.80**	**1,25,601.31**
TOTAL LIABILITIES AND EQUITY		**6,75,145.30**	**7,12,525.07**

The accompanying summary of material accounting policy information and notes form an integral part of the Consolidated Financial Statements — 1-6

As per our attached report of even date

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929

Sudit K. Parekh & Co. LLP * Chartered Accountants * Mumbai

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

Rohit Kumar
Chief Financial Officer

Aditi Mahamunkar
Company Secretary

Place: Mumbai
Date: 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED *

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Consolidated Statement Of Profit And Loss

FOR THE YEAR ENDED 31 MARCH 2026

(Currency: Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2026	For the year ended 31 March 2025
Revenue from operations			
Interest income	4.01	70,405.78	67,672.45
Fees and commission income	4.01A	3,195.16	3,434.73
Gain on derecognition of financial assets measured at amortised cost		11,277.77	4,676.02
Net gain on fair value changes	4.01B	2,470.29	2,258.73
Total revenue from operations		**87,349.00**	**78,041.93**
Other income	4.02	2,946.31	1,420.56
Total income		**90,295.31**	**79,462.49**
Expenses			
Finance costs	4.03	50,010.02	46,089.71
Impairment on financial instruments	4.04	6,756.99	5,304.16
Employee benefit expenses	4.05	16,936.85	12,839.48
Depreciation, amortisation and impairment	4.06	1,245.31	832.42
Other expenses	4.07	6,102.04	5,467.43
Total expenses		**81,051.21**	**70,533.20**
Profit before exceptional items and tax		**9,244.10**	**8,929.29**
Exceptional items - Expenses / (Income) (Refer Note 6.01 (xiv) and (xv))		204.56	1,528.50
Profit before tax		**9,039.54**	**10,457.80**
Tax expense:	4.08		
1. Current tax		926.36	1,462.11
2. (Excess)/Short provision related to earlier years		450.51	(30.11)
3. Deferred tax expense /(income)		892.68	1,846.51
Total tax expenses		**2,269.55**	**3,278.51**
Profit after tax		**6,769.99**	**7,179.29**
Other comprehensive income			
I. Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		52.83	(38.12)
- Income tax relating to items that will not be reclassified to profit or loss		(13.30)	9.59
Subtotal (A)		**39.53**	**(28.53)**
- Fair valuation of equity investments		0.07	(6.71)
- Income tax relating to items that will be reclassified to profit or loss		-	0.34
Subtotal (B)		**0.07**	**(6.37)**
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		**39.60**	**(34.90)**
II. Items that will be reclassified to profit and loss			
- Fair valuation of debt instruments		4,265.94	-
- Income tax relating to items that will be reclassified to profit or loss		(1,073.65)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**3,192.29**	-
Total comprehensive income for the year		**10,001.88**	**7,144.39**
Profit for the year attributable to			
Owners of the Company		6,769.85	7,179.13
Non-controlling interest		0.14	0.16
		6,769.99	**7,179.29**
Other comprehensive income attributable to			
Owners of the Company		3,231.83	(34.90)
Non-controlling interest		0.06	-
		3,231.89	**(34.90)**
Total comprehensive income attributable to			
Owners of the Company		10,001.68	7,144.23
Non-controlling interest		0.20	0.16
		10,001.88	**7,144.39**
Earnings per equity share			
Basic earnings per share (₹)		0.64	0.68
Diluted earnings per share (₹)		0.63	0.68
(Equity Share of face value of ₹ 10 each)			

The accompanying summary of material accounting policy information and notes form an integral part of the Consolidated Financial Statements — 1-6

As per our attached report of even date

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929

Sudit K. Parekh & Co. LLP ★ Chartered Accountants ★ Mumbai

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

Sam[illegible]t Gupta
Director
DIN: [illegible]7071479
Place: Kolkata

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

Rohit Kumar
Chief Financial Officer
Place: Mumbai
Date: 04 May 2026

Aditi Mahamunkar
Company Secretary

Arka Financial Holdings Private Limited ★

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Consolidated Statement Of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2026

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash Flow from Operating Activities		
Net profit before tax	9,039 54	10,457 80
Adjustments for :		
Add:		
Depreciation and amortisation	1,245 31	832 42
Loss on sale of Property, Plant and Equipment	17 80	2 02
Provision for expected credit loss	6,757 00	5,304 16
Provision for share based payments	713 61	73 38
Fair value loss / (gain) on investments	318 09	(382 49)
Finance cost	49,861 60	46,089 71
Interest on lease liabilities	148 42	
	59,061.83	**51,919.20**
Less:		
Interest received on fixed deposits	(838 15)	(185 53)
Interest received on Investment in AIF	(187 44)	(495 72)
Profit on sale of investments	(2,858 02)	(1,876 25)
Reversal of Provision for Investment in Arka Credit Fund I	-	(1,528 50)
Gain on Derecogntion of ROU asset	-	(46 43)
Interest Received on Debt Instrument	-	(1,215 82)
Interest income on security deposit	-	(21 80)
Gain on derecognition of financial assets measured at amortised cost (unrealised)	(11,277 77)	(4,676 02)
Interest received on Investment	(1,670 92)	
Interest income on security deposit	(27 90)	
Dividend Income	(0 00)	-
	(16,860.20)	**(10,046.07)**
Finance cost paid	**(48,600.41)**	**(44,783.01)**
Operating profit before working capital changes	**2,640.76**	**7,547.92**
Working capital adjustments		
(Increase)/Decrease in loans and advances	43,161 52	(1,34,626 92)
(Increase)/Decrease in trade receivables	34 69	33 63
(Increase) / Decrease in security deposits	(239 74)	(79 84)
(Increase) / Decrease in Prepaid expenses and Stamp in Hand	(82 48)	7 48
(Increase) / Decrease in Other financial assets	3,894 43	1,229 03
(Increase) / Decrease in Other non-financial assets	(173 59)	(234 51)
Increase/(Decrease) in provisions	(541 13)	304 59
Increase/(Decrease) in trade payable	605 64	493 97
Increase/(Decrease) in Other financial liabilities	(4,228 38)	5,363 57
Increase/(Decrease) in Other non-financial liabilities	(1,914 77)	246 39
Cash used in operating activities	**43,156.95**	**(1,19,714.69)**
Direct taxes paid	(1,510 70)	(2,203 16)
Net cash generated from / (used in) operating activitiess (A)	**41,646.25**	**(1,21,917.85)**
B Cash flows from investing activities		
Dividend Income	0 00	-
Interest received on fixed deposits	838 15	185 53
Receipt on sale / redemption of Investments	-	495 72
Receipt on Sale of Investments	4,058 51	3,66,245 45
Payments on purchase of Mutual fund investment	(13,92,780 36)	-
Receipt on sale / redemption of Mutual fund investment	14,18,192 23	-
Interest received on debt instrument /PTC and AIF Investment	881 87	-
Net Investment in debt instrument	(6,575 75)	-
Receipt on sale / redemption of PTC	200 68	-
Interest received on debt instrument	-	1,215 82
Payments on purchase of T-bills	(1,31,612 21)	-
Receipt on sale / redemption of T-Bills	1,22,000 00	-
Interest received on Gsec Investment	322 20	-
(Increase) / decrease in other bank balance	(4,243 95)	(1,816 57)
Payments on purchase of Gsec	(11,049 00)	-
Payments on purchase of investment	-	(3,85,099 41)
Payments for Purchase of Property, Plant and Equipment	(1,697 33)	(307 73)
Payments for Purchase of Other Intangible assets	(18 34)	-
Net cash used in investing activities (B)	**(1,483.29)**	**(19,081.19)**

Sudit K. Parekh & Co. LLP * Mumbai * Chartered Accountants

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Consolidated Statement Of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2026

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
C Cash Flow from Financing Activities		
Proceeds/ (Repayment) from Bank and NBFCs Borrowings	(26,024.62)	1,57,679 11
Proceeds from issuance / (Repayment) of Non-Convertible Debentures	(23,132 07)	15,879 84
Proceeds from issuance / (Repayment) of Commercial Papers (net)	2,596 38	(7,412 99)
Stamp duty paid on issue of equity shares	-	(6 57)
Dividend Paid	-	(0 02)
Lease liability paid	(842 10)	(575 83)
Net cash generated from / (used in) financing activities (C)	**(47,402.41)**	**1,65,563.54**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**(7,239.45)**	**24,564.50**
Cash and Cash Equivalents at the beginning of the year	**64,489.62**	**39,925.12**
Cash and Cash Equivalents at the end of the year	**57,250.17**	**64,489.62**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	1,922 24	34,418 73
Deposits with original maturity of less than three months	55,327 93	30,070 89
Total	**57,250.17**	**64,489.62**

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Additional disclosure persuant to Ind AS 7		
Opening balance of debt securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	**5,49,491.55**	**3,82,136.95**
Cash flow (net)	(46,560 31)	1,66,145 96
Non cash changes	1,261 19	1,208 64
Closing balance of debt securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	**5,04,192.43**	**5,49,491.55**

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 Consolidated Financial Statements 1-6

As per our attached report of even date

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No 110512W/W100378

Nemish Kapadia
Partner
Membership No 111929

Place Mumbai
Date 04 May 2026

For and on behalf of the Board of Directors of
Arka Financial Holdings Private Limited

Sampat Gupta
Director
DIN 07021479
Place Kolkata

Yogesh Kapur
Director
DIN 00070038
Place: Delhi

Rohit Kumar
Chief Financial Officer

Aditi Mahamunkar
Company Secretary

Place Mumbai
Date 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Consolidated Statement Of Changes In Equity (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2026

(Currency : Indian Rupees in Lakhs)

(a) Equity Share Capital (Refer Note 3.20)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 1 April, 2024	1,05,26,52,962	1,05,265.30
Shares issued during the period	-	-
Balance as at 1 April, 2025	**1,05,26,52,962**	**1,05,265.30**
Shares issued during the period	-	-
Balance as at 31 March 2026	**1,05,26,52,962**	**1,05,265.30**

(b) Other equity (Refer Note 3.21)

Particulars	Reserves and surplus					Items of OCI		Non controlling interest	Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Amalgamation Adjustment Deficit Account	Retained Earnings	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income		
Balance at 1 April 2024	3,721.77	1,139.93	2,147.92	(7,412.36)	13,525.26	-	-	2.32	13,124.84
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2024	3,721.77	1,139.93	2,147.92	(7,412.36)	13,525.26	-	-	2.32	13,124.84
Profit for the year	-	-	-	-	7,179.13	-	-	0.16	7,179.29
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)	-	-	-	-	-	(6.37)	-	-	(6.37)
Total	3,721.77	1,139.93	2,147.92	(7,412.36)	20,675.86	(6.37)	-	2.48	20,269.23
Transfer to Special Reserve u/s 45 IC of the RBI Act, 1934	1,607.12	-	-	-	(1,607.12)	-	-	-	-
Transferred to / from Retained earnings	-	(150.48)	-	-	150.48	-	-	-	-
Share based payment expense (net)	-	73.37	-	-	-	-	-	-	73.37
Expenses on issue of Equity Shares	-	-	-	-	(6.57)	-	-	-	(6.57)
Interim Dividend for the year ended 31 March 2025	-	-	-	-	-	-	-	(0.02)	(0.02)
Balance as at 31 March 2025	5,328.89	1,062.82	2,147.92	(7,412.36)	19,212.65	(6.37)	-	2.46	20,336.01
Balance at 1 April 2025	5,328.89	1,062.82	2,147.92	(7,412.36)	19,212.65	(6.37)	-	2.46	20,336.01
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2025	5,328.89	1,062.82	2,147.92	(7,412.36)	19,212.65	(6.37)	-	2.46	20,336.01
Profit for the period	-	-	-	-	6,769.86	-	-	0.14	6,770.00
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	39.53	-	-	-	39.53
Other comprehensive income for the year (Fair valuation of debt instruments)						-	3,192.22	0.06	3,192.28
Transfer to / From retained earnings on disposal of Investments					(3.98)	3.98			-
Other comprehensive income for the period (Remeasurement loss on investments)	-	-	-	-	-	0.07	-	-	0.07
Total	5,328.89	1,062.82	2,147.92	(7,412.36)	26,018.06	(2.32)	3,192.22	2.66	30,337.89
Transfer to Special Reserve u/s 45 IC of the RBI Act, 1934	1,372.06	-	-	-	(1,372.06)	-	-	-	-
Transferred to / from Retained earnings	-	(270.79)	-	-	270.79	-	-	-	-
Share based payment expense	-	713.61	-	-	-	-	-	-	713.61
Balance as at 31 March 2026	6,700.95	1,505.64	2,147.92	(7,412.36)	24,916.79	(2.32)	3,192.22	2.66	31,051.50

The accompanying summary of material accounting policy information and notes form an integral part of the Consolidated Financial Statements 1-6

As per our attached report of even date

For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929

Sudit K. Parekh & Co. LLP Mumbai Chartered Accountants

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of Arka Financial Holdings Private Limited

Samrat Gupta
Director
DIN: 07071479
Place: Kolkata

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

Rohit Kumar
Chief Financial Officer

Aditi Mahamunkar
Company Secretary

Place: Mumbai
Date: 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2026

(Currency : Indian Rupees in lakhs)

1. Corporate Information

Arka Financial Holdings Private Limited (the 'Parent company') was incorporated on 13 July 2021. The Company is wholly owned subsidiary of Kirloskar Oil Engines Limited ("KOEL") operating as unregistered Core Investment Company.
The parent company and its subsidiaries are collectively referred to as the Group.

1.1 Basis of consolidation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The group has consistently applied accounting policies while preparing these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on a historical cost basis

1.2 Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

a The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110. "Consolidated Financial Statements".

b The financial statements of the Company and its subsidiary Companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.

c The consolidated financial statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements. Differences if any, in accounting policies have been disclosed separately.

d Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of Company	Country of Incorporation	% of shareholding of Arka Financial Holdings Pvt Ltd	Consolidated as
Arka Fincap Ltd	India	99.998%	Subsidiary
Arka Investment Advisory Services Private Limited	India	100.00%	Subsidiary

e The accounting policies of the parent are best viewed in its independent financial statements. Differences in accounting policies and additional regulatory disclosures required to be followed by Arka Fincap Ltd have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

Sudit K. Parekh & Co. LLP
Mumbai
Chartered Accountants

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2026

(Currency : Indian Rupees in lakhs)

2 Material accounting policies

2.01 Statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Group 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) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment. Any application guidance/clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2.02 Basis of preparation

The financial statement comprises of the Balance sheet as at March 31 2026, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of Material accounting policies and other explanatory information. the Group has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Group has assessed its liquidity position and its possible sources of funds. The Board of Directors of the Group are confident of the Group's ability to meet its obligations as and when they arise in the next twelve months from the date of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

2.03 Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention as modified by the application of fair value measurements required or allowed by the relevant standards under Ind AS in the case of certain financial assets and liabilities, net defined benefit (asset)/ liability and share based payments.

2.04 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss 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". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind AS.

2.05 Functional Currency

These financial statements are presented in Indian Rupees ('INR') which is also the Group's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.06 Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. the Group determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

2.06.A Financial assets

i) Initial recognition and 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 Group commits to purchase or sell the asset / liabilities.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- At amortised cost,
- At fair value through other comprehensive income (FVOCI), and
- At fair value through profit or loss (FVTPL).

Sudit K. Parekh & Co. LLP
Mumbai
Chartered Accountants

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

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Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

• The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and

• 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.

Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if it meets both the following conditions:

a) The financial asset is held within a business model whose objective is to hold the financial assets in order to collect the contractual cash flows; and

b) The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value through other comprehensive income (FVOCI)

Further other things remain the same (as in (a) and (b) above), if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, such asset/s are classified as held at FVOCI. The fair value gain on such loans has been disclosed as "Fair value changes on loans classified under "Hold & Sell" business model" under other comprehensive income and recognition of profit and loss on sale of investments to be determined as per Ind As.

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

The Group has elected irrevocable option to classify investment in Equity instruments in FVOCI. The Group makes such election on an instrument-by-instrument basis. Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

Fair value through Profit and Loss (FVTPL)

In case of a financial asset that does not meet both the above conditions, it is classified as FVTPL.
Financial assets included within the FVTPL category are measured subsequently at each reporting date at fair value. Transaction costs, net gain or loss, including interest and other income are recognized in the Statement of Profit and Loss.
Investment in Mutual funds are classified as FVTPL.

Business Model (BM) Assessment

The Group from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the Group's business model for managing its financial assets becomes a critical judgment.
Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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

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

a) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the face value and proceeds received in excess of the face value are recognised as securities premium.

b) Financial liabilities

Financial liabilities are measured at amortised cost using the EIR method. Interest expenses is recognised in statement of profit and loss.
Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

v) De-recognition of Financial Assets and Liabilities

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED *

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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred an asset, the Group 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 Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group 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 Group has not retained control of the financial asset. Where the Group retains the control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

b). Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

vi) Reclassifications of Financial Assets and Financial Liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group 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 Group's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties.

Further re- classification is not allowed in following cases;

-Investments in equity instruments irrevocably designated as at FVOCI cannot be reclassified.

-Reclassification of financial liabilities

vii) Impairment of financial assets

The Group applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for-

equity instruments which are not subject to impairment under Ind AS 109, and-

other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

At the end of each reporting period, the Group 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 Group'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 Group 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 Group categorizes financial assets at the reporting date into stages based on the days past due (DPD) status as under:

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

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

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances up to 0-30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: The Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. The Group classifies all advances past due for 31-90 days. Also, other qualitative factors to assess deterioration in credit quality of a financial asset is considered under this category. For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. Stage 3 is considered where "Contractual payments of principal and/or interest are past due for more than 90 days".

Exposure-At-Default (EAD): EAD is taken as the gross exposure under a facility upon default of an obligor. The principal and the interest accrued is considered as EAD for the purpose of ECL computation.

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Arka Financial Holdings Private Limited

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 Group 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 Group 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 Group records an allowance for life time expected credit loss as above, but the PD and LGD is estimated over the lifetime of the loan.

Stage 3: For loans considered credit impaired, life time ECL is recognized. The method is similar to that for Stage 2 loans / assets, with the PD set at 100%.

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

Forward looking information

The Group considers a broad range of forward-looking information with reference to external forecasts of economic parameters such as GDP growth, inflation, brent rates etc., as considered relevant so as to determine the impact of macro-economic factors on the Group's ECL estimates. The inputs and models used for calculating ECLs are recalibrated periodically using available incremental and recent information. Further, internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Write Off

Loans and Debt Securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group 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 Group may apply enforcement activities to the financial assets written off. Recoveries resulting from the Group's enforcement activities will be credited to impairment on financial instruments in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance sheet, if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.06.B 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 Group'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.

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

The principal or the most advantageous market must be accessible by the Group.
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 Group 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 Group 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.

2.07 Share capital

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

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

a. Property, plant and equipment 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 capitalised only when it increases the future economic benefits from the specific asset to which it relates.

b. The Group uniformly estimates a zero residual value for all these assets except motor vehicles.

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Depreciation

c. the Group 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. Depreciation is charged on the basis of useful life of assets on straight line method which are follows:

Particulars	Estimated useful life by the Group
Office Equipment	5 years
Office Equipment (Mobile Handset)	2 years
Leasehold Improvements	5 years
Furniture & Fixtures	10 years
Motor vehicles	5 years
Computer Equipment	
-Desktop/laptop	3 years
-Server and Network	6 years

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

Useful lives and methods of depreciation of all fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their carrying amount & fair value less costs to sell. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in statement of profit and loss within other gains/(losses) in the year the asset is derecognised.

2.10 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group 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 Cateory	No. of years
Computer Software	5 Years
LOS Software	5 Years
LMS Software	8 Years
Supply Chain Software	4 Years

Intangible assets under development

Directly attributable costs that are capitalized as a part of software include an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

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 Group 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 group 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.

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2.12 Provisions

Provisions are recognised when the Group 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 Group'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.

2.13 Contingent liabilities and Contingent assets

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.

2.14 Earnings per share

The Group 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.

Performance-based employee share options have been treated as contingently issuable shares as per IndAs 33 because their issue is contingent upon satisfying specified conditions related to performance of the respective employee in addition to the passage of time. As in the calculation of basic earnings per share, contingently issuable ordinary shares are treated as outstanding and included in the calculation of diluted earnings per share if the specified conditions are satisfied.

Diluted EPS is calculated on same basis as EPS,after adjusting for the effects of potential dilutive equity shares including dilution on account of Stock options of the subsidiary

2.15 Employee Benefits

i) Short-term employee benefits

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

The Group 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 Group measures Accumulated leaves and long term incentives based on the actuarial valuation using the projected unit credit method at the year-end.

a) Defined Contribution Plan

The Group's contribution paid/payable during the year towards Provident and other funds is charged to statement of profit and loss in the year in which employee renders the related service.The Group has no further obligation beyond making the contributions.

b) Defined Benefit Plan

The employee's gratuity scheme is Groups's defined benefit retirement plan.

The Group has an obligation towards gratuity, a non funded defined benefit plan covering eligible employees. Vesting for gratuity occurs upon completion of five years of service.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of profit or loss in subsequent periods.

iii) Compensated Absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date.Remeasurement gains or losses on long term compensated absences are recognised in statement of profit and loss.

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2.16 Taxes

Income tax expense comprises current tax and deferred tax and is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in OCI.

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

2.17 Leases

The Group as a lessee

The Group assesses whether a contract contains a lease, at inception of a contract as per Ind As 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group 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 Group recognizes the lease payments as an operating expense on a straight-line basis 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 Group. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group 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.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.18 Employee Share Based Plan

Share-based compensation benefits are provided to the employees through the Employee Stock Option Scheme 2019 and Restated and Amended the Employee Stock Option 2025 ("Plan"). The fair value of options determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to share options outstanding reserve, based on the Group'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.

2.19 Segment Reporting

The Group 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.

2.20 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 earned by the Group which are not directly attributable to disbursal of loans are recognised in the statement of profit and loss as and when earned.

Fees and commissions are recognised when the Group 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 Group 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 Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group 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.

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Net gain/(loss) on Fair value changes:
Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as a Fair value gain or loss as a gain or expense respectively.

Income from de-recognition of financial assets:
Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the transferee is recorded upfront in the statement of profit and loss in accordance with Ind AS 109. EIS is evaluated and adjusted for ECL and expected prepayments.

2.21 Cash Flow Statement

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. The cash flows from regular operating, investing and financing activities of the Group are segregated.

2.22 Critical Accounting Estimates and Judgements

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

2.23 Recent Amendments by MCA

During the financial year 2025–26, the Ministry of Corporate Affairs (MCA) introduced certain amendments to the applicable regulations and reporting requirements. Management has evaluated these amendments and assessed their applicability to the Group.

Based on such assessment, the Group is of the view that these amendments do not have any material impact on the financial statements for the year ended 31 March 2026 and do not require any additional disclosure.

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NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with banks		
- in current accounts	1,922 24	34,418 73
- Deposits with original maturity of less than three months	55,327 93	30,070 89
Total	**57,250.17**	**64,489.62**

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Deposits with original maturity of more than three months	6,060 52	1,816 57
Total	**6,060.52**	**1,816.57**

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

NOTE 3.03 : Trade receivables

Particulars	As at 31 March 2026	As at 31 March 2025
Trade receivables (Unsecured - considered good)	-	34 69
Total	**-**	**34.69**

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

NOTE 3.04 : Loans

Particulars	As at 31 March 2026	As at 31 March 2025
(A) At amortised cost		
Term Loan and other credit facilities	5,12,481 45	6,05,623 44
Total - Gross	**5,12,481.45**	**6,05,623.44**
Less Impairment loss allowance	(7,209 84)	(5,529 26)
Total - Net	**5,05,271.61**	**6,00,094.18**
(B) At fair value through other comprehensive income (FVOCI)		
Term Loan	49,134 47	-
Total - Gross	**49,134.47**	-
(C)		
Secured by tangible assets	5,06,721 16	5,04,019 57
Unsecured	54,894 76	1,01,603 87
Total - Gross	**5,61,615.92**	**6,05,623.44**
Less Impairment loss allowance	(7,209 84)	(5,529 26)
Total - Net	**5,54,406.08**	**6,00,094.18**
(D)		
(i) Loans in India		
Public sector	-	-
Others	5,61,615 92	6,05,623 44
Total - Gross	**5,61,615.92**	**6,05,623.44**
Less Impairment loss allowance	(7,209.84)	(5,529 26)
Total - Net	**5,54,406.08**	**6,00,094.18**
(ii) Loans outside India	-	-
Total - Net D (i)+(ii)	**5,54,406.08**	**6,00,094.18**

1 Loans to the extent of ₹ 506,721 16 Lakh (31 March 2025 ₹ 504,019 57 Lakh) are secured by
(i) hypothecation of assets and / or,
(ii) mortgage of property and / or
(iii) pledge of shares and other financial securities

2 There is no loan asset measured at FVTPL or any asset that is designated as measured at FVTPL

3 There are no loans or advances in the nature of loans which are granted to promoters, Directors, KMPs and the related parties (as defined by the Companies Act 2013) either severally or jointly with any other person that are (a) repayable on demand or (b) without specifying any terms or period of repayment during the year ended 31 March 2026 (31 March 2025 - NIL)

4 Refer Note 5 03 for credit quality of financial assets and expected credit loss

5 Investments in bonds, debentuers and other financial instruments which, in substance, form a part of the Group's financing activties ("Credit

6 In respect of FVOCI loans, the outstanding loan balance is disclosed net of ECL amounting to Rs 150 79 Lacs

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NOTE 3.05 : Investments

Particulars	As at March 31 2026 At fair value				As at March 31 2025 At fair value			
	Amortised cost	Through other comprehensive income	Through profit or loss	Total	Amortised cost	Through other comprehensive income	Through profit or loss	Total
	(1)	(2)	(3)	(4=1+2+3)	(5)	(6)	(7)	(8=5+6+7)
Category of investments								
Quoted investments								-
(a) Mutual funds	-	-	-	-	-	-	22,980.06	22,980.06
(b) Government securities- Gsec	11,330.46			11,330.46				-
(c) Government securities- Tbills	9,988.15			9,988.15				-
(d) Investment in NCDs			11,552.66	11,552.66	4,940.09			4,940.09
(e) Pass through certificates				-				-
Unquoted investments								-
(a) Equity instruments*	-	0.83	-	0.83		0.76		0.76
(b) Pass through certificates					200.68			200.68
(c) Arka Credit Fund I							3,990.32	3,990.32
Total (A) - Gross	**21,318.61**	**0.83**	**11,552.66**	**32,872.10**	**5,140.77**	**0.76**	**26,970.38**	**32,111.91**
(a) Investments outside India	-	-	-	-	-	-	-	
(b) Investments in India	21,318.61	0.83	11,552.66	32,872.10	5,140.77	0.76	26,970.38	32,111.91
Total (B)	**21,318.61**	**0.83**	**11,552.66**	**32,872.10**	**5,140.77**	**0.76**	**26,970.38**	**32,111.91**
Less: Allowance for impairment loss (C)**	-	-	-	-	(6.04)			(6.04)
Total (D) = (A - C)	**21,318.61**	**0.83**	**11,552.66**	**32,872.10**	**5,134.73**	**0.76**	**26,970.38**	**32,105.87**

* Investment in Equity Instruments (FVTOCI) represents 5 full paid equity shares of Kirloskar Proprietary Ltd (Face Value Rs 100)

** Impairment loss allowance is created on debentures and pass through certificates as per Ind As 109

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NOTE 3.06 : Other financial assets

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposit	605.46	442.47
Fees and commission receivables	485.66	482.00
Other	35.72	-
Excess Interest Spread (EIS) receivable	15,021.20	7,617.93
Total	**16,148.04**	**8,542.40**

NOTE 3.07 : Current tax assets (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Taxes paid (net of provision for tax)	2,733.13	2,698.94
Total	**2,733.13**	**2,698.94**

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NOTE 3.08 : Property plant and equipment

Particulars	Right of use Building	Leasehold Improvements	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Gross Carrying value as at 31 March 2024	**2,130.28**	**573.40**	**143.76**	**105.67**	**200.95**	**317.15**	**3,471.21**
Additions	104.41	21.70	16.56	-	40.24	119.98	302.89
Disposals	(230.58)	-	(350.08)	(105.67)	(5.53)	(8.30)	(350.08)
Gross Carrying value as at 31 March 2025	**2,004.11**	**595.10**	**160.32**	**-**	**235.66**	**428.83**	**3,424.02**
Additions	2,223.84	294.73	243.17	554.07	196.88	451.12	3,963.81
Disposals	-	(14.07)	(3.54)	-	(13.58)	(2.42)	(33.61)
Gross Carrying value as at 31 March 2026	**4,227.95**	**875.76**	**399.95**	**554.07**	**418.96**	**877.53**	**7,354.22**
Accumulated depreciation as at 31 March 2024	**1,171.22**	**39.74**	**6.22**	**92.93**	**30.40**	**151.03**	**1,491.54**
Depreciation charged during the year	435.68	122.97	15.60	7.10	46.65	103.27	731.27
Disposals	(131.29)	-	-	(100.03)	(4.35)	(6.53)	(242.20)
Accumulated depreciation as at 31 March 2025	**1,475.61**	**162.71**	**21.82**	**-**	**72.70**	**247.77**	**1,980.61**
Depreciation charged during the period	680.38	155.88	28.66	80.59	66.40	166.95	1,178.86
Disposals	-	(5.94)	(0.71)	0.01	(7.13)	(1.58)	(15.36)
Accumulated depreciation as at 31 March 2026	**2,155.99**	**312.65**	**49.77**	**80.60**	**131.97**	**413.14**	**3,144.12**
Net carrying amount as at 31 March 2025	**528.50**	**432.39**	**138.50**	**-**	**162.96**	**181.06**	**1,443.41**
Net carrying amount as at 31 March 2026	**2,071.96**	**563.11**	**350.18**	**473.47**	**286.99**	**464.39**	**4,210.10**

1. For Depreciation policy refer accounting policy no. 2.09

2. Title deeds of Immovable Properties not held in name of the Group:
There is no immovable property (other than properties where the Group 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 Group during the current year and previous year.

3. Benami properties:
No proceedings have been initiated or pending against the Group 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 equipmpment during the year ended at 31 March 2026 and 31 March 2025

NOTE 3.09 : Intangible assets

Particulars	Softwares	Total
Gross Carrying value as at 31 March 2024	**555.94**	**555.94**
Additions	-	-
Disposals	(28.36)	(28.36)
Gross Carrying value as at 31 March 2025	**527.58**	**527.58**
Additions	18.34	18.34
Disposals	-	-
Gross Carrying value as at 31 March 2026	**545.92**	**545.92**
Accumulated amortisation as at 31 March 2024	**306.66**	**306.66**
Amortisation recognised for the year	101.15	101.15
Disposals	(25.88)	(25.88)
Accumulated amortisation as at 31 March 2025	**381.93**	**381.93**
Amortisation recognised for the year	66.44	66.44
Disposals	-	-
Accumulated amortisation as at 31 March 2026	**448.37**	**448.37**
Net carrying amount as at 31 March 2025	**145.65**	**145.65**
Net carrying amount as at 31 March 2026	**97.55**	**97.55**

1. For amortisation policy refer accounting policy no. 2.10
2. There has been no revaluation of intangible assets during the current year ended 31 March 2026 and previous year ended 31 March 2025.

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NOTE 3.10 : Capital Work-In-Progress

Particulars	As at 31 March 2026	As at 31 March 2025
Leasehold Improvements	95.43	137.62
Total	**95.43**	**137.62**

Refer note 5.12 for CWIP ageing and Completion schedule

NOTE 3.11 : Other non-financial assets

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid expenses	202.39	185.91
Stamp In Hand	52.02	-
Advance recoverable in cash or kind	841.36	578.95
Balance with Government Authorities	206.84	251.26
Less: Provision against GST receivable	(30.43)	-
Total	**1,272.18**	**1,016.12**

NOTE 3.12 : Trade payables

Particulars	As at 31 March 2026	As at 31 March 2025
Total outstanding dues of micro enterprises and small enterprises	33.09	59.33
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,720.02	1,073.84
Total	**1,753.11**	**1,133.17**

No amount is due to directors or other Officers of the Group 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 enterprises

Refer note 5.11 for ageing schedule

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NOTE 3.13 : Debt securities

Particulars	As at 31 March 2026	As at 31 March 2025
At amortised cost		
Non convertible debentures$	90,873.77	1,13,835.00
Commercial paper (Gross)	17,500.00	15,000.00
Less: Unamortized discount and processing fees	(601.18)	(712.15)
Total	**1,07,772.59**	**1,28,122.85**
Debt securities in India	1,07,772.59	1,28,122.85
Debt securities outside India	-	-
Total	**1,07,772.59**	**1,28,122.85**
Secured	90,873.77	1,13,835.00
Unsecured	16,898.82	14,287.85
Total	**1,07,772.59**	**1,28,122.85**

$ include interest accrued but not due ₹ 2249.09 Lakhs (Previous Year ₹ 4,016.91 Lakhs)

1. There have been no default in repayment of principal or payment of interest during the current year
2. There have been no Debt Securitues measured at FVTPL.
3. There have been no Debt Securities issued outside India.
4. Funds borrowed have been utilised for the purposes for which they were borrowed.

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1(a) Non Convertible Debenture (NCD)
Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	Above 5 Years	
7.00% -8.00%		-	-		-
8.01% -9.00%		-	-		-
9.01%-10.00%	41,369.20	9,739.10	-	39,765.47	90,873.77
10.01%-11.00%					
Total	**41,369.20**	**9,739.10**	**-**	**39,765.47**	**90,873.77**

As on 31 March 2025

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	Above 5 Years	
7.00% -8.00%					
8.01% -9.00%	3,236.02				3,236.02
9.01%-10.00%	18,353.08	38,841.86	9,713.00	39,661.29	1,06,569.23
10.01%-11.00%					
11.01%-12.00%					
12.01%-13.00%	500.00	3,529.75			4,029.75
Total	**22,089.10**	**42,371.61**	**9,713.00**	**39,661.29**	**1,13,835.00**

1(b) Commercial Papers (CP)
Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment	Total
	Less than 1 year	
7.00% -8.00%	9,910.34	9,910.34
8.01% -9.00%	6,988.48	6,988.48
9.01%-10.00%	-	-
10.01%-11.00%	-	-
Total	**16,898.82**	**16,898.82**

As on 31 March 2025

Rate of Interest	Repayment	Total
	Less than 1 year	
7.00% -8.00%	-	-
8.01% -9.00%	7,256.50	7,256.50
9.01%-10.00%	7,031.35	7,031.35
10.01%-11.00%	-	-
Total	**14,287.85**	**14,287.85**

Nature of Security:

Security is created in favour of the Debenture Trustee, as follows:
Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.
Non convertible debentures are covered by asset cover ranging from 1.05 x to 1.25 x

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NOTE 3.14 : Borrowings (other than debt securities)

Particulars	As at 31 March 2026	As at 31 March 2025
At amortised cost		
Term loans		
Term loans from banks$	3,44,731 26	3,53,691 24
Term loans from financial institutions other than Banks#	17,316 90	27,089 45
Others		
Collateralized Debt Obligation	13,033 06	19,301 61
Total	**3,75,081.22**	**4,00,082.30**
Borrowings in India	3,75,081 22	4,00,082 30
Borrowings outside India	-	-
Total	**3,75,081.22**	**4,00,082.30**
Secured borrowings	3,75,081 22	4,00,082 30
Unsecured borrowings	-	-
Total	**3,75,081.22**	**4,00,082.30**

$ include interest accrued but not due ₹ 172 59 Lakhs (Previous Year ₹ 292 11 Lakhs)

include interest accrued but not due ₹ 56 55 Lakhs (Previous Year ₹ 96 68 Lakhs)

(a) Term loan from banks

Terms of repayment

As on 31 March 2026

Rate of Interest	Repayment			Total
	Less than 1 year	1 Year to 3 Years	3 Years to 5 Years	
7 00% -8 00%	10,362 18	9,486 28		19,848 46
8 01% -9 00%	81,368 93	1,29,350 89	36,024 21	2,46,744 03
9 01%-10 00%	36,404 14	36,446 13	5,288 50	78,138 77
10 01%-11 00%				
Total	**1,28,135.25**	**1,75,283.30**	**41,312.71**	**3,44,731.26**

As on 31 March 2025

Rate of Interest	Repayment			Total
	Less than 1 year	1 Year to 3 Years	3 Years to 5 Years	
7 00% -8 00%				-
8 01% -9 00%	10,547 02	15,678 73	2,945 26	29,171 01
9 01%-10 00%	1,08,701 36	1,48,822 93	47,874 72	3,05,399 01
10 01%-11 00%	14,175 89	4,945 33	-	19,121 22
Total	**1,33,424.27**	**1,69,446.99**	**50,819.98**	**3,53,691.24**

Nature of Security:

Security against facilities from bank (including term loan and demand loan):

Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments

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(b) Term loan from financial institutions other than Banks
Terms of repayment

As on March 2026

Rate of Interest	Repayment		Total
	Less than 1 year	1 Year to 3 Years	
7 00% -8 00%			-
8 01% -9 00%	4543 93	3377 14	7,921 07
9 01%-10 00%	5,918 54	3477 29	9,395 83
Total	**10462.47**	**6854.43**	**17,316.90**

As on 31 March 2025

Rate of Interest	Repayment		Total
	Less than 1 year	1 Year to 3 Years	
7 00% -8 00%			-
8 01% -9 00%			-
9 01%-10 00%	5,740 00	10,458 59	16,198 59
10 01%-11 00%	7,646 75	3,244 11	10,890 86
			-
Total	**13,386.75**	**13,702.70**	**27,089.45**

Nature of Security:
Security against term loan from 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 Group 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 Group has not been declared a wilful defaulter by any bank or financial institution or government or any government authority

(e) Securitization (PTC):
Terms of repayment

As on March 2026

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	5 Years and Above	
7 00% -8 00%					
8 01% -9 00%	984 52	2,149 53	2,589 50	7,309 51	13,033 06
9 01%-10 00%					
10 01%-11 00%					
Total	**984.52**	**2,149.53**	**2,589.50**	**7,309.51**	**13,033.06**

As on 31 March 2025

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	5 Years and Above	
7 00% -8 00%					
8 01% -9 00%	584 39	1,281 98	1,519 86	12,547 74	15,933 97
9 01%-10 00%	587 02	1,235 43	1,545 19		3,367 64
10 01%-11 00%					
Total	**1,171.41**	**2,517.41**	**3,065.05**	**12,547.74**	**19,301.61**

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

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NOTE 3.15 : Subordinated Debt

Particulars	As at 31 March 2026	31 March 2025
At amortised cost		
Subordinated Debt (non convertible debentures)$	21,338.62	21,286.40
Total	**21,338.62**	21,286.40
Debt securities in India	21,338.62	21,286.40
Debt securities outside India	-	-
Total	**21,338.62**	**21,286.40**
Secured	-	-
Unsecured	21,338.62	21,286.40
Total	**21,338.62**	**21,286.40**

$ include interest accrued but not due ₹ 618.07 Lakhs (Previous Year ₹ 622.26 Lakhs)

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

(b) Terms of repayment

As on March 2026

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	Above 5 Years	
7.00% -8.00%					-
8.01% -9.00%	248.55			7,318.89	7,567.44
9.01%-10.00%	369.52	5,980.12	7,421.54		13,771.18
10.01%-11.00%					
Total	**618.07**	**5,980.12**	**7,421.54**	**7,318.89**	**21,338.62**

As on March 2025

Rate of Interest	Repayment				Total
	Less than 1 year	1 Year to 3 Years	3 to 5 years	Above 5 Years	
7.00% -8.00%					-
8.01% -9.00%	248.55			7,297.97	7,546.52
9.01%-10.00%	373.71	5,969.70	7,396.47		13,739.88
10.01%-11.00%					
Total	**622.26**	**5,969.70**	**7,396.47**	**7,297.97**	**21,286.40**

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NOTE 3.16 : Other financial liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Employee benefits payable	-	37.75
Lease liabilities	2,174.10	703.58
Payable to assignee for assigned receivables	5,821.85	2,544.99
Advance from customers	803.52	1,442.26
Other liabilities	16,226.33	23,055.75
Total	**25,025.80**	**27,784.33**

NOTE 3.17 : Provisions

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for employee benefits:		
- Gratuity	244.64	160.93
- Leave encashment	248.72	137.52
- Long term benefits	-	12.50
- Salaries and employee benefits payable	2,543.44	3,392.47
Others:		
- Impairment loss allowance on undrawn loan commitments	111.19	140.66
- Other Provisions	73.33	
- Other contingency provision	250.00	250.00
Total	**3,471.32**	**4,094.08**

NOTE 3.18 : Other non-financial liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory dues (undisputed)	759.40	1,040.53
Other liabilities	868.73	2,502.38
Total	**1,628.13**	**3,542.91**

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NOTE 3.19 : Deferred tax assets / (liabilities) (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred Tax Assets		
Disallowances u/s 43 B of Income Tax Act, 1961	364.73	614.94
Impairment loss allowance	1,894.67	1,357.23
On difference between book balance and tax balance of property, plant and equipment	80.99	-
Impact of Ind AS 116	563.11	183.80
Unamortised Premium on G Sec	8.05	-
Unamortized processing fee on loans	457.22	113.92
Total (A)	**3,368.77**	**2,269.89**
		-
Deferred tax liability		
On difference between book balance and tax balance of property, plant and equipment	-	73.54
Impact of Ind AS 116	521.47	-
Unamortized gain on derecognition of financial asset	3,828.79	1,902.89
Fair value of investment in mutual funds	16.21	96.26
Unamortized processing fee on borrowings	686.36	975.27
Fair value of loans	1,073.65	-
Total (B)	**6,126.48**	**3,047.96**
Net deferred tax asset / (liability) (A-B)	**(2,757.71)**	**(778.07)**

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NOTE 3.20 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Authorised capital		-		
Equity shares of ₹10/- each	1,50,00,00,000	1,50,000.00	1,50,00,00,000	1,50,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	1,05,26,52,962	1,05,265.30	1,05,26,52,962	1,05,265.30
Total	**1,05,26,52,962**	**1,05,265.30**	**1,05,26,52,962**	**1,05,265.30**

b. Reconciliation of number of shares at the beginning and at the end of the year

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,05,26,52,962	1,05,265.30	1,05,26,52,962	1,05,265.30
Add: Shares issued during the year/Period	-	-	-	-
Total	**1,05,26,52,962**	**1,05,265.30**	**1,05,26,52,962**	**1,05,265.30**

c. Particulars of shares held by holding/promoter company

Name of Shareholder	Relationship	As at 31 March 2026		As at 31 March 2025	
		No of equity shares held*	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company	**1,05,26,52,962**	**100.00%**	**1,05,26,52,962**	**100.00%**

* Number of shares include 1 share held by nominee shareholders on behalf of Kirloskar Oil Engines Limited

d. Particulars of shareholders holding more than 5% of the share capital

Name of Shareholder	Relationship	As at 31 March 2026		As at 31 March 2025	
		No of equity shares held*	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company	1,05,26,52,962	100.00%	1,05,26,52,962	100.00%

* Number of shares include 1 share held by nominee shareholders on behalf of Kirloskar Oil Engines Limited

e. Terms/rights attached to equity shares

The Group 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.

f. Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts

Refer Note 5.14: Employee Stock Options Plans

g. Objective for managing capital

The Group 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 Group's capital is monitored using, among other measures, the regulations issued by RBI.

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NOTE 3.21 : Other equity

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory reserves u/s 45-IC of The RBI Act, 1934	6,700.95	5,328.89
Securities premium reserve	2,147.92	2,147.92
Impairment Reserve	-	-
Share options outstanding account (refer note 1 below)	1,505.64	1,062.82
Share Application Money	-	-
Amalgamation Adjustment Deficit Account	(7,412.36)	(7,412.36)
Retained earnings	24,916.79	19,212.65
Equity instruments through other comprehensive income	(2.32)	(6.37)
Debt instruments through other comprehensive income	3,192.22	-
Total	**31,048.84**	**20,333.55**

3.21.A Other equity movement

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	5,328.89	3,721.77
Add : Transferred from retained earnings	1,372.06	1,607.12
Closing Balance	**6,700.95**	**5,328.89**
Securities premium reserve		
Opening Balance	2,147.92	2,147.92
Add : Premium collected on share allotment	-	-
Closing Balance	**2,147.92**	**2,147.92**
Share options outstanding account		
Opening Balance	1,062.82	1,139.93
Less : Transferred to Retained Earnings	(270.79)	73.37
Add/(Less) : Movement during the year	713.61	(150.48)
Closing Balance	**1,505.64**	**1,062.82**
Amalgamation Adjustment Deficit Account		
Opening Balance	(7,412.36)	(7,412.36)
Add/(Less) : On Account of acquisition of control over subsidiary	-	-
Closing Balance	**(7,412.36)**	**(7,412.36)**
Retained earnings		
Opening Balance	19,212.65	13,525.26
Add: Profit / (Loss) for the year	6,769.86	7,179.13
Add: Other Comprehensive income	39.53	(28.53)
Add: ESOP reserves	270.79	150.48
less:-Transfer to retained earnings related to earnings on disposal of Investments	(3.98)	
Less: Interim Dividend for the year ended 31 March 2025	-	-
Less: Stamp duty paid on equity issue	-	(6.57)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(1,372.06)	(1,607.12)
Less: Transfer to Impairment reserve	-	-
Closing Balance	**24,916.79**	**19,212.65**

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Equity instruments through other comprehensive income		
Opening Balance	(6.37)	-
less:-Transfer to retained earnings related to earnings on disposal of Investments	3.98	-
Add: Gain / (Loss) for the year	0.07	(6.37)
Closing Balance	**(2.32)**	**(6.37)**
Debt instruments through other comprehensive income		
Opening Balance	-	-
Add: Gain / (Loss) for the year	3,192.22	-
Closing Balance	**3,192.22**	-

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 Group for its employees

Retained earnings

Retained earnings represents undistributed accumulated earnings of the Group as on Balance Sheet date.

Equity instruments through other comprehensive income

The Group 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.

Debt instruments through other comprehensive income

The Group has elected to recognise changes in the fair value of loan portfilio which is likely to be assigned in other comprehensive income. These changes are accumulated within the Debt instruments through OCI reserve.

1. Refer note no. 5.14 for disclosure on Employee Stock option Plan (ESOP).

Particulars	As at 31 March 2026	As at 31 March 2025
Non controlling interest (NCI)		
Opening Balance	2.46	2.32
Add: Other comprehensive income for the period (Fair valuation of debt instruments)	0.06	-
Add: Profits during the period	0.14	0.16
Less: Dividend	-	(0.02)
Closing Balance	**2.66**	**2.46**

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NOTE 4.01 : Interest income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest income on financial assets measured at amortised cost:		-
Interest on loans	65,469.96	65,775.39
Interest on investments		
- Debentures/bonds and Pass through certificates	694.20	752.03
- Commercial papers / Certificate of Deposits	-	463.78
- Govt. Securities (G-Sec.)/ T-Bills	976.72	-
Other interest		-
- Deposits with banks	838.15	185.53
Interest income on financial assets measured at fair value through other comprehensive income (FVOCI):		
Interest on loans	2,239.31	-
Interest income on financial assets measured at fair value through profit or loss:		
- Investments in AIF	187.44	495.72
Total	**70,405.78**	**67,672.45**

NOTE 4.01A : Fees and Commission Income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Fees and commission income		
- Syndication, advisory & other fees	1,751.94	2,108.26
- Corporate agency income	1,443.22	1,326.47
Total	**3,195.16**	**3,434.73**

NOTE 4.01B : Net Gain on Fair Value Changes

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Realised gain/(loss) on investments	2,788.38	1,876.25
- Unrealised gain/(loss) on investments	(318.09)	382.49
Total	**2,470.29**	**2,258.73**

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
- Interest on Security deposits	27.90	21.80
- Interest on income tax refund	141.48	125.37
- Liabilities no longer required written back	2,140.39	1,027.51
- Gain on derecognition of Lease Liability	-	46.43
- Other income	636.54	199.45
Total	**2,946.31**	**1,420.56**

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NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest expense on financial liabilities measured at amortised cost:		
Interest on borrowings other than debt securities		
Interest on term loan from banks and financial institutions	33,241.46	28,811.30
Interest on overdraft facility from banks	0.10	12.34
Interest on lease liability	148.42	97.07
Interest on debt securities		
Debentures	9,576.05	10,688.24
Commercial Papers	1,785.71	2,236.29
Collateralized Debt Obligation	1,436.80	921.95
Interest on subordinated liabilities	2,137.07	1,669.80
Other interest expense		
Bank charges & other related costs	1,684.41	1,652.72
Total	**50,010.02**	**46,089.71**

NOTE 4.04 : Impairment on financial instruments

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Impairment on financial instruments at amortised cost:		
Impairment loss allowance on loans		
Provision for expected credit loss	1,680.58	2,936.41
Write offs (net of recovery)	4,961.14	1,918.15
Impairment loss allowance on investments		
Provision for expected credit loss	(6.04)	(19.55)
Impairment loss allowance on others		
Undrawn loan commitments	(29.48)	219.15
Contingency provision		250.00
	6,606.20	**5,304.16**
Impairment on financial instruments at fair value through other comprehensive income (FVOCI):		
Provision for expected credit loss	150.79	-
	150.79	-
Total	**6,756.99**	**5,304.16**

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FOR THE YEAR ENDED 31 MARCH 2026

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NOTE 4.05 : Employee benefit expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, other allowances and bonus	14,924.86	11,964.12
Gratuity expenses	103.79	57.17
Leave encashment	90.98	84.09
Contribution to provident fund and other funds	457.71	263.66
Share based payment expense	713.61	73.37
Employee welfare expenses	645.90	397.07
Total	**16,936.85**	**12,839.48**

NOTE 4.06 : Depreciation, amortisation and impairment expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation of property, plant and equipment	498.49	295.59
Depreciation of right of use assets (ROU)	680.38	435.68
Amortisation of intangible assets	66.44	101.15
Total	**1,245.31**	**832.42**

NOTE 4.07 : Other expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Rent	414.68	389.21
Rates and taxes	424.74	318.23
Electricity charges	72.62	42.51
Legal and professional charges	1,801.36	1,806.71
Technology expenses	977.22	730.19
Loan processing charges	637.91	429.35
Set up and operating expenses related to Arka Credit Fund	32.00	51.96
Custodian charges	4.12	2.45
Insurance	14.40	3.53
Branding and advertisement expenses	161.73	171.65
Printing and stationery	44.66	21.24
Postage and courier	90.77	34.07
Other repairs and maintenance	12.52	22.43
Travelling and conveyance	460.28	520.26
Communication expenses	107.79	63.19
Direct Assignment Expenses	63.74	381.93
Membership and subscription	6.99	7.59
Auditor's remuneration (Refer Note a)	48.55	37.37
Directors' sitting fees and commission	149.73	105.25
Corporate social responsibilities expenses (Refer Note b)	154.16	146.36
Housekeeping and security charges	201.83	109.28
Loss on Disposal of PPE	17.80	2.02
Office expenses	202.44	70.65
Total	**6,102.04**	**5,467.43**

(a) Payment to auditor includes:		
a) as statutory auditors	37.85	30.05
b) for certification related matters	7.20	4.40
c) reimbursement of OPE	3.50	2.92
Total	**48.55**	**37.37**
(b) Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	**154.16**	**146.36**
b) Amount spent during the year:		
- Expenses paid in cash *	22.00	18.50
- Expenses yet to be paid for	132.16	127.86
Total	**154.16**	**146.36**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
*- Revenue expenditure The donation is towards the expenses related to activities for admission process, payment of salaries, professional fees for education services, library subscriptions, books etc.	22.00	18.50
Total	**22.00**	**18.50**

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NOTE 4.08 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax expense		
Current income tax	926.36	1,462.11
(Excess)/short provision related to earlier years	450.51	(30.11)
	1,376.87	**1,432.00**
Deferred tax expense		
Origination and reversal of temporary differences	892.68	1,846.51
	892.68	**1,846.51**
Tax expense reported in the statement of profit and loss	**2,269.55**	**3,278.51**

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	13.30	(9.59)
Fair valuation of Equity	-	(0.34)
Fair valuation of Debt Instruments	1,073.65	-
Deferred tax charged to OCI	**1,086.95**	**(9.93)**

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Accounting profit before income tax expense	9,039.54	10,457.80
Tax @ 25.168% (31 March 2025 : 25.168%)	**2,275.07**	**2,632.02**
Difference in tax rate due to:		
- Effect of non-deductible expenses	39.18	295.15
- Income tax of earlier years	(76.97)	97.65
- Non-creation of deferred tax asset on current year's unabsorbed losses	7.37	97.65
- Others	24.90	88.27
Total Tax Expenses	**2,269.55**	**3,278.51**
Effective tax rate	**25.11%**	**31.35%**

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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 period ended 31 March 2026	For the period ended 31 March 2025
I.	**Profit attributable to owners of Parent Company**		
	Profit attributable to equity holders for basic EPS	6,769.86	7,179.13
	Less: Adjustment on account of ESOP issued by subsidiary	(149.74)	(67.12)
	Profit attributable to equity holders for diluted EPS	6,620.12	7,112.01
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	1,05,26,52,962	1,05,26,52,962
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	1,05,26,52,962	1,05,26,52,962
IV.	**Basic earnings per share (₹)**	0.64	0.68
V.	**Diluted earnings per share (₹)**	0.63	0.68

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NOTE 5.02 : Financial instruments – Fair values

A. Accounting classification and fair values

Ind AS 107, 'Financial Instruments - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

B. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using a valuation technique.

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

Particulars	As at 31 March 2026					
	Carrying amount				Fair value	
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Fair value	Fair value Hierarchy
Financial Assets						
Cash and cash equivalents	-	-	57,250.17	57,250.17	57,250.17	
Bank balances other than cash and cash equivalents	-	-	6,060.52	6,060.52	6,060.52	
Loans	-	49,134.47	5,05,271.61	5,54,406.08	5,56,113.54	Level 3
Other financial assets	-	-	16,148.04	16,148.04	16,148.04	
Investments	11,552.66	0.83	21,318.61	32,872.10	32,872.10	Level 2
	11,552.66	**49,135.30**	**6,06,048.95**	**6,66,736.91**	**6,68,444.37**	
Financial Liabilities						
Trade Payables	-	-	1,753.11	1,753.11	1,753.11	
Debt securities	-	-	1,07,772.59	1,07,772.59	1,09,735.09	Level 2
Borrowings (other than debt securities)	-	-	3,75,081.22	3,75,081.22	3,75,582.29	Level 2
Subordinated Liabilities	-	-	21,338.62	21,338.62	22,530.15	Level 2
Other financial liabilities	-	-	25,025.80	25,025.80	25,025.80	
			5,30,971.34	**5,30,971.34**	**5,34,626.43**	

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Particulars	As at 31 March 2025					
	Carrying amount				Fair value	
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Fair value	Fair value Hierarchy
Financial Assets						
Cash and cash equivalents	-	-	64,489.62	64,489.62	64,489.62	
Bank balances other than cash and cash equivalents	-	-	1,816.57	1,816.57	1,816.57	
Loans	-	-	6,00,094.18	6,00,094.18	6,01,169.52	Level 3
Trade receivables	-	-	34.69	34.69	34.69	
Other financial assets	-	-	8,542.40	8,542.40	8,542.40	
Investments	26,970.38	0.76	5,134.73	32,105.87	32,105.87	Level 2
Total	**26,970.38**	**0.76**	**6,80,112.19**	**7,07,083.33**	**7,08,158.67**	-
Financial Liabilities						
Trade Payables	-	-	1,133.17	1,133.17	1,133.17	
Debt securities	-	-	1,28,122.85	1,28,122.85	1,32,269.44	Level 2
Borrowings (other than debt securities)	-	-	4,00,082.30	4,00,082.30	4,01,092.38	Level 2
Subordinated Liabilities	-	-	21,286.40	21,286.40	23,104.05	Level 2
Other financial liabilities	-	-	27,784.33	27,784.33	27,784.33	
Total	-	-	**5,78,409.05**	**5,78,409.05**	**5,85,383.37**	

The carrying amounts of financial assets and financial liabilities other than those disclosed in table above are considered to be the same as their fair values due to the short term maturities of instruments or no material differences in the values.

The fair value of fixed coupon issued debts and term loans taken has been determined using a discounted cash flow methodology, applying market-observable inputs such as yields published by relevant authorities

The fair values of fixed rate loans are estimated using discounted cash flow models based on contractual cash flows, applying the latest average yield rates on loans disbursed.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

These fair values were calculated for disclosure purposes only.

Reconciliation of level 3 financial asset measured at fair value is as below :

Particulars	As on 31 March 2026	As on 31 March 2025
Balance at the beginning of the period/year	-	-
Additions/(Reduction) during the period/year	94,807.75	-
Mark to Market (loss)/gain recognized in OCI	4,115.14	-
Mark to Market gain recognized in P&L	-	-
Regroup from Level 3 to other level	(49,788.42)	-
Realised during the period/year		
Balance at the end of the period/year	**49,134.47**	-

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NOTE 5.03 : Financial instruments risk management

The Group has exposure to the following risks from financial instruments:
(A) Market Risk;
(B) Credit Risk;
(C) Operational Risk;
(D) Liquidity Risk; and
(E) Strategic Risk

(A) Market Risk;

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates. The Grpup's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk , if the same is not managed properly.

Interest Rate Risk;
The Group being in the business of lending raises money from diversified sources like market borrowings, term Loan from banks and financial institutions etc. Financial assets and liabilities constitute significant portion, changes in market interest rates can adversely affect the financial condition. Interest rate risk is the risk of loss in group'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 Group every month. The statement captures the duration of rate sensitive assets and liabilities of the Group.
• 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 group is as below:

Change in interest rate	31 March 2026		31 March 2025	
	Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
25 basis points down	872.70	638.60	982.85	719.20
50 basis points down	1,745.40	1,277.19	1,965.70	1,438.39
25 basis points up	(872.70)	(638.60)	(982.85)	(719.20)
50 basis points up	(1,745.40)	(1,277.19)	(1,965.70)	(1,438.39)

Break-up of borrowings into variable rate and fixed rate

Particulars	31 March 2026	31 March 2025
Variable rate borrowings	3,49,080.43	3,93,140.16
Fixed rate borrowings	1,55,112.00	1,52,321.63
Total borrowings	**5,04,192.43**	**5,45,461.79**

(B) Credit Risk;
The Group is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the Group 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 Group.

Mitigation:
• The Group 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 Group has set up a Credit Committee for approval of the lending for exposures above certain limits in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Group in terms of its charter as approved by the Board if the Group.

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

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

For the year ended 31 March 2026

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**5,94,141.31**	**7,330.44**	**4,151.69**	**6,05,623.44**
New assets originated (refer note 1 below)	3,21,428.46	1,239.47	340.00	3,23,007.93
Assets repaid (excluding write offs)	(3,54,901.66)	(2,104.54)	(4,897.09)	(3,61,903.28)
Transfers to Stage 1	2,468.08	(2,129.40)	(338.67)	-
Transfers to Stage 2	(10,664.43)	10,702.05	(37.62)	-
Transfers to Stage 3	(10,140.58)	(2,454.60)	12,595.18	-
Amounts written off	-	-	(4,961.14)	(4,961.14)
Closing Balance	**5,42,331.17**	**12,583.42**	**6,852.36**	**5,61,766.95**

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

Note 2: The above amounts have been grossed up for ECL on FVOCI loans.

For the year ended 31 March 2025

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**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)	(4,93,195.67)	(673.95)	(396.38)	(4,94,266.00)
Transfers to Stage 1	378.28	(207.91)	(170.37)	-
Transfers to Stage 2	(6,907.70)	6,907.70	-	-
Transfers to Stage 3	(4,972.32)	(569.09)	5,541.41	-
Amounts written off	-	-	(1,918.15)	(1,918.15)
Closing Balance	**5,94,141.31**	**7,330.44**	**4,151.69**	**6,05,623.44**

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

(B):Reconciliation of Expected Credit Loss balance

For the year ended 31 March 2026

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**2,373.82**	**235.74**	**2,919.70**	**5,529.26**
New assets originated*	918.67	58.63	267.61	1,244.92
Assets repaid (excluding write offs)	(866.27)	(26.64)	(211.24)	(1,104.15)
Transfers to Stage 1	230.60	(57.71)	(172.89)	-
Transfers to Stage 2	(42.08)	56.72	(14.64)	-
Transfers to Stage 3	(82.03)	(94.85)	176.88	-
Impact on year end ECL on exposures transferred between stages during the year	(734.19)	458.57	6,927.36	6,651.74
Amounts written off			(4,961.14)	(4,961.14)
Closing Balance	**1,798.52**	**630.47**	**4,931.65**	**7,360.63**

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

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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 disbursals made during the year. Classification of new assets originated in stage 1,2,3 is based on year end staging.

(C) Operational Risk;

Operational risk is the risk arising out of failure of internal process, people and systems put in place by the group. Such risk may also arise out of the external factors as well as internal control system failure defeating the core objective of the Group operations.

Mitigation:

• The Group 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.

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

(D) Liquidity Risk:

The risk arises due to asset liability mismatch The inadequacy of the Group 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 Group 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

(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 Group

NOTE 5.04: Revenue from contract with customers (Ind AS 115)

Particulars	31-Mar-26	31-Mar-25
Type of services		
Advisory and syndication fees	578 59	1,078 49
Foreclosure charges	961 08	878 57
Corporate agency income	1,443 22	1,326 47
Management Fee Income	15 31	105 11
Bounce Charges	209 63	112 74
Other fees	199 26	64 99
Total	**3,407.09**	**3,566.36**
Geographical markets		
India	3,407 09	3,566 36
Outside India	-	-
Total	**3,407.09**	**3,566.36**
Timing of revenue recognition		
Services transferred at a point in time	3,407 09	3,566 36
Services transferred over time	-	-
Total	**3,407.09**	**3,566.36**

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NOTE 5.05 : Related Party Disclosures 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	Holding Company	Kirloskar Oil Engines Limited
2	Subsidiary Company of Holding Company	KOEL Fluid Dynamics Private Limited (formerly known as La-Gajjar Machineries Private Limited
		Kirloskar Advanced Sytems Private Limited (w.e.f. 30 March 2026)
		Kirloskar International ME FZE (w.e.f. 07 January 2025)
		Kirloskar Americas Corp. USA
		Engines LPG LLC. DBA Wildcat Power Gen, USA (w.e.f. November 29, 2023)
		Kirloskar International ME FZE (w.e.f. 07 January 2025)
3	Entity under common group	Arka Credit Fund I - (upto 02 March 2026)
4	Non-Executive Director	Gauri Kirloskar
5	Non-Executive Director	Samrat Gupta
6	Independent Director	Srikumar Vijayasekharan (w.e.f. 28 January 2026)
7	Independent Director	Rahul Bhagat
8	Independent Director	Yogesh Kapur
9	Non-Executive Director	Mahesh Chhabria (upto 31 March 2025)
10	Independent Director	D Sivanandhan (upto 27 January 2026)

(ii) Key Management Personnel and their relatives:

1	Anand Bang - Manager (w.e.f. 17 April 2025)	Shilpa Bang	Wife
		Sarveshwer Bang	Father
		Nirmala Devi Bang	Mother
		Sanchit Bang	Son
		Ashish Bang	Brother
2	Samrat Gupta - Managing Director (w.e.f. 24 October 2024 upto 16 April 2025)	Vaishali Gupta	Wife
		Amalendu Dutta Gupta	Father
		Rina Dutta Gupta	Mother
		Rohan Gupta	Son
3	Vimal Bhandari - Managing Director (upto 23 October 2024)	Vibha V. Bhandari	Wife
		Vatsal V Bhandari	Son
		Shivani Bhandari	Son's Wife
		Vandini V Bhandari	Daughter
		Shree Krishna M Gupta	Daughter's Husband
		Pushpa Bhandari	Mother
		Ashok Bhandari	Brother
		Asha Singhvi	Sister
		Vibha Doshi	Sister
		Jayashree Mehta	Sister
4	Rohit Kumar - CFO (w.e.f. 01 October 2025)	Nitasha Goyal	Wife
		Satish Gupta	Father
		Kiran Gupta	Mother
		Vihaan Gupta	Son
		Sunil Bansal	Brother
5	Girish Kulkarni - CFO (w.e.f. 17 April 2025 upto 30 September 2025)	Swati Kulkarni	Wife
		Vinayak Kulkarni	Father
		Vaishali Kulkarni	Mother
		Pallavi Deshpande	Sister
6	Ridhi Gangar - CFO (upto 16 April 2025)	Mahavir Lunawat	Husband
		Ruxamani Gangar	Mother
		Krina Gangar	Sister
		Charmi Gangar	Sister
7	Aditi Mahamunkar - Company Secretary	Arun Mahamunkar	Father
		Sadhana Mahamunkar	Mother
		Gaurav Chindarkar	Husband
		Trishika Chindarkar	Daugher
		Akshaya Mahamunkar	Sister
		Atul Mahamunkar	Brother

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(iii) Key Management Personnel of Holding Company and their relatives:

Name of KMPs	Name of Relatives of KMPs	Relationship
Gauri Kirloskar	Arti A. Kirloskar	Mother
	Atul C. Kirloskar	Father
	Christopher Kolenaty	Husband
	Maya Kolenaty	Daughter
	Pia Kolenaty	Daughter

(iv) Entities controlled by Key Management Personnel of Holding Company

Sr. No.	Related Party Category	Company Name
1	Key Management Personnel of Ultimate Holding Company	Snow Leopard Technology Ventures, LLP
		Beluga Whale Capital Management Pte Ltd.
2	Entities controlled by Close Member of Key Managerial Personnel of Ultimate Holding Company	Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited)
		Kirloskar Energen Private Limited (upto 11 March 2025)
		Kirloskar Solar Technologies Private Limited
		Alotoxl Ventures LLP
		Indifour Consult Private Limited
		Binaza Consult Private Limited
		Gumtree Capital Advisors LLP
		Snow Leopard Lever Boost LLP
		Snow Leopard Infrastructure-1 LLP
		Cephalopod Teknik - V LLP upto (24 March 2025)
		Cephalopod Teknik - VI LLP (upto 24 March 2025)
		Cephalopod Teknik - VII LLP (w.e.f 03 October 2024)
		Snow Leopard Momentum-III LLP (upto 18 January 2026)
		Snow Leopard Momentum IV LLP (w.e.f. 21 January 2026)
		Paragon Greensutra Private Limited

B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	2025-26 Amount	2025-26 Amount from major parties	2024-25 Amount	2024-25 Amount from major parties
1	**Transactions with Entity under same group**				
	Arka Credit Fund I	4,267.75		4,429.95	
	Sale of Exposure in NCD		0.00		0.00
	Investments done in the Arka Credit Fund I		0.00		2,133.23
	Redemption of Investments in the Arka Credit Fund I		3,974.99		1,607.01
	Income Earned from the Investment		273.76		495.72
	Management Fee Income (Net of TDS)		18.00		121.54
	Recovery of Operating Expenses (Net of TDS)		1.00		9.19
	Payments done on behalf of of Arka Credit Fund I		0.00		63.26
	Total	4,267.75	4,267.75	4,429.95	4,429.95
2	**Directors' Sitting Fees**				
	Key Management Personnel of Holding Company	3.80		3.10	
	Gauri Kirloskar		3.80		3.10
	Total	3.80	3.80	3.10	3.10
3	**Managerial Remunerations:**				
	Key Management Personnel *(Refer Note 1)*	342.82		1,159.17	
Balances with related parties					
1	**Receivable from Entity under same group**	0.00		34.69	
	Arka Credit Fund I		0.00		34.69
	Total	0.00	0.00	34.69	34.69

Note 1: The above compensation of the Group's' key managerial personnel does not include provision for 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.

Note 2 - Sponsor to Arka Credit Fund I

The Parent company is Sponsor to the Arka Credit Fund I registered with SEBI as category II Alternative Investment Fund and the same is being managed by Investment Manager Arka Investment Advisory Services Private Limited.During the year, the Company (the Investment Manager) has initiated the process to wind up the Arka Credit Fund I in accordance with SEBI (Alternative Investment Funds) Regulations, 2012 and liquidated all its investments and has distributed entire capital contributions and proceeds to the investors. The Company has submitted the application for surrender of registration of the Fund on 04 November 2025 and the same has been approved by SEBI with effect from 02 March 2026.

Note 3- Directors' Sitting Fees and Commission exclude GST under Reverse Charge Mechanism (RCM) borne by the Company

Note 4 - The amounts are inclusive of GST wherever applicable

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NOTE 5.06 : Contingent liabilities and Commitments

Particulars	As at 31 March 2026	As at 31 March 2025
Contingent liabilities	Nil	Nil
Capital commitments:		
Estimated amount of contracts remaining to be executedon capital account	112 89	15 15
Other commitments		
Loans sanctioned not yet disbursed	7,442 59	42,580 40

NOTE 5.07 : Leases

Where the Group is a lessee

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new leases accounting standard on 30 March 2019. Ind AS 116 come into force on 1 April 2019.

Ind AS 116 have replaced the previous guidance in Ind AS 17, 'Leases'. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Ind AS 116 requires lessees to recognize assets and liabilities arising from all leases (except for short-term leases and leases of low-value assets) in the Balance sheet. The Group have capitalised all assets currently held under operating leases. Operating lease expenses have been replaced by a depreciation expense on Right of Use assets recognised and an interest expense as the incremental borrowing rate in the lease liabilities unwinds.

Disclosures as required by Ind AS 116 'Leases' are given below:

(A) Lease liability movement

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liability at begnning of the year	703 58	1,005 44
Add Interest on lease liability	148 42	79 71
Add Lease liability recognised during the year	2,164 27	100 01
Less Lease rental payments	(842 17)	(481 58)
Lease liability at the end of the year	2,174 10	703 58

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2026	As at 31 March 2025
Minimum Lease Payments:		
Not later than one year	642.22	536 96
Later than one year but not later than five years	1,456.80	217 92
Later than five years	852 30	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2026	As at 31 March 2025
Lease liability:		
Less than 12 months	462 38	491 52
More than 12 months	1,711 72	212 06

Refer Note 3 08 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 Group, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

	Particulars	As at 31 March 2026	As at 31 March 2025
a	Principal and interest amount remaining unpaid	-	-
b	Interest due thereon remaining unpaid	-	-
c	Interest paid by the Group 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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NOTE 5.09 : Maturity pattern of Assets and Liabilities

Financial statements of the Group 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	Note	As at 31 March 2026			As at 31 March 2025		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3 01	57,250 17	-	57,250.17	64,489 62	-	64,489 62
Bank balances other than cash and cash equivalents	3 02	4,186.00	1,874.52	6,060.52	1,025 97	790 60	1,816 57
Trade receivable	3 03	-	-	-	34 69	-	34 69
Loans	3 04	1,97,764 00	3,56,642 08	5,54,406 08	1,45,218 39	4,54,842 53	6,00,060 92
Investments	3 05	21,541 00	11,331 10	32,872 10	23,178 57	8,927 30	32,105 87
Other financial assets	3 06	567 00	15,581 04	16,148.04	482 00	8,060 40	8,542 40
Non-financial assets							
Current tax assets (net)	3 07	2,733 13	-	2,733 13	2,698 94	-	2,698 94
Deferred tax assets (net)	3 08	-	-	-	-	-	-
Property, plant and equipment	3 09	-	4,210 10	4,210 10	-	1,443 41	1,443 41
Intangible assets	3 10	-	95 43	95 43	-	145 65	145 65
Capital Work-in-progress	3 11		97 55	97 55	-	137 62	137 62
Other non-financial assets	3 12	1,187.00	85 18	1,272 18	739 73	92 27	832 00
TOTAL ASSETS		**2,85,228.30**	**3,89,917.00**	**6,75,145.30**	**2,37,867.91**	**4,74,439.78**	**7,12,307.69**

Particulars		As at 31 March 2026			As at 31 March 2025		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	3 13	1,753 11	-	1,753 11	1,133 17	-	1,133 17
Debt securities	3 14	58,268 02	49,504 57	1,07,772 59	36,376 96	91,745 89	1,28,122 85
Borrowings (other than debt securities)	3 15	1,39,582.24	2,35,498.98	3,75,081 22	1,47,982 43	2,52,099 87	4,00,082 30
Subordinated Debt	3 16	618 07	20,720 55	21,338.62	622 26	20,664 14	21,286 40
Other financial liabilities	3 17	23,314 00	1,711 80	25,025 80	27,539 01	212 06	27,751 07
Non-financial liabilities							
Current tax liabilities (net)	3 18	-	-	-	99 65	-	99 65
Provisions	3 19	2,706 00	765 32	3,471 32	3,447 37	646 71	4,094 08
Deferred tax liabilities (Net)	3 08	-	2,757 71	2,757.71	-	778 07	778 07
Other non-financial liabilities	3 20	1,628.00	0 13	1,628.13	3,358 79	-	3,358 79
TOTAL LIABILITIES		**2,27,869.44**	**3,10,959.06**	**5,38,828.50**	**2,20,559.64**	**3,66,146.74**	**5,86,706.38**

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Note 5.10: Trade receivables aging schedule - 31 March 2026

Particulars		Outstanding for following periods from due date of payment					
	Not due	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(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 2025

Particulars		Outstanding for following periods from due date of payment					
	Not due	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables — considered good	34.69	-	-	-	-	-	-
(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	-	-	-	-	-	-	-

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Note 5.11: Trade Payables aging schedule - 31 March 2026

Particulars	Outstanding for following periods from due date of payment					
	Unbilled / Provision	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	33.09	-	-	-	33.09
(ii) Others	1,707.73	12.29	-	-	-	1,720.02
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-
Total	**1,707.73**	**45.38**				**1,753.11**

Trade Payables aging schedule - 31 March 2025

Particulars	Outstanding for following periods from due date of payment					
	Unbilled / Provision	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	59.33	-	-	-	-	59.33
(ii) Others	1,053.18	20.66	-	-	-	1,073.84
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-
	1,112.51	**20.66**	**0**	**0**	**0**	**1,133.17**

Note 5.12: CWIP ageing and Completion schedule - 31 March 2026

Particulars	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
Projects in progress	95.43	-	-	-	-	95.43
Projects temporarily suspended	-	-	-	-	-	-
Total	95.43	-	-	-	-	95.43

There were no overrun as on 31 March 2026 on account of cost or timelines for the ongoing projects

CWIP ageing and Completion schedule - 31 March 2025

Particulars	Less than 6 months	6 months -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

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NOTE 5.13 : Disclosure pursuant to Employee benefits

Defined contribution plan (Provident fund):

The subsidiary company, Arka Fincap Ltd (AFL) makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan AFL's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service

The provident fund payment recognised as expenses and included in Employee benefit expenses during the current year ₹ 454 46 Lakhs (previous year ₹ 259 22 Lakhs)

Defined benefit plans: AFL has following Defined benefit plans:

A Gratuity
B Compensated Absences
C Long term incentive plan (LTIP) (upto March 31, 2022)

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

		Particulars	As at 31 March 2026	As at 31 March 2025
A	(i)	**Gratuity:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	244.64	160.93
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**244.64**	**160.93**
	(ii)	**Compensated Absences:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	248.72	137.52
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**248.72**	**137.52**
	(iii)	**Long term incentive plan:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	-	12.50
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	-	**12.50**
B	(i)	**Gratuity:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	160.93	139.65
		Current service cost	95.56	49.78
		Past service cost	106.28	-
		Interest cost	8.22	7.39
		Benefits paid	(73.53)	(74.01)
		Actuarial (gain) / loss on obligation	(52.82)	38.12
		Projected benefit obligation at the end of the year	**244.64**	**160.93**
	(ii)	**Compensated Absences:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	137.52	95.17
		Current service cost	100.65	46.91
		Past service cost	98.28	-
		Interest cost	6.54	5.35
		Benefits paid	(77.30)	(41.74)
		Remeasurements on obligation - (Gain) / Loss	(16.97)	31.83
		Projected benefit obligation at the end of the year	**248.72**	**137.52**
C	(i)	**Gratuity:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	95.56	49.78
		Past service cost and loss/(gain) on curtailments and settlement	106.28	-
		Net interest cost	8.22	7.39
		Expenses recognised in the statement of profit and loss	**210.06**	**57.17**
	(ii)	**Compensated Absences:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	100.65	46.91
		Past service cost	98.28	
		Remeasurements on obligation - (Gain) / Loss	(16.97)	31.83
		Net interest cost	6.54	5.35
		Expenses recognised in the statement of profit and loss	**188.50**	**84.09**
	(iii)	**Long term incentive plan**		
		Amount recognised in the statement of profit and loss		
		Current service cost	-	-
		Remeasurements on obligation - (Gain) / Loss	-	-
		Net interest cost	-	-
		Expenses recognised in the statement of profit and loss	-	-

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NOTE 5.13 : Disclosure pursuant to Employee benefits *(Continued)*

Particulars	As at 31 March 2026	As at 31 March 2025
D (i) Gratuity:		
Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(16 33)	10 05
- change in demographic assumption	-	5 27
- experience variation	(36 49)	22 80
Amount recognised in other comprehensive income	**(52.82)**	**38.12**
E Assumptions used		
Discount rate (gratuity and compensated absences)	7 10%	6 62%
Rate of increase in compensation levels	9% for first year Thereafter 7 5%	9 00%
Expected average remaining working lives of employees (in years)	6 04	6 61
Retirement Age*	60 years	60 years
Withdrawal Rate		
Business	34 00%	34 00%
Others	19 00%	19 00%

F Sensitivity analysis - Gratuity

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

Particulars	As at 31 March 2026		As at 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	234 11	256 04	153 59	168 95
Salary growth rate (1% movement)	253 52	236 25	167 17	155 08
Withdrawal rate (1% movement)	241 49	247 87	159 10	162 85

G Sensitivity analysis - Compensated Absences

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

Particulars	As at 31 March 2026		As at 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	240 55	257 46	132 31	143 17
Salary growth rate (1% movement)	254 95	242 78	141 70	133 59
Withdrawal rate (1% movement)	252 49	244 72	146 21	128 24

I Other information:

1. The plan is unfunded as on the valuation date
2. Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 6 95 years for Gratuity and 2 60 years for Compensated Absences
3. The amount expected to be paid in next year Rs 13 49 Lakhs for Gratuity and Rs 72 92 Lakhs for Compensated Absences

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NOTE 5.14 : Employee stock option plans

The subsidiary company, Arka Fincap Ltd. (AFL), provides share-based employee benefits to its employees. The relevant details of the schemes and the grant are as below

Description of share-based payment arrangements:

As at 31 March 2026, AFL has the following share-based payment arrangements

Share option plans (equity settled):

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period

The ESOP Plan 2019 was approved by the Board of Directors on April 24, 2019 and by the shareholders in EGM dated May 2, 2019 for issue of 5,00,00,000 options representing 5,00,00,000 Equity shares of Rs. 10 each. Further, the Board of Directors on April 16, 2025 and shareholders of the Company at their EGM held on April 16, 2025 inter alia approved (i) increase of pool of Employee Stock Option Plan 2019 from 5,00,00,000 (Five Core) stock options to 10,00,00,000 (Ten Crore) stock options convertible into 10,00,00,000 (Ten Crore) equity shares of the Company having face value of Rs. 10/- (Rupees Ten Only) per equity share and (ii) amendments to the ESOP Plan 2019 and that the amended Employee Stock Option Plan 2019 was restated as ESOP Plan 2025

I. Details of the ESOP:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
ESOP Plan/ Scheme	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options					
Maximum term of Options granted (years)	Vesting period of option 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					

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
ESOP Plan/ Scheme	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025
Date of Grants	04-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options					
Maximum term of Options granted (years)	Vesting period of option vary from employee to employee or class of employees. the maximum vesting period of option is five years from the date of grant of option. Options shall be capable of being exercised within a period of 6 years from the Date of Vesting					
Method of Settlement	Equity					
Method used for accounting of options	Fair Value Method					

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
ESOP Plan/ Scheme	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025	ESOP - 2025
Date of Grants	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options				
Maximum term of Options granted (years)	Vesting period of option vary from employee to employee or class of employees. the maximum vesting period of option is 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 2026:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
No. of Options Outstanding at the beginning of the year	2,01,50,000	12,50,000	3,25,000	62,60,000	26,20,000	-
Options Granted during the year	-	-	-	-	-	-
Options Forfeited / Lapsed during the year	51,50,000	12,50,000	2,50,000	34,60,000	13,30,000	-
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	1,50,00,000	-	75,000	28,00,000	12,90,000	-
Number of Options exercisable at the end of the year	1,50,00,000	-	75,000	28,00,000	9,03,000	-
The weighted average share price of options exercised during the year	NA	NA	NA	NA	NA	NA

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
Date of Grants	04-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
No. of Options Outstanding at the beginning of the year	-	-	-	-	-	-
Options Granted during the year	3,93,10,000	46,65,000	1,00,000	5,00,000	7,00,000	16,25,000
Options Forfeited / Lapsed during the year	-	16,15,000	-	-	4,50,000	-
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	3,93,10,000	30,50,000	1,00,000	5,00,000	2,50,000	16,25,000
Number of Options exercisable at the end of the year	-	-	-	-	-	-
The weighted average share price of options exercised during the year	NA	NA	NA	NA	NA	NA

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
Date of Grants	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026
No. of Options Outstanding at the beginning of the year	-	-	-	-	
Options Granted during the year	7,00,000	10,00,000	9,00,000	34,00,000	1,06,75,000
Options Forfeited / Lapsed during the year	-	-	-	-	
Options Exercised during the year	-	-	-	-	
Number of options Outstanding at the end of the year	7,00,000	10,00,000	9,00,000	34,00,000	1,06,75,000
Number of Options exercisable at the end of the year	-	-	-	-	
The weighted average share price of options exercised during the year	NA	NA	NA	NA	

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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 shares exercised during the year ended 31 March 2025	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
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Range of Exercise Price (₹ per share)	10	10	11	12	12.75	12.75
No. of Options Outstanding as on 31 March 2026	1,50,00,000	0	75,000	28,00,000	12,90,000	0
Contractual Life: Granted but not vested (in years)	-	-	-	-	1.00	-

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
	04-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Range of Exercise Price (₹ per share)	13.50	13.50	13.50	13.50	13.50	13.50
No. of Options Outstanding as on 31 March 2026	3,93,10,000	30,50,000	1,00,000	5,00,000	2,50,000	16,25,000
Contractual Life: Granted but not vested (in years)	1.75	1.75	1.91	2.00	2.08	2.17

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
Date of Grants	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026
Range of Exercise Price (₹ per share)	13.50	13.50	13.50	13.50	13.50
No. of Options Outstanding as on 31 March 2026	7,00,000	10,00,000	9,00,000	34,00,000	1,06,75,000
Contractual Life: Granted but not vested (in years)	2.25	2.34	2.42	2.50	2.75

IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value had been calculated using the Black Scholes Option Pricing model. The Assumptions used in the model are a s follows:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Risk Free Interest Rate	7.40%	6.60%	5.80%	7.17%	6.84%	6.95%
Weighted average expected life (in years)	6	7	7	5	5	5
Expected Volatility	1.00%	1.00%	1.00%	19.45%	19.67%	19.45%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75

Particulars	ESOP Grant 7	ESOP Grant 8	ESOP Grant 9	ESOP Grant 10	ESOP Grant 11	ESOP Grant 12
	04-Jun-25	01 July 2025	30 August 2025	30 September 2025	30 October 2025	30 November 2025
Risk Free Interest Rate	5.94%	6.04%	6.31%	6.27%	6.26%	6.23%
Weighted average expected life (in years)	6	6	6	6	6	6
Expected Volatility	20.64%	20.57%	20.42%	20.21%	20.07%	19.92%
Weighted average exercise price (₹ per share)	13.50	13.50	13.50	13.50	13.50	13.50

Particulars	ESOP Grant 13	ESOP Grant 14	ESOP Grant 15	ESOP Grant 16	ESOP Grant 17
	30-Dec-25	30-Jan-2026	28 Feb-2026	30 March 2026	30 March 2026
Risk Free Interest Rate	6.30%	6.42%	6.26%	6.65%	6.69%
Weighted average expected life (in years)	6	6	6	6	6
Expected Volatility	19.82%	19.76%	19.47%	19.05%	20.00%
Weighted average exercise price (₹ per share)	13.50	13.50	13.50	13.50	13.50

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

Particulars	31 March 2026	31 March 2025
Employee share based expense	713.61	73.39
Total ESOP reserve outstanding at the end of the year	1,505.64	1,062.85

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Currency : Indian Rupees in Lakhs)

NOTE 5.15 : Disclosure in terms of Schedule III of the Companies Act, 2013

Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss amount	Amount	As a % of consolidated other comprehensive	Amount	As a % of consolidated total comprehensive	Amount
FY 25-26								
1. Parent								
Arka Financial Holdings Private Limited	76.81%	1,04,707.76	0.64%	43.33	0.00%	0.04	0.43%	43.37
2. Subsidiary (Indian)								
Arka Fincap Limited	99.42%	1,35,532.03	101.33%	6,860.31	100.00%	3,231.83	100.90%	10,092.14
3. Subsidiary (Indian)								
Arka Investment Advisory Services Private Limited	0.21%	284.79	-0.43%	(29.30)	0.00%	0.01	-0.29%	(29.29)
Add/(Less) Minority interests in all subsidiaries	0.00%	2.66	0.00%	0.14	0.01%	0.20	0.00%	0.34
Add/(Less) Inter-company eliminations	-76.45%	(1,04,210.44)	-1.54%	(104.49)	-0.01%	(0.19)	-1.05%	(104.67)
Total	**100.00%**	**1,36,316.80**	**100.00%**	**6,769.99**	**100.00%**	**3,231.89**	**100.00%**	**10,001.88**
FY 24-25								
1. Parent								
Arka Financial Holdings Private Limited	83.33%	1,04,664.39	-3.46%	(248.12)	11.52%	(4.02)	(0.04)	(252.14)
2. Subsidiary (Indian)								
Arka Fincap Limited	99.31%	1,24,726.28	111.93%	8,035.60	84.62%	(29.53)	112.06%	8,006.07
3. Subsidiary (Indian)								
Arka Investment Advisory Services Private Limited	0.25%	314.07	-6.00%	(430.68)	3.84%	(1.34)	-6.05%	(432.02)
Add/(Less) Minority interests in all subsidiaries	0.00%	(2.46)	0.00%	(0.16)	0.00%	(0.00)	0.00%	(0.16)
Add/(Less) Inter-company eliminations	-82.89%	(1,04,103.43)	-2.47%	(177.51)	0.02%	(0.01)	-2.48%	(177.52)
Total	**100.00%**	**1,25,598.85**	**100.00%**	**7,179.13**	**100.00%**	**(34.90)**	**100.00%**	**7,144.23**

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Arka Financial Holdings Private Limited ★

Note 6.01: Other notes

6.01 (i): Relationship with struck off companies

The Group 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.

6.01 (ii): Registration of charges

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2026 and previous year ended 31 March 2025.

6.01 (iii): Satisfaction of charges

Satisfation of charges were performed as per the terms of sanction within due date during the year ended 31 March 2026 and previous year ended 31 March 2025.

6.01 (iv): Unhedged Foreign Currency Exposure

The Group does not have any unhedged foreign currency exposure for the year ended March 31, 2026.

6.01 (v): Audit trail

The group is using multiple accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except one of the accounting software used by one of its subsidiaries Arka Fincap Limited where an audit trail feature was enabled through a third party tool at the database level throughout the year.

Audit trails in the application systems and database were not disabled during the year. Adequate internal controls are in place to protect audit trail from any modification.

Additionally, the audit trail has been preserved by the group as per the statutory requirements for record retention to the extent enabled.

6.01 (vi) Events after the reporting date

Subsequent events are tracked and evaluated by the Group. There are no events / information which requires adjustment to the financial statements as per Ind AS 10

6.01 (vii) The Group has not traded or invested in Crypto Currency or Virtual Currency during the current year and previous year.

6.01 (viii) The Group does not have any income from undisclosed transactions during the year ended 31 March 2026 and 31 March 2025.

6.01 (ix) The Group does not have any restructured accounts for the year ended and as on 31 Mar 2026 and 31 March 2025

6.01 (x): Regrouping and / or reclassification

Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation. Previous year's figures have been audited by a firm of chartered accountant other than M/s Sudit K. Parekh & Co. LLP.

6.01 (xi) COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2026 and March 31,2025.

6.01 (xii) UTILISATION OF BORROWED FUNDS

The Group, as part of its normal business, grants loans and advances, makes investment. These transactionsare part of Group's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.
Other than the transactions described above, 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 Group to or in any other persons or entities,including foreign entities("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has also not received any fund from any parties (Funding Party) with the understanding that the Group shall whether,directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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Arka Financial Holdings Private Limited *

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Audit trails in the application systems and database were not disabled during the year. Adequate internal controls are in place to protect audit trail from any modification.

Additionally, the audit trail has been preserved by the group as per the statutory requirements for record retention to the extent enabled.

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Sudit K. Parekh & Co. LLP
Mumbai
Chartered Accountants

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FOR THE YEAR ENDED 31 MARCH 2026

(Currency: Indian Rupees in Lakhs)

6.01(xiii) SEGMENT REPORTING

the Group 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.

6.01 (xiv): Exceptional Items for current year

The Government of India, vide notification dated November 21 . 2025, has notified the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as "the Labour Codes"), which consolidate and replace existing multiple labour legislations. In accordance with the requirements of Ind AS 19, "Employee Benefits," changes to employee benefit plans resulting from legislative amendments constitute a plan amendment, necessitating the immediate recognition of any variation in the cost upon such notification. Consequently, the Group has evaluated the potential impact and recognized an estimated past service costs amounting to Rs. 2.05 crore which has been disclosed seperately as Exceptional items - Expenses / (Income) in the consolidated financial results for year ended March 31, 2026. As the underlying Rules to the Labour Codes are yet to be notified, The Group will continue to monitor further developments and will evaluate and give effect to any consequential adjustments arising subsequently in this respect.

6.01 (xv): Exceptional Items for previous year

During the year ended 31 March 2024, the Group had made provision of ₹ 1,528.50 lakh against its investments in Alternate Investment Funds (AIFs) as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 and RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024. During the quarter ended 30 June 2024, the Group had reversed the provision to the extent of ₹ 742.10 lakh. The balance provision of ₹ 786.40 lakh has been reversed during the quarter ended 30 September 2024 which is in compliance with the above-mentioned RBI circulars.

As per our report of even date attached
For Sudit K. Parekh & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 110512W/W100378

Nemish Kapadia
Partner
Membership No. 111929

Sudit K. Parekh & Co. LLP Mumbai Chartered Accountants

Place: Mumbai
Date: 04 May 2026

For and on behalf of the Board of Directors of Arka Financial Holdings Private Limited

Sanmit Gupta
Director
DIN: 07071479
Place: Kolkata

Yogesh Kapur
Director
DIN: 00070038
Place: Delhi

Rohit Kumar
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 04 May 2026

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED