INDEPENDENT AUDITOR'S REPORT

To the Members of Arka Financial Holdings Private Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the accompanying Standalone Financial Statements of **Arka Financial Holdings Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss, statement of Changes in Equity and statement of Cash Flows for the year then ended and notes to the financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements")

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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, the loss, total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit 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 ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. 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 Financial Statements and our auditor's report thereon. The Board of Directors report is expected to be made available to us after the date of this auditor's report.

Pune Office: GDA House, Plot No.85, Right Bhusari Colony, Paud Road, Kothrud, Pune – 411 038, Phone – 020 – 6680 7200, Email – audit@gdaca.com

Mumbai Office : Neelkanth Business Park, Office No. 509, 5th Floor, Nathani Road, Vidyavihar (West), Mumbai- 400 086, Phone – 022 – 3512 3184, Email – audit@gdaca.com

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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.

When we read the Board of Directors report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance.

4. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards 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 misstatements, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

5. 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

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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 judgment and maintain professional skepticism 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 financial controls 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 system 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 made by management.

- 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.

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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. 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 1," a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, based on our audit 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 Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash flows 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 Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.

(e) On the basis of the written representations received from the directors as on March 31, 2025, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

(g) 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 March 31, 2025.

(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:

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 which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.

a. Based on the Management representation provided to us, we report that, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. Based on the Management representation provided to us, we report that, other than as disclosed in the notes to the financial statements (Refer Note 5.02) no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party

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("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 misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. According to the information and explanations given to us and based on our examination which included appropriate test checks, we report that the company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025 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. Further, 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 Company as per the statutory requirements for record retention.

For G. D. Apte & Co
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 25113053BMONJV4074

Umesh S. Abhyankar
Partner
Membership Number: 113 053
Pune, May 2, 2025

Annexure 1 referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company for the year ended March 31, 2025 of –Arka Financial Holdings Private Limited

i.

(a) (A) The Company has generally maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment including details of right-of-use assets covered under Ind AS 116,' Leases.'

(B) The Company does not hold any intangible assets during the year, and as such the reporting under paragraph 3 (i)(a) (B) of the Order is not applicable to the Company.

(b) The Property, Plant and Equipment (comprising of building on lease – ROU assets) have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No discrepancies were noticed on such verification.

(c) The Company did not own any immovable properties during the year. In case of Building on lease, the lease deed was registered in the favour of the company. However, as at March 31, 2025, the lease arrangements were terminated.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year.

(e) Based on the audit procedures conducted by us and according to the information and explanations given to us, we report that no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii.

(a) The Company's nature of business does not involve inventories and as such, the reporting under paragraph 3 (ii)(a) of the Order is not applicable to the Company.

(b) Based on the audit procedures conducted by us and according to the information and explanations given to us, we report that the Company has not been sanctioned any working capital limits from banks or financial institutions during the year. As such, reporting under paragraph 3 (ii)(b) of the Order is not applicable to the Company.

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iii.

(a) Based on the audit procedures conducted by us and according to the information and explanations provided to us, during the year the company has not provided any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. As such, requirements under paragraph 3 (iii) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions of the investment made by the company are not prejudicial to the company's interest.

(c) Based on the audit procedures conducted by us and according to the information and explanations provided to us, during the year the company has not provided any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and as such, requirements under paragraph 3 (iii) (c) to (f) of the Order are not applicable to the Company.

iv. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, and with reference to exemption for Rights Issue under section 186 (11) (b) (ii), there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and as such requirements under paragraph 3 (iv) of the Order is not applicable to the company.

v. 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 there under 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. The maintenance of cost records is not applicable to the company pursuant to the provisions of sub-section (1) of section 148 of the companies Act, 2013.

vii.

(a) According to the information and explanations given to us and on the basis of our examination of records of the company, we report that the company is generally regular in depositing the undisputed statutory dues including provident fund, income tax, employees state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services Tax, cess and other material statutory dues as applicable with appropriate authorities. According to the information and explanations given to us and on the basis of examination of the books of account and the records of the Company, we report that there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable.

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(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that there are no dues in respect of provident fund, income tax, employees state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services Tax, cess and other material statutory dues which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that there are no transactions, which were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix.

(a) The Company has not availed any loan from any financial institution, bank, government, debenture holders or any other lender. As such, the reporting under this paragraph regarding default of the Company in repayment of dues to financial institution, bank, government or debenture holders or any other lender is not applicable.

(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that the company has not obtained any loans from banks, financial institutions, Government Authorities and other lenders. As such, reporting under clause 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and on the basis of examination of books of account and records, the company has not availed term loans during the year. As such, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) During the year, the company has not raised any loans from banks or financial institutions. As such, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. As such, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of

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securities held in its subsidiaries, joint ventures or associate companies. As such, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

x.

(a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). As such, reporting under clause 3(x)(a) is not be applicable.

(b) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

xi.

(a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the company, the requirement of establishing a vigil mechanism is not applicable under section 177 (9) of the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Further as represented to us by the management, there are no whistle blower complaints received by the company during the year.

xii. According to the information and explanations given to us and on the basis of examination of books of account and records of the company, the Company is not a Nidhi Company within the meaning of Section 406 of the Act. As such, reporting under clause 3 (xii) (a) to (c) is not applicable.

xiii. Based upon the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.

xiv.

(a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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(b) The internal audit report of the Company has been considered by us during the course of our audit.

xv. Based upon the audit procedures performed by us and according to the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 of the Act.

xvi.

(a) According to the information and explanations given to us and based on audit procedures performed by us, we report that the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) According to the information and explanations given to us and based on audit procedures performed by us, we report that the company has not conducted any non-banking financial or housing finance activities during the year.

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

(d) According to the information and explanation given to us, the group has one Core Investment Company as defined in Core Investment Companies (Reserve Bank) Directions, 2016.

xvii. The Company has not incurred any cash losses during the financial year 2024-25. However, the company had incurred cash losses of Rs. 46.32 Lakhs during Financial year 2023-24.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3 (xviii) of the Order is not applicable.

xix. According to the information and explanations given to us 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 financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

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xx. In our opinion and according to information and explanation provided to us, the Company is not required to comply with provisions of section 135 of Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration number: 100515W
UDIN: 25113053BMONJV4074

Umesh S Abhyankar
Partner
Membership Number.: 113053
Pune, May 2, 2025

'Annexure 2' to the Independent Auditor's Report of even date on the Standalone Financial Statements of Arka Financial Holdings Private Limited.

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("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 March 31, 2025 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 over financial reporting 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, both issued by the Institute of Chartered Accountants of India. 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 standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

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Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls with reference to standalone financial statements and their operating effectiveness. Our auditof internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls over financial reporting with reference to standalone financial statements

A company's internal financial control over financial reporting with reference to 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 over financial reporting with reference to 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 authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to 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 over financial reporting with reference to Standalone Financial Statements to future

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periods are subject to the risk that the internal financial controls over financial reporting with reference to 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, adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2025, based on the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 25113053BMONJV4074

G. D. APTE & CO. * Chartered Accountants *

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune, May 2, 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

Particulars	Note No	As at 31 March 2025	As at 31 March 2024
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	306.31	470.27
Investments	3.02	1,04,422.07	1,04,576.49
Other financial assets	3.03	22.55	23.57
		1,04,750.93	**1,05,070.33**
Non-financial assets			
Current tax assets (net)	3.04	-	6.77
Deferred tax assets (net)	3.05	-	98.57
Property, plant and equipment	3.06	-	82.35
Other non-financial assets	3.07	38.99	11.89
		38.99	**199.58**
TOTAL ASSETS		**1,04,789.92**	**1,05,269.91**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	3.08		
(i) total outstanding to micro enterprises and small enterprises		3.72	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19.68	242.34
Other financial liabilities	3.09	-	108.39
		23.40	**350.73**
Non-financial liabilities			
Current tax liabilities (net)	3.10	99.65	-
Other non-financial liabilities	3.11	2.48	2.66
		102.13	**2.66**
TOTAL LIABILITIES		**125.53**	**353.39**
Equity			
Equity share capital	3.12	1,05,265.30	1,05,265.30
Other equity	3.13	(600.91)	(348.78)
TOTAL EQUITY		**1,04,664.39**	**1,04,916.52**
TOTAL LIABILITIES AND EQUITY		**1,04,789.92**	**1,05,269.91**
Notes forming part of the financial statements	1 to 5.09		

As per our report of even date attached

For **G D Apte & Co.**
Chartered Accountants
ICAI Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No. 113053

Place: Pune
Date: 02 May 2025

G. D. APTE & CO. ★ Chartered Accountants ★

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

Samrat Gupta
Managing Director
DIN: 07071479
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

G.V. Kulkarni

Girish Kulkarni
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 02 May 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

Particulars	Note No	For the year ended 31 March 2025	For the year ended 31 March 2024
Revenue from operations	4.01		
Dividend Income		1,021.58	-
Interest income		62.31	67.75
Total revenue from operations		**1,083.89**	**67.75**
Other income	4.02	23.72	-
Total income		**1,107.61**	**67.75**
Expenses			
Finance costs	4.03	9.65	10.83
Employee benefits expenses	4.04	32.43	48.25
Depreciation, amortisation and impairment expenses	4.05	32.70	32.94
Other expenses	4.06	123.95	54.99
Total expenses		**198.73**	**147.01**
Profit before exceptional items and tax		**908.88**	**(79.26)**
Exceptional items - Expenses / (Income)	5.08	850.00	-
Profit before tax		**58.88**	**(79.26)**
Tax expense:	4.07		
1. Current tax		208.43	-
2. Deferred tax charge /(credit)		98.57	(19.95)
Total tax expenses		**307.00**	**(19.95)**
Profit / (Loss) after tax		**(248.12)**	**(59.31)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Fair valuation of equity investments		(4.02)	-
Other comprehensive income for the year, net of tax		**(4.02)**	-
Total comprehensive income / (Loss) for the period		**(252.14)**	**(59.31)**
Earnings / (Loss) per equity share	5.01		
Basic Earnings / (loss) per share (₹)		(0.0236)	(0.0057)
Diluted Earnings / (loss) per share (₹)		(0.0236)	(0.0057)
(Equity Share of face value of ₹ 10 each)			
Notes forming part of the financial statements	1 to 5.09		

As per our report of even date attached

For **G D Apte & Co.**
Chartered Accountants
ICAI Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No. 113053

Place: Pune
Date: 02 May 2025

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

Sanwat Gupta
Managing Director
DIN: 07771479
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

Girish Kulkarni
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 02 May 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
A Cash Flow from Operating Activities		
Net profit / (loss) before tax and after exceptional items	58.88	(79.26)
Adjustments for :		
Add:		
Depreciation and amortisation	32.70	32.94
Impairment loss allowance	850.00	-
Finance cost	9.65	10.83
	892.35	**43.77**
Less:		
Dividend Income	1,021.58	-
Interest received on fixed deposits	9.25	43.10
Interest income on security deposit	1.78	1.62
Gain on Derecognition of ROU	23.20	-
Interest received on Investment in AIF	51.28	23.03
	1,107.09	**67.75**
Operating profit / (loss) before working capital changes	**(155.86)**	**(103.24)**
Adjustments:		
(Increase) / Decrease in Other financial assets	5.72	(5.83)
(Increase) / Decrease in Other non-financial assets	(27.09)	(6.26)
Increase/(Decrease) in trade payable	(218.94)	125.07
Increase/(Decrease) in Other financial liabilities	-	-
Increase/(Decrease) in Other non-financial liabilities	(0.18)	1.58
Cash generated / (used) in operating activities	**(396.35)**	**11.32**
Direct taxes paid	(103.00)	(3.87)
Net cash generated from / (used in) operating activities (A)	**(499.35)**	**7.45**
B Cash flows from investing activities		
Dividend Income	1,021.58	-
Interest received on fixed deposits	9.25	43.10
Interest received on Investment in AIF	51.28	23.03
Receipt on sale of Investments	175.90	-
Payments on purchase of investment	(125.00)	(375.00)
Receipt on sale of investment in Equity Shares	-	2.99
Net cash generated from / (used in) investing activities (B)	**1,133.01**	**(305.88)**
C Cash Flow from Financing Activities		
Proceeds from issue of equity share capital	-	3,604.85
Payments on purchase of investment in Subsidiaries	(750.50)	(5,899.88)
Lease Liability Paid	(47.12)	(11.32)
Net cash generated from / (used in) financing activities (C)	**(797.62)**	**(2,306.35)**
Net Increase / (Decrease) in cash and cash equivalents (A) + (B) + (C)	**(163.96)**	**(2,604.78)**
Cash and Cash Equivalents at the beginning of the year	**470.27**	**3,075.05**
Cash and Cash Equivalents at the end of the year	**306.31**	**470.27**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	254.84	18.87
Deposits with original maturity of less than three months	51.47	451.40
Total	**306.31**	**470.27**

As per our report of even date attached
For G D Apte & Co.
Chartered Accountants
ICAI Firm Registration No : 100515W

Umesh S. Abhyankar
Partner
Membership No. 113053

Place: Pune
Date: 02 May 2025

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

Samrat Gupta
Managing Director
DIN: 07071479
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

Girish Kulkarni
Chief Financial Officer
Place: Mumbai
Date: 02 May 2025

Aditi Mahamunkar
Company Secretary
Place: Mumbai

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

(a) Equity Share Capital (Note 3.12)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 01 April, 2023	1,01,66,04,438	1,01,660.45
Shares issued during the period	3,60,48,524	3,604.85
Balance as at 31 March 2024	**1,05,26,52,962**	**1,05,265.30**
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**

(b) Other equity (Note 3.13)

Particulars	Retained Earnings	Equity instruments through other comprehensive	Total
Balance at 01 April 2023	**(289.46)**	-	**(289.46)**
Profit for the year	(59.32)	-	(59.32)
Other comprehensive income for the year	-	-	-
Balance as at 31 March 2024	**(348.78)**	-	**(348.78)**
Balance at 01 April 2024	**(348.78)**	-	**(348.78)**
Profit 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)**

Notes forming part of the financial statements

As per our report of even date attached

For **G D Apte & Co.**
Chartered Accountants
ICAI Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No. 113053

Place: Pune
Date: 02 May 2025

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

Samrat Gupta
Managing Director
DIN: 07071479
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

Girish Kulkarni
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 02 May 2025

ARKA INVESTMENT ADVISORY SERVICES PRIVATE LIMITED

Notes to the standalone financial statements for the year ended 31 March 2025

(Currency : Indian Rupees in lakhs)

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 is in process to submit the applicationn with Reserve Bank of India.

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 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 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 2025, 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 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.

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED *

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. 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. 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) 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).

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.

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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.

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.

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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 upto 30 days overdue under this category.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are 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. Exposures where the amount remains due for 90 days or more are considered as to be stage 3 assets.
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.

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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. 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.

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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.

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED *

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.

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED *

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 casé, 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 Share capital
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.

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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.

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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 is primarily operating as Investment Manager of Arka Credit Fund and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

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.

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• 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 requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the futureperiods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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ARKA INVESTMENT ADVISORY SERVICES PRIVATE LIMITED

Notes to the standalone financial statements for the year ended 31 March 2025

(Currency : Indian Rupees in lakhs)

A. Recognition of deferred tax assets for carried forward tax losses

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

B. Fair value of financial instrument

The fair value of financial instrument 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 (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note - 5.02.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Cash on hand	-	-
Balances with banks		
- in current accounts	254.84	18.87
Deposits with original maturity of less than three months	51.47	451.40
	306.31	**470.27**

NOTE 3.02 : Investments

Particulars	As at 31 March 2025	As at 31 March 2024
Arka Credit Fund I (At fair value through P&L)	324.10	375.00
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	201.00
Equity Instruments of others (FVTOCI)**		
Kirloskar Proprietary Ltd	0.46	4.48
	1,05,272.07	**1,04,576.49**
Less: Impairment loss allowance***	(850.00)	-
Total - Net	**1,04,422.07**	**1,04,576.49**

* 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 20,10,000) 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 201 lakh).

** Investment in equity of others (FVTOCI) represents 3 (Previous year 3) full paid equity shares of Kirloskar Proprietary Ltd (Face Value Rs. 100). The said investment has been disclosed at the fair value of Rs.15,253 per share.

*** Impairment loss allowance of 850 lakhs pertains to the investment in fully paid equity shares of wholly owned subsidiary Arka Investment Advisory Services and the same has been accounted for in current finacial year based on assessment of recoverable amount. *(Refer Note 5.08)*

NOTE 3.03 : Other financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Security deposit	22.55	17.85
Sundry Receivables (considered good)	-	5.72
	22.55	**23.57**

NOTE 3.04 : Current tax assets (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Advance Tax (net of provision for tax)	-	6.77
	-	**6.77**

NOTE 3.05 : Deferred tax assets (net)

Particulars	As at 31 March 2025	ɪt 31 March 2024
Deferred Tax Assets		
Preliminary Expenses u/s 35D of Income tax Act, 1961	-	25.17
Business losses carried forward	-	73.40
Total (A)	-	**98.57**
Deferred tax liability (B)	-	-
Net deferred tax asset (A-B)	-	**98.57**

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.06 : Property, plant and equipment

Particulars	Right of use Building	Total
Cost as at 31 March 2023	-	-
Additions	115.29	115.29
Disposals	-	-
Cost as at 31 March 2024	**115.29**	**115.29**
Additions	-	-
Disposals	(115.29)	(115.29)
Cost as at 31 March 2025	-	-
Accumulated depreciation as at 31 March 2023	-	-
Depreciation charged during the year	32.94	32.94
Disposals	-	-
Accumulated depreciation as at 31 March 2024	**32.94**	**32.94**
Depreciation charged during the year	32.70	32.70
Disposals	(65.64)	(65.64)
Accumulated depreciation as at 31 March 2025	-	-
Net carrying amount as at 31 March 2023	-	-
Net carrying amount as at 31 March 2024	**82.35**	**82.35**
Net carrying amount as at 31 March 2025	-	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.07 : Other non-financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Prepaid expenses	13.98	-
Advance to suppliers	-	0.53
GST receivable (net)	25.01	11.36
	38.99	**11.89**

NOTE 3.08 : Trade payables

Particulars	As at 31 March 2025	As at 31 March 2024
Dues to Micro, small and medium enterprises	3.72	-
Dues to Others	19.68	242.34
	23.40	**242.34**

NOTE 3.09 : Other financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Lease obligation	-	108.39
	-	**108.39**

NOTE 3.10 : Current tax liabilities (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for tax (net of advance tax)	99.65	-
	99.65	**-**

NOTE 3.11 : Other non-financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory dues payable	2.48	2.66
	2.48	**2.66**

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 3.12 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,50,00,00,000	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 2025		As at 31 March 2024	
	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	1,01,66,04,438	1,01,660.44
Add: Shares issued during the year	-	-	3,60,48,524	3,604.85
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 / Promotors

Name of Shareholder	Relationship	As at 31 March 2025		As at 31 March 2024	
		No of equity shares held	Percentage	No of equity shares held	Percentage
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 2025		As at 31 March 2024	
		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.

f. Objective for managing capital

While the Company is unregistered Core Investment Company, the Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI) for Core Investment Company.

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 3.13 : Other equity

Particulars	As at 31 March 2025	As at 31 March 2024
Retained earnings	(596.89)	(348.78)
Equity instruments through other comprehensive income	(4.02)	-
	(600.91)	**(348.78)**

3.13.A Other equity movement

Particulars	As at 31 March 2025	As at 31 March 2024
Retained earnings		
Opening Balance	(348.78)	(289.46)
Add: Profit / (Loss) for the year	(248.11)	(59.32)
Add: Other Comprehensive income	-	-
Closing Balance	**(596.89)**	**(348.78)**
Equity instruments through other comprehensive income		
Opening Balance	-	-
Add: Gain / (Loss) for the year	(4.02)	-
Closing Balance	**(4.02)**	-

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
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	9.25	43.10
- Security deposits	1.78	1.62
Total	**11.03**	**44.72**
Interest income on financial assets measured at fair value through profit or loss:		
- Investments in AIF	51.28	23.03
Total	**51.28**	**23.03**
	62.31	**67.75**

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
- Gain on derecognition of Lease Liability	23.20	-
- Other income	0.52	-
	23.72	-

NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest expense on financial liabilities measured at amortised cost:		
Interest on lease liability	8.66	10.83
Interest on shortfall in payment of advance income tax	0.99	-
	9.65	**10.83**

NOTE 4.04 : Employee benefit expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Salaries, other allowances and bonus	32.43	48.25
	32.43	**48.25**

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 4.05 : Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Depreciation of property, plant and equipment	32.70	32.94
	32.70	**32.94**

NOTE 4.06 : Other expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Rent	4.24	2.39
Resource Sharing Expenses	65.71	20.89
Rates and taxes	0.45	-
Other repairs and maintenance	6.80	4.56
Professional charges	7.88	3.31
Auditor's remuneration	4.05	3.60
Technology expenses	5.64	0.16
Custodian charges	0.82	0.75
Directors' sitting fees	24.95	14.30
Electricity charges	-	0.15
Office expenses	3.14	0.94
ROC Expenses	-	0.04
GST expenses	0.19	3.90
Stamp duty	0.08	-
	123.95	**54.99**

Payment to auditor includes:		
a) as statutory auditors	3.85	3.50
b) for certification related matters	0.20	0.10
c) for other services	-	-
Total	**4.05**	**3.60**

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2025

(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 2025	For the year ended 31 March 2024
Current tax expense		
Current income tax	208.43	-
	208.43	**-**
Deferred tax expense		
Origination and reversal of temporary differences	98.57	(19.95)
	98.57	**(19.95)**
Tax expense reported in the statement of profit and loss	**307.00**	**(19.95)**

(b) Reconciliation of tax expense

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Accounting profit / (loss) before income tax expense	58.88	(79.27)
Tax @ 25.168%	**14.82**	**(19.95)**
Difference in tax expense due to:		
- Effect of non-deductible expenses	193.61	-
- Non-creation of deferred tax asset on current year's unabsorbed losses	-	-
- Reversal of deferred tax asset on brought forward unabsorbed losses of subsidiary	98.57	-
- Others	-	-
Total Tax Expenses	**307.00**	**(19.95)**
Effective tax rate	**521.39%**	**25.17%**

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 5.01 : Earnings per share (EPS)

Basic EPS calculated by dividing the net profit / (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 2025	For the year ended 31 March 2024
I.	**Profit / (Loss) attributable to equity holders (A)**		
	Profit / (Loss) attributable to equity holders for basic and diluted EPS	(248.10)	(59.31)
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	1,05,26,52,962	1,04,68,41,861
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	1,05,26,52,962	1,04,68,41,861
IV.	**Basic earnings / (loss) per share (₹)**	(0.0236)	(0.0057)
V.	**Diluted earnings / (loss) per share (₹)**	(0.0236)	(0.0057)

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(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	La-Gajjar Machineries Private Limited
		Optiqua Pipes and Electricals Private Limited (upto 25 March 2024)
		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 - *Refer Note 5.09 (ii)*
5	Joint Venture of KOEL Group	ESVA Pumps India Private Limited (upto 28 September 2024)

(ii) Key Management Personnel and their relatives:

Name of KMPs	Name of Relatives of KMPs	Relationship
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
Samrat Gupta - Managing Director (w e f. 24 October 2024)	Vaishali Gupta	Wife
	Amalendu Dutta Gupta	Father
	Rina Dutta Gupta	Mother
	Rohan Gupta	Son

(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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	2024-25		2023-24	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Capital Contribution received from Holding Company**	0.00		3,604 85	
	Kirloskar Oil Engines Limited		0.00		3,604 85
	Total	**0.00**	**0.00**	**3,604.85**	**3,604.85**
2	**Investment in Equity of Subsidiary Company**	750 50		5,899 88	
	Arka Fincap Limited		0.00		5,699 88
	Arka Investment Advisory Services Pvt Ltd		750 50		200.00
	Total	**750.50**	**750.50**	**5,899.88**	**5,899.88**
3	**Reimbursement of expenses paid/payable to Subsidiary Company**	60.04		43 56	
	Arka Fincap Limited (Net of TDS)		60 04		43 56
	Total	**60.04**	**60.04**	**43.56**	**43.56**
4	**Payments done by Subsidiary Company**	151 40		81 46	
	Arka Fincap Limited		151 40		81 46
	Total	**151.40**	**151.40**	**81.46**	**81.46**
5	**Sale of equity shares of Kirloskar Proprietary Ltd to Subsidiary Company**	0.00		2.99	
	Arka Fincap Limited		0.00		1.49
	Arka Investment Advisory Services Pvt Ltd		0.00		1.49
	Total	**0.00**	**0.00**	**2.99**	**2.99**
6	**Dividend Income**	1,021 58		0.00	
	Arka Fincap Limited		1,021 58		0.00
	Total	**1,021.58**	**1,021.58**	**0.00**	**0.00**
7	**Transactions with Entity under same group**				
	Arka Credit Fund I	**352.17**		**403.74**	
	Investments done in the Arka Credit Fund I		125.00		375.00
	Redemption of Investments in the Arka Credit Fund I		175.90		0.00
	Income Earned from the Investment		51 28		23 02
	Recovery of Operating Expenses		0.00		5 72
	Total	**352.17**	**352.17**	**403.74**	**403.74**
8	**Directors' Sitting Fees paid to Key Management Personnel of Holding Company**	3 10		1 50	
	Gauri Kirloskar		3.10		1.50
	Total	**3.10**	**3.10**	**1.50**	**1.50**
Balances with related parties					
1	**Payable to Subsidiary Company**	0 97		239.24	
	Arka Fincap Limited		0.97		239 24
	Total	**0.97**	**0.97**	**239.24**	**239.24**
2	**Receivable from Entity under same group**	0.00		5.72	
	Arka Credit Fund I		0.00		5.72
	Total	**0.00**	**0.00**	**5.72**	**5.72**
Commitments					
1	**Committed Contribution in Entity under same group as Sponsor**	0.00		125.00	
	Arka Credit Fund I		0.00		125.00
	Total	**0.00**	**0.00**	**125.00**	**125.00**

During the previous year, the Company received funds amounting to Rs 3,604 85 Lakhs from its ultimate holding company, Kirloskar Oil Engines Limited mainly for onward investments in Equity of subsidiaries and Alternate Investment funds Of the total amount received, Rs 2,699 88 Lakhs was invested in Arka Fincap Limited, Rs 200 Lakhs in Arka Investment Advisory Services Private Limited and Rs 308 91 Lakhs in Arka Credit Fund As of March 31, 2024, Rs 396 06 Lakhs of the total amount remained unutilized

In the current year, the Company invested Rs 125 Lakhs in Arka Credit Fund and the balance amount in Arka Investment Advisory Private Limited

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

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(Currency : Indian Rupees in Lakhs)

Note 5.03: 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	-	-	-	-	-	-

Trade Payables ageing schedule - 31 March 2024

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	-	128.12	114.22	-	-	242.34
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

Note 5.04: Leases

Where the Company is a lessee

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

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

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

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

(A) Lease liability movement

Particulars	As at 31 March 2025	As at 31 March 2024
Lease liability at begnning of the year	108.39	-
Add: Interest on lease liability	8.66	10.83
Add: Lease liability recognised during the year	-	108.88
Less: Lease rental payments	(47.12)	(11.32)
Less: Lease liability de-recognised during the year	(70.01)	-
Lease liability at the end of the year	-	108.39

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2025	As at 31 March 2024
Minimum Lease Payments:		
Not later than one year	-	47.32
Later than one year but not later than five years	-	75.28
Later than five years	-	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2025	As at 31 March 2024
Lease liability:		
Less than 12 months	-	38.58
More than 12 months	-	69.81

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 5.05 : 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:

Sr. No.	Particulars	At Cost	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
	As at 31 March 2025					
I	Financial Assets:					
	Investment in subsidiary	1,04,947.51				1,04,947.51
	Investment in Kirloskar Proprietary Ltd				0.46	0.46
	Investment in Arka Credit Fund I			324.10		324.10
	As at 31 March 2024					
I	Financial Assets:					
	Investment in subsidiary	1,04,197.01				1,04,197.01
	Investment in Kirloskar Proprietary Ltd				4.48	4.48
	Investment in Arka Credit Fund I			375.00		375.00

The following table provides the fair value measurement hierarchy

Particulars	Carrying Amount	Level of input used in		
		Level 1	Level 2	Level 3
As at 31 March 2025				
Financial Assets				
Investment at FVTPL				
Arka Credit Fund	324.1			324.10
Investments at FVOCI				
Investment in Kirloskar Proprietary Ltd	0.46			0.46
As at 31 March 2024				
Financial Assets				
Investment at FVTPL				
Arka Credit Fund	375			375.00
Investments at FVOCI				
Investment in Kirloskar Proprietary Ltd	4.48			4.48

NOTE 5.06 : Contingent liabilities and Commitments

There are no contingent liabilities or commitments as at 31 March 2025.

NOTE 5.07 : Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Particulars	As at 31 March 2025	As at 31 March 2024
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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

Exceptional Item represents provision of Rs.850 lakhs towards Impairment in investments of Rs. 951.50 lakhs in the subsidiary viz. Arka Investments Advisory Services Pvt Ltd. The carrying value of investments as at March 31, 2025 is Rs. 101.50 lakhs. 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 end of tenure of Arka Credit Fund I in financial year 2027-28. Further, an application has been made to SEBI on March 5, 2025 for closure and winding up of Arka Hreem Real Estate Opportunities Fund-I, before the commencement of its operations.

NOTE 5.09 : Other Notes

5.09 (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.

5.09 (ii): Sponsor to Arka Credit Fund I
The 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.

5.09 (iii): 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

5.09 (iv): 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.

5.09 (v): Note on Capital Disclosure:
The Company being 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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5.09 (vi): Financial Risk Managment:

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, 2025.

5.09 (vii): 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.

5.09 (viii): 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 2025.

As per our report of even date attached
For **G D Apte & Co.**
Chartered Accountants
ICAI Firm Registration No.: 100515W

G. D. APTE & CO. * Chartered Accountants *

Umesh S. Abhyankar
Partner
Membership No. 113053

Place: Pune
Date: 02 May 2025

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

Samrat Gupta
Managing Director
DIN: 00001318
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

Girish Kulkarni
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 02 May 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED *

INDEPENDENT AUDITOR'S REPORT

To the Members of Arka Financial Holdings Private Limited

Report on the Audit of Consolidated Financial Statements

1. Opinion

We have audited the accompanying Consolidated Financial Statements of **Arka Financial Holdings Private Limited** (hereinafter referred to as the "Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Statement of Profit and Loss the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date and a summary of the 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 the report of the other auditor on separate financial statements and on the other financial information of the subsidiary 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 March 31, 2025, its consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

2. 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 (SAs). 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 independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained and the other auditor referred to in Other matters paragraph of this report has obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were

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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 March 31, 2025, 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.

The following Key Audit Matters were included in the audit report dated April 30, 2025, containing an unmodified audit opinion on the separate financial statements of Arka Fincap Limited, a subsidiary of the Holding Company issued by other auditors, reproduced by us as under:

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	**Information Technology (IT) systems & controls** The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, we have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter.	**Our Audit Approach:** With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. Our audit approach was a combination of test of internal controls and substantive procedures on the areas of the IT infrastructure, which majorly focused access security (including controls over privileged access), program change controls, database management and network operations. In particular, our activity included the following: **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

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Sr. No.	Key audit matter	How our audit addressed the key audit matter
		systems, including system access and system change management, program development and computer operations. **User access controls operation:** • Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. Further, we assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. **Application controls:** • We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. • For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures. Our tests also included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the Financial Statements.
2.	**Accuracy of recognition, measurement, presentation and disclosures of Impairment of Loans and Advances (Expected Credit Loss)**	**Our Audit Approach:** Our audit approach was a combination of test of internal controls and substantive procedures which included the following:

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Sr. No.	Key audit matter	How our audit addressed the key audit matter
	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. 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 macroeconomic factors impacting credit quality of receivables. e) Data inputs - The application of ECL	• Evaluating the Company's accounting policies, as approved by the Board of Directors, for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. • Obtained an understanding of the modelling techniques / models adopted by the Company including the key inputs and assumptions including overlays, if any; • Evaluated the reasonableness of the management estimates by analysing the underlying assumptions and testing of controls around data extraction / validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with the requirement of Ind-AS 109. Tested samples of Stage 1 loans, to assess whether any SICR or loss indicators were present requiring them to be classified under Stage 2 or Stage 3. • Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. • Performed test of details over calculation of ECL, in relation to the completeness and accuracy of the data; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable;

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Sr. No.	Key audit matter	How our audit addressed the key audit matter
	model requires inputs from several data sources	• 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.

4. Information Other than the Consolidated 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 Financial Statements and our auditor's report thereon. The Board of Directors report is expected to be made available to us after the date of this auditor's report.

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

When we read the Board of Directors report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance.

5. Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the

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adequate accounting records in accordance with the provisions of the Act for safeguarding 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 respective 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 management 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 those Companies.

6. 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 judgment and maintain professional skepticism 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 financial controls 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 and its subsidiary which are companies incorporated in India, has adequate internal financial controls system 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 made by management.

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- 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 ability of the Group 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 or business activities 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matters

We did not audit the financial statements of the subsidiary, Arka Fincap Limited whose financial statements before consolidation adjustments reflect total assets of Rs. 7,07,198.02 lakhs as at March 31, 2025, total income of Rs. 78,793.19 lakhs, Group's share of total net profit after tax of Rs. 8,035.60 lakhs, Group's share of total comprehensive income of Rs. 8,006.07 lakhs for the year ended March 31, 2025 and net cash inflows amounting to Rs. 24,318.06 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited

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by other auditors whose report has been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

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 matter with respect to our reliance on the work done and the reports of the other auditors.

8. Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in the paragraph 8(1)(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in equity and the Consolidated Cash Flow Statement 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 Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015.

   e. On the basis of the written representations received from the directors of the Parent Company as on March 31, 2025 taken on record by the Board of Directors of the Parent Company and the report of the statutory auditors of its subsidiary company, none of the directors of the Group is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report.

   g.

      a. The Parent Company did not pay any managerial remuneration to its directors and as such, provisions of Section 197 read with Schedule V of the Act are not applicable to the Parent Company;

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b. As per the audit report issued by the independent auditors of the Subsidiary, the Subsidiary has paid remuneration to its directors in accordance with the provisions of Section 197 of the Act.

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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2025 on the consolidated financial position of the Group – Refer Note 5.05 to the Consolidated Financial Statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2025.

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

iv.

(a) Based on the Management representation provided by the Group, we report that, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) Based on the Management representation provided to us, we report that, other than as disclosed in the Note 5.04 to the consolidated financial statements no funds have been received by the Group 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 misstatement.

v. The dividend declared and paid on equity shares by the subsidiary during the year is in compliance with Section 123 of the Act.

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vi. According to the information and explanations given to us and based on our examination which included appropriate test checks, and on the basis of report from the other auditors for a subsidiary, we report that the Group has 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 throughout the year in respect of three accounting applications(s). Further, except for the accounting software(s) referred above, where the audit trail feature is not enabled, 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 Group as per the statutory requirements for record retention.

2. 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 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 by other independent auditors for the Company and its subsidiary respectively, included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO report except clause 3(vii) (a).

For G. D. Apte & Co
Chartered Accountants
Firm's Registration Number: 100 515W
UDIN: 25113053BMONJX5299

G. D. APTE & CO. ★ Chartered Accountants ★

Umesh S. Abhyankar
Partner
Membership Number: 113 053
Pune, May 2, 2025

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

1. Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

We have audited the internal financial controls over financial reporting of Arka Financial Holdings Private Limited (hereinafter referred to as "Parent Company") as of March 31, 2025, in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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.

3. Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Parent Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

G D APTE & CO ★ Chartered Accountants ★

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of the reports referred to in the Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

4. Meaning of Internal Financial Controls Over Financial Reporting with reference to Consolidated Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

5. Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to Consolidated Financial Statements:

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

6. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matter Paragraph, the Parent Company and its subsidiaries, which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by respective companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Pune Office: GDA House, Plot No.85, Right Bhusari Colony, Paud Road, Kothrud, Pune – 411 038, Phone – 020 – 66807200, Fax No. 25280275, Email – audit@gdaca.com
Mumbai Office: Neelkanth Business Park, Office No. 509, 5th Floor, Nathani Road, Vidyavihar (West), Mumbai- 400 086, Phone – 022 – 3512 3184, Email – audit@gdaca.com

G D APTE & CO ★ Chartered Accountants ★

7. Other Matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and 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, which is a Company incorporated in India to which provisions of section 143(3)(i) of the Act are applicable, is based solely on the corresponding report of the statutory auditor of the subsidiary.

Our opinion is not modified in respect of the above matter.

For G. D. Apte & Co.
Chartered Accountants
ICAI Firm registration number: 100515W
UDIN: 25113053BMONJX5299

G D APTE & CO
Chartered Accountants

Umesh S. Abhyankar
Partner
Membership No.: 113 053
Pune, May 2, 2025

Arka Financial Holdings Private Limited

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2025	As at 31 March 2024
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	64,489.62	39,925.12
Bank balances other than cash and cash equivalents	3.02	1,816.57	-
Trade receivables	3.03	34.69	68.32
Loans	3.04	6,00,060.92	4,70,488.06
Investments	3.05	32,105.87	9,451.83
Other financial assets	3.06	8,542.40	4,950.97
		7,07,050.07	**5,24,884.30**
Non-financial assets			
Current tax assets (net)	3.07	2,698.94	1,829.12
Deferred tax assets (net)	3.08	-	1,058.49
Property, plant and equipment	3.09	1,443.41	1,979.67
Intangible assets	3.10	145.65	249.29
Capital Work-in-progress	3.11	137.62	19.31
Other non-financial assets	3.12	832.00	593.90
		5,257.62	**5,729.78**
TOTAL ASSETS		**7,12,307.69**	**5,30,614.08**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	3.13		
(i) total outstanding to micro enterprises and small enterprises		59.33	79.73
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,073.84	559.47
Debt securities	3.14	1,28,122.85	1,25,150.31
Borrowings (other than debt securities)	3.15	4,00,082.30	2,43,153.65
Subordinated Debt	3.16	21,286.40	13,832.98
Other financial liabilities	3.17	27,751.07	25,929.01
		5,78,375.79	**4,08,705.15**
Non-financial liabilities			
Current tax liabilities (net)	3.18	99.65	-
Provisions	3.19	4,094.08	458.83
Deferred tax liabilities (Net)	3.08	778.07	-
Other non-financial liabilities	3.20	3,358.79	3,059.96
		8,330.59	**3,518.79**
TOTAL LIABILITIES		**5,86,706.38**	**4,12,223.94**
Equity			
Equity share capital	3.21	1,05,265.30	1,05,265.30
Other equity	3.22	20,333.55	13,122.52
Total equity attributable to owners		**1,25,598.85**	**1,18,387.82**
Non controlling interest	3.23	2.46	2.32
TOTAL EQUITY		**1,25,601.31**	**1,18,390.14**
TOTAL LIABILITIES AND EQUITY		**7,12,307.69**	**5,30,614.08**
Material Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For G D Apte & Co.
Chartered Accountants
ICAI Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No. 113053

G D APTE & CO. ★ Chartered Accountants ★

Place: Pune
Date: 02 May 2025

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

Samrat Gupta
Director
DIN: 07071479
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

G. V. Kulkarni

Girish Kulkarni
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 02 May 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

Arka Financial Holdings Private Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2025	For the year ended 31 March 2024
Revenue from operations	4.01		
Interest income		67,694.25	49,112.96
Fees and commission income		3,434.73	1,264.10
Gain on derecognition of financial assets measured at amortised cost		4,676.02	4,017.89
Net gain on fair value changes		2,258.73	2,093.13
Total revenue from operations		**78,063.73**	**56,488.07**
Other income	4.02	1,398.76	709.90
Total income		**79,462.49**	**57,197.97**
Expenses			
Finance costs	4.03	46,089.71	31,490.04
Impairment on financial instruments	4.04	5,304.16	2,561.19
Employee benefit expenses	4.05	12,839.48	7,906.64
Depreciation, amortisation and impairment	4.06	832.42	838.00
Other expenses	4.07	5,467.43	3,822.08
Total expenses		**70,533.20**	**46,617.95**
Profit before exceptional items and tax		**8,929.29**	**10,580.02**
Exceptional items - (Expenses) / Income		1,528.50	(1,528.50)
Profit before tax		**10,457.80**	**9,051.52**
Tax expense:	4.08		
1. Current tax		1,462.11	2,049.53
2. (Excess)/Short provision related to earlier years		(30.11)	-
3. Deferred tax expense /(income)		1,846.51	324.12
Total tax expenses		**3,278.51**	**2,373.65**
Profit after tax		**7,179.29**	**6,677.87**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(38.12)	(27.18)
- Income tax relating to items that will not be reclassified to profit or loss		9.59	6.84
Subtotal (A)		**(28.53)**	**(20.34)**
- Fair valuation of equity investments		(6.71)	-
- Income tax relating to items that will be reclassified to profit or loss		0.34	-
Subtotal (B)		**(6.37)**	-
Total comprehensive income for the period		**7,144.39**	**6,657.53**
Profit for the year attributable to			
Owners of the Company		7,179.13	6,677.74
Non-controlling interest		0.16	0.14
		7,179.29	**6,677.88**
Other comprehensive income attributable to			
Owners of the Company		(34.90)	(20.34)
Non-controlling interest		(0.00)	(0.00)
		(34.90)	**(20.34)**
Total comprehensive income attributable to			
Owners of the Company		7,144.23	6,657.40
Non-controlling interest		0.16	0.14
		7,144.39	**6,657.54**
Earnings per equity share	5.01		
Basic earnings per share (₹) (not annualised)		0.68	0.64
Diluted earnings per share (₹) (not annualised)		0.68	0.63
(Equity Share of face value of ₹ 10 each)			

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For G D Apte & Co.
Chartered Accountants
ICAI Firm Registration No : 100515W

Umesh S. Abhyankar
Partner
Membership No : 113053

G D APTE & CO ★ Chartered Accountants ★

Place : Pune
Date : 02 May 2025

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

Samrat Gupta
Director
DIN : 07071479
Place : Mumbai

Gauri Kirloskar
Director
DIN : 03366274
Place : Pune

Girish Kulkarni
Chief Financial Officer
Place : Mumbai

Aditi Mahamunkar
Company Secretary
Place : Mumbai

Date : 02 May 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

Arka Financial Holdings Private Limited

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
A Cash Flow from Operating Activities		
Net profit before tax	10,457.80	9,051.52
Adjustments for :		
Add:		
Depreciation and amortisation	832.42	838.00
Loss on sale of Property, Plant and Equipment	2.02	7.44
Provision for expected credit loss	5,304.16	2,561.19
Provision for investments in Arka Credit Fund I	-	1,528.50
Provision for share based payments	73.38	212.72
Fair value loss / (gain) on investments	(382.49)	2.67
Finance cost	46,089.71	31,490.04
	51,919.20	**36,640.56**
Less:		
Dividend Income	-	
Interest received on fixed deposits	(185.53)	746.45
Interest received on Investment in AIF	(495.72)	-
Profit on sale of investments	(1,876.25)	2,095.79
Reversal of Provision for investments in Arka Credit Fund I	(1,528.50)	-
Gain on derecognition of ROU asset	(46.43)	-
Interest received on debt instrument	(1,215.82)	2,039.74
Interest income on security deposit	(21.80)	35.53
Gain on derecognition of financial assets measured at amortised cost	(4,676.02)	3,819.15
	(10,046.07)	**8,736.66**
Finance cost paid	(44,783.01)	(31,359.46)
Operating profit before working capital changes	**7,547.92**	**5,595.96**
Adjustments:		
(Increase)/Decrease in loans and advances	(1,34,677.42)	(1,04,495.99)
(Increase)/Decrease in trade receivables	33.63	(68.32)
(Increase) / Decrease in security deposits	(79.84)	268.71
(Increase) / Decrease in Prepaid expenses	7.48	46.60
(Increase) / Decrease in Other financial assets	1,229.03	(271.10)
(Increase) / Decrease in Other non-financial assets	(245.57)	(370.24)
Increase/(Decrease) in provisions	304.59	(43.98)
Increase/(Decrease) in trade payable	493.97	471.90
Increase/(Decrease) in Other financial liabilities	5,414.07	12,093.76
Increase/(Decrease) in Other non-financial liabilities	257.45	(1,030.59)
Cash used in operating activities	**(1,19,714.69)**	**(87,803.29)**
Direct taxes paid	(2,203.16)	(3,429.88)
Net cash used in operating activities (A)	**(1,21,917.85)**	**(91,233.17)**
B Cash flows from investing activities		
Add:		
Interest received on fixed deposits	185.53	746.45
Interest received on Investment in AIF	495.72	-
Receipt on sale of Investments	3,66,245.45	4,25,030.18
Interest received on debt instrument	1,215.82	2,039.74
	3,68,142.52	**4,27,816.37**
Less:		
Increase in other bank balance	1,816.57	(1,022.19)
Payments on purchase of investment	3,85,099.41	3,94,748.75
Payments for Purchase of Property, Plant and Equipment	307.73	1,012.40
Payments for Purchase of Other Intangible assets	-	89.65
	3,87,223.71	**3,94,828.61**
Net cash generated from investing activities (B)	**(19,081.19)**	**32,987.76**

G D APTE & CO Chartered Accountants

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Arka Financial Holdings Private Limited

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
C Cash Flow from Financing Activities		
Proceeds from issue of equity share capital (including securities premium)	-	3,604.96
Stamp duty paid on issue of equity shares	(6.57)	-
Proceeds from Bank and NBFCs Borrowings (net)	1,57,679.11	47,540.09
Proceeds from issuance of Non-Convertible Debentures (net)	15,879.84	15,099.00
Proceeds from issuance / (Repayment) of Commercial Papers (net)	(7,412.99)	7,824.32
Finance cost paid	-	-
Lease liability paid	(575.83)	(412.77)
Dividend Paid	(0.02)	-
Net cash generated from financing activities (C)	**1,65,563.54**	**73,655.61**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**24,564.50**	**15,410.19**
Cash and Cash Equivalents at the beginning of the year	**39,925.12**	**24,514.92**
Cash and Cash Equivalents at the end of the year	**64,489.62**	**39,925.12**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	34,418.73	39,473.72
Deposits with original maturity of less than three months	30,070.89	451.40
Total	**64,489.62**	**39,925.12**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For G D Apte & Co.
Chartered Accountants
ICAI Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No. 113053

Place: Pune
Date: 02 May 2025

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

Saurav Gupta
Director
DIN: 07071479
Place: Mumbai

Gauri Kirloskar
Director
DIN: 03366274
Place: Pune

Girish Kulkarni
Chief Financial Officer
Place: Mumbai

Aditi Mahamunkar
Company Secretary
Place: Mumbai

Date: 02 May 2025

Arka Financial Holdings Private Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

(a) Equity Share Capital (Note 3.21)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 01 April 2023	**1,01,66,04,438**	**1,01,660.45**
Shares issued during the year	3,60,48,524	3,604.85
Balance as at 01 April 2024	**1,05,26,52,962**	**1,05,265.30**
Shares issued during the year	-	-
Balance as at 31 Mar 2025	**1,05,26,52,962**	**1,05,265.30**

(b) Other equity (Note 3.22)

Particulars	Reserves and surplus attributable to owners						Non controlling interest (Note 3.20)	Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Amalgamation Adjustment Deficit Account	Retained Earnings	Equity instruments through other comprehensive		
Balance at 01 April 2023	**2,337.15**	**927.21**	**2,147.92**	**(7,412.36)**	**8,252.48**	-	**2.07**	**6,254.47**
Profit for the period	-	-	-	-	6,677.74	-	0.14	6,677.88
Other comprehensive income for the period (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	(20.34)	-	-	(20.34)
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	1,384.62	-	-	-	(1,384.62)	-	-	-
Shares issued during the period	-	-	-	-	-	-	0.11	0.11
Share based payment expense	-	212.72	-	-	-	-	-	212.72
Balance at 31 March 2024	**3,721.77**	**1,139.93**	**2,147.92**	**(7,412.36)**	**13,525.26**	-	**2.32**	**13,124.84**
Profit for the period	-	-	-	-	7,179.13	-	0.16	7,179.29
Other comprehensive income for the period (Actuarial gain on defined benefit plan, net of tax and fair valuation of equity investments)	-	-	-	-	(28.53)	(6.37)	-	(34.90)
Transfer from Employee Stock option reserve to Retained Earnings	-	(150.48)	-	-	150.48	-	-	-
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	1,607.12	-	-	-	(1,607.12)	-	-	-
Expenses on issue of Equity Shares	-	-	-	-	(6.57)	-	-	(6.57)
Share based payment expense	-	73.37	-	-	-	-	-	73.37
Dividend Paid	-	-	-	-	-	-	(0.02)	(0.02)
Balance 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**

As per our report of even date attached

For G D Apte & Co.
Chartered Accountants
ICAI Firm Registration No 100515W

Umesh S. Abhyankar
Partner
Membership No 113053

G D APTE & CO ★ Chartered Accountants ★

Place Pune
Date 02 May 2025

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

Samrat Gupta
Director
DIN [illegible]071479
Place Mumbai

Gauri Kirloskar
Director
DIN 03366274
Place Pune

G.V. Kulkarni

Girish Kulkarni
Chief Financial Officer
Place Mumbai

Aditi Mahamunkar
Company Secretary
Place Mumbai

Date 02 May 2025

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2025

(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.

G D APTE & CO ★ Chartered Accountants ★

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

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 2024, 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

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. 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 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 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.

The financial assets include investments in mutual funds, trade and other receivables, loans and advances and cash and bank balances.

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).

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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:

- 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 Group 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.

iii) Reclassifications

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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.

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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 Group classifies all advances upto 30 days overdue under this category.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are 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. Exposures where the amount remains due for 90 days or more are considered as to be stage 3 assets.

the Group 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 Group compute the ECL allowance on individual basis based on type of asset/exposure and nature of collateral.

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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. 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 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.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 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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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.

2.06.F Modification of financial assets and financial liabilities

Financial Assets

If the terms of a financial assets are modified, the Group 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 Group 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 Group 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 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. Residual values of all fixed assets are considered as nil.

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Notes to the consolidated financial statements for the year ended 31 March 2025

(Currency : Indian Rupees in lakhs)

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)	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.

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

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.

Research expenditure and development expenditure that do not meet the above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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

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.

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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

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.

2.14 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 eq 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.

ii) Post-Employment Benefits

The employee's gratuity scheme is Company's defined benefit plan. 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.

Defined benefit employee costs comprising current service cost, past service cost, interest cost implicit in defined benefit employee cost and actuarial gains or losses.

Re-measurements, comprising of actuarial gains and losses, are recognised 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 profit or loss in subsequent periods.

Current service cost, past service cost, interest cost implicit in defined benefit employee cost are recognised in the Statement of Profit and Loss as employee benefits expense.

iii. 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.

b) Defined Benefit 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 unfunded defined benefit plan for its employees is certified by the actuary using projected unit credit method.

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iv) 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.

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.

2.17 Leases

the Group as a lessee

the Group 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 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 of Arka Fincap Ltd. through the Employee Stock Option Scheme 2019 ("Plan"). The fair value of options determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to share options outstanding reserve, based on the 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

• 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).

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.

• the Group has applied Ind AS 115 Revenue recognition accounting standard for preparation of these financial statement. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.
the Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer
Step 2: Identify performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
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 transferee, 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.

Service asset and liability on de-recognition of financial assets:
Service asset as well as service liability are recognised on de-recognition of financial assets where the Group retains the right to service the asset. Present value of service fee expected to be received in future is recognised as servicing asset. Similarly, present value of expected costs to be incurred in future while service the asset is recognised as service liability. Net amount of service asset and liability is recongised upfront in the statement of profit and loss in accordance with Ind AS 109.

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
The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. the Group based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Measurement of impairment of loans and advances
Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realisable value of collateral, if any. These estimates are based on assumptions about a number of factors including forward looking information, and actual results may differ, resulting in future changes to the impairment allowance.

B. Measurement of defined benefit obligations
The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

C. Useful lives of property, plant and equipment and intangible assets

the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period or even earlier in case, circumstances change such that the amount recorded value of an asset may not be recoverable.

D. Recognition of deferred tax assets for carried forward tax losses

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

E. Fair value of financial instrument

The fair value of financial instrument 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 (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note - 5.02.

F. Business model assessment

Classification and measurement of financial asset depends upon 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 asset are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the asset is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. the Group monitors financial assets measured at amortised or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

2.23 Standards Issued but not yet Effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2023. The Group does not expect the amendments to have any significant impact on its financial statements.

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NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Cash on hand	-	-
Balances with banks		
- in current accounts	34,418.73	39,473.72
Deposits with original maturity of less than three months	30,070.89	451.40
	64,489.62	**39,925.12**

NOTE 3.02 : Bank balances other than cash and cash equivalents

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

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

NOTE 3.03 : Trade receivables

Particulars	As at 31 March 2025	As at 31 March 2024
Trade receivables	34.69	68.32

Refer note 5.09 For ageing schedule

There are no dues from Private Company in which Directors of the Group is a director/ member

NOTE 3.04 : Loans

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

1. Loans to the extent of ₹ 503,986.31 Lakh (31 March 2024: ₹ 415,130.75 Lakh) are secured by:
(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 FVOCI or FVTPL or any asset that is designated as measured at FVTPL

3. There are no loans or advances in the nature of loans which are granted to promoters, Directors, KMPs and the related parties (as defined by the Companies Act 2013) either severally or jointly with any other person that are: (a) repayable on deman or (b) without specifying any terms or period of repayment during the year ended 31 March 2025. (31 March 2024 - NIL)

4. Refer Note 5.15 for credit quality of financial assets and expected credit loss

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NOTE 3.05 : Investments

Particulars	As at 31 March 2025	As at 31 March 2024
Quoted investments		
Mutual funds (At fair value through P&L)	22,980.06	-
Debentures (At amortised cost)	4,940.09	6,503.02
Unquoted investments		
Pass through certificates (At amortised cost)	200.68	1,031.34
Arka Credit Fund I (At fair value through P&L)	3,990.32	3,464.09
At fair value through Other Comprehensive Income (FVTOCI)		
Equity Instruments*	0.76	7.47
Total - Gross	**32,111.91**	**11,005.92**
Investments in India	32,111.91	11,005.92
Investments outside India	-	-
Total - Gross	**32,111.91**	**11,005.92**
Long term investments	8,931.17	4,502.90
Short term investments	23,180.74	6,503.02
Total - Gross	**32,111.91**	**11,005.92**
Less: Impairment loss allowance	(6.04)	(1,554.09)
Total - Net	**32,105.87**	**9,451.83**

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

NOTE 3.06 : Other financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Security deposit	442.47	339.40
Fees and commission receivables	482.00	318.29
Advance to lenders	-	458.33
Excess Interest Spread (EIS)	7,617.93	3,834.95
	8,542.40	**4,950.97**

NOTE 3.07 : Current tax assets (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Taxes paid (net of provision for tax)	2,698.94	1,829.12
	2,698.94	**1,829.12**

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NOTE 3.08 : Net deferred tax asset/(liability)

Particulars	As at 31 March 2025	As at 31 March 2024
Deferred Tax Assets		
Disallowances u/s 43 B of Income Tax Act	614.94	1,171.44
Impairment loss allowance	1,357.23	1,023.95
Fair value of Employee Loan	-	0.25
Impct of Ind AS 116	183.80	264.29
Unamortized processing fee on loans	113.92	257.01
Preliminary Expenses u/s 35D of Income tax Act, 1961	-	25.17
Business losses carried forward	-	140.25
Total (A)	**2,269.89**	**2,878.95**
Deferred tax liability		
On difference between book balance and tax balance of property plant and equipment	73.54	173.43
Unamortized gain on derecognition of financial asset	1,902.89	961.20
Fair value of investment in mutual funds	96.26	-
Unamortized processing fee on borrowings	975.27	685.82
Total (B)	**3,047.96**	**1,820.45**
Net deferred tax asset/(liability) (A-B)	**(778.07)**	**1,058.49**

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NOTE 3.09 : Property plant and equipment

Particulars	Right of use Building	Leasehold Improvements	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Cost as at 31 March 2023	**708.44**	**345.65**	**10.38**	**105.67**	**40.49**	**198.34**	**1,408.97**
Additions	1,421 84	573 41	137 22	-	166 20	119 42	2,418 09
Disposals	-	(345 66)	(3 84)	-	(5 74)	(0 61)	(355 85)
Cost 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)	-	-	(105 67)	(5 53)	(8 30)	(350 08)
Cost as at 31 March 2025	**2,004.11**	**595.10**	**160.32**	**-**	**235.66**	**428.83**	**3,424.02**
Accumulated depreciation as at 31 March 2023	**618.28**	**303.19**	**1.61**	**78.82**	**14.91**	**78.45**	**1,095.26**
Depreciation charged during the year	552 94	75 60	5 11	14 11	20 68	73 05	741 49
Disposals	-	(339 05)	(0 50)	-	(5 19)	(0 47)	(345 21)
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**
Net carrying amount as at 31 March 2024	**959.06**	**533.66**	**137.54**	**12.74**	**170.55**	**166.12**	**1,979.67**
Net carrying amount as at 31 March 2025	**528.50**	**432.39**	**138.50**	**-**	**162.96**	**181.06**	**1,443.41**

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

3 Benami properties
No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

4 There has been no revaluation of any property, plant and equipment during the year ended at 31 March 2025

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NOTE 3.10 : Intangible assets

Particulars	Softwares	Total
Cost as at 31 March 2023	**466.29**	**466.29**
Additions	89.65	89.65
Disposals	-	-
Cost as at 31 March 2024	**555.94**	**555.94**
Additions	-	-
Disposals	(28.36)	(28.36)
Cost as at 31 March 2025	**527.58**	**527.58**
Accumulated amortisation as at 31 March 2023	**210.15**	**210.15**
Amortisation recognised for the period	96.51	96.51
Disposals during the period	-	-
Accumulated amortisation as at 31 March 2024	**306.66**	**306.66**
Amortisation recognised for the period	101.15	101.15
Disposals during the period	(25.88)	(25.88)
Accumulated amortisation as at 31 March 2025	**381.93**	**381.93**
Net carrying amount as at 31 March 2024	**249.29**	**249.29**
Net carrying amount as at 31 March 2025	**145.65**	**145.65**

1. For amortisation policy, refer Note 2.10 in the notes to accounts
2. There has been no revaluation of any intangible assets during the year ended at 31 March 2025

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NOTE 3.11 : Capital Work-in-progress

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

CWIP ageing and Completion schedule: Refer Note 5.11

NOTE 3.12 : Other non-financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Prepaid expenses	185.91	179.78
Advance recoverable in cash or kind	578.95	337.05
Balance with Government Authorities	67.14	77.07
	832.00	**593.90**

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NOTE 3.13 : Trade payables

Particulars	As at 31 March 2025	As at 31 March 2024
Total outstanding dues of micro enterprises and small enterprises	59.33	79.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,073.84	559.47
	1,133.17	**639.20**

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 5.10 for ageing schedule

NOTE 3.14 : Debt securities

Particulars	As at 31 March 2025	As at 31 March 2024
At amortised cost		
Non convertible debentures $ (Refer note (a) below)	1,13,835.00	1,05,678.83
Commercial paper (Gross)	15,000.00	20,500.00
Less: Unamortized discount on CPs	(712.15)	(1,028.52)
Total	**1,28,122.85**	**1,25,150.31**
Debt securities in India	1,28,122.85	1,25,150.31
Debt securities outside India	-	-
Total	**1,28,122.85**	**1,25,150.31**
Secured	1,13,835.00	1,05,678.83
Unsecured	14,287.85	19,471.49
Total	**1,28,122.85**	**1,25,150.31**

$ include interest accrued but not due Rs.4,016.90 Lakhs (Previous Year Rs.4,241.39 Lakhs)

1. There have been no default in repayment of principal or payment of interest during the current year and previous year
2. There have been no Debt 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

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

Redeemable within	As at 31 March 2025 Rate of interest >= 8.75% < 12.65% Amount	As at 31 March 2024 Rate of interest >= 8.00% < 10.00% Amount
Above 60 Months	39,661.29	-
48-60 Months	-	4,810.83
36-48 Months	9,713.00	-
24-36 Months	1,529.75	28,293.78
12-24 Months	40,841.85	13,475.98
0-12 Months	22,089.11	59,098.24
Total	**1,13,835.00**	**1,05,678.83**

Nature of Security:
Security is created in favour of the Debenture Trustee, as follows:
NCDs Issued by Arka Fincap Limited:
Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments. Non convertible debentures are covered by the weighted average Asset Cover of 1.13 x (Ranging from 1.05 x to 1.33 x)
NCDs Issued by Arka Investment Advisory Services Private Limited:
First ranking sole and exclusive charge by way of hypothecation on the hypothecated receivables created by the Company pursuant to the Memorandum of Hypothecation and a first ranking sole and exclusive pledge over pledged units.

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NOTE 3.15 : Borrowings (other than debt securities)

Particulars	As at 31 March 2025	As at 31 March 2024
At amortised cost		
Term loans		
Term loans from banks$ (Refer note (a) below)	3,53,691 24	2,06,448 10
Term loans from financial institutions other than Banks# (Refer note (b) below)	27,089 45	34,963 50
Loans repayable on demand		
Cash Credit	-	1,742 05
Working capital demand loans from banks	-	-
Others		
Securitisation (PTC)	19,301 61	-
Total	**4,00,082.30**	**2,43,153.65**
Borrowings in India	4,00,082 30	2,43,153 65
Borrowings outside India	-	-
Total	**4,00,082.30**	**2,43,153.65**
Secured borrowings	4,00,082 30	2,43,153 65
Unsecured borrowings	-	-
Total	**4,00,082.30**	**2,43,153.65**

$ include interest accrued but not due Rs 292 11 Lakhs (Previous Year Rs 206 17 Lakhs)

include interest accrued but not due Rs 96 68 Lakhs (Previous Year Rs 160 42 Lakhs)

(a) Term loan from banks (TL):

Terms of repayment

Repayment within	As at 31 March 2025 Rate of interest >8.10% <= 10.85%		As at 31 March 2024 Rate of interest >8.35% <= 10.65%	
	No. of Installments	Amount	No. of Installments	Amount
Above 60 Months	-	-	-	-
48-60 Months	23	11,258 92	1	589 60
36-48 Months	70	39,561 06	17	8,353 35
24-36 Months	116	66,156 22	62	33,920 11
12-24 Months	183	1,03,290 77	142	69,443 88
0-12 Months	243	1,33,424 27	183	94,141 16
Total	**635**	**3,53,691.24**	**405**	**2,06,448.10**

Nature of Security:

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

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

(b) Term Loan from Financial Institutions other than banks (TL):

Terms of repayment

Repayment within	As at 31 March 2025 Rate of interest >9.60% <= 10.35%		As at 31 March 2024 Rate of Interest >9.25% <= 10.70%	
	No. of Installments	Amount	No. of Installments	Amount
Above 60 Months	-	-	-	-
48-60 Months	-	-	-	-
36-48 Months	-	-	11	1,358 20
24-36 Months	26	4,534 77	25	4,573 56
12-24 Months	45	9,167 93	46	9,282 12
0-12 Months	64	13,386 75	63	19,749 62
Total	**135**	**27,089.45**	**145**	**34,963.50**

Nature of Security:

Security against term loan from NBFCs :

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

(c) Securitization (PTC):

Terms of repayment

Repayment within	As at 31 March 2025 Rate of interest >8.50% <= 9.30%		As at 31 March 2024 Rate of interest	
	No. of Installments	Amount	No. of Installments	Amount
Above 60 Months	95	12,547 74	-	-
48-60 Months	24	1,610 27	-	-
36-48 Months	24	1,454 78	-	-
24-36 Months	24	1,320 18	-	-
12-24 Months	24	1,197 23	-	-
0-12 Months	24	1,171 41	-	-
Total	**215**	**19,301.61**	-	-

Nature of Security:

Security is created in favour of Trustee(s) as follows:

Secured by way of hypothecation on specific pool of receivables and cash collateral as per terms

Refer Note 3 02 Bank balances other than cash and cash equivalents

(d) Funds borrowed have been utilised for the purpose for which they were sanctioned

(e) The Group has not defaulted in the repayment of any borrowings or in the payment of interest thereon to any lender during the year The Group has not been declared a wilful defaulter by any bank or financial institution or government or any government authority

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NOTE 3.16 : Subordinated Debt (Unsecured)

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

$ include interest accrued but not due Rs.622.26 Lakhs (Previous Year Rs. 373.71 Lakhs)

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

(b) Terms of repayment

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

NOTE 3.17 : Other financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Book overdraft	23,022.49	20,511.40
Employee benefits payable	37.75	3,109.38
Lease liability	703.58	1,222.22
Payable to assignee	2,544.99	394.67
Advance from customers	1,442.26	570.00
Interest refundable to customers	-	121.34
	27,751.07	**25,929.01**

NOTE 3.18 : Current tax liabilities (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for tax (net of advance tax)	99.65	-
	99.65	-

NOTE 3.19 : Provisions

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for employee benefits:		
- Gratuity	160.93	139.65
- Leave encashment	137.52	95.17
- Long term benefits	12.50	52.50
- Salaries and employee benefits payable	3,392.47	-
Others:	-	
- Impairment loss allowance on undrawn loan commitments	140.66	171.51
- Other contingency provision	250.00	-
	4,094.08	**458.83**

NOTE 3.20 : Other non-financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory dues (undisputed)	856.41	412.93
Other liabilities	2,502.38	2,647.03
	3,358.79	**3,059.96**

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NOTE 3.21 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,50,00,00,000	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 2025		As at 31 March 2024	
	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	1,01,66,04,438	1,01,660.44
Add: Shares issued during the period	-	-	3,60,48,524	3,604.85
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 2025		As at 31 March 2024	
		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 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 2025		As at 31 March 2024	
		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 Parent 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 Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent 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 5.13: Employee Stock Options Plans

g. Objective for managing capital

While the Parent Company is unregistered Core Investment Company, the Parent Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI) for Core Investment Company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Currency Indian Rupees in Lakhs)

NOTE 3.22 : Other equity

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory reserves u/s 45-IC of The RBI Act, 1934	5,328.89	3,721.77
Securities premium reserve	2,147.92	2,147.92
Share options outstanding account (refer note 1 below)	1,062.82	1,139.93
Amalgamation Adjustment Deficit Account	(7,412.36)	(7,412.36)
Retained earnings	19,212.65	13,525.26
Equity instruments through other comprehensive income	(6.37)	-
	20,333.55	**13,122.52**

3.22.A Other equity movement

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	3,721.77	2,337.15
Add : Transferred from retained earnings	1,607.12	1,384.62
Closing Balance	**5,328.89**	**3,721.77**
Securities premium reserve		
Opening Balance	2,147.92	2,147.92
Add : Premium collected on share allotment	-	-
Closing Balance	**2,147.92**	**2,147.92**
Share options outstanding account (refer note 1 below)		
Opening Balance	1,139.93	927.21
Add/(Less) : Stock option expense	73.37	212.72
Less : Transferred to Retained Earnings	(150.48)	-
Closing Balance	**1,062.82**	**1,139.93**
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)**
Equity instruments through other comprehensive income		
Opening Balance	-	
Add: Gain / (Loss) for the year	(6.37)	-
Closing Balance	**(6.37)**	-
Retained earnings		
Opening Balance	13,525.26	8,252.48
Add: Profit / (Loss) for the year	7,179.13	6,677.74
Add: Other Comprehensive income	(28.53)	(20.34)
Add: Transfer from Employee Stock option reserve	150.48	-
Less: Stamp duty paid on equity issue	(6.57)	-
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(1,607.12)	(1,384.62)
Closing Balance	**19,212.65**	**13,525.26**

Refer note no. 5.13 for disclosure on Employee Stock option Plan (ESOP).

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Other equity - nature of the components

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.

NOTE 3.23 Non controlling interest

Particulars	As at 31 March 2025	As at 31 March 2024
Non controlling interest (NCI)		
Opening Balance	2.32	2.07
Add: Share capital issued	-	0.09
Add: Securities premium	-	0.02
Add: Profits during the period	0.16	0.14
Less: Dividend	(0.02)	-
Closing Balance	**2.46**	**2.32**

Arka Financial Holdings Private Limited

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FOR THE YEAR ENDED 31 MARCH 2025

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NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest income on financial assets measured at amortised cost:		
Interest on loans	65,775.39	46,008.18
Interest on investments		
- Debentures/bonds and Pass through certificates	752.03	2,028.66
- Commercial papers	463.78	11.08
Other interest		
- Deposits with banks	185.53	789.55
- Security deposits	21.80	35.53
- Staff loan	-	0.45
Interest income on financial assets measured at fair value through profit or loss:		
- Investments in AIF	495.72	239.51
Total	**67,694.25**	**49,112.96**
Fees and commission income		
- Syndication, advisory & other fees	2,108.26	1,264.10
- Corporate Agency Income	1,326.47	-
Total	**3,434.73**	**1,264.10**
Gain on derecognition of financial assets measured at amortised cost	**4,676.02**	**4,017.89**
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Realised gain/(loss) on investments	1,876.24	2,093.12
- Unrealised gain/(loss) on investments	382.49	-
Total	**2,258.73**	**2,093.12**
Total revenue from operations	**78,063.73**	**56,488.07**

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Miscellaneous income		
- Interest on income tax refund	125.37	-
- Gain on derecognition of Lease Liability	46.43	-
- Liabilities no longer required written back	1,027.51	-
- Other income	199.45	709.90
	1,398.76	**709.90**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Interest on term loan from banks and financial institutions	28,811.30	20,259.16
Interest on overdraft facility from banks	12.34	5.55
Interest on lease liability	97.07	130.59
Interest expense on debt securities		
Debentures	10,688.24	7,986.63
Commercial Papers	2,236.29	903.60
PTCs	921.95	-
Interest expense on subordinated debt	1,669.80	917.10
Other interest expense		
Bank charges & other related costs	1,652.72	1,287.41
	46,089.71	**31,490.04**

NOTE 4.04 : Impairment on financial instruments

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

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NOTE 4.05 : Employee benefit expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Salaries, other allowances and bonus	11,964.12	7,362.65
Gratuity expenses (Refer Note no. 5.12)	57.17	34.29
Leave encashment	84.09	43.12
Contribution to provident and other funds	263.66	192.61
Share based payment expense	73.37	212.72
Staff welfare expenses	397.07	61.25
	12,839.48	**7,906.64**

NOTE 4.06 : Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Depreciation of property, plant and equipment	295.59	188.55
Depreciation of right of use assets (ROU)	435.68	552.94
Amortisation of intangible assets	101.15	96.51
	832.42	**838.00**

NOTE 4.07 : Other expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Rent	389.21	222.92
Rates and taxes	318.23	126.35
Insurance	3.53	140.10
Other repairs and maintenance	22.43	56.52
Travelling and conveyance	520.26	347.55
Communication expenses	63.19	18.15
Printing and stationery	21.24	24.78
Loan processing charges	429.35	-
Legal and professional charges	1,806.71	1,244.68
Set up and operating expenses related to Arka Credit Fund	51.96	43.17
Membership and subscription	7.59	24.99
Auditor's remuneration (refer (A) below)	37.37	31.24
Technology expenses	730.19	516.22
Custodian charges	2.45	1.42
Directors' sitting fees	105.25	173.29
Electricity charges	42.51	33.49
Office expenses	70.65	126.89
Postage and courier	34.07	19.88
Housekeeping and security charges	109.28	69.17
Corporate social responsibilities expenses (refer (B) below)	146.36	120.00
Loss on Disposal of Fixed Asset	2.02	7.44
Branding and advertisement expenses	171.65	148.27
Direct Assignment Expenses	381.93	303.23
Net loss on sale of investments	-	22.33
	5,467.43	**3,822.08**
(A) Payment to auditor includes:		
a) as statutory auditors	30.05	27.88
b) for certification related matters	4.40	2.29
c) for other services	2.92	1.07
Total	**37.37**	**31.24**
(B) Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	146.36	120.00
b) Amount spent during the year		
- Expenses paid in cash	18.50	120.00
- Expenses yet to be paid for	127.86	-
Total	**146.36**	**120.00**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure The donation is towards the expenses related to activities for admission process, payment of salaries, professional fees for education services, library subscriptions, books etc.	18.50	120.00
Total	**18.50**	**120.00**

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(Currency : Indian Rupees in Lakhs)

NOTE 4.08 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Current tax expense		
Current income tax	1,462.11	2,049.53
(Excess)/short provision related to earlier years	(30.11)	-
	1,432.00	**2,049.53**
Deferred tax expense		
Origination and reversal of temporary differences	1,846.51	324.12
	1,846.51	**324.12**
Tax expense reported in the statement of profit and loss	3,278.51	2,373.65

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	(9.59)	(6.84)
Fair valuation of equity investments	(0.34)	-
Deferred tax charged to OCI	**(9.93)**	**(6.84)**

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Accounting profit before income tax expense	10,457.80	9,051.52
Tax @ 25.168%	**2,632.02**	**2,278.09**
Difference in tax rate due to:		
- Effect of non-deductible expenses	295.15	88.72
- Non-creation of deferred tax asset on current year's unabsorbed losses	97.65	-
- Reversal of deferred tax asset on brought forward unabsorbed losses of subsidiary	165.42	-
- Others	88.27	6.84
Total Tax Expenses	**3,278.51**	**2,373.65**
Effective tax rate	**31.35%**	**26.22%**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2025	For the period ended 31 March 2024
I.	**Profit attributable to owners of Parent Company**		
	Profit attributable to equity holders for basic EPS	7,179.13	6,677.74
	Less: Adjustment to numerator on account of ESOP issued by subsidiary	(67.12)	(70.05)
	Profit attributable to equity holders for diluted EPS	7,112.01	6,607.69
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	1,05,26,52,962	1,04,68,41,861
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	1,05,26,52,962	1,04,68,41,861
IV.	**Basic earnings per share (₹)**	0.68	0.64
V.	**Diluted earnings per share (₹)**	0.68	0.63

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 5.02 : Financial instruments – Fair values

A. Accounting classification and fair values

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

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

	As at 31 March 2025							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual Funds	22,980.06	-	-	22,980.06	-	22,980.06	-	22,980.06
(b) Investments in Debentures	-	-	4,940.09	4,940.09		Not applicable		-
(c) Investments in Pass through certificates (PTCs)	-	-	200.68	200.68		Not applicable		-
(d) Investments in Units of AIF	3,990.32	-	-	3,990.32	-	-	3,990.32	3,990.32
(e) Investments in Equity Instruments	-	0.76	-	0.76	-	-	0.76	0.76
Total	**26,970.38**	**0.76**	**5,140.77**	**32,111.91**	**-**	**22,980.06**	**3,991.08**	**26,971.14**

Particulars	As at 31 March 2024							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual Funds	0.00	-	-	0.00	-	0.00	-	0.00
(b) Investments in Debentures	-	-	6,503.02	6,503.02		Not applicable		-
(c) Investments in Pass through certificates (PTCs)	-	-	1,031.34	1,031.34		Not applicable		-
(d) Investments in Units of AIF	3,464.09	-	-	3,464.09	-	-	3,464.09	3,464.09
(e) Investments in Equity Instruments	-	7.47	-	7.47	-	-	7.47	7.47
Total	**3,464.09**	**7.47**	**7,534.36**	**11,005.92**	**-**	**0.00**	**3,471.56**	**3,471.56**

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

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(Currency: Indian Rupees in Lakhs)

NOTE 5.02 : Financial instruments – Fair values

B. Fair value hierarchy

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

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

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

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

NOTE 5.03 : Financial instruments risk management

the Group has exposure to the following risks from financial instruments:

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

(A) Interest Rate Risk;

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 Company.
• Any major gap between interest sensitive assets and liabilities is presented to the Asset Liability Committee (ALCO)

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

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

Break-up of borrowings into variable rate and fixed rate

Particulars	31 March 2025	31 March 2024
Variable rate borrowings	3,93,140.16	2,43,153.65
Fixed rate borrowings	1,56,351.39	1,38,983.30
Total borrowings	**5,49,491.55**	**3,82,136.95**

(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 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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(C) 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.

(D) 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.

(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.

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NOTE 5.04 : 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 of Holding Company	La-Gajjar Machineries Private Limited
		Optiqua Pipes and Electricals Private Limited (upto 25 March 2024)
		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	Joint Venture of KOEL Group	ESVA Pumps India Private Limited (upto September 28, 2024)
4	Entity under common group	Arka Credit Fund I - (*Refer Note 3*)

(ii) Key Management Personnel and their relatives:

Name of KMPs	Name of Relatives of KMPs	Relationship
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
Samrat Gupta - Managing Director (w.e.f. 24 October 2024)	Vaishali Gupta	Wife
	Amalendu Dutta Gupta	Father
	Rina Dutta Gupta	Mother
	Rohan Gupta	Son

(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

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B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	2024-25		2023-24	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Capital Contribution received from**				
	Holding Company	0.00		3,604.85	
	Kirloskar Oil Engines Limited *(Refer Note 2)*		0.00		3,604.85
	Total	**0.00**	**0.00**	**3,604.85**	**3,604.85**
2	**Loan given to**				
	Subsidiary Company of Ultimate Holding Company	0.00		477.47	
	Optiqua Pipes and Electricals Private Limited		0.00		477.47
	Total	**0.00**	**0.00**	**477.47**	**477.47**
3	**Loan repayment from**				
	Subsidiary Company of Ultimate Holding Company	0.00		477.47	
	Optiqua Pipes and Electricals Private Limited		0.00		477.47
	Total	**0.00**	**0.00**	**477.47**	**477.47**
4	**Interest & fees received on loan given**				
	Subsidiary Company of Ultimate Holding Company	0.00		4.85	
	Optiqua Pipes and Electricals Private Limited		0.00		4.85
	Total	**0.00**	**0.00**	**4.85**	**4.85**
5	**Repayment of NCD issued to**				
	Key Management Personnel	0.00		150.00	
	Vimal Bhandari		0.00		150.00
	Total	**0.00**	**0.00**	**150.00**	**150.00**
6	**Interest expenses on NCD issued to**				
	Key Management Personnel	0.00		12.15	
	Vimal Bhandari		0.00		12.15
	Total	**0.00**	**0.00**	**12.15**	**12.15**
7	**Transactions with Entity under same group**				
	Arka Credit Fund I	**4,429.95**		5,866.16	
	Sale of Exposure in NCD		0.00		2,025.06
	Investments done in the Arka Credit Fund I		2,133.23		3,464.08
	Redemption of Investments in the Arka Credit Fund I		1,607.01		0.00
	Income Earned from the Investment		495.72		239.51
	Management Fee Income (Net of TDS)		121.54		59.49
	Recovery of Operating Expenses (Net of TDS)		9.19		25.91
	Payments done on behalf of of Arka Credit Fund I		63.26		52.11
	Total	**4,429.95**	**4,429.95**	**5,866.16**	**5,866.16**
8	**Directors' Sitting Fees**				
	Key Management Personnel of Holding Company	**3.10**		**1.50**	
	Gauri Kirloskar		3.10		1.50
	Total	**3.10**	**3.10**	**1.50**	**1.50**
9	**Managerial Remunerations:**				
	Key Management Personnel ***(Refer Note 1)***	1,159.17		641.87	
	Vimal Bhandari		999.86		641.87
	Samrat Gupta		159.31		0.00
	Total	**1,159.17**	**1,159.17**	**641.87**	**641.87**
Balances with related parties					
1	**Receivable from Entity under same group**	**34.69**		**88.87**	
	Arka Credit Fund I		34.69		88.87
	Total	**34.69**	**34.69**	**88.87**	**88.87**

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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: During the previous year, the Parent Company received funds amounting to Rs. 3,604.85 Lakhs from its ultimate holding company, Kirloskar Oil Engines Limited mainly for onward investments in Equity of subsidiaries and Alternate Investment funds. Of the total amount received, Rs. 2,699.88 Lakhs was invested in Arka Fincap Limited, Rs. 200 Lakhs in Arka Investment Advisory Services Private Limited and Rs. 308.91 Lakhs in Arka Credit Fund. As of March 31, 2024, Rs. 396.06 Lakhs of the total amount remained unutilized.

In the current year, the Parent Company invested Rs. 125 Lakhs in Arka Credit Fund and the balance amount in Arka Investment Advisory Private Limited.

Note 3 - 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.

Note 4 - Amounts are inclusive of GST wherever applicable

Note 5 - 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.

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NOTE 5.05 : Contingent liabilities and Commitments

Particulars	As at 31 March 2025	As at 31 March 2024
Contingent liabilities	Nil	Nil
Capital commitments:		
Estimated amount of contracts remaining to be executedon capital account	15.15	2.82
Investment in Arka Credit Fund I	-	125.00
Other commitments		
Loans sanctioned not yet disbursed	42,580.40	56,761.09

NOTE 5.06 : Leases

Where the Group is a lessee

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 has capitalised all assets currently held under operating leases. Operating lease expenses have been replaced by a depreciation expense on Right of Use assets recognised and an interest expense as the incremental borrowing rate in the lease liabilities unwinds.

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

(A) Lease liability movement

Particulars	As at 31 March 2025	As at 31 March 2024
Lease liability at beginning of the year	1,222.22	95.40
Add: Interest on lease liability	97.07	130.63
Add: Lease liability recognised during the year	100.01	1,348.02
Less: Lease rental payments	(575.83)	(351.83)
Less: Lease liability de-recognised during the year	(139.89)	-
Lease liability at the end of the year	703.58	1,222.23

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2025	As at 31 March 2024
Minimum Lease Payments:		
Not later than one year	536.96	567.63
Later than one year but not later than five years	217.92	808.05
Later than five years	-	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2025	As at 31 March 2024
Lease liability:		
Less than 12 months	491.52	471.92
More than 12 months	212.06	750.30

NOTE 5.07 : Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises, as no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

	Particulars	As at 31 March 2025	As at 31 March 2024
a	Principal and interest amount remaining unpaid	-	-
b	Interest due thereon remaining unpaid	-	-
c	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e	Interest accrued and remaining unpaid	-	-
f	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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(Currency: Indian Rupees in Lakhs)

NOTE 5.08 : 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	Note	As at 31 March 2025			As at 31 March 2024		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3.01	64,489.62	-	64,489.62	39,925.12	-	39,925.12
Bank balances other than cash and cash equivalents	3.02	1,025.97	790.60	1,816.57	-	-	-
Trade receivable	3.03	34.69	-	34.69	68.32	-	68.32
Loans	3.04	1,45,218.39	4,54,842.53	6,00,060.92	1,37,946.59	3,32,541.47	4,70,488.06
Investments	3.05	23,178.57	8,927.30	32,105.87	6,483.83	2,968.00	9,451.83
Other financial assets	3.06	482.00	8,060.40	8,542.40	800.97	4,150.00	4,950.97
Non-financial assets							
Current tax assets (net)	3.07	2,698.94	-	2,698.94	1,829.12	-	1,829.12
Deferred tax assets (net)	3.08	-	-	-	-	1,058.49	1,058.49
Property, plant and equipment	3.09	-	1,443.41	1,443.41	-	1,979.67	1,979.67
Intangible assets	3.10	-	145.65	145.65	-	249.29	249.29
Capital Work-in-progress	3.11	-	137.62	137.62	19.31	-	19.31
Other non-financial assets	3.12	739.73	92.27	832.00	560.90	33.00	593.90
TOTAL ASSETS		**2,37,867.91**	**4,74,439.78**	**7,12,307.69**	**1,87,634.16**	**3,42,979.92**	**5,30,614.08**

Particulars	Note	As at 31 March 2025			As at 31 March 2024		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	3.13	1,133.17	-	1,133.17	639.20	-	639.20
Debt securities	3.14	36,376.96	91,745.89	1,28,122.85	78,569.72	46,580.59	1,25,150.31
Borrowings (other than debt securities)	3.15	1,47,982.43	2,52,099.87	4,00,082.30	1,15,632.82	1,27,520.83	2,43,153.65
Subordinated Debt	3.16	622.26	20,664.14	21,286.40	373.71	13,459.27	13,832.98
Other financial liabilities	3.17	27,539.01	212.06	27,751.07	25,179.01	750.00	25,929.01
Non-financial liabilities							
Current tax liabilities (net)	3.18	99.65	-	99.65	-	-	-
Provisions	3.19	3,447.37	646.71	4,094.08	76.83	382.00	458.83
Deferred tax liabilities (Net)	3.08	-	778.07	778.07			
Other non-financial liabilities	3.20	3,358.79	-	3,358.79	3,059.96	-	3,059.96
TOTAL LIABILITIES		**2,20,559.64**	**3,66,146.74**	**5,86,706.38**	**2,23,531.25**	**1,88,692.69**	**4,12,223.94**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

Note 5.09: 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	-	-	-	-	-	-	-

Trade receivables aging schedule - 31 March 2024

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	-	68.32	-	-	-	-	68.32
(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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

Note 5.10: Trade Payables aging schedule - 31 March 2025

Particulars		Outstanding for following periods from due date of payment				
	Not due	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	-	-	-	-	-	-

Trade Payables aging schedule - 31 March 2024

Particulars		Outstanding for following periods from due date of payment				
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	78.88	0.85	-	-	-	79.73
(ii) Others	554.86	4.61	-	-	-	559.47
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

Note 5.11: 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

CWIP ageing and Completion schedule - 31 March 2024

Particulars	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
Projects in progress	19.31	-	-	-	-	19.31
Projects temporarily suspended	-	-	-	-	-	-

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency: Indian Rupees in Lakhs)

NOTE 5.12 : 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 ₹ 259.22 Lakhs (previous year ₹ 190.39 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 2025	As at 31 March 2024
A	(i)	**Gratuity:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	160.93	139.65
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**160.93**	**139.65**
	(ii)	**Compensated Absences:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	137.52	95.17
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**137.52**	**95.17**
	(iii)	**Long term incentive plan:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	12.50	52.50
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**12.50**	**52.50**
B	(i)	**Gratuity:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	139.65	79.86
		Current service cost	49.78	28.52
		Past service cost	-	-
		Interest cost	7.39	5.76
		Benefits paid	(74.01)	(1.67)
		Actuarial (gain) / loss on obligation	38.12	27.18
		Projected benefit obligation at the end of the year	**160.93**	**139.65**
	(ii)	**Compensated Absences:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	95.17	59.45
		Current service cost	46.91	27.33
		Past service cost	-	-
		Interest cost	5.35	4.07
		Benefits paid	(41.74)	(7.40)
		Remeasurements on obligation - (Gain) / Loss	31.83	11.72
		Projected benefit obligation at the end of the year	**137.52**	**95.17**
C	(i)	**Gratuity:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	49.78	28.52
		Past service cost and loss/(gain) on curtailments and settlement	-	-
		Net interest cost	7.39	5.76
		Expenses recognised in the statement of profit and loss	**57.17**	**34.28**
	(ii)	**Compensated Absences:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	46.91	27.33
		Remeasurements on obligation - (Gain) / Loss	31.83	11.72
		Net interest cost	5.35	4.07
		Expenses recognised in the statement of profit and loss	**84.09**	**43.12**
	(iii)	**Long term incentive plan**		
		Amount recognised in the statement of profit and loss		
		Current service cost	-	-
		Remeasurements on obligation - (Gain) / Loss	-	-
		Net interest cost	-	-
		Expenses recognised in the statement of profit and loss	-	-

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FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 5.12 : Disclosure pursuant to Employee benefits *(Continued)*

Particulars	As at 31 March 2025	As at 31 March 2024
D (i) Gratuity:		
Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	10 05	0 41
- change in demographic assumption	5 27	-
- experience variation	22 80	26 77
Amount recognised in other comprehensive income	**38.12**	**27.18**
E Assumptions used		
Discount rate (gratuity and compensated absences)	6 62%	7 20%
Rate of increase in compensation levels	9 00%	8 00%
Expected average remaining working lives of employees (in years)	6 61	3 26
Retirement Age*	60 years	60 years & 64 years
Withdrawal Rate		
Business	34 00%	30 00%
Others	19 00%	30 00%

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

F Sensitivity analysis - Gratuity

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	153 59	168.95	135 70	143 87
Salary growth rate (1% movement)	167 17	155.08	142 40	136 95
Withdrawal rate (1% movement)	159 10	162.85	138 90	140 43

G Sensitivity analysis - Compensated Absences

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	132 31	143 17	92 70	97 79
Salary growth rate (1% movement)	141 70	133.59	96 95	93 45
Withdrawal rate (1% movement)	146 21	128.24	99 30	90 86

I Other information:

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 36 years for Gratuity and 2 87 years for Compensated Absences

3 The amount expected to be paid in next year Rs 16 86 Lakhs for Gratuity and Rs 33 50 Lakhs for Compensated Absences

4 AFL had created a provision towards long term incentive for certain key employees in previous year ended 31 March 2022 The amount outstanding as on 31 March 2025 is expected to be paid in next financial year subject to the terms of the plan.

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NOTE 5.13 : 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 2025, 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 Plan was approved by Board of Directors on April 24, 2019 and by the shareholders in EGM dated May 2, 2019 for issue of 5,00,00,000 options representing 5,00,00,000 Equity shares of Rs 10 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of AFL, the Nomination and Remuneration Committee had made grants, the details of the same are produced in the below table.

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					

II. Option Movement during the year ended Mar 2025:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
No. of Options Outstanding at the beginning of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000	2,00,000
Options Granted during the year	-	-	-	-	-	-
Options Forfeited / Lapsed during the year	5,00,000	-	-	36,90,000	19,00,000	2,00,000
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	2,01,50,000	12,50,000	3,25,000	62,60,000	26,20,000	-
Number of Options exercisable at the end of the year	2,01,50,000	12,50,000	3,25,000	53,30,000	11,08,000	-
The weighted average share price of options exercised during the year ended 31 March 2025	NA	NA	NA	NA	NA	NA

Option Movement during the year ended Mar 2024:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
No. of Options Outstanding at the beginning of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	-	-
Options Granted during the year	-	-	-	-	45,20,000.00	2,00,000.00
Options Forfeited / Lapsed during the year	-	-	-	-	-	-
Options Exercised during the year	-	-	-	-	-	-
Number of options Outstanding at the end of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000.00	2,00,000.00
Number of Options exercisable at the end of the year	2,06,50,000	12,50,000	1,95,000	39,80,000	-	-
The weighted average share price of shares exercised during the year ended 31 March 2024	NA	NA	NA	NA	NA	NA

III. Weighted Average remaining contractual life:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Range of Exercise Price (₹ per share)	10	10	11	12	12.75	12.75
No. of Options Outstanding as on 31 March 2025	2,01,50,000	12,50,000	3,25,000	62,60,000	26,20,000	0
Contractual Life: Granted but not vested (in years)	0	0	0.00	1.00	1.60	0.00

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

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

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Risk Free Interest Rate	7.40%	6.60%	5.80%	7.17%	6.84%	6.95%
Weighted average expected life (in years)	6	7	7	5	5	5
Expected Volatility	1.00%	1.00%	1.00%	19.45%	19.67%	19.45%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75

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

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

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

NOTE 5.14: Revenue from contract with customers (Ind AS 115)

Particulars	31-Mar-25	31-Mar-24
Type of services		
Advisory and syndication fees	1,078.49	870.47
Foreclosure charges	878.57	341.08
Corporate agency income	1,326.47	-
Management Fee Income	105.11	52.54
Bounce Charges	112.74	-
Other fees	64.99	-
Total	**3,566.36**	**1,264.10**
Geographical markets		
India	3,566.36	1,264.10
Outside India	-	-
Total	**3,566.36**	**1,264.10**
Timing of revenue recognition		
Services transferred at a point in time	3,566.36	1,264.10
Services transferred over time	-	-
Total	**3,566.36**	**1,264.10**

NOTE 5.15: Credit quality of financial assets and expected credit loss
(A):Changes in gross carrying amount (excluding staff loans)

For the year ended 31 March 2025

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**4,69,861.19**	**1,873.69**	**1,095.18**	**4,72,830.06**
New assets originated (refer note 1 below)	6,28,977.53	-	-	6,28,977.53
Assets repaid (excluding write offs)	(4,93,228.93)	(673.95)	(396.38)	(4,94,299.26)
Transfers to Stage 1	378.28	(207.91)	(170.37)	-
Transfers to Stage 2	(6,907.70)	6,907.70	-	-
Transfers to Stage 3	(4,972.32)	(569.09)	5,541.41	-
Amounts written off	-	-	(1,918.15)	(1,918.15)
Closing Balance	**5,94,108.05**	**7,330.44**	**4,151.69**	**6,05,590.18**

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

For the year ended 31 March 2024

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

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

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency : Indian Rupees in Lakhs)

(B):Reconciliation of Expected Credit Loss balance

For the year ended 31 March 2025

	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**1,457.39**	**89.50**	**795.96**	**2,342.85**
New assets originated*	1,867.60	85.69	1,289.10	3,242.39
Assets repaid (excluding write offs)	(824.40)	(23.27)	(23.14)	(870.81)
Transfers to Stage 1	135.38	(7.48)	(127.90)	-
Transfers to Stage 2	(11.54)	11.54	-	-
Transfers to Stage 3	(6.47)	(9.82)	16.29	-
Impact on year end ECL on exposures transferred between stages during the year	(244.14)	89.58	1,481.78	1,327.22
Amounts written off	-	-	(512.39)	(512.39)
Closing Balance	**2,373.82**	**235.74**	**2,919.70**	**5,529.26**

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

For the year ended 31 March 2024

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

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

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

NOTE 5.16 : 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 24-25								
1. Parent								
Arka Financial Holdings Private Limited	83 33%	1,04,664 39	-3 46%	(248 12)	11 52%	(4 02)	-3 53%	(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**
FY 23-24								
1. Parent								
Arka Financial Holdings Private Limited	88 62%	1,04,916 52	-0 89%	(59 31)	0 00%	-	(0 01)	(59 31)
2. Subsidiary (Indian)								
Arka Fincap Limited	99 39%	1,17,668 44	103 67%	6,923 08	100 00%	(20 34)	103 69%	6,902 74
3. Subsidiary (Indian)								
Arka Investment Advisory Services Private Limited	0 00%	2 17	-2 78%	(185 91)	0 00%	-	-2 79%	(185 91)
Add/(Less) Minority interests in all subsidiaries	0 00%	(2 32)	0 00%	(0 14)	0 00%	(0 00)	0 00%	(0 14)
Add/(Less) Inter-company eliminations	-88 01%	(1,04,196 99)	0 00%	0 02	0 00%	0 00	0 00%	0 02
Total	**100.00%**	**1,18,387.82**	**100.00%**	**6,677.74**	**100.00%**	**(20.34)**	**100.00%**	**6,657.40**

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ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

(Currency Indian Rupees in Lakhs)

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 2025 and previous year ended 31 March 2024

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 2025 and previous year ended 31 March 2024

6.01 (iv): Unhedged Foreign Currency Exposure

The Group does not have any unhedged foreign currency exposure for the year ended March 31, 2025

6.01 (v): Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020, which subsumes the Provident Fund and the Gratuity Act and rules thereunder, vide its notification in the Gazette of India dated September 28, 2020 The Ministry of Labour and Employment notified few sections of the Code in May 2023 However the date from which all the provision of the Code will come into force is not yet notified

The Group will assess the complete Code as and when it comes into effect and will take necessary impact if any, in the respective period

6.01 (vi): Audit trail

The Group has used various accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software The Group has used three applications for maintaining some of its books of accounts and in the absence of service organisation control reports for the period April 1, 2024 to March 31, 2025 with respect to audit trail feature at the database level, the Group is unable to confirm whether audit trail feature in the aforesaid softwares at the database level was enabled and have operated throughout the year or not

Additionally, the audit trail has been preserved by the Group as per the statutory requirements for record retention, except for the three applications stated above at database level

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

6.01 (ix) The Group does not have any income from undisclosed transactions during the year ended 31 March 2025 and 31 March 2024

6.01 (x) The Group does not have any restructured accounts for the year ended and as on 31 Mar 2025 and 31 March 2024

6.01 (xi): Regrouping and / or reclassification

Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation

As per our report of even date attached
For G D Apte & Co.
Chartered Accountants
ICAI Firm Registration No 100515W

Umesh S. Abhyankar
Partner
Membership No 113053

Place Pune
Date 02 May 2025

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

Samrat Gupta
Director
DIN 00071479
Place Mumbai

Gauri Kirloskar
Director
DIN 03366274
Place Pune

Girish Kulkarni
Chief Financial Officer
Place Mumbai

Aditi Mahamunkar
Company Secretary
Place Mumbai

Date 02 May 2025

G D APTE & CO ★ Chartered Accountants ★

ARKA FINANCIAL HOLDINGS PRIVATE LIMITED ★