

NOTICE OF THE NINTH EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the **Ninth Extraordinary General Meeting** of the Members of Arka Fincap Limited is scheduled to be held at shorter notice on **Tuesday, March 28, 2023 at 03.00 p.m.** through **Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”)** to transact the following businesses:

SPECIAL BUSINESSES:

1. Alteration of the Object Clause of the Memorandum of Association of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to (i) the provisions of Section 4, Section 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules framed thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force) (**“the Act”**); (ii) all other laws, acts, rules, regulations, guidelines, circulars, directions and notifications, applicable from time to time and subject to such other consent(s), intimation(s), permission(s) or sanction(s) as may be required, consent of the Members of the Company be and is hereby accorded for altering the Main Objects of the Memorandum of Association of the Company by inserting the following new sub clause 2 under the Clause 3rd(a) :

“Subject to any regulatory/statutory approvals as may be required, to carry on the business of distribution of financial products including financial products of banks, mutual fund, insurance companies or any other financial intermediary, to solicit and procure insurance business as corporate agent in respect of all classes of insurance and to undertake such other activities as are incidental or ancillary thereto, to take up insurance agency business, to act as composite corporate agent with insurance companies, to act as insurance brokers and/or insurance agent or such similar business as per the provisions of Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999 and the rules and regulations thereunder, as amended from time to time and other applicable laws.”

“RESOLVED FURTHER THAT pursuant to the insertion of new sub clause 2 under the Clause 3rd(a) of the Memorandum of Association of the Company, the other clauses under the Object Clause of the Memorandum of Association be renumbered accordingly.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred as the **“Board”** which term shall include any committee constituted / may be constituted by the Board or any other person(s), for the time being exercising the powers conferred on the Board by this resolution and as may be authorised by the Board in this regard) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation issuing clarifications and resolving all questions of doubt, to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any further clarification, consent or approval of the Members and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution, to settle all questions, difficulties or doubts that may arise in regard to the alteration of the Main Object clause of Memorandum of Association and to take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.”

ARKA FINCAP LIMITED

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2. Alteration of the Articles of Association of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to (i) the provisions of Section 5, Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules framed thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force) (**“the Act”**); (ii) all other laws, acts, rules, regulations, guidelines, circulars, directions and notifications, applicable from time to time and subject to such other consent(s), intimation(s), permission(s) or sanction(s) as may be required, consent of the Members of the Company be and is hereby accorded for the following alterations to the Articles of Association of the Company:

The following Article 65 (Nominee Director) and Article 66 (Alternate Director) be inserted after the existing Article 64:

65)

- (i) *Notwithstanding anything contained in this Articles, the Board shall have the power, on receipt of the nomination by the debenture trustee to appoint a Nominee Director on the Board of the Company, in the following circumstances:*
- i. *2 (two) consecutive defaults in payment of interest to the debenture holders; or*
 - ii. *default in creation of security; or*
 - iii. *default in redemption of the debentures.*

Such Nominee Director may not be liable to retire by rotation nor be required to hold any qualification shares.

The Debenture Trustee may have the right to remove such Nominee Director so appointed and also in the case of death or resignation or vacancy for any reasons whatsoever in the Nominee Director/s so appointed, at any time appoint any other person as Nominee Director. Such appointment or removal shall be made in writing to the Company.

- (ii) *Notwithstanding anything contained in these Articles and save as otherwise provided in Article 65(i) of these Articles, whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or financial institution, or any person or persons, (hereinafter referred to as “the Appointer”) for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company, the Board or any committee or any officers of the Company (so authorised), shall have the power to agree that such appointer shall have if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract (“Nominee Director”) and that such Nominee Director may not be liable to retire by rotation nor be required to hold any qualification shares.*

The Appointer may have the right to remove such Nominee Director so appointed and also in the case of death or resignation or vacancy for any reasons whatsoever in the Nominee Director/s so appointed, at any time appoint any other person as Nominee Director. Such appointment or removal shall be made in writing to the Company.

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66. The Board may appoint a person, not being a person holding any alternate directorship for any other Director in the Company or holding directorship in the Company to act as an alternate director for a Director (hereinafter called “Original Director”) during his absence for a period of not less than three months from India. No person shall be appointed as an Alternate Director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

An Alternate Director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director in whose place he has been appointed returns to India.

If the term of office of the Original Director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director, and not to the Alternate Director.

The provisions of Section 161(2) shall apply for the appointment of Alternate Director.”

“RESOLVED FURTHER THAT with the insertion of the Article 65 and Article 66 the existing articles of the Articles of Association be re-numbered chronologically.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred as the **“Board”** which term shall include any committee constituted / may be constituted by the Board or any other person(s), for the time being exercising the powers conferred on the Board by this resolution and as may be authorised by the Board in this regard) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation issuing clarifications and resolving all questions of doubt, to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any further clarification, consent or approval of the Members and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution, to settle all questions, difficulties or doubts that may arise in regard to the alteration of the Articles of Association and to take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.”

3. Approval for material related party transaction

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to (i) the applicable provisions of the Companies Act, 2013 read with the rules framed thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force) (**“the Act”**); (ii) Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force) (**“SEBI LODR”**); (iii) Related Party Transactions Policy of the Company, as amended; (iv) all other laws, acts, rules, regulations, guidelines, circulars, directions and notifications, applicable from time to time, and subject to such other consent(s), intimation(s), permission(s) or sanction(s) as may be required, consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the **“Board”** which term shall include any committee constituted / may be constituted by the Board or any other person(s), for the time being exercising the powers conferred on the Board by this resolution and as may be authorised by the Board in this regard) to enter into a transaction with Arka Credit Fund I, a scheme of Arka Credit Fund (Category II Alternative Investment Fund

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registered with Securities and Exchange Board of India) and a related party within the meaning of Regulation 2(1)(zb) of SEBI LODR with respect to making an investment in Arka Credit Fund I, in one or multiple tranches, on such terms and conditions as the Board may deem fit and in the best interests of the Company, for an amount upto Rs. 50 Crores.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation issuing clarifications and resolving all questions of doubt, to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any further clarification, consent or approval of the Members and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution, to settle all questions, difficulties or doubts that may arise in regard to entering into transaction with Arka Credit Fund I and to take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.”

**By the Order of the Board of Directors
For Arka Fincap Limited**

**Sd/-
Niki Mehta
Company Secretary
Membership No. A47286**

Registered Office:

One World Center, Tower 2B, Floor 12B,
Jupiter Mills Compound, Senapati Bapat Marg,
Mumbai 400013, India

Date : March 26, 2023

Place : Mumbai

A large, stylized geometric logo consisting of overlapping triangles in shades of grey and blue, forming a star-like shape.

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NOTES

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (“Secretarial Standards”) in respect of the businesses as set out in the Notice convening 9th Extraordinary General Meeting of the Company (“EGM Notice”) is annexed hereto and forms part of the EGM Notice.
2. The Ministry of Corporate Affairs (“MCA”) has vide its General Circular Nos. 11/2022 dated December 28, 2022, Circular Nos. 3/2022 dated May 5, 2022, Circular No. 20/2021 dated December 8, 2021, Circular No. 10/2021 dated June 23, 2021, Circular No. 39/2020 dated December 31, 2020, Circular No. 33/2020 dated September 28, 2020, Circular No. 22/2020 dated June 15, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No.14/2020 dated April 8, 2020 (collectively referred to as MCA Circulars), permitted holding of Extraordinary General Meeting (“EGM”) through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) without the physical presence of the members at a common venue. In compliance with the provisions of the Act and MCA Circulars, the EGM of the Company is being held through VC/OAVM on **Tuesday, March 28, 2023 at 03.00 p.m.**
3. Pursuant to Section 101 of the Act, consent for convening meeting at a shorter notice has been obtained from the Members of the Company.
4. Pursuant to the provisions of Section 105 of the Act read with the rules framed thereunder, a member entitled to attend and vote at a general meeting is entitled to appoint a proxy to attend and vote on his/her/its behalf and the proxy need not be a member of the Company. Since 9th EGM will be held through VC/OAVM, pursuant to the MCA circulars, physical attendance of members has been dispensed with. Accordingly, the facility of appointment of proxies by members will not be available for the EGM. Hence, the Proxy Form, Attendance Slip and Route Map of EGM venue are not annexed to EGM Notice.
5. The attendance of the members attending the EGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In pursuance of Section 113 of the Act, Corporate members intending to appoint their authorized representatives to attend and to vote at the EGM are requested to send a certified true copy (PDF Format) of their Board/Governing Body Resolution/Authorization to the Company. The said resolution/authorization can be sent to the Company at e-mail: arkasecretarialandcompliance@arkafincap.com.
7. In case of a poll on the resolution set out in the EGM Notice, members are requested to convey their vote by e-mail at arkasecretarialandcompliance@arkafincap.com.
8. In compliance with the provisions of the Act and MCA Circulars, the EGM shall be conducted through Video Conferencing via the Google meet platform and the members who need assistance in connection with using the said technology before or during the EGM, may reach out to the Company at arkasecretarialandcompliance@arkafincap.com.
9. The Members are requested to click on the link sent to their registered email id for participating in the EGM. The facility for joining the EGM through VC will open 15 minutes before the scheduled time of the commencement of the EGM and will be kept open till the expiry of 15 minutes after the scheduled time of EGM.
10. The relevant documents including the current and amended Memorandum of Association and Articles of Association referred to in EGM Notice will be available for inspection by the Members without any fee, at the Registered & Corporate Office of the Company on all working days (except Saturdays, Sundays and bank and public holidays) during business hours up to the date of the EGM and shall also be available during the continuance of EGM. The Members can send a request to the Company at arkasecretarialandcompliance@arkafincap.com to inspect the same.

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ANNEXURE TO NOTICE OF EXTRAORDINARY GENERAL MEETING (“EGM”)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND OTHER RELEVANT PROVISION(S) OF THE COMPANIES ACT, 2013 AND THE SECRETARIAL STANDARDS ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

Item No. 1:

Alteration of the Object Clause of the Memorandum of Association of the Company

Members are requested to note that in addition to the Company’s core business of carrying on activities as an Non-Banking Financial Company and in order to leverage the benefits of scale of operations and relevant customer segment, the Company proposes to foray into and undertake activities of distribution of financial products including financial products of banks, mutual fund, insurance companies or any other financial intermediary, to solicit and procure insurance business as a corporate agent in respect of all classes of insurance, to undertake insurance agency business and/or act as a composite corporate agent with insurance companies in compliance with the applicable laws.

Accordingly, the Board of Directors of the Company at their meeting held on February 13, 2023, subject to the approval of the Members of the Company, inter alia, approved alteration of the Main Objects clause of the Memorandum of Association of the Company to incorporate the aforesaid line of business.

Members are requested to note that approval of the Members of the Company is required in terms of Section 13 of the Companies Act, 2013 for alteration to the Main Object clause of the Memorandum of Association of the Company.

The draft of the current and amended Memorandum of Association of the Company are available for inspection by the Members of the Company at the Registered & Corporate Office of the Company on all working days (except Saturdays, Sundays and bank and public holidays) during business hours up to the date of the EGM and shall also be available during the continuance of EGM.

The Board of Directors recommends the resolution set out at Item No. 1 of the EGM Notice to the Members of the Company for their consideration and approval, by way of a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 1 of this EGM Notice except to the extent of their shareholding in the Company.

Item No. 2

Alteration of the Articles of Association of the Company

SEBI vide its notification dated February 2, 2023, bearing reference number SEBI/LAD-NRO/GN/2023/119 (“SEBI Notification”), amended the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (“SEBI NCS Regulation”) wherein it mandated that Articles of Association (“AOA”) of an issuer of debt securities should contain a clause authorising the Board of Directors of such issuer company to appoint a person nominated by the debenture trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a director on its Board. Further, in case AOA of issuer companies whose debt securities are already listed on the date of SEBI Notification does not contain a provision for appointing a Nominee Director by Debenture Trustee then such issuer companies should amend their AOA on or before September 30, 2023.

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Members are requested to note that the Company has been issuing debt securities under SEBI NCS Regulations. Further, the existing AOA of the Company does not contain any provisions with respect to appointment of Nominee Director by the Debenture Trustee in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

Members are further requested to note that in terms of Section 161(2) of the Companies Act, 2013, the Board of Directors of a company may, if so, authorised by its AOA appoint a person, to act as an Alternate Director for a director during his absence for a period of not less than 3 months from India. Currently, the AOA of the Company does not contain provisions for appointment of an Alternate Director on the Board of the Company.

Considering the above, the Board of Directors of the Company at their meeting held on February 13, 2013, subject to the approval of the shareholders of the Company, inter alia approved the amendment to the AOA of the Company to include provisions for the appointment of Nominee Director and Alternate Director.

Members are requested to note that approval of the Members of the Company is required in terms of Section 14 of the Companies Act, 2013 for alteration to the AOA of the Company.

The draft of the current and amended AOA of the Company are available for inspection by the Members of the Company at the Registered & Corporate Office of the Company on all working days (except Saturdays, Sundays and bank and public holidays) during business hours up to the date of the EGM and shall also be available during the continuance of EGM.

The Board of Directors recommends the resolution set out at Item No. 2 of the EGM Notice to the Members of the Company for their consideration and approval, by way of a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 2 of this EGM Notice except to the extent of their shareholding in the Company.

Item No. 3

Approval for material related party transaction

The Non-Convertible Debentures (“NCDs”) issued by the Company are listed on BSE Limited. Securities and Exchange Board of India (“SEBI”) on September 7, 2021 had notified amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) wherein it had, inter alia, introduced the concept of “High Value Debt Listed Entities” which means a listed entity that has an outstanding listed NCDs of Rs. 500 Crores and above. Pursuant to the said amendment, Regulation 15 to Regulation 27 of SEBI LODR are now made applicable to High Value Debt Listed Entities on a ‘comply or explain’ basis until March 31, 2023 and on a mandatory basis thereafter. Since, the Company is categorised as a “High Value Debt Listed Entity”, it has to comply with the provisions of Regulation 23 of SEBI LODR.

Members are requested to note that in terms of Regulation 23 of the SEBI LODR, all related party transactions shall require prior approval of the Audit Committee and all material related party transactions shall require prior approval of the shareholders of the Company, unless exempted under Regulation 23 of SEBI LODR.

Members are further requested to note that in terms of first proviso to Regulation 23(1) of SEBI LODR, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rs. 1,000 Crore, whichever is lower.

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With an aim to propel the Arka Group into various financial services initiatives and businesses, Arka Investment Advisory Services Private Limited (“AIASPL”), fellow subsidiary of the Company, was incorporated by Arka Financial Holdings Private Limited (“AFHPL”), holding company of the Company, to carry on the asset management business and a fund i.e., Arka Credit Fund in form of a Trust was floated. Arka Credit Fund is a Category II Alternative Investment Fund registered with SEBI and Arka Credit Fund I is a maiden scheme of Arka Credit Fund.

As a part of an initial contribution, the Board of Directors of the Company at its meeting held on October 20, 2022, inter alia, approved an investment of an amount upto Rs. 50 Crores in the Arka Credit Fund I. Arka Credit Fund I is a related party of the Company within the meaning of Regulation 2(1)(zb) of SEBI LODR and the investment for an amount upto Rs. 50 Crores is material related party transaction requiring prior approval of the shareholders of the Company in terms of Regulation 23(4) read with Regulation 23(1) of SEBI LODR.

The brief details of the aforesaid transaction for review by the shareholders of the Company in terms of Chapter VIII of SEBI Operational Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitised Debt Instruments and/ or Commercial Paper dated July 29, 2022, is given at **Annexure A** to this EGM Notice.

In terms of Regulation 23(2) of SEBI LODR, the Audit Committee of the Board of the Company at its meeting held on February 13, 2023 approved the transaction of an investment of an amount upto Rs. 50 Crores in Arka Credit Fund I.

The Board of Directors recommends the resolution set out at Item No. 3 of the EGM Notice to the Members for their consideration and approval, by way of an Ordinary Resolution.

The Members may note that in terms of the applicable provisions of the SEBI LODR, the related parties falling within the purview of SEBI LODR, whether such related parties, is a party to the transactions described at Item no. 3 of this EGM Notice or not, shall not vote on the Ordinary Resolution set out at Item No. 3.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 3 of this EGM Notice except to the extent of being director of AIASPL or any approving authority in the Arka Credit Fund/Arka Credit Fund I.

**By the Order of the Board of Directors
For Arka Fincap Limited**

**Sd/-
Niki Mehta
Company Secretary
Membership No. A47286**

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One World Center, Tower 2B, Floor 12B,
Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400013, India

Date : March 26, 2023

Place : Mumbai

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ANNEXURE A

Name of the related party	Arka Credit Fund I
Relationship with the related party including nature of its concern or interest (financial or otherwise)	Arka Credit Fund I is a scheme of Arka Credit Fund. Arka Credit Fund is a Category II Alternative Investment Fund registered with SEBI. Arka Investment Advisory Services Private Limited (fellow subsidiary) acts as Investment Manager to Arka Credit Fund and its schemes. Arka Financial Holdings Private Limited (holding company) acts as sponsor to Arka Credit Fund. Financial relationship with Arka Credit Fund I
Type, material terms and particulars of the transaction including tenure	Type of transaction: Investment of upto Rs. 50 Crores in Arka Credit Fund I, a scheme of Arka Credit Fund. The material terms of investment would be in terms of the Private Placement Memorandum. Key Terms: Subscription: Class B2 Units. Minimum Capital Commitment – Rs. 1 Crore Term of the Fund: 4 years and 6 Months from First Closing, which may be extended by the Investment Manager by up to 2 years with prior consent of 2/3 rd Majority of Contributors obtained in accordance with terms contained in the Contribution Agreements and Applicable Laws. Management Fee: Class B2 units – 1% p.a. Trustee: Catalyst Trusteeship Limited Hurdle Rate of return: XIRR based return of 11% p.a. No catch-up Carried interest post achievement of hurdle rate - 15% Investment period / drawdown period - 2 years from final close Re-investment permitted during the investment period
Value of the proposed transaction	Upto Rs. 50 Crores
The percentage of the Company's annual turnover, for FY 2021-22, that is represented by the value of the proposed transaction	Turnover for FY 2021-22 – Rs. 201,72,73,836 Value of transaction – Rs. 50 Crore Value of transaction in % of turnover – Approximately 25%
If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given:	
a. details of the source of funds in connection with the proposed transaction;	Not from the borrowings of the Company
b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments: <ul style="list-style-type: none"> • nature of indebtedness; • cost of funds; and • tenure; 	No
c. applicable terms, including covenants, tenure, interest rate and repayment schedule,	Not Applicable

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whether secured or unsecured; if secured, the nature of security	
d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	Investment of the funds to be made by Arka Credit Fund I in terms of investment objective, strategy and process specified in Private Placement Memorandum.
Justification as to why the RPT is in the interest of the listed entity	The proposed commercial transaction is in the ordinary course of business.
A copy of the valuation or other external party report, if any such report has been relied upon;	Not Applicable
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis	Not Applicable

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