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Shelf Prospectus
November 28, 2023

ARKA FINCAP LIMITED

Our Company was incorporated as Kirloskar Capital Limited on April 20, 2018 at Mumbai, Maharashtra, India as a public company under the Companies Act, 2013 and received a certificate of incorporation dated May 04, 2018 from RoC with CIN U65993MH2018PLC308329. Pursuant to a resolution passed by our Shareholders at the EGM held on June 4, 2019, the name of the Company was changed to "Arka Fincap Limited" and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on June 28, 2019. The Company is registered with the Reserve Bank of India (RBI) as a non-banking financial Company vide certificate no. N-13.02282 dated July 25, 2019 (previously issued in the name of Kirloskar Capital Limited *vide* certificate no. N-13.02282 dated October 29, 2018) in pursuance of Section 45-IA of the 'RBI' Act, 1934. For more information about our Company including details regarding changes in Registered Office, please see "*General Information*" and "*History and Main Objects*" on pages 36 and 112, respectively.

Registered Office and Corporate Office: 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013
Tel: +91 22 4047 1000; **CIN:** U65993MH2018PLC308329; **PAN**: AAHCK0936B; **Website:** www.arkafincap.com; **Email:** arkasecretarialandcompliance@arkafincap.com
Company Secretary and Compliance Officer: Ms. Niki Chirag Mehta; Tel.: +91 22 4047 1000; **Email**: niki.mehta@arkafincap.com
Chief Financial Officer: Mr. Amit Kumar Gupta; **Tel.**: +91 22 4047 1000; **Email**: amit.gupta@arkafincap.com

PUBLIC ISSUE BY THE COMPANY OF UPTO 50,00,000 SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE ₹ 1,000 EACH ("NCDS" OR "DEBENTURES"), FOR AN AMOUNT AGGREGATING UP TO ₹50,000 LAKHS ("SHELF LIMIT"), (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE NCDS WILL BE ISSUED IN ONE OR MORE TRANCHES UP TO THE SHELF LIMIT, ON TERMS AND CONDITIONS INCLUDING TRANCHE ISSUE SIZE AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS FOR ANY TRANCHE ISSUE (EACH "TRANCHE ISSUE") WHICH SHOULD BE READ TOGETHER WITH THE DRAFT SHELF PROSPECTUS AND THIS SHELF PROSPECTUS (COLLECTIVELY, THE "OFFER DOCUMENTS"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON – CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED (THE "COMPANIES ACT, 2013") TO THE EXTENT NOTIFIED AND THE SEBI MASTER CIRCULAR. THE ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTERS

Our promoters are (i) Kirloskar Oil Engines Limited, **Telephone**: +91 20 2581 0341; **Email**: smita.raichurkar@kirloskar.com and (ii) Arka Financial Holdings Private Limited, **Telephone**: +91 22 4047 1000, **Email id**: aditi.mahamunkar@arkafincap.com. For further details see "*Our Promoters*" on page 131.

GENERAL RISKS

Investment in non-convertible securities is risky, and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapters *"Risk Factors"* and *"Material Developments"* on pages 16 and 151, respectively, before making an investment in such Issue. This Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the NCDs, see "*Issue Related Information*" on page 206.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated CRISIL AA-/Positive (pronounced as CRISIL double A minus rating with Positive outlook) by CRISIL Ratings Limited for an amount of ₹ 50,000 lakh *vide* their rating letter dated October 9, 2023 and further revalidated *vide* letter dated November 3, 2023. The rating has been reaffirmed and outlook revised from CRISIL AA-/ Stable (Pronounced as CRISIL double A minus rating with Stable outlook) for an amount of ₹ 50,000 lakh, originally issued *vide* their rating letter dated January 20, 2023. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Rating given by CRISIL Ratings Limited is valid as on the date of this Shelf Prospectus and shall remain valid on date of issue and allotment of NCDs and the listing of the NCDs on Stock Exchange, unless withdrawn. The rating is not a recommendation to buy, sell or hold the rated instrument and CRISIL Ratings Limited does not comment on the market price or suitability for any particular investor and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. For the rating letter, rationale and press release for these ratings, see "Annexure A" of this Shelf Prospectus.

LISTING

The NCDs offered through this Shelf Prospectus and the relevant Tranche Prospectus(es) are proposed to be listed on BSE Limited ("**BSE"** or "**Stock Exchange**"). Our Company has received an 'in-principle' approval from BSE *vide* their letter no. DCS/BM/PI-BOND/022/22-23 dated March 15, 2023. BSE shall be the Designated Stock Exchange for the Issue.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated March 6, 2023 was filed with BSE, pursuant to the provisions of the SEBI NCS Regulations and was kept open for public comments for a period of seven Working Days from the date of filing of the Draft Shelf Prospectus with the Stock Exchange, i.e. March 15, 2023. No comments were received on the Draft Shelf Prospectus until 5:00 p.m. on Thursday, March 15, 2023.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
JM FINANCIAL LIMITED 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025, Maharashtra, India **Tel:** +91 22 6630 3030 **Fax**: +91 22 6630 3330 **E-mail:** Arka.Ncdissue2023@jmfl.com **Investor Grievance Email:** grievance.ibd@jmfl.com **Website:** www.jmfl.com **Contact Person:** Prachee Dhuri	**Nuvama Wealth Management Limited** *(formerly known as Edelweiss Securities Limited)**** 801 – 804, Wing A, Building No 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 **Tel:** +91 22 4009 4400 **Fax**: NA **Email**: arkafincap@nuvama.com **Investor Grievance Email**: Customerservice.mb@nuvama.com **Website:** www.nuvama.com **Contact Person:** Saili Dave	**LINK INTIME INDIA PRIVATE LIMITED** C- 101, 247 Park, LBS Marg, Vikhroli (West) Mumbai – 400 083, Maharashtra, India **Tel:** +91 810 811 4949 **Fax:** +91 22 4918 6060 **Email:** arkafincap.ncd@linkintime.co.in **Investor Grievance Email:** arkafincap.ncd@linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **Website**: www.linkintime.co.in

DEBENTURE TRUSTEE TO THE ISSUE	CREDIT RATING AGENCIES	STATUTORY AUDITOR
CATALYST TRUSTEESHIP LIMITED* GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud Pune – 411 038, Maharashtra, India **Tel**.: +91 22 4922 0555 **Email**: ComplianceCTL-Mumbai@ctltrustee.com **Investor Grievance Email**: grievance@ctltrustee.com **Contact Person**: Umesh Salvi	**CRISIL RATINGS LIMITED** CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400 076, Maharashtra, India **Tel**: +91 22 3342 3000 (B) **Fax:** + 91 22 3342 3050 **Email**: crisilratingdesk@crisil.com **Contact Person**: Krishnan Sitaraman	**P G BHAGWAT LLP** *Chartered Accountants* Suite 102, "Orchard" Dr. Pai Marg Baner, Pune – 411 045 Maharashtra, India **Tel**: +91 20 2729 0771 **Contact Person:** Nachiket Deo

ISSUE PROGRAMME**

Issue opens on: As specified in the relevant Tranche Prospectus	**Issue Closes on:** As specified in the relevant Tranche Prospectus

**Catalyst Trusteeship Limited under regulation 8 of SEBI NCS Regulations has by its letter dated February 20, 2023 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, this Shelf Prospectus, and relevant Tranche Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to the Issue.*

*** This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the relevant Tranche Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the relevant Tranche Issue and subject to not exceeding thirty days from the date of filing of relevant Tranche Prospectus with ROC) as may be decided by the Board of Directors or Asset Liability Committee of our Company, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the relevant Tranche Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of the relevant Tranche Issue has been given on or before such earlier or initial date of such Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 36.*

****Pursuant to order passed by NCLT, Mumbai dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited has demerged and transferred to Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited) and therefore the said merchant banking business is part of Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited).*

A copy of this Shelf Prospectus has been filed and relevant Tranche Prospectus(es) will be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 and Section 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please see "Material Contracts and Documents for Inspection" on page 277.

A Kirloskar Group Company

The mark 'Kirloskar' in the status line is owned by Kirloskar Proprietary Limited and Arka Fincap Limited is the permitted user

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Shelf Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth herein. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Shelf Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Shelf Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

General Terms

Term	Description
"the Issuer", "our Company", "the Company" "we/ us/ our"	Arka Fincap Limited, a Non-Deposit taking Non-Banking financial company incorporated under the Companies Act, 2013, as amended and replaced from time to time, having its CIN U65993MH2018PLC308329 and having its registered office at 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India.
"Promoters"	Kirloskar Oil Engines Limited and Arka Financial Holdings Private Limited

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AOA"	Articles of Association of our Company
Asset Liability Committee or ALCO	Asset Liability Committee of the Board of Directors
Audit Committee	Audit committee of the Board of Directors of our Company, constituted in accordance with applicable laws and as reconstituted by board resolution dated October 20, 2022 by Board of Directors of the Company.
Audited Financial Statements	The Audited Financial Statements of the Company comprising of Audited Financial Statements for the financial year ending March 31, 2023, Audited Financial Statements for the financial year ending March 31, 2022 and Audited Financial Statements for the financial year ending March 31, 2021.
Audited Financial Statements for Fiscal 2023	The annual balance sheet as at March 31, 2023 and the annual statement of profit and loss for the year ended 2023 and the annual statement of cash flows for the year ended 2023 and the annual statement of changes in equity for the year ended 2023 prepared by the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
Audited Financial Statements for Fiscal 2022	The annual balance sheet as at March 31, 2022 and the annual statement of profit and loss for the year ended 2022 and the annual statement of cash flows for the year ended 2022 and the annual statement of changes in equity for the year ended 2022 prepared by the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
Audited Financial Statements for Fiscal 2021	The annual balance sheet as at March 31, 2021 and the annual statement of profit and loss for the year ended 2021 and the annual statement of cash flows for the year ended 2021 and the annual statement of changes in equity for the year ended 2021 prepared by the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Term	Description
"Auditors" or "Statutory Auditors"	The current statutory auditor of our Company, P G BHAGWAT LLP
"Board" or "Board of Directors" or "our Board" or "our Board of Directors"	Board of Directors of our Company or any duly constituted committee thereof.
Committee	A committee constituted by the Board, and as reconstituted from time to time.
Corporate Office	2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India
Corporate Social Responsibility Committee	Corporate Social Responsibility committee constituted by our Board of Directors and re-constituted by our Board of Directors by board resolution dated October 20, 2022, in accordance with applicable laws.
"CRISIL"/ "CRISIL Ratings"	CRISIL Ratings Limited
Directors	Directors of our Company
Equity Shares	Equity shares of the Company of face value of ₹10 each
ESOP(s)	Employee stock options
Gross Stage 3 book	Also referred to as Gross NPA (post FLDG recovery)
Gross Stage 3 (%)	Also referred to as Gross NPAs (post FLDG recovery) to Gross Advances %
Independent Director(s)	The independent director(s) on our Board, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.
KMP / Key Managerial Personnel	Key managerial personnel of our Company as disclosed in this Shelf Prospectus and appointed in accordance with Section 203, as defined under Section 2(51) of the Companies Act, 2013.
"MoA" or "Memorandum" or "Memorandum of Association"	Memorandum of Association of our Company
Net Stage 3 (%)	Referred to as Net NPAs to Net Advances %
Net Stage 3	Referred to as Net NPA
Nomination and Remuneration Committee	Nomination and remuneration committee constituted by the Board of Directors and reconstituted by our Board of Directors by board resolution dated October 20, 2022, in accordance with applicable laws.
Net worth	As defined in Section 2(57) of the Companies Act, 2013, as follows: "*Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.*"
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 (1) (ff) of the SEBI NCS Regulations
Registered Office	Registered Office of our Company presently situated at 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India.
Risk Management Committee	Risk Management Committee constituted by the Board of Directors and reconstituted by Board of Directors vide board resolution dated October 20, 2022, in accordance with applicable laws.
RoC/ Registrar of Companies	Registrar of Companies, Mumbai, Maharashtra
"Senior Management Personnel" or "SMP"	Senior Management Personnel of our Company in accordance with definition of Senior Management in Regulation 2 (iia) of the SEBI NCS Regulations, as described in "*Our Management*" on page 114.
Shareholders	The holders of the Equity Shares of the Company from time to time
Stakeholders' Relationship Committee	Stakeholders' Relationship Committee as constituted by the Board of Directors by board resolution dated October 20, 2022, in accordance with applicable laws.
Total Borrowing(s)/ Total Debt	Debt securities plus borrowings (other than debt securities)
Unaudited Financial Results	Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2023 prepared by our Company in the manner and format required by the SEBI Listing Regulations which has been subjected to limited review as described under SEBI Listing Regulations.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum accompanying the application form for a public issue containing such salient features of this Shelf Prospectus and relevant Tranche Prospectus as specified by SEBI.
Acknowledgement Slip/ Transaction Registration Slip/ TRS	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
"Allotment", "Allot" or Allotted	Unless the context otherwise requires, the issue and allotment of NCDs to the successful Applicants pursuant to the Issue.
Allottee(s)	The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue.
"Applicant" or "Investor"	Any person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of this Shelf Prospectus, the relevant Tranche Prospectus, the Abridged Prospectus, and the Application Form for any Tranche Issue.
"Application" or "ASBA"	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail investors for an Application Amount of upto UPI Application Limit which will be considered as the application for Allotment in terms of this Shelf Prospectus and the relevant Tranche Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the respective Tranche Issue
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs in terms of Shelf Prospectus and the relevant Tranche Prospectus.
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form by an Applicant and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value upto UPI Application Limit.
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process
Banker(s) to the Issue	Collectively, Public Issue Account Bank, Refund Bank and Sponsor Bank as specified in the relevant tranche prospectus for each Tranche Issue.
Base Issue Size	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Basis of Allotment	The basis on which NCDs will be allotted to Applicants as specified in relevant Tranche Prospectus.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs, and Designated CDP Locations for CDPs.
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange at www.bseindia.com.
BSE	BSE Limited.
Category I (Institutional Investors)	• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them

Term	Description
	under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI.
Category II (Non-Institutional Investors)	• Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons
Category III (High Net Worth Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue.
Category IV (Retail Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations in terms of the SEBI Master Circular.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations.
Consortium Agreement	Consortium Agreement to be entered into amongst the Company, Lead Managers and Consortium Members as specified in the relevant Tranche Prospectus for each Tranche Issue.
Consortium Members	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Consortium / Members of the Consortium / Members of Syndicate (each individually, a Member of the Consortium)	The Lead Managers and the Consortium Members.
Coupon/ Interest Rate	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Credit Rating Agency	CRISIL Ratings Limited
Debenture Holder(s) /NCD Holder(s)	The holders of the NCDs whose name appears in the database of the relevant Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law.

Term	Description
Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and our Company which shall be executed in relation to the NCDs within the time limit prescribed by applicable statutory and/or regulatory requirements in favour of the Debenture Trustee for the NCD Holders, terms of which will inter alia govern the powers, authorities and obligations of the Debenture Trustee.
Debenture Trustee/ Trustee	Trustees for the NCD holders in this case being Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement dated March 3, 2023 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue, is agreed between our Company and the Debenture Trustee.
Deed of Hypothecation	The deed of hypothecation to be entered by the Company in favour of the Debenture Trustee dated on or about the date of the Debenture Trust Deed, executed or to be executed and delivered by the Company in a form acceptable to the Debenture Trustee for creation of Security on the assets adequate to ensure 1.10 times security cover for the NCDs on the principal amount outstanding under the NCDs and the interest due thereon issued pursuant to the Issue, as detailed therein.
Deemed Date of Allotment	The date on which the Board of Directors or any committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or any committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The demographic details of the Applicants such as their respective addresses, email, PAN, investor status, MICR Code and bank account detail.
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other weblink as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the website of the Stock Exchange at www.bseindia.com.
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of this Shelf Prospectus and relevant Tranche Prospectus following which the NCDs will be Allotted in the relevant Tranche Issue.
Designated Intermediaries	Collectively, members of the Consortium, Sub-Consortium/agents, Trading Members, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue. In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount will be blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Managers, Members of the Consortium, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the SEBI Master Circular.
Designated RTA Locations	Such locations of the CRTAs where Applicants can submit the ASBA Forms to CRTAs, a list of which, along with names and contact details of the CRTAs eligible to accept ASBA Forms available on the website of the Stock Exchange at www.bseindia.com and updated from time to time.
Designated Stock Exchange	The designated stock exchange for the Issue, being the BSE Limited
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface of BSE, by Applicants to the Issue with an online payment facility.
Draft Shelf Prospectus	The Draft Shelf Prospectus dated March 6, 2023 filed with the Designated Stock Exchange for receiving public comments and with, SEBI in accordance with the

Term	Description
	provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Group Company(ies)	Such companies as identified in accordance with Regulation 2(1) (r) of SEBI NCS Regulations, as under: 1. Optiqua Pipes and Electricals Private Limited; and 2. Arka Investment Advisory Services Private Limited.
Interest Payment Date / Coupon Payment Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue	Public Issue by the Company of upto 50,00,000 secured, rated, listed, redeemable, non-convertible debentures of face value ₹ 1,000 each, for an amount aggregating up to ₹ 50,000 lakhs pursuant to this Shelf Prospectus and the relevant Tranche Prospectus. The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions including Tranche issue size as set out in the relevant Tranche Prospectus for any tranche issue which should be read together with this Shelf Prospectus. The Issue is being made pursuant to the provisions of SEBI NCS Regulations, the Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Master Circular.
Issue Agreement	The Issue Agreement dated March 6, 2023 entered between the Company and JM Financial Limited and Edelweiss Financial Services Limited*, the Lead Managers to the Issue read with the addendum to the Issue Agreement, dated November 27, 2023 entered between the Company and JM Financial Limited and Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited), the Lead Managers to the Issue. **Pursuant to order passed by NCLT, Mumbai dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited has demerged and transferred to Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited) and therefore the said merchant banking business is part of Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited).*
Issue Closing Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Documents/ Offer Documents	The Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus, the Abridged Prospectus, the Application Form, and supplemental information, if any, read with any notices, corrigenda and addenda thereto.
Issue Opening Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms as provided in the respective Tranche Prospectus.
JM Financial	JM Financial Limited
Lead Managers	JM Financial Limited and Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
Listing Agreement	The uniform listing agreement entered into between our Company and the Designated Stock Exchange in connection with the listing of debt securities of our Company.
Market Lot	1 (One) NCD
"Maturity Date" or "Redemption Date"	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Mobile App(s)	The mobile applications listed on the website of Stock Exchange(s) as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism.
NCDs / Debentures	Secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each, aggregating up to ₹ 50,000 lakhs offered through the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectus.
Nuvama	Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
OCB or Overseas Corporate Body	A company, partnership, society, or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Public Issue Account	Account(s) opened with the Banker(s) to the Issue to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI mechanism) on the Designated Date for each Tranche Issue.
Public Issue Account,	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public

Term	Description
Refund Account and Sponsor Account Agreement	Issue Account Bank, the Refund Bank and the Sponsor Bank, and the Lead Managers as specified in the relevant Tranche Prospectus for each Tranche Issue.
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened and as specified in the relevant Tranche Prospectus for each Tranche Issue.
Record Date	15 (fifteen) Days prior to the interest payment date, and/or Redemption Date for NCDs issued under the relevant Tranche Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.
Recovery Expense Fund	A fund created by our Company with the Designated Stock Exchange in the manner as specified by SEBI in SEBI Debenture Trustee Master Circular and regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange.
Redemption Amount	As specified in relevant Tranche Prospectus
Redemption Date	The date on which our Company is liable to redeem the NCDs as specified in the relevant Tranche Prospectus.
Refund Account	Account to be opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made in relevant tranche Issue.
Refund Bank	The Banker(s) to the Issue with whom the Refund Account will be opened and as specified in the relevant Tranche Prospectus.
Register of NCD holders	The register of NCD holders/Debenture Holders maintained by the Issuer/RTA in accordance with the provisions of the Companies Act, 2013 .
Registrar Agreement	Agreement dated March 3, 2023 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants.
Registrar to the Issue or Registrar	Link Intime India Private Limited.
Resident Individual	An individual who is a person resident in India as defined in the FEMA
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue.
RTA Master Circular	Securities and Exchange Board of India Master Circular for Registrars to an Issue and Share Transfer Agents' dated May 17, 2023, bearing reference number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70.
SEBI Debenture Trustee Master Circular	SEBI circular with reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 as may be amended from time to time.
Security	The principal amount of the NCDs to be issued in terms of this Shelf Prospectus and relevant Tranche Prospectus together with all interest due and payable on the NCDs thereof, shall be secured by a first pari-passu charge by way of hypothecation on the present and future receivables, including cash, cash equivalents and liquid investments of the Company, as specifically set out in and fully described in the deed of hypothecation in favour of the debenture trustee to the Issue, such that a security cover of at least 110% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date.
Self-Certified Syndicate Banks or SCSBs	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA or https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time Additionally, the banks registered with SEBI, enabled for UPI Mechanism, list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other web-link as may be prescribed by SEBI from time to time.

Term	Description
Series/Option	As specified in the relevant Tranche Prospectus for each Tranche Issue
Shelf Limit	The aggregate limit of the Issue, being ₹50,000 lakhs to be issued pursuant to this Shelf Prospectus through one or more Tranche Issues.
Shelf Prospectus	This Shelf Prospectus dated November 28, 2023 filed by our Company with the SEBI, BSE, and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Specified Cities or Specified Locations or Syndicate ASBA Application Locations or Syndicate Bidding Centres	Bidding centres where the Members of the Syndicate shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI athttps://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Sponsor Bank	A Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Designated Stock Exchange and NPCI in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value upto UPI Application Limit and carry out any other responsibilities in terms of the UPI Mechanism Circular and as specified in the relevant Tranche Prospectus.
Stock Exchange or Exchange	BSE
Syndicate ASBA	Applications through the Syndicate or the Designated Intermediaries or the Lead Managers, Consortium Members or the Trading Members of the Stock Exchange.
Syndicate Bidding Centres	Syndicate Bidding Centres established for acceptance of Application Forms
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs as specified in relevant Tranche Prospectus for each Option/Series under Tranche Issue.
Trading Members	Intermediaries registered with a lead broker or a sub-broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange(s) under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange(s) from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange(s).
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus.
Tranche Prospectus(es)	The Tranche Prospectus(es) containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection, in respect of the relevant Tranche Issue.
Transaction Documents	Transaction documents shall mean the Draft Shelf Prospectus, this Shelf Prospectus/ relevant Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, Abridged Prospectus, Application Form, Issue Agreement, Registrar Agreement, Debenture Trustee Agreement, Deed of Hypothecation, Debenture Trust Deed, Tripartite Agreements, Consortium Agreement, Public Issue Account and Sponsor Bank Agreement. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 277.
Tripartite Agreements	Tripartite agreement dated July 28, 2021 among our Company, the Registrar and CDSL and tripartite agreement dated December 28, 2018 among our Company, the Registrar and NSDL.
"UPI" or "UPI Mechanism"	Unified Payments Interface mechanism in accordance with SEBI Master Circular to block funds for application value up to UPI Application Limit submitted through intermediaries, namely the Registered Stock brokers, Consortium Members, Registrar and Transfer Agent and Depository Participants.
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹ 5,00,000 for issues of debt securities pursuant to SEBI Master Circular or any other

Term	Description
	investment limit, as applicable and prescribed by SEBI from time to time
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India.
UPI Mandate Request/ Mandate Request	A request initiated by the Sponsor Bank on the Retail Individual Investor to authorize blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount (not exceeding UPI Application Limit) and subsequent debit of funds in case of allotment.
Wilful Defaulter(s)	Includes wilful defaulters as defined under Regulation 2(1)(lll) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which includes a person or a company who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes a company whose director or promoter is categorized as a wilful defaulter.
Working Day	Working day means all days on which commercial banks in Mumbai, are open for business. In respect of announcement of bid/issue period, working day shall mean all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/ Issue Closing Date and the listing of the NCDs on the Stock Exchange, working day shall mean all trading days of the Stock Exchange for NCD, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.

Conventional and General Terms or Abbreviations

Term/ Abbreviation	Description/Full Form
"₹", "Rupees", "INR" or "Indian Rupees"	The lawful currency of the Republic of India
"US$", "USD", and "U.S. Dollars"	The lawful currency of the United States of America
ACH	Automated Clearing House
AGM	Annual General Meeting
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended from time to time
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM system in relation to NBFCs
AMC	Asset Management Company
AS or Accounting Standards	Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended from time to time
ASBA	Application Supported by Blocked Amounts
AUM	Assets Under Management = On Balance Sheet Loans + Assigned Loans (if any)
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016, as amended from time to time
BSE	BSE Limited
CAGR	Compounded annual growth rate over a specified period of time of a given value (the year-over-year growth rate)
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act/ Companies Act, 2013	Companies Act, 2013 and the rules made thereunder
CPC	Code of Civil Procedure, 1908
CRAR	Capital to risk-weighted assets ratio means (Tier I Capital + Tier II Capital)/ Total Risk Weighted Assets *100
CrPC	Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility
CY	Calendar Year
Depositories Act	Depositories Act, 1996
Depository(ies)	NSDL and /or CDSL
DIN	Director Identification Number

Term/ Abbreviation	Description/Full Form
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EOW	Economic Offences Wing
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FII	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investor as defined and registered under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.
Financial Year/ Fiscal/ FY/ for the year ended	Period of 12 months ended March 31 of that particular year
GDP	Gross Domestic Product
Government/ GOI	Government of India
Gross NPAs/ GNPAs	Aggregate of receivable from financing business considered as non-performing assets (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances) and non performing quoted and unquoted credit substitute forming part of stock in trade. Gross NPA is also referred to as GNPAs
GST	Goods and Services Tax
HNI	High Net worth Individual
HFC	Housing Finance Company
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
Income Tax Act/ IT Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 and rules framed thereunder
Ind AS Rules	The Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time
India	Republic of India
IPC	Indian Penal Code, 1860
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
ITR	Income Tax Returns
KYC	Know Your Customer
LEI	Legal Entity Identifier
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MLD	Market Linked Debentures
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Financial Company, as defined under Section 45-IA of the RBI Act
NEFT	National Electronic Fund Transfer
NRI	Non-resident Indian
NSE	National Stock Exchange of India Limited
NSDL	National Securities Depository Limited
p.a.	Per Annum
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
PP MLD	Principal Protected Market Linked Debentures

Term/ Abbreviation	Description/Full Form
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RBI Master Directions	Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.
RERA	Real Estate Regulatory Authority
RERAD Act	Real Estate Regulation and Development Act, 2016
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SBR Framework	Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by RBI dated October 22, 2021.
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations/ SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended and circulars issued thereunder
SEBI Master Circular	SEBI circular no. SEBI/HO/DDHS/PoD1/CIR/2023/119 dated August 10, 2021, as amended
TDS	Tax Deducted at Source
Trademarks Act	Indian Trademarks Act, 1999

Technical and Industry Related Terms

Term/Abbreviation	Description/Full Form
ECBs	External Commercial Borrowing
FCNR	Foreign Currency Non-Resident
FLDG	First Loss Default Guarantee
IFC	Infrastructure Finance Company
IRDA	Insurance Regulatory and Development Authority
ISO	International Organization for Standardization
CareEdge Report	CARE Advisory Research and Training Limited ("CART") as the agency issuing the industry report titled "Research Report on NBFC Industry" November, 2023 prepared by CareEdge Research forming part of the Industry Overview chapter
LIC	Life Insurance Corporation of India
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
LTV	Ratio of loan to the collateral value
Loan Book	On balance sheet loans of the Company
MICR	Magnetic Ink Character Recognition
MFI	Microfinance institutions
NPA	Non-Performing Assets
NBFC-BL/ NBFC – Base Layer	Non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-MFI	An NBFC-MFI is defined as a non-deposit taking NBFC which extends loans to Micro Finance Sector

Term/Abbreviation	Description/Full Form
NBFC-ND	NBFC registered as a non-deposit taking NBFC
NBFC-ML/ NBFC – Middle Layer	(a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1,00,000 lakh and above and (c) NBFCs undertaking the activities of (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund – Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Non-Banking Financial Company-Infrastructure Finance Companies (NBFC-IFC)
NBFC- TL / NBFC- Top Layer	NBFC-UL which in the opinion of RBI has substantial increase in the potential systemic risk from specific NBFCs-UL
NBFC-UL / NBFC-Upper Layer	NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in SBR Framework
NNPA	Net Non-Performing Assets
Owned Funds	Paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any
Prudential Norms	Prudential norms as provided under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
MSME	Micro, Small and Medium Enterprises
RBI	Reserve Bank of India
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking nonbanking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: a. preference shares other than those which are compulsorily convertible into equity; b. revaluation reserves at discounted rate of fifty five percent; c. General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; d. hybrid debt capital instruments; e. subordinated debt; and f. perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital to the extent the aggregate does not exceed Tier I Capital
UTI	Unit Trust of India
WCDL	Working Capital Demand Loan
XIRR	Internal rate of return for irregular cash flows
Yield	Ratio of interest income to the daily average of interest earning assets

Notwithstanding the foregoing, the terms defined as part of "General Information", "Risk Factors", "Industry Overview", "Regulations and Policies", "Statement of Possible Tax Benefits", "Summary of Key Provisions of Articles of Association", "Financial Information" and "Other Regulatory and Statutory Disclosures" on pages 36, 16, 68, 141, 56, 393, 150 and 181, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of the sections "Our Business", "Risk Factors", "Industry Overview" and "Regulations and Policies", on pages 92, 16, 68 and 141, respectively, shall have the meaning ascribed to them hereunder.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

In this Shelf Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to "we", "us", "our" are to Arka Fincap Limited and references to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in this Issue. Unless stated otherwise, all references to page numbers in this Shelf Prospectus are to the page numbers of this Shelf Prospectus.

All references in this Shelf Prospectus to "India" are to the Republic of India and its territories and possessions. All references to the "Government", "Central Government" or "State Government" are to Government of India, Central or State, as applicable.

Presentation of Financial Information

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Shelf Prospectus are to a calendar year and references to a Fiscal/Fiscal Year are to the year ended on March 31 of that calendar year.

For the purposes of disclosure in this Shelf Prospectus, we have prepared and presented the Audited Financial Statements for the fiscal year ended March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS and audited by our Statutory Auditor, P G BHAGWAT LLP and fiscal year ended March 31, 2021 prepared in accordance with Ind AS and audited by our previous auditors, B S R & Co LLP.

Further, for the purposes of disclosure in this Shelf Prospectus, we have prepared and presented our Unaudited Financial Results for the quarter and half year ended September 30, 2023 prepared in accordance with the SEBI Listing Regulations which are reviewed by our statutory auditors P G BHAGWAT LLP.

The Unaudited Financial Results of our Company have been prepared in accordance with recognition and measurement principles laid down in the aforesaid Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued there-under and other accounting principles generally accepted in India and Regulation 33 of the SEBI Listing Regulations. The Unaudited Financial Results for the quarter and half year ended September 30, 2023 is not indicative of full year results and are not comparable with Annual Financial Statements. For details see "*Risk Factors – 15 - This Shelf Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.*" on page 23.

Unless stated otherwise or unless the context requires otherwise, the financial data used in this Shelf Prospectus as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 is derived from our Audited Financial Statements and for quarter and half year ended September 30, 2023 is derived from our Unaudited Financial Results.

Unless stated otherwise, macroeconomic and industry data used throughout this Shelf Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Shelf Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Shelf Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

We have included the following financials along with auditors report/ limited review report issued by the following auditors:

Particulars	Report issued by .
Unaudited Financial Results	P G BHAGWAT LLP
Audited Financial Statements of the Company for Fiscal 2023	P G BHAGWAT LLP
Audited Financial Statements of the Company for Fiscal 2022	P G BHAGWAT LLP
Audited Financial Statements of the Company for Fiscal 2021	B S R & Co LLP

Currency and Unit of Presentation

In this Shelf Prospectus, all references to 'Rupees'/'₹'/'INR'/ 'Rs.' are to Indian Rupees, the official currency of the Republic of India.

Except where stated otherwise in this Shelf Prospectus, all figures have been expressed in 'lakh'. All references to 'million/million/mn'. Refer to one million, which is equivalent to 'ten lakh' or 'ten lacs', the word 'lakh/lacs/lac' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion/bn./billions' means 'one hundred crore'.

Certain figures contained in this Shelf Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to one decimal point. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than one decimal point to conform to their respective sources.

Industry and Market Data

Any industry and market data used in this Shelf Prospectus and the relevant Tranche Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CareEdge Report, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Shelf Prospectus and the relevant Tranche Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

General Risk

Investment in NCDs is risky, and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section "*Risk Factors*" on page 16. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities. This Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the SEBI, RBI, RoC or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.

Exchange Rates

The exchange rates Rupees (₹) vis-à-vis of USD, as of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, are provided below:

Currency	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.06*	82.22	75.81	73.50

Source: https://www.fbil.org.in/#/home and https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx
** September 30, 2023 was a Saturday, hence taken September 29, 2023 as the reference date*

The above exchange rates are for the purpose of information only and may not represent the rates used by the Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- Any increase in the levels of non-performing assets ("**NPA**") on our loan portfolio, for any reason; whatsoever, would adversely affect our business and results of operations.
- Any disruption in our sources of funding.
- Volatility in interest rates could have a material adverse effect on our net interest income, net interest margin and our financial performance**.**
- Certain conditions and restrictions in terms of our financing arrangements, could restrict our ability to conduct our business and operations in the manner we desire.
- Inability to recover the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.
- Difficulties in expanding the business into new regions and markets in India.
- System failures or inadequacy and security breaches in computer systems adversely affecting the business.
- Fluctuations in the market values of the investments by the Company and other asset portfolio adversely affecting the result of operations and financial condition.
- Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations.
- Downgrade of our credit ratings may increase our borrowing costs and constrain our access to capital and debt markets and, as a result, may adversely affect our net interest margin and our results of operations.

For further discussion of factors that could cause our actual results to differ, see "*Risk Factors*" on page 16.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "*Industry Overview*", "*Our Business*" and "*Outstanding Litigations and Other Confirmations*" on pages 68, 92 and 176, respectively. The forward-looking statements contained in this Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company nor the Lead Managers, or their respective Directors, or KMPs or officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company and the Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II – RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Shelf Prospectus, including the risks and uncertainties described below, and the information provided in "Our Business" on page 92 and "Financial Information" on page 150, respectively, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition, cash flows and results of operations in the future. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Shelf Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Shelf Prospectus. Certain information in this section includes extracts from 'Research Report on NBFC Industry' Report, November 2023. For more information, please see "Industry Overview" on page 68.

Unless stated otherwise, or unless context requires otherwise, the financial data of our Company for (a) the financial data as at and for half year ended September 30, 2023 has been derived from the Unaudited Financial Results for the half year ended September 30, 2023; and (b) the Fiscal 2023, 2022 and 2021 has been derived from Audited Financial Statements.

Prospective investors are advised to read the following risk factors carefully before making an investment in the NCDs offered in this Issue. You must rely on your examination of our Company and this Issue, including the risks and uncertainties involved.

In this section any reference to "we" or "us" or "Our" refers to our Company.

Risks relating to our Business and our Company

1. ***Our customers may default in their repayment obligations, which may result in increase in the levels of Gross Stage 3 assets in our AUM and that could have an adverse impact on our business, results of operations, financial condition and cash flows.***

   Our customers may default on their obligations to us due to a variety of factors, including as a result of their bankruptcy, lack of liquidity, government or other regulatory intervention, other reasons such as their inability to adapt to changes in the macro business environment or any other factors which impact their income. Additionally, some customers may intentionally default on their repayment obligations. Such adverse impact may limit our ability to recover the dues from such customers and the predictability of our cash flows. Increasing credit losses due to financial difficulties of customers in our lending business in the future could adversely affect our business, financial condition, results of operations and cash flows.

   The RBI Master Directions, which are applicable to us, have laid down prudential norms with regard to Gross Stage 3 assets, including in relation to the identification of Gross Stage 3 assets and income recognition against Gross Stage 3 assets, though we follow Ind AS for asset classification and income recognition.

   Our ability to manage the credit quality of our loans, which we measure in part through Stage 3 assets (i.e., loans that are 90+ days past due or as regulatorily required), is a key driver to our results of operations. If the credit quality of our loans deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations, cash flows and financial condition may be adversely affected. As on September 30, 2023, our Gross Stage 3 assets, as a percentage of our total loans, were 0.19% and Net Stage 3 assets, as a percentage of our total loans were 0.05%. Further, as on March 31, 2023 Gross Stage 3 assets, as a percentage of our total loans was 0.01% and Net Stage 3 assets, as a percentage of our total loans were 0.00%.

   As on September 30, 2023, we have outstanding MSME loans AUM of ₹ 1,55,409.17 lakh and personal finance loans AUM of ₹ 8,056.00 lakh, which comprises of 37.65% and 1.95% of our AUM, respectively. On September

30, 2023, there were 0.49% Gross Stage 3 assets in our MSME loans portfolio and 0.37% Gross Stage 3 assets in our personal finance loans portfolio. On March 31, 2023, we had outstanding MSME loans AUM of ₹ 1,06,917.96 lakh and personal finance loans AUM of ₹ 6,441.17 lakh, which comprises of 27.00% and 1.63% of our AUM as on March 31, 2023, respectively. On March 31, 2023, there were 0.02% Gross Stage 3 assets in our MSME loans portfolio and 0.29% Gross Stage 3 assets in our personal finance loans portfolio.

We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition. We cannot assure you that we will be able to maintain or reduce our current levels of Stage 3 assets in the future.

The RBI Master Directions and various circulars, notifications and guidelines issued by RBI, as amended from time to time, also prescribe the provisioning required in respect of our outstanding AUM. However, we follow Ind AS for provisioning ensuring minimum requirement prescribed by RBI. Though, we currently maintain higher provisioning as compared to the requirements under RBI and INDAS, however, in the event that the aggregate impairment provision under Ind AS is lower than that required under the applicable regulatory provisioning norms, then the difference shall be appropriated from the net profit or loss after tax to a separate "Impairment Reserve". While the Company's total provisioning against the Gross Stage 3 assets at present may be adequate to cover all the identified losses in our loan portfolio, there may not be any assurance that in future the provisioning, though compliant with regulatory requirements, will be sufficient to cover all anticipated losses.

Further, there can be no assurance that we will be able to recover the outstanding amounts due under any defaulted loans. We may also face difficulties in disposing of the underlying assets secured in favour of our Company relating to loans, as a result of which we may be unable to realize any liquidity from such assets. Further, as our loan portfolio grows, our Gross Stage 3 assets may increase and the current level of our provisions may not adequately cover any such increases.

Further, the RBI has issued circular RBI/2021-2022/125 titled "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications" dated November 12, 2021 ("***Prudential Norms – Clarifications 2021***"), which provides for more stringent classification and recognition of Gross Stage 3 assets . We have aligned our account classification, in particular, the effect on our daily Gross Stage 3 assets position and upgradation of our Gross Stage 3 assets accounts in line with Prudential Norms – Clarifications 2021. However, in event RBI directions/guidelines on Gross Stage 3 assets become more stringent, the Company may or may not be able to maintain historic Gross Stage 3 assets positions, and if our Gross Stage 3 assets position significantly increase, it may in turn have a material adverse effect on our cash flows, profits, results of operations and financial condition.

2. ***Our Loan Book comprises of unsecured loans. Our inability to recover the amounts due from customers in connection with such loans in a timely manner could adversely affect our operations and profitability.***

Our Loan Book also comprises of unsecured loans of ₹ 45,250.29 lakh as on September 30, 2023, which is 11.22% of our total Loan Book and ₹ 35,294.38 lakh as on March 31, 2023, which is 8.91% of our total Loan Book as on March 31, 2023. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

Because of the unsecured nature, it is essential that such loans are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In making a decision whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time.

Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all in connection with such loans could adversely affect our operations, cash flows and profitability.

3. ***Any downgrade in our credit ratings may increase interest rates for raising new debt, refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.***

Credit rating reflect the opinion of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. The credit rating of short-term borrowings of our company viz.

commercial paper was reaffirmed ‘CRISIL A1+’ by CRISIL Ratings Limited. Furthermore, the credit rating of long-term borrowings of the company viz. non-convertible debentures and long-term bank loan facilities was reaffirmed to ‘CRISIL AA-/ and the outlook was revised to “Positive” from “Stable’’ and long-term principal protected market linked debentures was reaffirmed to ‘CRISIL PPMLD AA-/ and the outlook was revised to “Positive” from “Stable’’ by CRISIL Ratings Limited vide rating letter dated October 9, 2023. For details of borrowings and present credit rating, see “*Our Business*” on page 92.

Any downgrades in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, financial condition, results of operations and cash flows. Further, any downgrade in our credit ratings by specified notches may also trigger an event of default or acceleration of certain of our borrowings and also lead to lenders imposing additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, cash flows and financial condition.

4. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity, cash flows and financial condition.***

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our Company’s total borrowings (debt securities and borrowings) as at September 30, 2023 amounted to ₹ 3,15,368.49 lakh. We rely on long-term, medium-term borrowings and short-term borrowings from various sources. We take term loans, working capital loans including cash credit facilities, issue non-convertible debentures, market-linked debentures and commercial papers. We have a diversified lender base comprising public sector banks, private banks and others. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, investors’ and/or lenders’ perception of demand for debt and equity securities of NBFCs and our current and future results of operations, cash flows and financial condition. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition.

Changes in economic and financial conditions or a change in regulatory norms or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Such conditions may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity, cash flow and financial condition.

5. ***We are vulnerable to the volatility in interest rates, and we may face interest rate mismatches between our assets and liabilities in the future which may cause liquidity issues.***

Our operations are vulnerable to volatility and mismatches in interest rates. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow.

The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including RBI’s monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competition pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability.

Further, an increase in general interest rates in the economy could reduce the overall demand for new loans and impact our growth. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

The cost of our borrowings including issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

6. ***We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.***

The difference between the value of assets and liabilities maturing in any time period category provides the measure to which we are exposed to the liquidity risk. We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and long-term funding sources such as bank loans, non-convertible debentures, etc. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our operations and financial performance.

The following table describes the ALM of our Company as on September 30, 2023:

(₹ in lakh)

Particulars	Upto 30/ 31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	9,475.58	8,916.27	19,576.79	25,910.09	69,151.13	1,45,195.72	22,480.72	95,675.78	3,96,382.08
Investment	133.25	1,573.22	71.68	4,716.79	5,700.37	739.67	1,569.58	-	14,504.56
Borrowings*	13,105.64	11,576.64	18,310.17	30,310.00	57,824.38	1,67,402.56	13,308.06	-	3,11,837.45
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities**	-	-	-	-	-	-	-	-	-

The above disclosure is made as per RBI Guidelines on Liquidity Risk Management Framework
**Total borrowings (excluding foreign currency liabilities)*
***includes foreign currency denominated external commercial borrowing*

7. ***Our Company is subject to certain restrictive covenants in our financing documents, which may restrict our operations and ability to grow and may adversely affect our business and operations.***

As of September 30, 2023, our total borrowings were ₹ 3,15,368.49 lakh. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. There may be restrictive covenants in the agreements we have entered into with our lenders/creditors that limit our ability to undertake certain types of transactions, any of which could adversely affect our business, results of operations, cash flows and financial condition. These restrictive covenants require us to maintain certain financial ratios and/or seek prior permission of these banks/financial institutions/creditors for various activities. Such restrictive covenants in our loan/debt documents may restrict our operations or ability to expand and may adversely affect our business.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities/early redemption of any non-convertible debt instruments, and the enforcement of any security provided. Any acceleration of amounts due under such facilities/early redemption of any non-convertible debt instruments may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations.

If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders/creditors could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations including related costs. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings. For more details on our borrowings and certain restrictive covenants in our loan documents, please see *"Financial Indebtedness"* on page 152.

8. ***We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.***

Out of our Company's Loan Book of ₹ 4,03,319.32 lakh as at September 30, 2023, 88.78 % of the aggregate Loan Book i.e., ₹ 3,58,069.03 lakhs were secured loans and ₹ 45,250.29 lakh representing 11.22% of the Loan Book are unsecured loans primarily comprising of MSME loans and personal finance loans. The value of security offered in case of secured loans is dependent on various factors inter-alia including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) the markets in the areas in which we operate.

The value of the security provided to us, may be subject to reduction in value on account of other extraneous reasons. Consequently, the realizable value of the security for the loans provided by us, when required to be liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers. If we have to enforce such security and if at the time of such enforcement, due to adverse market conditions, the market value of the security have fallen to a level where we are unable to recover the monies lent by us, along with interest accrued thereon and associated costs, the results of our operations and cash flows would be adversely affected.

9. ***Our Company has in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

Our Company enters into transactions with related parties from time to time, while we believe that all such transactions would have been conducted in accordance with applicable law from time to time , we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Although all related party transactions that we may enter into will be subject to board or shareholder approval, as required under applicable laws, we cannot assure you that such future transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For details, please see "*Related Party Transactions*" on page 140.

10. ***We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.***

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations, cash flows and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition, cash flows and results of operations.

11. ***The Company is subject to laws and regulations governing the financial services industry in India and changes in laws and regulations governing us could adversely affect our business, results of operations and prospects***

We are classified as a NBFC-ML. We are subject to RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ML and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ML. The RBI's regulation of NBFC-ML may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. For example RBI recently increased the risk weights on the exposure of NBFCs towards consumer credit categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, by 25% and also amended norms related to risk weights on exposures of scheduled commercial banks to NBFCs. These changes impact NBFCs on both sides of the balance sheet (assets and liabilities), and this increase in risk weights on bank loans to NBFCs could push up the cost of bank borrowings for NBFCs significantly and dampen capital ratios. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC- ML. For instance, recently, the RBI vide its notification dated August 18, 2023 has issued guidelines to ensure fair lending practices. Through this notification, the regulated entities including NBFCs can now in cases of non-compliance of material terms and conditions of loan, charge only 'penal charges' as opposed to 'penal interest' thereby restricting capitalisation of penal charges. Such changes may result in borrowers not maintaining discipline resulting in adverse effect on our cash flows and future financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. Further, we are subject to certain IT laws, data privacy laws, rules and regulations that regulate the use of customer data and our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain. Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future.

If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business operations could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental/regulatory authorities will not adversely affect our business and future financial performance.

12. ***As an NBFC-ML, we are subjected to laws and regulations governing the NBFC sector in India and changes in laws and regulations governing us could adversely affect our business financial condition, results of operations and cash flows.***

The laws and regulations governing the NBFC sector in India has become increasingly complex and are continuously evolving. The requirement to comply with regulations including those prescribed by RBI and other statutory authorities including regulations relating to foreign investment in India, may continue to adversely affect our business and the industries in which we operate in general. For example, we are subject to the RBI's guidelines on Digital Lending which provides for lending using digital means; financial regulation of NBFCs, including capital adequacy, exposure and other master directions. Additionally, we are required to make various filings with the RBI, the Registrar of Companies, the Stock Exchange where our debt securities are listed and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act, SEBI LODR Regulations, tax regulations and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and legal proceedings.

Moreover, our provisions, defenses, grounds or interpretations against regulatory actions may be inadequate. Given the uncertainties and complexity of many of these regulatory actions, their outcome generally cannot be predicted with any reasonable degree of certainty and may have adverse effect on our operations.

Our ability to function in the lending and financial services industry will depend on our ability to constantly monitor and promptly react to legislative and regulatory changes. Any change to the existing legal or regulatory framework may require us to allocate additional resources to our business, which may increase our regulatory compliance costs and direct management attention. To the extent that we enter new geographies or new product markets, the complexity of our regulatory environment will increase, potentially increasing the cost of compliance and the risk of noncompliance. Further, if the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. If we fail to comply with these requirements, or are interpreted by the regulators as not having complied with these requirements, we may be subject to actions including penalties and compounding proceedings. For further information on laws and regulations applicable to us, see "*Regulations and Policies*" on page 141.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to actions including penalties and our business could be adversely affected. Further, the legal, regulatory and policy environment in which we operate is evolving and subject to change. The laws, regulations and policies applicable to us may be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with applicable laws and regulations. Such changes may also adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law, regulations and policies.

13. ***We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions*.**

As a NBFC, we are subject to periodic inspection by RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "RBI Act"), pursuant to which the RBI inspect our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. While the Company seeks to comply with all regulatory provisions applicable to it, any irregularities found during such inspection by RBI could expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. Our Company (as applicable) has taken all necessary measures to address, resolve or comply with the observations/findings highlighted in the inspection report for the Fiscal 2021 issued by the RBI as part of its inspections, and has responded to each such observation/finding indicated and further information sought therein, if any. However, we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation.

14. ***Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements imposed by the RBI from time to time. In future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches need to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

15. ***This Shelf Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.***

This Shelf Prospectus includes unaudited financial information in relation to our Company for the Unaudited Financial Results, in respect of which the Auditors have issued the limited review report dated October 25, 2023. As the Unaudited Financial Results prepared by the Company in accordance with Regulation 52 of the SEBI LODR Regulations have been subject only to a limited review and as described in Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information" Performed by the Independent Auditor of the Entity" issued by the ICAI. Any reliance by prospective investors on such limited review financial information for the quarter and half year ended September 30, 2023 should, accordingly, be limited.

Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Shelf Prospectus.

16. ***Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations, cash flows and financial condition***.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("KYC Directions") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company is registered as NBFC, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, however, all our branches may not be completely effective with adequate internal policies, processes and controls with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

17. ***We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.***

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices & customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers. Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations may adversely affect our business prospects, financial conditions, cash flows and results of operations.

18. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

We operate in a highly competitive industry and face competition in all our lines of business. Our primary competitors are other NBFCs, banks and other unorganized financiers who principally operate in the markets where we operate. Many of our competitors may have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. In addition to NBFCs, we believe that the competition we face from banks is increasing as more banks are targeting products and services similar to ours. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition. Competition in our industry also depends on, among other things, the ongoing evolution of government policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance may be adversely affected.

19. If we fail to identify, monitor and manage/mitigate risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

A comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved enterprise risk management policy. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, please see "*Our Business*" on page 92. Despite this, our policies and procedures to identify, monitor and manage/mitigate risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFCs, standards and practices in the sectors we cater to, on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

20. ***System failures or inadequacy and security breaches in computer systems may adversely affect our business.***

Our operations is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. All our systems are cloud based which ensures the scalability but at the same time our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

21. ***Our cloud computing software and data centres for the primary and backup data storage may experience system downtime, prolonged power outages or shortages.***

Our Company relies on a cloud computing software pursuant to which the relevant applications and systems, including assisted mobile applications, loan originating system, loan management system, underwriting engine, collections portal, CRM portal, are deployed with one service provider and internal IT assets are hosted with a different third-party service provider. In this regard, we are unable to guarantee that we will not experience system downtime. In addition, the data centres for our primary and backup data storage are regulatorily required to be based in India. The data centre may be susceptible to, inter alia, regional costs of power, power shortages, planned or unplanned power outages and limitations on the availability of adequate power resources. Power outages, including, but not limited to those relating to large storms, earthquakes, fires and floods, could harm our customers and our businesses. Although we leverage our technology initiatives for periodic, often fortnightly, upgrades of assisted mobile applications with the goal of ensuring a 24 hour uptime, any disruption in the operation of our cloud computing software and data centres could negatively impact our business results of operations and financial condition.

22. ***We face the threat of fraud and cyber-attacks, such as hacking, phishing, trojans and other threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal company data or customer information. This may cause damage to our reputation and adversely impact our business operations.***

Our systemic and operational controls may not be adequate to prevent adverse impact from cyber fraud, errors, hacking and system failures in future. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – where attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – where cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (d) advanced persistency threat – network attack in which an unauthorised person gains access to our network and remains undetected for a long period of time. While we have not faced any cyber intrusions in the past, our internet-based customer applications and interfaces are exposed to hacking or being compromised by third parties, resulting in data thefts and loss of business information. Attempted cyber threats fluctuate in frequency and are generally increasing in frequency. If we suffer from any of such cyber threats, it could materially and adversely affect our business, results of operations, cash flows and financial condition.

A significant system breakdown or system failure caused due to Intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss. It may also impact our customers' loyalty and satisfaction.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third party. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

Our businesses use cloud environments for various applications, and we store and transmit large amounts of sensitive, confidential, personal and proprietary information over public communications networks. The shared, on demand nature of cloud computing introduces the possibility of new security breaches, in addition to the threats faced by traditional corporate networks. Due to the vast amount of data stored on cloud servers, cloud providers have become an attractive target for cyber-attacks. Though cloud providers deploy the required security controls to protect their cloud environments, if they fail in protecting our confidential information, it may have a material adverse effect on our business, results of operations, cash flows, financial condition, reputation and prospects.

23. ***Our ability to raise foreign debt capital may be constrained by Indian law.***

We may avail loans under the external commercial borrowings route in foreign currencies in the future. As an Indian company, we are subject to various regulatory/statutory requirements that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all.

24. ***Fluctuations in the market values of our investments and other asset portfolio could adversely affect our result of operations and financial condition.***

We maintain a portfolio of investments, which include corporate debt securities, certificates of deposits, fixed deposits and various mutual fund units. Any financial turmoil in the financial markets has the ability to adversely impact the economic activity in India and globally. Continued deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could adversely affect our reported income and financial condition.

Fluctuations in the market values of our investments as part of treasury management could cause us to write down the value of our assets, affect our liquidity and reduce our ability to enforce our security, which could adversely affect our result of operations and financial condition. We may not accurately identify changes in the value of our investments caused by changes in market prices, and our assessments, assumptions or estimates may prove inaccurate or not predictive of actual results.

25. ***We utilize the services of certain third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.***

We engage third party service providers from time to time for services including selling agents and collection agents. Such third parties are typically proprietorships or professionals. Our agreements with them typically do not provide for any exclusivity, and accordingly, they can work with other lenders, including our competitors. There can be no assurance that our direct selling agents will continue to provide a significant number of leads for loans to us in comparison with our competitors, or at all. Some third party vendors may also be small companies which are likely to experience financial or operational difficulties than larger, well established companies due to limited financial and other resources. This may result in a delay of services or products delivered to us and we may be unable to find alternative vendors.

In addition, we utilize third party vendors for our information technology systems and rely on such vendors for adequate and timely delivery of services, providing support and troubleshooting advice and maintaining adequate resources and bandwidth for the smooth running of our operations. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers.

In particular, the selling of financial products, particularly to retail clients is highly regulated and we may be liable for the selling (or mis-selling) of any of our products to customers undertaken by our DSAs as well as ourselves resulting in such products and services being purchased by customers without an informed understanding of associated risks, which may lead to litigation and adversely affect our business and reputation.

Our business is also susceptible to fraud by DSAs, other third party intermediaries and agents through the forgery of documents, multiple financing of the same asset and unauthorized collection of installments on our behalf. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. In addition, if we fail to supervise and control the sales and marketing activities of such third parties, the quality of services they provide may deteriorate, which could adversely affect our brand value.

26. Negative publicity could damage our reputation and adversely impact our business and financial results. Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third- party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk. Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the industry in general and lead to a reduction in business. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

27. Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance, cashflows and results of operations.

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby is essential to our business. The reputation of our Company could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. If we fail to maintain trust and confidence with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business, market perception and customer acceptance of our products may also decline. Any negative news affecting us might also affect our reputation and brand value.

28. We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our cashflows, results of operations and financial position.

We may do cash collections, in compliance with applicable laws to recover our dues. Such cash transactions may expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill and reputation.

29. All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.

As of September 30, 2023, all of our offices including our registered office and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business, cashflows and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

30. ***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth and future success depends substantially on the continued service and performance of members of our management team and employees and upon our ability to manage key issues relating to human capital management such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

31. ***Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our cashflows, results of operations and diminish our financial position.***

We maintain insurance coverage commensurate with, and appropriate to, our operations. For further details on our insurance coverage, see "*Our Business – Insurance*" on page 110. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cashflows and results of operations.

32. ***Non-convertible debentures issued by our Company are listed on BSE and our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.***

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. Our Company endeavours to comply with all such obligations/reporting requirements. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Any non-compliances/delay in complying with mandatory obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.

Further, our Company qualified as a 'high value debt listed entity' as per the thresholds set out under the SEBI Listing Regulations in September 2022. As a 'high value debt listed entity', Regulation 15 to regulation 27 of Chapter IV of the SEBI Listing Regulations are applicable to our Company from March 31, 2024, on a mandatory basis. Accordingly, the required compliance with the said regulations of Chapter IV of the SEBI Listing Regulations may cause additional compliance and legal costs for our Company and any non-compliance in relation to this may attract penalties, which may affect our financials adversely. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. For further information on laws and regulations applicable to us, see "*Regulations and Policies*" on page 141.

33. ***Our ability to pay dividends in the future will depend on restrictive covenants of our financing arrangements, our future cashflows, results of operations, financial condition, cash flows and working capital and capital expenditure requirements.***

Any dividends to be declared and paid by us in the future are required to be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association, and applicable laws and regulations. Our ability to pay dividends in the future will depend on our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements, capital expenditure requirements, business prospects and any other financing arrangements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our shareholders in future. For details pertaining to dividend declared by us in the past, please see "*Other Regulatory and Statutory Disclosures*" on page 181. As per the law, dividends may be paid out of profits earned during the year or out of accumulated profits earned by a company in previous financial years (subject to compliance with applicable laws and certain conditions). We may decide to retain all of our earnings to finance the development and expansion of our business and therefore, may not declare dividends on our Equity Shares.

34. ***Our business processes a large amount of data, including personal data, and the improper collection, hosting, use or disclosure of data could harm our reputation and have an adverse effect on our business, financial condition, results of operations and cash flows.***

Our business processes a large quantity of personal data (with our users' consent) and analyses this data to generate user and user group profiles. We face risks inherent in handling and protecting a large volume of data, especially user data. In particular, we may face several challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage, fraudulent behaviour or improper use by our employees;

- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived data sharing and other factors that may arise from our existing businesses or new businesses and new technology; and

- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects.

The improper collection, use or disclosure of our user data could result in a loss of customers, business, partner financial institutions and other potential participants, loss of confidence or trust, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have an adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, we share a limited amount of user data with third-party service providers/regulatory and statutory authorities in accordance with applicable laws and regulations and subject to stringent data security and privacy requirements. We also rely on certain third-party service providers/ regulatory and statutory authorities in relation to the sourcing of data for potential customers. During the course of providing such services, customer data may be accessed. If such third-party service providers/ regulatory and statutory authorities engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of our systems, including by improper disclosure or use of user data, or if our business partners otherwise fail to meet their data security and privacy obligations, we may be subject to user complaints and suffer reputational harm, even if the actions or activities are not related to, attributable to or caused by us, or within our control. While no regulatory or legal action has been taken against us in relation to such instances in the past, we cannot assure you that we will not be subject to any regulatory or legal action for such instances in the future.

35. ***Some of our Directors are also directors on the board of directors of companies that are in the same line of business as our Company.***

Some of our directors, being Mr. Vimal Bhandari (Executive Vice-Chairman and CEO), Mr. Vijay Chugh (Independent Director), Mr. Sivanandhan Dhanushkodi (Independent Director), Mr. Mahesh Chhabria (Non-Executive Director), Ms. Gauri Kirloskar (Non-Executive Director) and Mr. Yogesh Kapur (Independent Director)are also directors on the board of directors of companies that are in the same line of business as our Company. We cannot assure you that our Directors will continue to act in best interest of our Company or continue to support us which could materially and adversely affect our business, financial condition and results of operations. For further details, please see "*Our Management*" on page 114.

36. ***Our trademarks ARKA FINCAP and ARKA are not registered under the Trademarks Act, 1999. If we are unable to protect our trademarks and trade-names, others may be able to use our trademarks and trade-names to compete more effectively***

We have applied for registration of our trademarks ARKA FINCAP and ARKA under the Trademarks Act, 1999 vide separate applications each dated July 3, 2019. The status of our application is still 'opposed' as on date. In case we are not able to receive registration of ARKA FINCAP and ARKA, our Company may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks. We cannot assure you that we will be able to obtain such registration in a timely manner. As a result, we may be unable to prevent use of these names or variations thereof by any other party or ensure that we will continue to have a right to use it. We further cannot assure you that any third party will not infringe upon our trademark, logo and/or trade name in a manner that may have a material adverse effect on our business prospects, reputation and goodwill.

37. ***There are outstanding litigations pending against or by our Company, our Promoters, and Directors which, if determined adversely, could affect our business, cash flows, results of operations and financial condition.***

In the ordinary course of business, our Company, our Promoters, and our Directors are involved in certain legal proceedings, at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if decided against our Company, our Promoter and our Directors, could adversely affect our reputation, business, cash flows, results of operations and financial condition. We cannot assure you that the currently outstanding legal proceedings will be decided favourably or that no further liability will arise from these claims in the future. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. For details, see "*Outstanding Litigations and other Confirmations*" on page 176.

38. ***Our loan portfolio is exposed to real estate and any adverse developments in the real estate sector which may lead to an increase in impairment losses and adversely affect our financial condition and results of operations.***

The demand for our loan products in real estate and urban infra segment is generally affected by developments in the real estate sector. Any decline in conditions of the real estate markets could have an adverse impact on our Company's financial condition and results of operations. Further, deterioration in the housing and property market may result in reversing the growth of our Company's real estate loan accounts, which in turn could result in a material adverse effect on its business, financial condition and results of operations. Further, as the underlying security on these loans is primarily mortgages or other form of security over the customers' other real residential or commercial property, a significant portion of our Company's loans is exposed to events affecting the real estate sector. In the event of a significant decline in property prices or a defect in the title of the property, our Company may not be able to realise the value of the collateral or recover its principal and interest in the event of default. Also, if any of the projects which form part of the collateral are delayed for any reason, it may affect our Company's ability to enforce the security, thereby effectively diminishing the value of such security. There can be no assurance that our Company will be able to foreclose on collateral on a timely basis, or at all, and if it is able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to our Company which may result in a material adverse effect on its business, results of operations and financial condition.

Risk Factors related to the Issue and NCDs

39. ***The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.***

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of our financing business including onward lending, repayment of interest and principal of existing borrowings and for general corporate purposes. For further details, please see "*Objects of the Issue*" at page 53. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

40. The objects of the issue are not for any specified projects.

The proceeds of this Issue will be used by the Issuer in accordance with applicable laws and not for any specified projects. For further details, please see "*Objects of the Issue*" on page 53.

41. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs on the Stock Exchange. Therefore, we cannot assure you that the NCDs issued pursuant to this Issue will be listed on BSE Limited or at all.

42. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law.

In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs. In case of proceedings under the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, the NCDs will be subordinated to certain liabilities preferred by law.

Amongst others, the (Indian) Insolvency and Bankruptcy Code, 2016 prescribes that in case of liquidation, a secured creditor has the option to either relinquish the security and participate in the liquidation process, or to independently realise the security. The (Indian) Insolvency and Bankruptcy Code, 2016 also prescribes the order of distribution of the liquidation proceeds.

43. The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.

Failure or delay to recover the expected value from a sale or disposition of the assets / receivables charged as security in connection with the NCDs could expose the holders to a potential loss. Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability, business operations, cash flow from the lending activities and the general economic conditions in India and in the global financial markets. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 1.10 times asset cover for the NCDs, which shall constitute a first *pari passu* charge, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

While the NCDs will be secured against a charge to the tune of 1.10 times of the principal and/or interest accrued thereon in favour of Debenture Trustee, and it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the possibility of recovery of 1.10 times of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

44. The rights over the Security provided will not be granted directly to holders of the NCDs

The rights over the Security securing the obligations of our Company under the NCDs and the Debenture Trust Deed will not be granted directly to the NCD holders, but will be granted only in favour of the Debenture Trustee. As a consequence, NCD holders will not have direct security and will not be entitled to take enforcement action in respect of the security for the NCDs, except through the Debenture Trustee.

45. There may be a delay in making refund/ unblocking of funds to Applicants.

We cannot assure you that the monies refundable to you, on account of (i) you not being a successful allottee, (ii) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, (iv) size for relevant Tranche Issue or (v) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund / unblock such monies, with the interest due and payable thereon (in case of any delays) as prescribed under applicable statutory and/or regulatory provisions.

46. Permission to list in any stock exchange in India or abroad.

Any refusal to list securities or debt instruments by any stock exchange in India or abroad in future might adversely affect tradability as well as price of then existing other listed securities or debt instruments. For instance, in the year 2020, the Company had issued 2 (two) series of non-convertible debentures ("Bonds") i.e., Series IV and Series V for which in-principle approval was given by BSE. Based on the in-principle approval received from BSE, the Company issued and allotted the Bonds under the said series. Post allotment, in respect of the application made by the Company on listing of series IV and Series V Bonds, BSE informed us that the Company did not have audited financials for last 3 (three) financial years and that BSE cannot process the application for listing of Bonds under the said 2 (two) series i.e., series IV and Series V. The Company was incorporated on April 20, 2018 and hence it audited financial statements for 2 years.

Earlier, the Company issued 3 (three) series of Bonds (Series I, Series II and Series III) prior to the issuance of Series IV and Series V, which were granted listing approval by BSE. Therefore, we cannot assure you that the NCDs issued pursuant to this Issue will be listed on BSE Limited or at all.

47. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time-to-time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

48. Changes in interest rate may affect the price of our NCD.

Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs. All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

49. Repayment is subject to the credit risk of the Company

Potential investors should be aware that receipt of the principal amount, (i.e., the redemption amount), interest thereon and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially reduced or delayed.

On December 14, 2021, the RBI issued a circular titled "Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)" ("PCA Framework Circular") to enable supervisory intervention and implement remedial measures of NBFCs in a timely manner, including NBFC-NDs in the middle, upper and top layers, on the basis of tracking certain indicators such as CRAR, Tier I Capital Ratio and Net Stage 3 Ratio. Pursuant to the PCA Framework Circular, the PCA framework for NBFCs has come into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. We cannot assure you that in the future, we will be able to maintain the thresholds prescribed by the RBI under the PCA Framework Circular.

50. ***The secondary market for debentures may be illiquid; limited or sporadic trading of non-convertible securities of the Company on the Stock Exchanges***

The NCDs may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the NCDs, it is not likely to provide significant liquidity. Potential investors may have to hold the NCDs until redemption to realize any value.

51. ***Security may be insufficient to redeem the debentures; risks in relation to maintenance of security cover or full recovery of the security in case of enforcement***

The NCDs to be issued pursuant to the Issue will be secured by creating a first pari-passu charge by way of hypothecation on the present and future receivables, including cash, cash equivalents and liquid investments of the Company to the extent of 1.10 times of the amount outstanding towards principal and interest payable on NCDs. In the event that the Company is unable to meet its payment and other obligations towards investors under the terms of the NCDs, the Debenture Trustee may enforce the Security in respect of the NCDs as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the NCDs will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the transaction security at a price sufficient to repay the amount payable to Debenture Holder(s)' under the NCDs. The value realised from the enforcement of the transaction security may be insufficient to redeem the NCDs.

Fluctuations in the market values of the assets over which security has been provided in respect of loans provided by the Company could affect the Company's liquidity and reduce the Issuer's ability to enforce the security in terms of Security Documents, which could adversely affect the Company's result of operations and financial condition. The Company may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and the Company's assessments, assumptions or estimates may prove inaccurate.

External Risk Factors

52. ***Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.***

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our cashflows and results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our cashflows and results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters or act of nature;
- infectious disease outbreaks or other serious public health concerns including surge of a pandemic/endemic;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, cash flows and results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

53. ***Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our cash flows and results of operations.***

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

54. ***Natural disasters, outbreak of any pandemic/endemic and other disruptions could adversely affect the economy and could adversely affect our business, cash flows, results of operations and financial condition.***

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, pandemic, endemic, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of various activities including information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition.

55. ***We face risks related to public health epidemics, pandemic and endemic in India and abroad.***

Our business could be materially and adversely affected by the outbreak of public health epidemics, pandemic, endemic or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in various parts of the globe including China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world had to impose a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines, lockdown and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand. If the outbreak of any of these epidemics, pandemics, endemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition, cash flows and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, cash flows, results of operations and prospects.

56. ***Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.***

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business. Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The

Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was originally incorporated at Mumbai, Maharashtra as a public limited company on April 20, 2018 under the provisions of the Companies Act, 2013 with the name "Kirloskar Capital Limited" with CIN U65993MH2018PLC308329. The name of our Company was changed to "Arka Fincap Limited" pursuant to special resolution passed by the Members of our Company on June 4, 2019 and our Company was issued a fresh certificate of incorporation by RoC on June 28, 2019 consequent upon change of name. The registered office of our Company is 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India. Our Company is a Non-Deposit taking Non-Banking Financial Company categorised as Middle Layer (NBFC-ML), registered with the Reserve Bank of India under Section 45 IA of the RBI Act, 1934, bearing registration no. N-13.02282 dated July 25, 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate no. N-13.02282 dated October 29, 2018).

For further details in relation to the changes in our name, constitution, registration with the RBI and our Company's main objects, see "*History and Main Objects" on* page 112.

Registration:

Corporate Identification Number:	U65993MH2018PLC308329
Legal Entity Identifier:	3358008WH2OGDP81AN85
RBI registration number:	N- 13.02282
Permanent Account Number:	AAHCK0936B

Registered Office and Corporate Office

Arka Fincap Limited
2504, 2505, 2506, 25th Floor
One Lodha Place, Lodha World Towers
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, Maharashtra, India
Tel: +91 22 4047 1000
Fax: +91 22 4047 1010
Website: www.arkafincap.com
Email: arkasecretarialandcompliance@arkafincap.com

For further details regarding changes to our Registered Office, see "*History and Main Objects*" on page 112.

Registrar of Companies, Mumbai
100, Everest, Marine Drive
Mumbai – 400 002
Maharashtra, India
Tel: +91 22 2281 2627 / 2202 0295 / 2284 6954
Fax: +91 22 2281 1977
E-mail: roc.mumbai@mca.gov.in

Liability of the members of the Company - Limited by shares

Chief Financial Officer

Amit Kumar Gupta
2504, 2505, 2506, 25th Floor
One Lodha Place, Lodha World Towers
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, Maharashtra, India
Tel: +91 22 4047 1000
Fax: +91 22 4047 1010
Email: amit.gupta@arkafincap.com

Company Secretary and Compliance Officer

Niki Chirag Mehta
2504, 2505, 2506, 25th Floor
One Lodha Place, Lodha World Towers
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, Maharashtra, India
Tel: +91 22 4047 1000
Fax: +91 22 4047 1010
Email: niki.mehta@arkafincap.com

Lead Managers

JM Financial Limited
7th Floor, Cnergy, Appasaheb Marathe Marg
Prabhadevi, Mumbai – 400 025
Maharashtra, India
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
E-mail: Arka.Ncdissue2023@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
Compliance Officer: Sunny Shah
SEBI Registration Number: INM000010361
CIN: L67120MH1986PLC038784

Nuvama Wealth Management Limited*
(formerly known as Edelweiss Securities Limited)
801 - 804, Wing A, Building No 3, Inspire BKC
G Block, Bandra Kurla Complex, Bandra East
Mumbai – 400 051, Maharashtra, India
Tel: +91 22 4009 4400
Fax: NA
Email: arkafincap@nuvama.com
Investor Grievance Email: customerservice.mb@nuvama.com
Website: www.nuvama.com
Contact Person: Saili Dave
Compliance Officer: Bhavana Kapadia
SEBI Registration No.: INM000013004
CIN: U67110MH1993PLC344634

**Pursuant to order passed by NCLT, Mumbai dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited has demerged and transferred to Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited) and therefore the said merchant banking business is part of Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited).*

Debenture Trustee

Catalyst Trusteeship Limited
GDA House, Plot No. 85
Bhusari Colony (Right), Kothrud
Pune – 411 038, Maharashtra, India
Tel: +91 22 4922 0555
Fax: +91 22 4922 0505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
Compliance Officer: Rakhi Kulkarni
SEBI Registration No: IND000000034
CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited under regulation 8 of SEBI NCS Regulations, by its letter dated February 20, 2023 have given its consent for its appointment as Debenture Trustee to the Issue (hereinafter referred to as "**Trustees**"). A copy of letter from Catalyst Trusteeship Limited conveying their consent to act as Trustees for the Debenture holders and for its name to be included in the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectuses and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue is annexed as ***Annexure B.***

Except as included in the Debenture Trust Deed, all the rights and remedies of the Debenture Holders under the Issue shall vest in and shall be exercised by the appointed Debenture Trustee for the Issue without having it referred to the Debenture Holders. All investors under the Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for the Issue to act as their trustee and for doing such acts, deeds, matters, and things in respect of or relating to the Debenture Holders as the Debenture Trustee may in his absolute direction deem necessary or require to be done in the interest of Debenture Holders and signing such documents to carry out their duty in such capacity.

Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case maybe, shall, from the time of making such payment, completely and irrevocably discharge our Company from any liability to the Debenture Trustee/Debenture Holders to that extent. For details on the terms of the Debenture Trust Deed, please see "*Issue Related Information*" on page 206.

Registrar to the Issue

LINK Intime

Link Intime India Private Limited
C 101, 247 Park,
L.B.S Marg, Vikhroli (West)
Mumbai – 400 083, Maharashtra, India
Tel: +91 810 811 4949
Fax: +91 22 4918 6060
Email: arkafincap.ncd@linkintime.co.in
Investor Grievance Email: arkafincap.ncd@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer : B. N. Ramakrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited, has by its letter dated February 20, 2023, given its consent for its appointment as Registrar to the Issue and for its name to be included in the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectuses, abridged prospectus and in all the subsequent periodical communications to be sent to the holders of the Debentures pursuant to the Issue.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refunds, unblocking, non-receipt of debentures certificates transfers, etc. as the case may be.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Series of NCDs applied for, amount paid on application, Depository Participant name and client identification number, and the collection centre of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI Mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members of the Stock Exchange may be addressed directly to the Stock Exchange.

Consortium members to the Issue

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Bankers to the Issue

Public Issue Account Bank

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Sponsor Bank

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Refund Bank

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Statutory Auditor

P G BHAGWAT LLP
Chartered Accountants
Suite 102, "Orchard" Dr. Pai Marg
Baner, Pune – 411 045
Maharashtra, India
Tel: +91 20 2729 0771
Email: nachiket_deo@pgbhagwatca.com
Firm's Registration No.: 101118W/W100682
Contact Person: Mr. Nachiket Deo

P G BHAGWAT LLP was appointed as the statutory auditor of our Company on November 19, 2021. For change in statutory auditors in last three financial years and current financial year, please see '*Other Regulatory and Statutory Disclosures*' on page 181.

Credit Rating Agency

CRISIL
An S&P Global Company
CRISIL Ratings Limited
CRISIL House, Central Avenue
Hiranandani Business Park
Powai, Mumbai – 400 076
Tel: +91 22 3342 3000 (B)
Fax: +91 22 3342 3050
Email: crisilratingdesk@crisil.com
Website: www.crisilratings.com
Contact Person: Krishnan Sitaraman
SEBI Registration No: No: IN/CRA/001/1999

Credit Rating and Rationale

The NCDs proposed to be issued under the Issue have been rated CRISIL AA-/Positive (pronounced as CRISIL double A minus rating with Positive outlook) by CRISIL Ratings Limited for an amount of ₹ 50,000 lakh vide their rating letter dated October 9, 2023 and further revalidated vide letter dated November 3, 2023. The rating has been reaffirmed and outlook revised from CRISIL AA-/ Stable (Pronounced as CRISIL double A minus rating with Stable outlook) for an amount of ₹ 50,000 lakh, originally issued vide their rating letter dated January 20, 2023. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Rating given by CRISIL Ratings Limited is valid as on the date of this Shelf Prospectus and shall remain valid on date of issue and allotment of NCDs and the listing of the NCDs on Stock Exchange, unless withdrawn. The rating is not a recommendation to buy, sell or hold the rated instrument and CRISIL Ratings Limited does not comment on the market price or suitability for any particular investor and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. For the rating letter, rationale and press release for these ratings, see "**Annexure A**".

There are no unaccepted ratings and any other ratings other than as specified in this Shelf Prospectus.

Disclaimer Statement of CRISIL Ratings Limited

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Legal Counsel to the Issue

Khaitan & Co
One World Centre
13th& 10th Floor, Tower 1C
Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India
Tel: +91 22 6636 5000

Banker(s) to our Company

IDFC First Bank
IDFC First Bank Limited,
KRM Tower, 7th Floor, No. 1 Harrington Road,
Chetpet, Chennai-600031, Tamil Nadu
Tel: +91 22 7132 5500
Email: rahul.agarwal@idfcfirstbank.com
Website: www.idfcfirstbank.com
Contact Person: Rahul Agarwal

IndusInd Bank Limited
Lower Parel Branch,
Lower Parel, Mumbai 400 013
Tel: +91 22 4268 0671
Email: ritesh.singh@indusind.com
Website: www.indusind.com
Contact Person: Ritesh Singh

State Bank of India
Industrial Finance Branch,
Wakdewadi, Pune

ICICI Bank Limited
ICICI Bank Towers, ICICI Bank Limited,
Bandra Kurla Complex, Bandra East, Mumbai 400051

Tel: +91 20 2561 8261
Email: rm6.ifbpune@sbi.co.in
Website: www.bank.sbi
Contact Person: Sandip Sharma

Tel: +91 22 6696 6468/6499
Email: Nikhil.shetty@icicibank.com
Website: www.icicibank.com
Contact Person: Nikhil Shetty

Kotak Mahindra Bank Limited
Kotak Mahindra Bank
27 BKC,3rd Floor, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
Tel: +91 22 6166 0397
Email: hardik.kotak@kotak.com
Website: N/A
Contact Person: Hardik Chandrakant Kotak

Federal Bank Limited
The Federal Bank Limited,
Corporate and Institutional Banking,
Laxmi Towers, C wing, 5th Floor, BKC,
Bandra East, Mumbai – 400 051
Tel: +91 99202 50090
Email: hasrat@federalbank.co.in
Website: https://www/federalbank.co,in
Contact Person: Hasrat Borbora

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who —

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of the amount involved in the fraud. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Recovery Expense Fund

Our Company shall create a recovery expense fund in the manner as specified by SEBI in SEBI Debenture Trustee Master Circular as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and inform the Debenture Trustee regarding the creation of such fund. The Recovery expense fund may be utilized by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, and the Applicable Laws, for taking appropriate legal action to enforce the security.

Inter-se allocation of Responsibility

The following table sets forth the responsibilities for various activities by the Lead Managers:

S. No.	Activities	Responsibility	Coordinator
1.	Due diligence of Company's operations/ management/ business plans/ legal etc. • Drafting of the offering document. • Coordination with Stock Exchange for in-principle approval	JM Financial and Nuvama	JM Financial
2.	Structuring of various issuance options with relative components and formalities etc.	JM Financial and Nuvama	JM Financial
3.	Co-ordination with auditors for auditor deliverables and co-ordination with lawyers for legal opinion	JM Financial and Nuvama	JM Financial

S. No.	Activities	Responsibility	Coordinator
4.	Drafting and approval of statutory advertisement.	JM Financial and Nuvama	JM Financial
5.	Appointment of other intermediaries i.e., Registrar, Debenture Trustee, Consortium/Syndicate Members, printer, advertising agency and Public Issue Bank, Refund Bank and Sponsor Bank.	JM Financial and Nuvama	JM Financial
6.	Coordination with the printer for designing and finalization of Issue Documents, Application Form including memorandum containing salient features of the Issue Documents.	JM Financial and Nuvama	Nuvama
7.	Drafting and approval of all publicity material (excluding statutory advertisement as mentioned in 4 above) including print and online advertisement, outdoor advertisement including brochures, banners, hoardings etc.	JM Financial and Nuvama	Nuvama
8.	Preparation of road show presentation, FAQs.	JM Financial and Nuvama	JM Financial
9.	Marketing strategy which will cover, inter alia: • Deciding on the quantum of the Issue material and follow-up on distribution of publicity and Issue material including Application Forms, Issue Documents, posters, banners, etc. • Finalise collection centres; • Coordinate with Registrar for collection of Application Forms by ASBA banks; • Finalisation of list and allocation of institutional investors for one on one meetings.	JM Financial and Nuvama	Nuvama
10.	Domestic institutions/banks/mutual funds marketing strategy: • Finalize the list and division of investors for one on one meetings, institutional allocation	JM Financial and Nuvama	JM Financial
11.	Non-institutional marketing strategy which will cover, inter alia: • Finalize media, marketing and public relation strategy and publicity budget; • Finalize centers for holding conferences for brokers, etc.	JM Financial and Nuvama	Nuvama
12.	Coordination with the Stock Exchange for use of the bidding software	JM Financial and Nuvama	Nuvama
13.	Coordination for security creation by way of execution of Debenture Trust Deed	JM Financial and Nuvama	Nuvama
14.	Post-issue activities including: • Co-ordination with Bankers to the Issue for management of Public Issue Account(s), Refund Account and any other account and • Allotment resolution	JM Financial and Nuvama	Nuvama
15.	• Drafting and finalization of post issue stationery items like, allotment and refund advice, etc.; • Coordination for generation of ISINs; • Corporate action for dematerialized credit /delivery of securities; • Coordinating approval for listing and trading of securities; and Redressal of investor grievances in relation to post issue activities.	JM Financial and Nuvama	Nuvama

Underwriting

The Issue is not underwritten**.**

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, the entire blocked Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight Working Days from the relevant tranche issue closing date. In the event there is delay in unblocking of funds/refunds, our Company shall be liable to repay the money, with interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription amount was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Designated Intermediaries

Self-Certified Syndicate Bank

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Syndicate is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45 and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised or any such other website as may be prescribed by SEBI from time to time =yes) or any such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate or the Trading Members of the Stock Exchange only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the Members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45) as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and RTA Master Circular and the SEBI Master Circular , Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com.

The list of the Registered Brokers, RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the website of the BSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 for Registered Brokers and http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 for RTAs and CDPs, as updated from time to time.

The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please see, "*Objects of the Issue*" beginning on page 53.

Issue Programme*

Issue Opens on	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Closes on	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Pay in Date	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Deemed Date of Allotment	As specified in the relevant Tranche Prospectus for each Tranche Issue.

**This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the relevant Tranche Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the relevant Tranche Issue and subject to not exceeding thirty days from the date of filing of relevant Tranche Prospectus with ROC) as may be decided by the Board of Directors or Asset Liability Committee of our Company, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the relevant Tranche Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of the relevant Tranche Issue has been given on or before such earlier or initial date of such Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.*

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) ("**Bidding Period**"), during the Issue Period as mentioned in the relevant Tranche Prospectus for each Tranche Issue on all Working Days (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI Master Circular, the allotment in this Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as on September 30, 2023 is set forth below:

Share Capital	(₹)
AUTHORISED SHARE CAPITAL	
100,00,00,000 Equity Shares of ₹ 10 each	10,00,00,00,000
Total Authorised Share Capital	**10,00,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
92,87,28,108 Equity Shares of ₹ 10 each	9,28,72,81,080
Total	**9,28,72,81,080**
Securities Premium Account	**58,60,65,609**

Note: There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.

Details of change in authorised share capital of our company for the preceding three financial years and current financial year:

There is no change in authorised share capital for the preceding three financial years and current financial year upto September 30, 2023.

Changes in the Equity Share capital of our Company for the preceding three financial years and current financial year up to September 30, 2023:

Date of Allotment	No of Equity Shares	Face Value	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative		
						No. of Equity Shares	Equity Share Capital (₹ in lakhs)	Equity Share Premium (₹ in lakhs)
August 11, 2020	11,34,69,828	10.00	11.00	Cash	Rights Issue(1)	63,99,69,828	63,996.98	1,134.70
May 18, 2021	4,54,52,403	10.00	11.00	Cash	Rights Issue(2)	68,54,22,231	68,542.22	1,589.22
August 23, 2021	7,44,18,604	10.00	10.75	Cash	Preferential Allotment(3)	75,98,40,835	75,984.08	2,147.36
December 2, 2021	15,000	10.00	10.00	Cash	ESOP Exercise(4)	75,98,55,835	75,985.58	2,147.36
March 31, 2022	-	-	-	-	-	-	-	2,147.92(4)
May 27, 2022	8,24,99,765	10.00	12.00	Cash	Rights Issue(5)	84,23,55,600	84,235.56	3,797.92
August 19, 2022	4,16,66,666	10.00	12.00	Cash	Rights Issue(6)	88,40,22,266	88,402.23	4,631.25
June 5, 2023	4,47,05,842	10.00	12.75	Cash	Rights Issue(7)	92,87,28,108	92,872.81	5,860.66

(1) *Allotment of 11,34,69,828 Equity Shares to Kirloskar Oil Engines Limited. Share application money was received in three calls. On August 11, 2020 our Company received ₹ 4 per equity share on application (i.e. ₹ 3 per Equity Share towards Face Value and ₹ 1 per Equity Share towards share premium). The Face Value of Equity Shares was called in 2 tranches i.e. ₹ 3 per Equity Share towards Face Value on January 15, 2021 and ₹ 4 per Equity Share towards Face Value on February 12, 2021.*

(2) *Allotment of 4,54,52,403 Equity Shares to Kirloskar Oil Engines Limited*

(3) *Allotment of 7,44,18,604 Equity Shares to Arka Financial Holdings Private Limited*

(4) *₹ 0.55 Lakhs were transferred from share options outstanding account to securities premium account on account of exercise of ESOP*

(5) *Allotment of 8,24,98,136 Equity Shares to Arka Financial Holdings Private Limited and 1,629 Equity Shares to Ritesh Jhanwar.*

(6) *Allotment of 4,16,65,844 Equity Shares to Arka Financial Holdings Private Limited and 822 Equity Shares to Ritesh Jhanwar*

(7) *Allotment of 4,47,04,960 Equity Shares to Arka Financial Holdings Private Limited and 882 Equity Shares to Ritesh Jhanwar*

Issue of Equity Shares for consideration other than cash for the preceding three financial years and current financial year

Our Company has not issued any Equity Shares for consideration other than cash.

Shareholding pattern of our Company as on September 30, 2023

Table I – Summary Statement holding of specified securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid-up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialised form
								No of Voting Rights: Class e.g.: Equity Shares	No of Voting Rights: Class e.g.: y	No of Voting Rights: Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No.	As a % of total Shares held	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	7*	92,87,09,775*	Nil	Nil	92,87,09,775	99.998	92,87,09,775	Nil	92,87,09,775	99.998	Nil	99.998	Nil	Nil	Nil	Nil	92,87,09,775
(B)	Public	1	18,333	Nil	Nil	18,333	0.002	18,333	Nil	18,333	0.002	Nil	0.002	Nil	Nil	Nil	Nil	18,333
I	Non-Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employees Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total:	**8**	**92,87,28,108**	**-**	**-**	**92,87,28,108**	**100.000**	**92,87,28,108**	**-**	**92,87,28,108**	**100.000**	**-**	**100.000**	**-**	**-**	**-**	**-**	**92,87,28,108**

**Includes 6 (six) individuals holding 1 (one) equity share each. In terms of Section 89 of the Companies Act, 2013, such equity shares are held by individuals as a registered owner and Arka Financial Holdings Private Limited (Holding Company and Promoter) is a beneficial owner. Hence, these 6 individuals are not the Promoter of our Company.*

Table –II – Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities – No of Voting Rights – Class X	Number of Voting Rights held in each class of securities – No of Voting Rights – Class Y	Number of Voting Rights held in each class of securities – No of Voting Rights – Total	Number of Voting Rights held in each class of securities – Total as a % of (A+B+C)	No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares – No.	Number of Locked in Shares – As a % of total Shares held	Number of Shares pledged or otherwise encumbered – No.	Number of Shares pledged or otherwise encumbered – As a % of total Shares held	Number of equity shares held in dematerialized form
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)(1)	Indian																		
(a)	Individuals/ Hindu undivided Family		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/ Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Arka Financial Holdings Private Limited	AAVCA4748F	7*	92,87,09,775	-	-	92,87,09,775	99.998	92,87,09,775	-	92,87,09,775	99.998	-	99.998	-	-	-	-	92,87,09,775
	Sub-Total (A)(1)	**-**	**7***	**92,87,09,775**	**-**	**-**	**92,87,09,775**	**99.998**	**92,87,09,775**	**-**	**92,87,09,775**	**99.998**	**-**	**99.998**	**-**	**-**	**-**	**-**	**92,87,09,775**
(A)(2)	Foreign																		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**-**	**7***	**92,87,09,775**	**-**	**-**	**92,87,09,775**	**99.998**	**92,87,09,775**	**-**	**92,87,09,775**	**99.998**	**-**	**99.998**	**-**	**-**	**-**	**-**	**92,87,09,775**

** Includes 6 (six) individuals holding 1 (one) equity share each. In terms of Section 89 of the Companies Act, 2013, such equity shares are held by individuals as a registered owner and Arka Financial Holdings Private Limited (Holding Company and Promoter) is a beneficial owner. Hence, these 6 individuals are not the promoter of our Company.*

Table III- Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights: Class X	Class Y	Total	Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(B) (1)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I(c)	Alternate Investment Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions/ Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Insurance Companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Foreign Nationals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B) (2)	Central Government/ State Government(s)/ President of India		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B) (3)	Non-Institutions																		
(a)	i. Individual shareholders holding nominal share capital up to ₹ 2 lakh	ALHP J4144 N	1	18,333	-	-	18,333	0.002	18,333	-	18,333	0.002	-	0.002	-	-	-	-	18,333
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	NBFCs Registered with RBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (Holding DRs) (Balancing figure)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Non Resident Indians		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Clearing Members		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Qualified Institutional Buyer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Non Resident Indian Non		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
	Repatriable																		
	Bodies Corporates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(3)		**1**	**18,333**	**-**	**-**	**18,333**	**0.002**	**18,333**	**-**	**18,333**	**0.002**	**-**	**0.002**	**-**	**-**	**-**	**-**	**18,333**
	Total Public Shareholding (B) = (B)(1)+ (B)(2)+(B)(3)		1	18,333	-	-	18,333	0.002	18,333	-	18,333	0.002	-	0.002	-	-	-	-	18,333

List of top 10 holders of Equity Shares of our Company as on September 30, 2023

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	Arka Financial Holdings Private Limited	92,87,09,769	92,87,09,769	99.998%
2.	Vimal Bhandari*	1	1	
3.	Nachiket Naik*	1	1	
4.	Mridul Sharma*	1	1	
5.	Mahesh Chhabria*	1	1	
6.	Manish Nagarsekar*	1	1	
7.	Aditi Mahamunkar*	1	1	
8.	Ritesh Jhanwar	18,333	18,333	0.002%
	Total	92,87,28,108	92,87,28,108	100.00%

**In terms of Section 89 of the Companies Act, 2013, the individuals are holding equity shares as "Registered Owner" and the "Beneficial Owner" is Arka Financial Holdings Private Limited.*

List of top 10 holders of non-convertible securities as on September 30, 2023

Sr. No.	Name of the holder of Non-convertible Securities	Category of Holder	Amount (in ₹ lakh)	Holding as a % of outstanding non-convertible securities
1.	HDFC Mutual Fund – HDFC Low Duration Fund	Mutual Fund	14,000.00	17.13%
2.	IDFC First Bank Limted	Bank	10,010.00	12.25%
3.	Sporta Technologies Private Limited	Body Corporate	8,000.00	9.79%
4.	BOI Shareholding Limited	Body Corporate	7,500.00	9.18%
5.	Kotak Mahindra Investments Limited	Body Corporate	5,000.00	6.12%
6.	HDFC Mutual Fund – HDFC Short Term Debt Fund	Mutual Fund	5,000.00	6.12%
7.	Tata Capital Financial Services Limited	Body Corporate	5,000.00	6.12%
8.	HDFC Mutual Fund – HDFC Medium Term Debt Fund	Mutual Fund	2,500.00	3.06%
9.	HDFC Mutual Fund – HDFC Credit Risk Debt Fund	Mutual Fund	2,500.00	3.06%
10.	KEMWELL Biopharma Private Limited	Body Corporate	2,500.00	3.06%

List of top 10 holders of commercial paper as on September 30, 2023 in terms of value (on cumulative basis):

S. No.	Name of the holder of commercial paper	Category of Holder	Amount (in ₹ lakh) Face Value of holding	Holding as a % of total commercial paper outstanding
1.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Money Manager Fund	Mutual Fund	5,000.00	38.46%
2.	Cyient Limited	Body Corporate	2,500.00	19.23%
3.	Shriram Housing Finance Limited	Body Corporate	2,500.00	19.23%
4.	The Greater Bombay Co-operative Bank Limited	Bank	1,000.00	7.69%
5.	Roppen Transportation Services	Body Corporate	1,000.00	7.69%
6.	Deogiri Nagari Sahakari Bank Limited	Bank	500.00	3.85%
7.	Suco Souharda Sahakari Bank Limited; Bellary	Bank	500.00	3.85%

Statement of the aggregate number of securities of our Company and our subsidiary purchased or sold by our Promoters, Promoter Group, our Directors/or their relatives and the directors of our Promoters within six months immediately preceding the date of filing of this Shelf Prospectus.

No securities of our Company have been purchased or sold by our Promoters, promoter group, our Directors and/or their relatives, directors of our Promoters within six months immediately preceding the date of filing of this Shelf Prospectus.

As on the date of this Shelf Prospectus, our Company has no subsidiaries.

Statement of Capitalization

Statement of capitalization (Debt to Equity Ratio) of our Company as on September 30, 2023.

(₹ in lakh, except Debt/Equity ratio)

Particulars	Pre-Issue as at September 30, 2023	Post Issue as Adjusted
Debt		
Debt Securities & Subordinated Liabilities	98,725.57	1,48,725.57
Borrowings (other than debt securities)	2,16,642.92	2,16,642.92
Total Debt (A)	3,15,368.49	3,65,368.49
Equity		
Equity share capital	92,872.81	92,872.81
Other equity	21,322.04	21,322.04
Total Equity (B)	1,14,194.85	1,14,194.85
Debt/ Equity (C = A/B)*	2.76	3.20

**The debt-equity ratio post Issue in indicative on account of the assumed inflow of ₹ 50,000 lakhs from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Shareholding of Directors in our Company

Except for Mr. Vimal Bhandari and Mr. Mahesh Chhabria, who hold one Equity Share each, none of the Directors in our Company hold any Equity Shares as on September 30, 2023. In terms of Section 89 of the Companies Act, 2013, Mr. Vimal Bhandari and Mr. Mahesh Chhabria hold Equity Shares as registered owners of the said Equity Shares and the beneficial owner of the said Equity Share is Arka Financial Holdings Private Limited.

Details of Promoters' shareholding in our Company's Subsidiary

Nil. As on the date of this Shelf Prospectus our Company has no subsidiaries.

Details of Promoters' shareholding in our Joint Venture and Associate Companies

Nil. Our Company has no joint venture or associate companies as on the date of this Shelf Prospectus.

Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior to filing of this Shelf Prospectus.

Details of any reorganization or reconstruction in the last one year

Our Company has not made any reorganization or reconstruction in the last one year prior to filing of this Shelf Prospectus.

Details of debt securities that were issued at a premium or a discount by the Company

Other than as disclosed in the section "*Financial Indebtedness*" and "*Material Developments*" on page 152 and on page 151 respectively, no debt securities were issued at a premium or a discount by the Company.

Details of shareholding of our Directors in our Subsidiaries, Associate or Joint Ventures as of date of this Shelf Prospectus

Nil. Our Company has no subsidiaries, associate or joint ventures as on the date of this Shelf Prospectus.

Details of change in the promoter holding in our Company during the last financial year beyond 26 % (as prescribed by RBI)

There has been no change in the promoter holding in our Company during the last financial year beyond 26%.

Employee Stock Option Scheme

Our Company instituted the Employees Stock Option Plan 2019 ("**ESOP 2019**") pursuant to a special resolution dated May 2, 2019. Under ESOP 2019, our Company can grant 5,00,00,000 employee stock options exercisable into not more than 5,00,00,000 Equity Shares of face value of ₹10 each. The eligibility and number of options to be granted to an employee is determined on the basis of criteria laid down in the ESOP 2019 and is approved by the Nomination and Remuneration Committee.

The options granted shall vest on the eligible employees of our Company, as determined in accordance with ESOP 2019, subject to maximum period of 5 years from the date of respective grant of options, as mentioned in the grant letters, and can be exercised in accordance with ESOP 2019 and applicable laws, acts, rules and regulations.

Please refer below for the details of ESOP 2019 as on September 30, 2023:

Sr. No.	Particulars	Number of stock options
1	Stock options granted	3,77,45,000
2	Stock options vested	2,40,10,000
3	Stock options exercised	15,000
4	Total number of shares arising out of exercise of Stock options	15,000
5	Stock options lapsed	8,35,000
6	Face value (in ₹)	10.00
7	Exercise price (in ₹)	Variable as per each grant

Details of pledge or encumbrance of equity shares held by Promoters and Promoter Group

None of the Equity Shares held by the Promoters in our Company are pledged or encumbered otherwise by our Promoters.

Except our Promoter (Arka Financial Holdings Private Limited), none of our Promoter Group holds equity shares in the Company.

OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Shelf Prospectus for a public issue of secured, rated, listed, redeemable, NCDs for an amount up to ₹ 50,000 lakh (the "Shelf Limit). The NCDs will be issued in one or more tranches up to the Shelf Limit, on the terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue, which should read together with the Draft Shelf Prospectus and this Shelf Prospectus.

The Issue is being made pursuant to the provisions of the SEBI NCS Regulations and the Companies Act and the rules made there under. Our Company proposes to utilize the proceeds raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**") towards funding the objects listed under this section.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (₹ in lakh)
Gross proceeds of the Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue
Less: Issue related expenses*	As specified in the relevant Tranche Prospectus for each Tranche Issue
Net proceeds	As specified in the relevant Tranche Prospectus for each Tranche Issue

**The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

Requirement of Funds and Utilization of Net Proceeds

The following table details the objects of the Issue (collectively, referred to herein as the "**Objects**") and the amount proposed to be financed from Net Proceeds:

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
a.	For the purpose of onward lending, financing and for repayment of interest and principal of existing borrowings of the Company*	At least 75%
b.	General Corporate Purposes**	Maximum up to 25%
	Total	**100%**

**Our Company will not utilise the proceeds of this Issue towards payment of prepayment penalty, if any*
***The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

The main objects clause of the Memorandum of Association of the Company permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Issue related expenses break-up

The expenses for this Issue include, inter alia, lead management fees and selling commission to the Lead Managers, Consortium Members and intermediaries as provided for in the SEBI Master Circular, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for this Issue and the timeline for such payment for this Issue shall be as specified in the relevant Tranche Prospectus.

Purpose for which there is a requirement of funds

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Funding Plan

Our Company confirms that for the purpose of this Issue, funding plan will not be applicable.

Summary of the project appraisal report

Our Company confirms that for the purpose of this Issue, summary of the project appraisal report will not be applicable.

Schedule of implementation of the project

Our Company confirms that for the purpose of this Issue, schedule of implementation of the project will not be applicable.

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2024, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon receipt of minimum subscription, i.e. 75% of base issue size for relevant Tranche Issue, the execution of the documents for creation of security and the Debenture Trust Deed and receipt of final listing and trading approval from the Stock Exchange. Our Company, in accordance with the timeline prescribed in SEBI Listing Regulations, submit to the stock exchange, a statement indicating the utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Interim use of proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have the flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest/non-interest bearing liquid instruments including money market mutual funds, deposits with banks, current account of banks or temporarily deploy the funds in investment grade interest bearing securities or others.

Other Confirmations

In accordance with the SEBI NCS Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the Promoter Group or Group Companies.

Proceeds from the Issue shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property. No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, the Directors, Key Managerial Personnel, Senior Managerial Personnel or companies promoted by our Promoters except in ordinary course of business.

No part of the proceeds from the Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

All monies received out of the Issue shall be credited/ transferred to a separate bank account maintained with a Scheduled Bank as referred to in section 40(3) of the Companies Act 2013.

Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

Our Company confirms that it will not use the proceeds from the Issue or any part of the proceeds, directly or indirectly, for the purchase of any business or in the purchase of an interest in any business and by reason of that purchase or anything done in consequence thereof, or in connection therewith our Company shall become entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof, the purchase or acquisition of any immovable property (direct or indirect) for which advances have been paid to third parties or acquisition of securities of any other body corporate.

The fund requirement above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

There is no contribution being made or intended to be made by the Directors as part of the Issue or separately in furtherance of the Objects of the Issue, except to the extent of NCDs subscribed by the Directors (if subscribed).

Variation in terms of contract or objects in this Shelf Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Shelf Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013. Further, in accordance with the SEBI Listing Regulations, in case of any material deviation in the use of proceeds as compared to the objects of the issue, the same shall be indicated in the format as specified by SEBI from time to time.

Benefit / interest accruing to Promoters/Directors out of the object of the Issue

Neither our Promoters nor the Directors of our Company are interested in the Objects of this Issue.

STATEMENT OF POSSIBLE TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURES HOLDERS

The Board of Directors
Arka Fincap Limited
2504, 2505, 2506, 25th Floor,
One Lodha Place, Lodha World Towers,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, Maharashtra, India

Dear Sirs

Statement of Possible Tax Benefits available to the debenture holders of Arka Fincap Limited(the "Company") in connection with the Proposed public issue by Arka Fincap Limited ("Company"/ "Issuer") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000/- each ("NCDs") for an amount aggregating to ₹ 500,00,00,000 (the "Shelf Limit") ("Issue", "Issue Size"). The NCDs will be issued in one or more tranches up to the Shelf Limit, on terms and conditions as set out in separate Tranche Prospectus(es) for each Tranche Issue.

1. We hereby confirm that the enclosed 'Statement of Possible Tax Benefits available to the Debenture Holders' ("**Statement**"), prepared by Arka Fincap Limited (the "**Company**"), provides the possible tax benefits available to the debenture holders of the Company under the Income tax Act, 1961 (the "**Act**") as amended by the Finance Act, 2023, i.e. applicable for the Financial Year 2023-2024 relevant to the Assessment Year 2024-2025 respectively, presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which, the debenture holders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. We do not express any opinion or provide any assurance as to whether:

    i) the debenture holders will continue to obtain these benefits in future;

    ii) the conditions prescribed for availing the benefits have been / would be met with; and

    iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

5. This Statement has been issued at the request of the Company for the purpose of inclusion in the offer document in connection with its proposed Issue and should not be used by anyone else or for any other purpose.

6. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

7. We hereby consent to inclusion of the extracts of this certificate in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus in relation to any relevant Tranche Issue and/or any other document in relation to the Issue ("**Issue Documents**").

8. This certificate has been issued at the request of Arka Fincap Limited for use in connection with the Issue and may accordingly be furnished as required to SEBI, BSE Limited, Registrar of Companies, Maharashtra at Mumbai or any other regulatory authorities, as required, and shared with and relied on as necessary by the Company, lead

managers, legal counsel and any other advisors and intermediaries duly appointed in this regard. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

9. We also agree to keep strictly confidential until such time as the Issue is publicly announced by the Company in the form of press release (i) nature and scope of the Issue and (ii) our knowledge of the Issue.

10. All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Issue Documents.

For P G BHAGWAT LLP
Chartered Accountants
FRN: 101118W/W100682

Nachiket Deo
Partner
Membership No. 11769

Place: Mumbai
Date: November 28, 2023

UDIN: 23117695BGXKXR2405

STATEMENT

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURES HOLDER(S)

This Annexure is based on the provisions of the Income-tax Act, 1961 (‘IT Act’) in force as on the current date, after considering the amendments made by the Finance Act, 2023 (‘FA, 2023’).

This Annexure intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out of their participation in the Portfolio as indicated herein.

Taxability under the IT Act

A. Common provisions applicable to both Resident and Non-Resident debenture holders:

1. Determination of head of income for the purpose of assessability:

The returns received by the investors from the Non-Convertible Debentures (‘NCD’) in the form of ‘interest’ and gains on transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and gains of business or profession (‘PGBP’);
- Capital gains (‘CG’); and
- Income from other sources (‘IFOS’).

For determining the appropriate head of income (as mentioned above) *vis-à-vis* the income or loss earned on/ from the NCD, it will be pertinent to analyse whether the NCD are held as ‘Investments’ i.e. capital asset or as ‘Stock-in-trade’.

If the NCD are held as ‘Stock-in-trade’, interest income as well as gain or loss on its transfer will be assessed to tax under the head PGBP, whereas, if the NCD are held as ‘Investments’, then the interest income will be assessed to tax under the head IFOS and any gain/ loss on its transfer will be assessed to tax under the head CG (explained in ensuing paragraphs), based on facts of each case.

However, as per section 2(14) of the IT Act, ‘capital asset’ includes, *inter alia,* securities held by a Foreign Institutional Investor (‘FII’) [now known as Foreign Portfolio Investor (‘FPI’)] which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992. Accordingly, such securities, held by an FII, will be characterised as ‘capital asset’ and classification as ‘Stock-in-trade’ shall not apply.

The investors may obtain specific advice from their tax advisors regarding the above classification and tax treatment.

2. Taxation of Interest and Gain/ loss on transfer of debentures:

- ***Taxation of Interest***

Income by way of interest received on NCD held as ‘Investments’ (i.e. capital asset) will be charged to tax under the head IFOS at the rates applicable to the investor after deduction of expenses, if any, allowable under section 57 of the IT Act. These are essentially expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income. In case of NCD held as ‘Stock-in-trade’, interest received thereon will be charged to tax under the head PGBP. Further, any expenditure specifically laid out or expended wholly and exclusively for the purpose of earning such interest income shall be allowed as deduction.

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their Interest income.

- ***<u>Taxation of gain or loss on transfer</u>***

(a) Taxable under the head PGBP

As discussed above, depending on the particular facts of each case, the NCD may, in certain cases, be regarded to be in the nature of 'Stock-in-trade' and, accordingly, the gains from the transfer of such NCD should be considered to be in the nature of business income and hence chargeable to tax under the head PGBP.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (i.e. net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

Based on section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e. cash or mercantile).

Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.

(b) Taxable under the head Capital Gains

As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as 'Investments' in which case the gains or loss from the transfer of such NCD should be chargeable to tax under the head CG.

In such a scenario, the gains / loss from the transfer of such NCD may be chargeable to tax on a 'net' basis (i.e. net of acquisition cost of NCD, expenditure incurred in relation to transfer of NCD).

Investors should, however, seek specific advice from their tax advisors/ consultants in respect of characterization of capital gains, the manner of computation and the tax to be paid thereon

3. Period of holding and Capital gain – long term & short term:

As per section 2(29AA) read with section 2(42A) of the IT Act, listed NCD is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer and consequently, the gain/ loss on transfer of such NCD should be treated as long term capital gain/ loss.

Accordingly, if listed NCD is held for up to 12 months immediately preceding the date of its transfer, the same should be treated as a short-term capital asset and the gain/ loss on transfer of such NCD should be treated as short-term capital gain/ loss.

Without prejudice to the fact that the NCDs to be issued by the issuer are not MLD (as has been concluded at the outset), where, for whatsoever reasons, the NCDs are treated as MLDs, then in such cases, as per the amendment by the FA, 2023, the capital gains arising on transfer or redemption or maturity of such NCDs shall be deemed to be capital gains arising from transfer of a short-term capital asset. Further, in computing the capital gains, no deduction shall be allowed on account of Securities Transaction Tax (STT) paid, if any.

4. Computation of capital gains and tax thereon

Capital gains is computed after reducing from the consideration received for the transfer of the capital asset ['full value of consideration (FVC)], the cost of acquisition (CoA) of such asset and the expenses incurred wholly and exclusively in connection with the transfer. The capital gains so computed will be chargeable to tax at the rates as detailed in the ensuing paragraphs.

5. Set off of capital losses

As per section 74 of the IT Act, long-term capital loss incurred during a year can be set-off only against long-term capital gains arising in that year or in subsequent years and cannot be set-off against short-term capital gains arising in that year or in subsequent years. The long-term capital loss remaining after set-off, if any, can be carried forward for eight years immediately succeeding the year in which the loss was first computed, to be for set-off against subsequent years' long-term capital gains.

On the other hand, short-term capital loss incurred during a year can be set-off against both, short-term and long-term capital gains of the same year or of subsequent years. The short-term capital loss remaining after set-off, if any, can be carried forward for eight years immediately succeeding the year in which the loss was first computed, to be set-off against subsequent years' short-term as well as long-term capital gains.

B. Tax benefits available to Resident NCD holders:

- Interest on NCD received by resident NCD holders would form part of their total income and be subject to tax at the applicable rates of tax (Note 1 and 2 below) in accordance with and subject to the provisions of the IT Act.

- Capital gains on transfer of NCD shall be computed by deducting from the FVC, expenditure incurred wholly and exclusively in connection with the transfer and the CoA of the NCD.

  As per section 112 of the IT Act, capital gains arising on the transfer of long-term capital assets being listed debentures are subject to tax at the rate of 10% (plus applicable surcharge and health & education cess – Note 2 below) on the capital gains calculated without indexing the cost of acquisition (Fourth *proviso* to Section 48 restricts indexation benefit in case of long-term capital asset being a bond or debenture).
  In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.
  Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with the provisions of the IT Act.

C. Tax benefits available to Non-Resident debenture holders:

- A non-resident Indian has an option to be governed by Chapter XII-A of the IT Act, subject to the provisions contained therein which are given in brief as under:

- As per section 115C(e) of the IT Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

- As per section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20% (plus applicable surcharge and cess), whereas long term capital gains on transfer of such debentures will be taxable at 10% (plus applicable surcharge and cess – Note 2 below) of such capital gains without indexation of CoA. Short-term capital gains will be taxable at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions contained therein.

- Under section 115F of the IT Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the whole of the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the IT Act in accordance with and subject to the provisions contained therein.

- Under section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the IT Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act in accordance with and subject to the provisions contained therein.

- Under section 115H of the IT Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian

Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A of the IT Act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

- In accordance with and subject to the provisions of section 115-I of the IT Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the IT Act. In such a case, long-term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% (plus applicable surcharge and cess – Note 2 below) computed without indexation of CoA.

- Interest income and short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions of the IT Act.

- Without prejudice to the fact that the NCDs to be issued by the issuer are not MLD (as has been concluded at the outset), where, for whatsoever reasons, the NCDs are treated as MLDs, then in such cases, as per the amendment by the FA, 2023, the capital gains arising on transfer or redemption or maturity of such NCDs shall be deemed to be capital gains arising from transfer of a short-term capital asset. Further, in computing the capital gains, no deduction shall be allowed for Securities Transaction Tax (STT) paid, if any.

- Where debentures are held as stock-in-trade, the income on transfer of debentures would be taxed as business income in accordance with and subject to the provisions of the IT Act.

- As per section 90(2) of the IT Act read with the Circular no. 728 dated October 30, 1995, issued by the Central Board of Direct Taxes (‘CBDT’), in the case of a remittance to a country with which a Double Tax Avoidance Agreement (‘DTAA’) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of a valid and subsisting tax residency certificate (‘TRC’) is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the assessee along with the TRC which is valid and subsisting.

D. Tax benefits available to Foreign Institutional Investors (‘FII’s) or Foreign Portfolio Investors (‘FPI’s):

- In accordance with and subject to the provisions of section 115AD of the IT Act, long-term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and cess – Note 2 below) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess - Note 2 below). The benefit of indexation of CoA will not be available.

- Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess - Note 2 below) in accordance with and subject to the provisions of Section 115AD of the IT Act.

- However, the above is subject to any relief available under DTAA entered into by the Government of India (as mentioned in Point C above).

- The CBDT has issued Notification No.9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the IT Act.

E. Withholding provisions

The withholding provisions provided under the IT Act are machinery provisions meant for tentative deduction of income-tax subject to regular assessment. The withholding tax is not the final liability to income-tax of an assessee. For rate of tax applicable to an assessee, please refer Notes 1 and 2 below:

Sr. No.	**Scenarios**	**Provisions**
1	Withholding tax rate on interest on NCD issued to	➢ Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the IT Act at the rate of 10 per cent.

Sr. No.	Scenarios	Provisions
	Indian residents	➢ Further, no tax is required to be deducted on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. However, the FA, 2023 has omitted the aforesaid exemption and thus, any interest paid on or after 1 April 2023, with respect to any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder shall be liable to tax withholding as applicable.
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FII)	➢ Interest to a non-resident, not being a company or to a foreign company by a specified company or a business trust, may be eligible for concessional tax rate of 5 per cent under section 194LC(2)(ia) of the IT Act in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July 2023. The FA, 2023 has extended the applicability of section 194LC of the IT Act with the following modification: 1. The provisions of section 194LC of the IT Act shall continue to apply to monies borrowed from a source outside India by way of issue of long-term bond or rupee denominate bond on or after 1 July 2023 where such bond is listed on a recognised stock exchange located in an International Financial Services Centre. 2. The **rate of tax** in case of the aforesaid borrowings shall be **9 per cent**. 3. With respect to the **borrowings made prior to 1 July 2023**, the provisions of section 194LC of the IT Act, as they applied at that time, shall continue to apply *sans* the modification discussed *supra*. 4. No extension of date for payment of interest in case of section 194LD of the IT Act has been provided by the FA, 2023. Given the same, interest paid on or after 1 July 2023 shall be subject to tax at the rate of 20% (excluding applicable surcharge and cess) subject to availability of DTAA benefits. ➢ Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by a surcharge and health and education cess.
3	Withholding tax rate on interest on NCD issued to non-residents other than FIIs	➢ Interest payable to non-resident (other than FII) would be subject to withholding tax at the rate of 30 per cent/ 40 per cent as per the provisions of section 195 of the IT Act subject to relief under the relevant DTAA depending upon the status of the non-resident. ➢ Alternatively, benefits of concessional rates of 5/ 9 per cent under section 194LC of the IT Act provided the said interest falls within the ambit of the provisions of section 194LC of the IT Act and meets the conditions mentioned therein which *inter-alia* includes the loan / bond being issued prior to/ on or after 1st July 2023, obtaining approval from the Central Government with respect to the rate of interest, etc. ➢ Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable.

Sr. No.	Scenarios	Provisions
4	Withholding tax rate on purchase of 'goods'	➢ As per section 194Q of the IT Act, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 percent. ➢ Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out. ➢ TDS shall not be applicable where; a. Tax is deductible under any of the provisions of the IT Act; or b. Tax is collectible under the provisions of section 206C of the IT Act other than a transaction to which section 206C(1H) of the IT Act applies ➢ The CBDT has issued Circular No 13 of 2021 dated 30 June 2021 laying down guidelines under section 194Q of the IT Act. It *inter alia* provides that TDS under section 194Q of the IT Act shall not apply to transaction in securities and commodities which are traded through recognised stock exchanges or cleared and settled by the recognised clearing corporation (including exchanges or corporation located in IFSC). ➢ Given that the Circular does not provide clarity in respect of shares/ securities traded off-market, it is advisable that the investors obtain specific advice from their tax advisors regarding applicability of these provisions.

F. *Requirement to furnish PAN under the IT Act*

i. Section 139A(5A) requires every person from whose income tax has been deducted under the provisions of chapter XVIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

ii. As per provisions of section 206AA of the IT Act, the payer would be obliged to withhold tax at higher of the following rates in case the deductee has not furnished PAN to the payer:

(i) at the rate in force specified in the relevant provision of the IT Act; or
(ii) at the rates in force; or
(iii) at the rate of twenty per cent

Section 206AA of the IT Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

Further, as per Rule 37BC of the Income-tax Rules, 1962 ('the Rules'), the provisions of section 206AA shall not apply to non-residents where the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

Where an incorrect PAN is provided, it will be regarded as non-furnishing of PAN and TDS shall be deducted as mentioned above, apart from any other penal consequences that may ensue.

iii. Further, as per section 206AB of the IT Act, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:

- twice the rate specified in the relevant provision of the IT Act; or
- twice the rate or rates in force; or
- the rate of 5%

In cases, where both section 206AA and section 206AB of the IT Act are applicable, taxes shall be deducted at higher of the rate prescribed under both the sections.

For the purpose of section 206AB of the IT Act, specified person means any person-

- Who has not filed an income-tax return for the AY relevant to the previous year immediately preceding the previous year in which tax is required to be deducted, and the prescribed time limit to file the income-tax return has expired and;

- The aggregate amount of TDS is INR 50,000 or more in each of the two previous years.

But other than a non-resident who does not have a permanent establishment in India. Further, FA, 2023 has carved-out from the definition of 'specified person' under section 206AB of the IT Act, a person who is not required to file/ furnish a return of income and who, in that behalf, is notified by the Central Government *vide* the Official Gazette.

G. General Anti Avoidance Rules ("GAAR")

The General Anti Avoidance Rule ("GAAR") was introduced in the IT Act by the Finance Act, 2012. The Finance Act, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to accrue or arise or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

H. *Exemption* under Section 54F of the IT Act

Exemptions may be claimed from taxation of LTCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions.

Section 54F of the IT Act exempts long-term capital gains on transfer of any long-term capital asset (other than a residential house), held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within the specified timelines.

Note 1: Tax Rates

Resident Individuals and Hindu Undivided Families:

The FA, 2023 has amended section 115BAC of the IT Act by, inter alia, inserting sub-section (1A) thereto to provide that the tax regime provided under section 115BAC of the IT Act shall be the default tax regime applicable in case of an individual, HUF, AOP (other than a co-operative society), body of individual or artificial juridical, beginning with the financial year 2023-24, except where the assessee specifically opts to be governed by the erstwhile regime.

In such cases, the following shall be the rate of tax applicable:

Slab	Tax rate
Total income up to INR 3,00,000	Nil
More than INR 3,00,000 but up to INR 6,00,000	5 per cent of excess over INR 3,00,000
More than INR 6,00,000 but up to INR 9,00,000	10 per cent of excess over INR 6,00,000 + INR 15,000
More than INR 9,00,000 but up to INR 12,00,000	15 per cent of excess over INR 9,00,000 + INR 45,000
More than INR 12,00,000 but up to INR 15,00,000	20 per cent of excess over INR 12,00,000 + INR 90,000
More than INR 15,00,000	30 per cent of excess over INR 15,00,000 + INR 1,50,000

In computing the income-tax under the new regime, certain deductions like standard deduction available to salaried taxpayers, etc., shall be allowed. However, most of the deductions/exemptions such as section 80C, 80D, etc. would need to be foregone.

A resident individual (whose total income does not exceed Rs 7,00,000) whose income is chargeable to tax under sub-section (1A) of section 115BAC can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 25,000, whichever is less. Further, where the total income exceeds Rs 7,00,000, the assessee shall be entitled for deduction of an amount equal to the amount by which the income-tax payable on the total income exceeds the amount by which the total income exceeds Rs 7,00,000.

Where the assessee as stated above, specifically opts to be governed by the erstwhile regime, the income earned by assessee should be liable to tax as per the applicable slab rates (plus applicable surcharge and health and education cess) based on the taxable income of such assessee. The slab rates applicable to such investors (other than resident individuals aged 60 years or more) are as follows:

Income	**Tax rate***
Up to INR 2,50,000#	NIL
Exceeding INR 2,50,000 up to INR 5,00,000@	5 per cent of the amount by which the total income exceeds INR 2,50,000
Exceeding INR 5,00,000 up to INR 10,00,000	20 per cent of the amount by which the total income exceeds INR 5,00,000 plus INR 12,500$
Exceeding INR 10,00,000	30 per cent of the amount by which the total income exceeds INR 10,00,000 plus INR 112,500$

@A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.
** plus surcharge if applicable and a health and education cess ('cess') of 4 per cent on the amount of tax plus surcharge, if applicable).*
 # for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above (“super senior citizen) Rs 250,000’ has to be read as Rs 500,000.
$Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.

Partnership Firms & LLP’s:

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies:

Type of Domestic company	**Base normal tax rate on income (other than income chargeable at special rates)**	**Base MAT rate**
Domestic companies having turnover or gross receipts of upto Rs 400 Cr in FY 2020-21 (For AY 2023-24) and in FY 2021-22 (For AY 2024-25)	25 per cent	15 per cent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2024, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not applicable

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic companies not falling under any of the above category	30 per cent	15 per cent

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assessees (other than firm, co-operative societies and FIIs):

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) does not exceed Rs 2 crore but total income (including dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) exceeds Rs 2 crore	15 per cent on total tax *The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act.*
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 2 crore	- 25 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act. *The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*

Note: *The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*
As per the FA, 2023, the maximum surcharge rate in case of capital gains chargeable to tax under section 112 of the IT Act, in case of an assessee being an individual, HUF, AOP (not being a co-operative society), BOI or artificial juridical person is also capped to 15%.

FIIs (Non – corporate):

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT	15 per cent on total tax

Particulars	Rate of Surcharge
Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore	- 25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act

Note: The FA, 2023 has capped the highest surcharge rate to 25 per cent.

For assessees other than those covered above:

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	Nil where total income does not exceed Rs 1 crore
	From FY 2022-23 7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	From FY 2022-23 12 per cent where total income exceeds Rs 10 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where total income does not exceed Rs 1 crore
	7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	12 per cent where total income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of total income)
Foreign Companies (including corporate FIIs)	Nil where total income does not exceed Rs 1 crore
	2 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	5 per cent where total income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Notes:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of NCD.
- The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any other law.
- The above statement of possible tax benefits is as per the current direct tax laws (read along with the amendments made by the FA, 2023) relevant for the AY 2024-25 corresponding to the FY 2023-24.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the NCD of the Company.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

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SECTION–IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

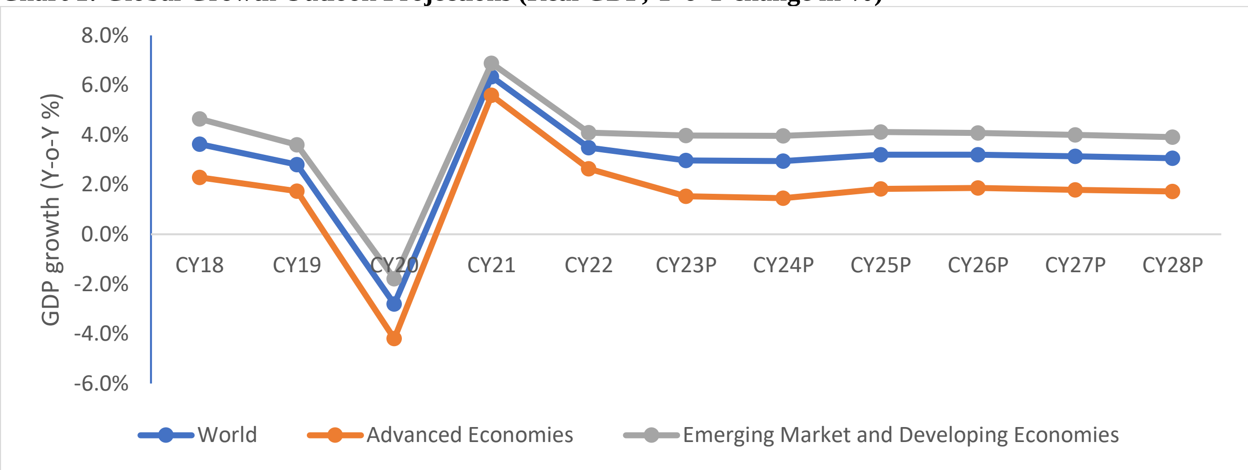
The information under this section has been derived from the CARE Advisory Research and Training Limited ("CART") industry report titled "Research Report on NBFC Industry" November 2023 prepared by CareEdge Research ("CareEdge Report"). The CareEdge Report has been exclusively prepared for the purpose of the Offer and is commissioned and paid-for by the Company. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Shelf Prospectus.

1. Economic Outlook

1.1. Global Economy

As per the International Monetary Fund (IMF)'s World Economic Outlook growth projections released in October 2023, the global economic growth for CY22[1] stood at 3.5% on a year-on-year (y-o-y) basis, down from 6.3% in CY21 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. On the other hand, the global economic growth for CY23 is projected to slow down further to 3.0% and 2.9% in CY24, attributed to compressing global financial conditions, expectant steeper interest rate hikes by major central banks to fight inflation, and spill-over effects from the Russia-Ukraine conflict, with gas supplies from Russia to Europe expected to remain tightened. For the next 4 years, the IMF projects world economic growth in the range of 3.0%-3.2% on a y-o-y basis.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection;
Source: IMF – World Economic Outlook, October 2023

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3
China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4.0	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0
Euro Area	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	1.3

[1] CY – Calendar Year

United States	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (October 2023)

1.1.1. **Advanced Economies Group**

The major advanced economies registered GDP growth of 2.6% in CY22, down from 5.6% in CY21, which is further projected to decline to 1.5% in CY23. This forecast of low growth reflects increased central bank interest rates to fight inflation and the impact of the Russia-Ukraine war. About 90% of advanced economies are projected to witness decline GDP growth in CY23 compared to CY22. In addition, this is further expected to decline to 1.4% in CY24.

One of the major countries from this group is the **United States**. The United States registered GDP growth of 2.1% in CY22 compared to 5.9% in CY21. Whereas, growth for CY23 and CY24 is projected at 2.1% and 1.5%, respectively. Among advanced economies group, private consumption has been stronger in the United States than in the euro area. The business investments have also been robust in the second quarter, in addition, the general government fiscal stance of United States is expected to be expansionary in CY23. However, the unemployment rate is expected to rise coupled with declining wages and savings. With this, the GDP growth is expected to soften in near term.

Further, the **Euro Area** registered GDP growth of 3.3% in CY22 compared to 5.6% in CY21. For CY23 and CY24, the growth is projected at 0.7% and 1.2%, respectively. There is divergence in GDP growth across the euro area. Wherein, Germany is expected to witnesses slight contraction in growth due to weak interest rate sensitive sector and slow trading demand. On the other hand, the GDP growth for France has been revised upwards on account of growing industrial production and external demand.

1.1.2. **Emerging Market and Developing Economies Group**

For the emerging market and developing economies group, GDP growth stood at 4.1% in CY22, compared to 6.9% in CY21. This growth is further projected at 4.0% in CY23 and CY24. About 90% of the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower.

Further, in **China**, growth is expected to pick up to 5.0% with the full reopening in CY23 and subsequently moderate in CY24 to 4.2%. The property market crisis and lower investment are key factors leading to this moderation. Whereas, India is projected to remain strong at 6.3% for both CY23 and CY24 backed by resilient domestic demands despite external headwinds.

The **Indonesian** economy is expected to register growth of 5% both in CY23 and CY24 with a strong recovery in domestic demands, a healthy export performance, policy measures, and normalization in commodity prices. In CY22, **Saudi Arabia** was the fastest-growing economy in this peer set with 8.7% growth. The growth is accredited to robust oil production, non-oil private investments encompassing wholesale and retail trade, construction and transport, and surging private consumption. Saudi Arabia is expected to grow at 0.8% and 4.0% in CY23 and CY24, respectively. On the other hand, **Brazil** is expected to project growth of 3.1% in CY23 driven by buoyant agriculture and resilient services in the first half of CY23.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the GDP has been estimated to be at USD 3.4 trillion for CY22 and is projected to reach USD 5.2 trillion by CY27. India's expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6% in the period of CY24-CY28, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7% share in the global economy, with China [~18%] on the top followed by the United States [~15%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

1.2. Indian Economic Outlook

1.2.1. GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook
India's GDP grew by 9.1% in FY22 and stood at Rs. 149.3 trillion despite the pandemic and geopolitical Russia-Ukraine spillovers. In Q1FY23, India recorded 13.2% y-o-y growth in GDP, largely attributed to improved performance by the agriculture and services sectors. Following this double-digit growth, Q2FY23 witnessed 6.3% y-o-y growth, while Q3FY23 registered 4.5% y-o-y growth. The slowdown during Q2FY23 and Q3FY23 compared to Q1FY23 can be attributed to the normalization of the base and a contraction in the manufacturing sector's output.

Subsequently, Q4FY23 registered broad-based improvement across sectors compared to Q3FY23 with a growth of 6.1% y-o-y. The investments, as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in FY23. Supported by fixed investment and higher net exports, GDP for full-year FY23 was valued at Rs. 160.1 trillion registering an increase of 7.2% y-o-y.

Furthermore, in Q1FY24, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities.

GDP Growth Outlook

- During FY24, strong agricultural and allied activity prospects are likely to boost rural demands. However, a rebound in contact-intensive sectors and discretionary spending is expected to support urban consumption.
- Strong credit growth, resilient financial markets, and the government's continual push for capital spending and infrastructure are likely to create a compatible environment for investments.
- External demand is likely to remain subdued with a slowdown in global activities, thereby indicating adverse implications for exports. Additionally, heightened inflationary pressures and resultant policy tightening may pose a risk to the growth potential.

Taking all these factors into consideration, in October 2023, the RBI in its bi-monthly monetary policy meeting estimated a real GDP growth of 6.5% y-o-y for FY24.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY24 (complete year)	Q2FY24	Q3FY24	Q4FY24	Q1FY25
6.5	6.5	6.0	5.7	6.6%

Source: Reserve Bank of India

Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

1.2.2. Industry and Services sector leading the recovery charge

• The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

• The **agriculture sector** was holding growth momentum till FY18. In FY19, the acreage for the rabi crop was marginally lower than the previous year which affected the agricultural performance. Whereas FY20 witnessed growth on account of improved production. During the pandemic-impacted period of FY21, the agriculture sector was largely insulated as timely and proactive exemptions from COVID-induced lockdowns to the sector facilitated uninterrupted harvesting of rabi crops and sowing of kharif crops. However, supply chain disruptions impacted the flow of agricultural goods leading to high food inflation and adverse initial impact on some major agricultural exports. However, performance remained steady in FY22.

Further, in Q1FY23 and Q2FY23, the agriculture sector recorded a growth of 2.4% and 2.5%, respectively, on a y-o-y basis. Due to uneven rains in the financial year, the production of some major Kharif crops, such as rice and pulses, was adversely impacted thereby impacting the agriculture sector's output. In Q3FY23 and Q4FY23, the sector recorded a growth of 4.7% and 5.5%, respectively, on a y-o-y basis.

Overall, the agriculture sector performed well despite weather-related disruptions, such as uneven monsoon and unseasonal rainfall, impacting yields of some major crops and clocked a growth of 4% y-o-y in FY23, garnering Rs. 22.3 trillion. In Q1FY24, this sector expanded at a slower pace of 3.1% compared to a quarter ago. Going forward, rising bank credit to the sector and increased exports will be the drivers for the agriculture sector. However, a deficient rainfall may impact the reservoir level weighing on prospects of rabi sowing. A downside risk exists in case the intensity of El Nino is significantly strong.

• The **industrial sector** witnessed a CAGR of 4.7% for the period FY16 to FY19. From March 2020 onwards, the nationwide lockdown due to the pandemic significantly impacted industrial activities. In FY20 and FY21, this sector felt turbulence due to the pandemic and recorded a decline of 1.4% and 0.9%, respectively, on a y-o-y basis. With the opening up of the economy and resumption of industrial activities, it registered 11.6% y-o-y growth in FY22, albeit on a lower base.

The industrial output in Q1FY23 jumped 9.4% on a y-o-y basis. However, in the subsequent quarter, the sector witnessed a sharp contraction of 0.5% due to lower output across the mining, manufacturing, and construction sectors. This was mainly because of the poor performance of the manufacturing sector, which was marred by high input costs. In Q3FY23, the sector grew modestly by 2.3% y-o-y. The growth picked up in Q4FY23 to 6.3% y-o-y owing to a rebound in manufacturing activities and healthy growth in the construction sector. Overall, the industrial sector is estimated to be valued at Rs. 45.2 trillion registering 4.4% growth in FY23.

The industrial sector grew by 5.5% in Q1FY24. The industrial growth was mainly supported by sustained momentum in the manufacturing and construction sectors. Within manufacturing (as captured by IIP numbers), industries such as pharma, non-metallic mineral products, rubber, plastic, metals, etc., witnessed higher production growth during the quarter.

• The **services sector** recorded a CAGR of 7.1% for the period FY16 to FY20, which was led by trade, hotels, transport, communication, and services related to broadcasting, finance, real estate, and professional services. This sector was the hardest hit by the pandemic and registered an 8.2% y-o-y decline in FY21. The easing of restrictions aided a fast rebound in this sector, with 8.8% y-o-y growth witnessed in FY22.

In Q1FY23 and Q2FY23, this sector registered a y-o-y growth of 16.3% and 9.4%, respectively, on a lower base and supported by a revival in contact-intensive industries. Further, the services sector continued to witness buoyant demand and recorded a growth of 6.1% y-o-y in Q3FY23. Supported by robust discretionary demands, Q4FY23 registered 6.9% growth largely driven by the trade, hotel, and transportation industries. Overall, benefitting from the pent-up demand, the service sector was valued at Rs. 20.6 trillion and registered growth of 9.5% y-o-y in FY23.

Whereas in Q1FY24, the services sector growth jumped to 10.3%. Within services, there was a broad-based improvement in growth across different sub-sectors. However, the sharpest jump was seen in financial, real estate, and professional services. Trade, hotels, and transport sub-sectors expanded at a healthy pace gaining from strength in discretionary demand. Accordingly, steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY18	FY19	FY20 (3RE)	FY21 (2RE)	FY22 (1RE)	FY23 (PE)	Q1FY23	Q1FY24
Agriculture, Forestry & Fishing	**6.6**	**2.1**	**6.2**	**4.1**	**3.5**	**4**	**2.4**	**3.5**
Industry	**5.9**	**5.3**	**-1.4**	**-0.9**	**11.6**	**4.4**	**9.4**	**5.5**
Mining & Quarrying	-5.6	-0.8	-3	-8.6	7.1	4.6	9.5	5.8
Manufacturing	7.5	5.4	-3	2.9	11.1	1.3	6.1	4.7
Electricity, Gas, Water Supply & Other Utility Services	10.6	7.9	2.3	-4.3	9.9	9	14.9	2.9
Construction	5.2	6.5	1.6	-5.7	14.8	10	16	7.9

At constant Prices	FY18	FY19	FY20 (3RE)	FY21 (2RE)	FY22 (1RE)	FY23 (PE)	Q1FY23	Q1FY24
Services	**6.3**	**7.2**	**6.4**	**-8.2**	**8.8**	**9.5**	**9.4**	**10.3**
Trade, Hotels, Transport, Communication & Broadcasting	10.3	7.2	6	-19.7	13.8	14	25.7	9.2
Financial, Real Estate & Professional Services	1.8	7	6.8	2.1	4.7	7.1	8.5	12.2
Public Administration, Defence and Other Services	8.3	7.5	6.6	-7.6	9.7	7.2	21.3	7.9
GVA at Basic Price	**6.2**	**5.8**	**3.9**	**-4.2**	**8.8**	**7**	**11.9**	**7.8**

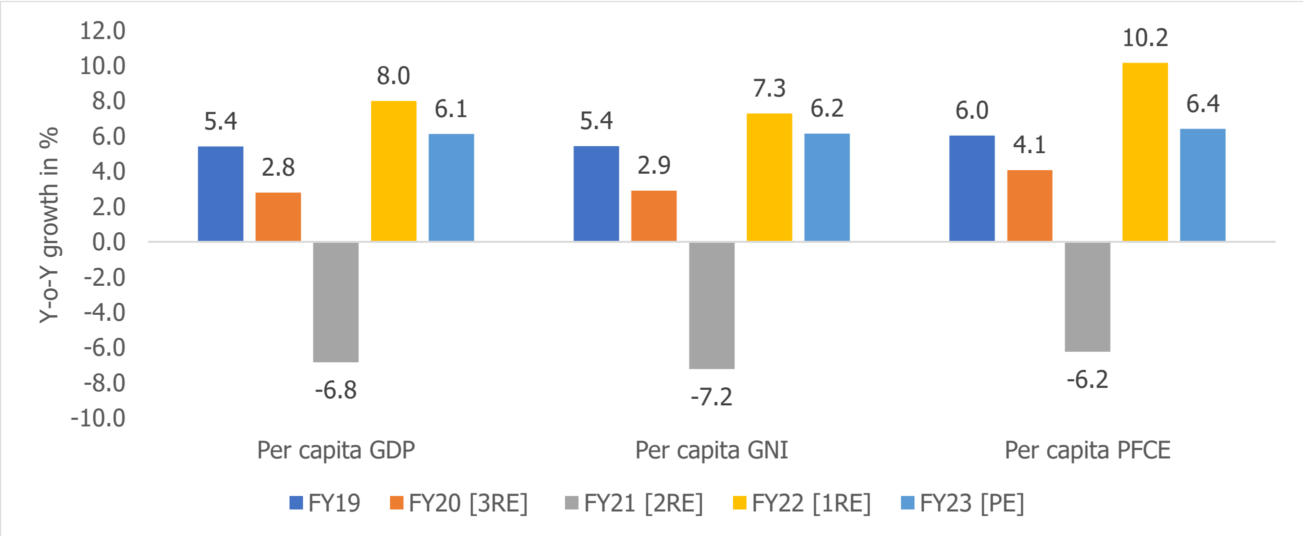
Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

Per capita GDP, Per Capita GNI and Per Capita PFCE

India has a population of about 1.3 billion with a young demographic profile. The advantages associated with this demographic dividend are better economic growth, rapid industrialization and urbanization.

Gross Domestic Product (GDP) per capita is a measure of a country's economic output per person. FY21 witnessea significant de-growth due to the pandemic. However, in FY22 the economy paved its way towards recovery and the per capita GDP grew by 8.0%. This growth was moderated to 6.1% due to the correction of base effect in FY23. The Gross national income (GNI) also increased by 7.3% in FY22 and 6.2% in FY23. The per capita private final consumption expenditure (PFCE), which represents consumer spending, increased by 10.2% in FY22 and 6.4% in FY23.

Chart 2: Growth in Per Capita GDP, Income and Final Consumption (Y-o-Y growth in %)

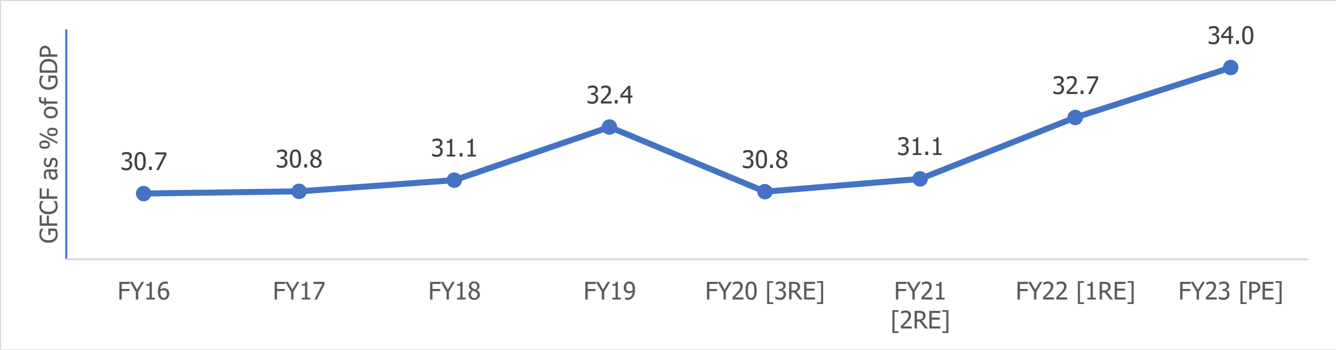


Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

1.2.3. **Investment Trend in Infrastructure**

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.7%, which is the second-highest level in 7 years (since FY15). In FY23, the ratio of investment (GFCE) to GDP climbed up to its highest in the last decade at 34%, as per the advanced estimate released by the Ministry of Statistics and Programme Implementation (MOSPI).

Chart 3: Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

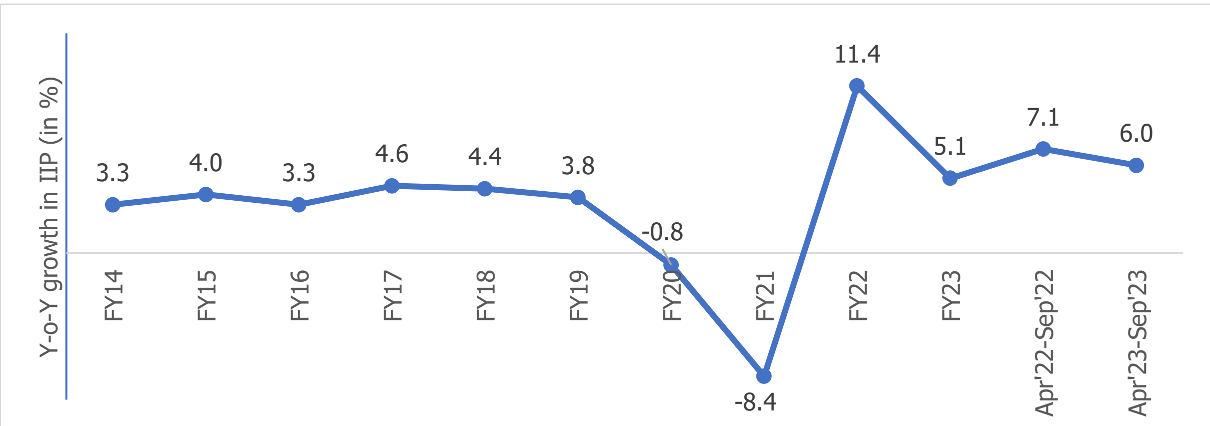
1.2.4. **Industrial Growth**

Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21. FY22 IIP was higher by 2.0% when compared with the pre-pandemic level of FY20, indicating that while economic recovery was underway, it was still at very nascent stages.

During FY23, the industrial output recorded a growth of 5.1% y-o-y supported by a favorable base and a rebound in economic activities. The period April 2023 – September 2023, industrial output grew by 6.1% compared to the 7% growth in the corresponding period last year. So far in the current fiscal, while the infrastructure-related sectors have been doing well, slowing global growth and downside risks to rural demand have posed a challenge for industrial activity. Though the continued moderation in inflationary pressure offers some comfort, pain points in the form of elevated prices of select food items continue to persist.

Chart 4: Y-o-Y growth in IIP (in %)



Source: MOSPI

1.2.5. **Consumer Price Index**

India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022.

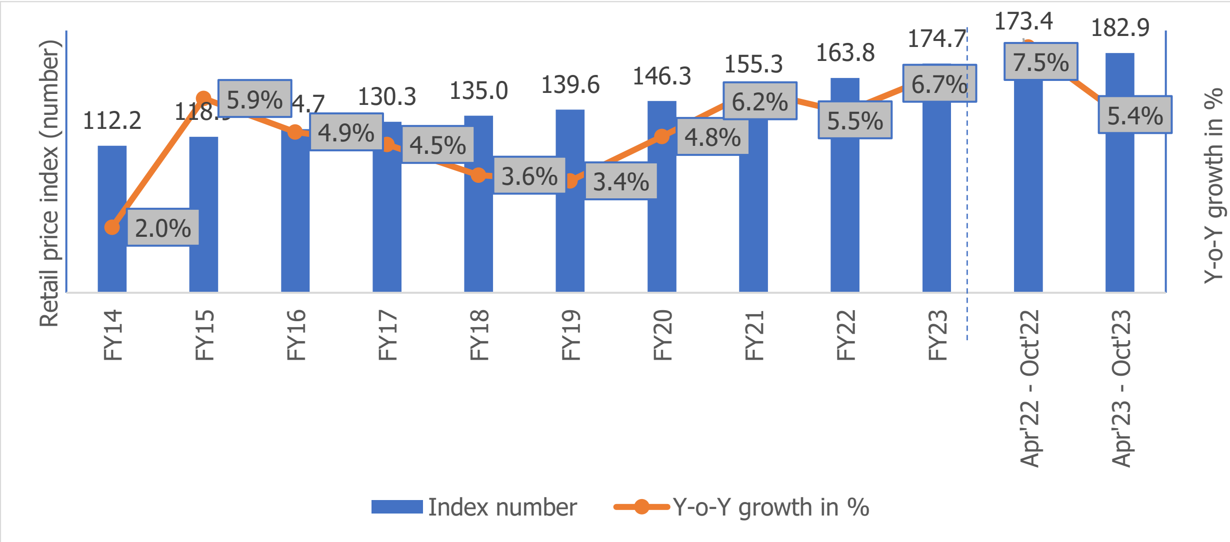
CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the

RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In the current fiscal FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2033, the CPI had reached the RBI's target range for the first time since February 2023 at 7.4% largely due to increased food inflation. This marked the highest reading observed since the peak in April 2022 at 7.8%. The notable surge in vegetable prices and elevated inflation in other food categories such as cereals, pulses, spices, and milk have driven this increase. Further, the contribution of food and beverage to the overall inflation had risen significantly to 65%, surpassing their weight in the CPI basket. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 by 5% helped by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%.

Overall, the declining trend in the headline as well as core inflation is comforting in the current fiscal. However, it remains to be seen if it sustains, given the weak prospects for the Kharif harvest and the expected hit to Rabi sowing amid lower reservoir levels in major agricultural states.

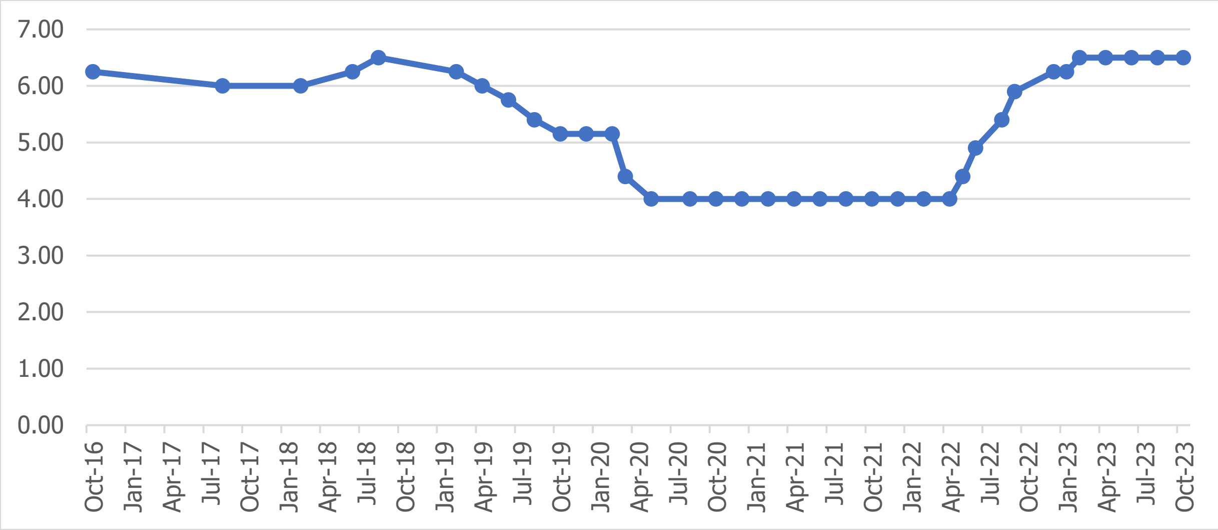
Chart 5: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)



Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetory policy. The RBI has increased the repo rates with the rise in inflation in the past year from 4% in April 2022 to 6.5% in January 2023.

Chart 6: RBI historical Repo Rate



Source: RBI

However, with the inflation easing over the last few months, RBI has kept the repo rate unchanged at 6.5% in the last four meetings of the Monetary Policy Committee. At the bi-monthly meeting held in October2023, RBI projected inflation at 5.4% for FY24 with inflation during Q2FY24 at 6.4%, Q3FY24 at 5.6%, Q4FY24 at 5.2% and Q1FY25 at 5.2%

In a meeting held in October 2023, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 6.25% as the floor and the marginal standing facility (MSF) at the upper end of the band at 6.75%.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. With domestic economic activities gaining traction, RBI has shifted gears to prioritize controlling inflation. While RBI has paused on the policy rate front, it has also strongly reiterated its commitment to bringing down inflation close to its medium-term target of 4%. Given the uncertain global environment and lingering risks to inflation, the Central Bank has kept the window open for further monetary policy tightening in the future, if required.

1.2.6. **Key Demographic Drivers for Economic Growth**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization.

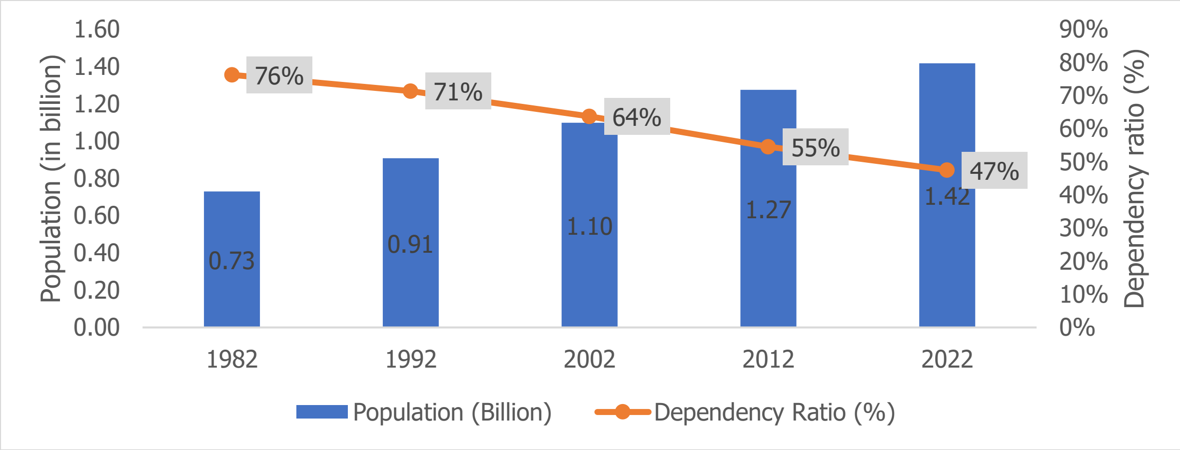
Some of the key demographic drivers are as under:

- **Growing Population and Declining Dependency Ratio**

With 1.41 billion people, India is the second-most populous country in the world, with the population witnessing significant growth in the past few decades.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1982, which has reduced to 47% in 2022. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

Chart 7: Trend of India Population vis-à-vis dependency ratio

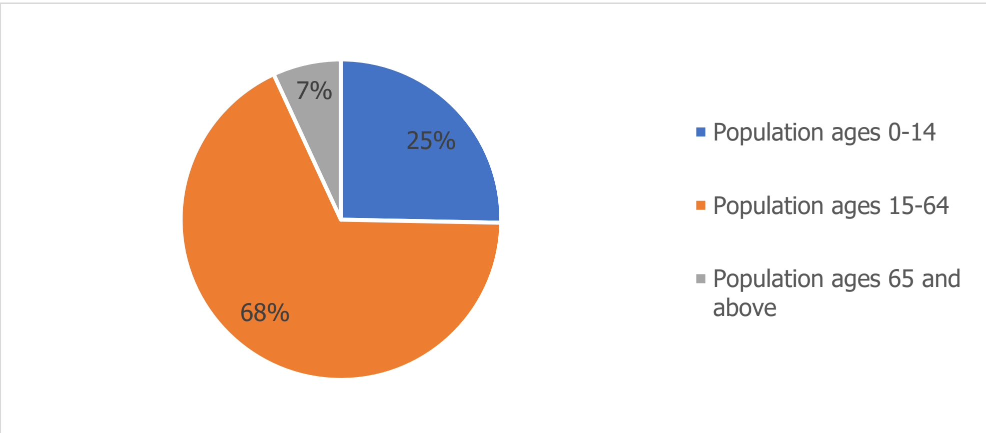


Source: World Bank Database

- **Young Population**

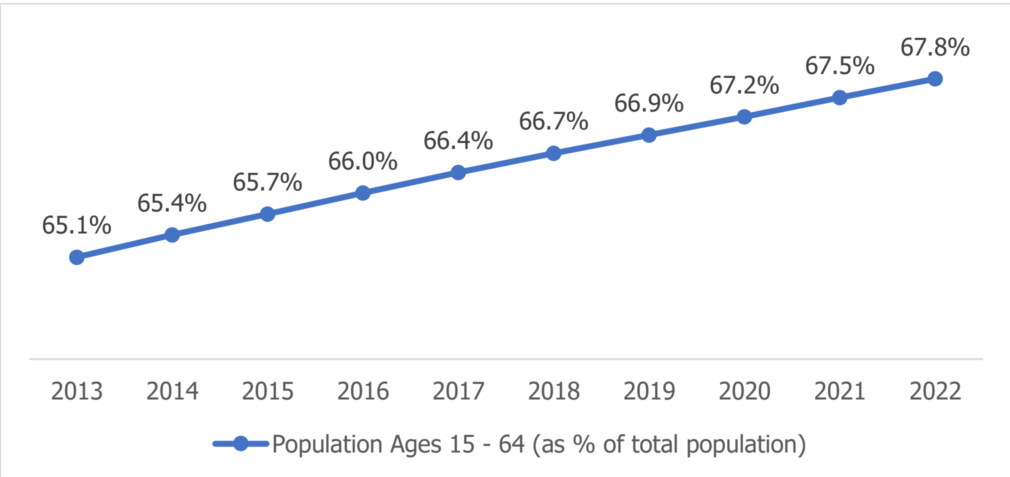
With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

Chart 8: Age-Wise Break Up of Indian population



Source: World Bank Database

Chart 9: Yearly Trend - Young Population as % of Total Population

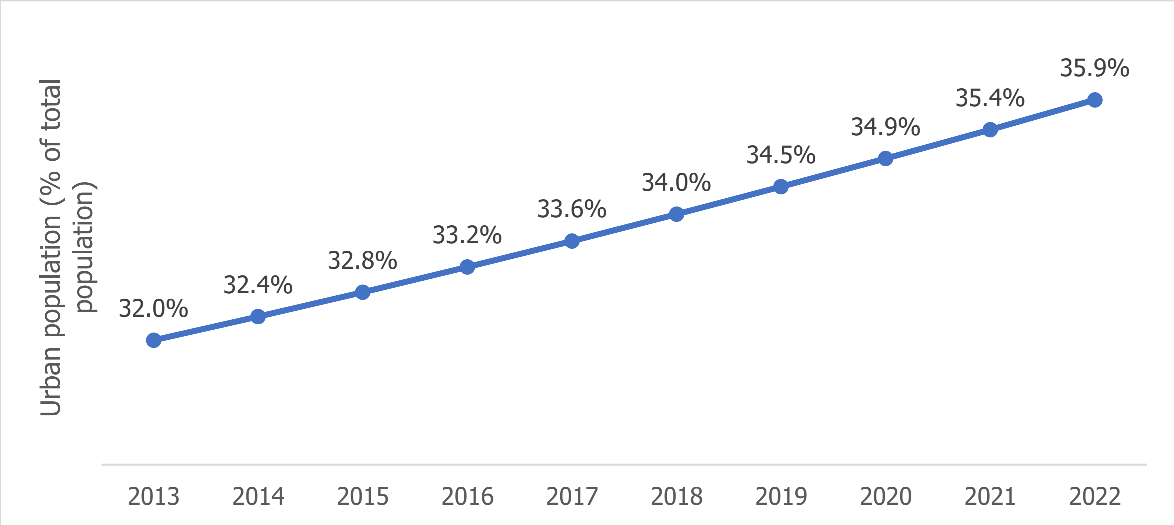


Source: World Bank database

- **Urbanization**

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 403 million (31.6% of total population) in the year 2012 to 508 million (35.9% of total population) in the year 2022. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Chart 10: Urbanization Trend in India



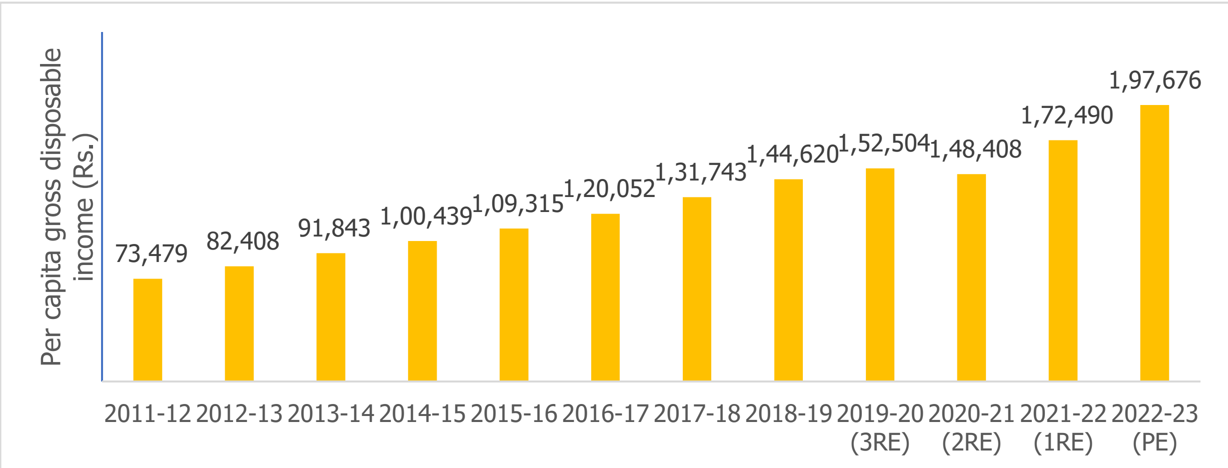
Source: World Bank Database

- **Increasing Per Capita Disposable Income**

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period fiscal 2012 to fiscal 2023, per capita GNDI registered a CAGR of 9.4%. More disposable income drives more consumption, thereby driving economic growth.

The chart below depicts the trend of per capita GNDI in the past 12 years:

Chart 11: Trend of Per Capita Gross National Disposable Income



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

1.2.7. **Concluding Remarks**

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, and a shortage of key inputs. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of GDP growth compared to other emerging economies. It is expected to grow at

6.3% in CY24 compared to the world GDP growth projection of 3%. The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, and improving business confidence.

Likewise, several high-frequency growth indicators including the purchasing managers index, auto sales, bank credit, and GST collections have shown improvement in FY23. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

Further, in line with the latest India Meteorological Department (IMD) projection, the rainfall activity has been muted during June 1, 2023 to September 20, 2023, with cumulative rainfall falling back to a 7% deficit. Also, weak-to-moderate El Nino conditions are expected to lead to a prolonged dry spell. A drop-in yield due to irregular monsoon and a lower acreage can lead to a demand-supply mismatch, further increasing the inflationary pressures on the food basket. Going ahead, consumption demand is expected to pick up during the festive season, but the quantum of rise in demand will be dependent on the extent of the impact of the irregular monsoon.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 10 lakh crores for FY24. The private sector's intent to invest is also showing improvement as per the data announced on new project investments. However, volatile commodity prices and economic uncertainties emanating from global turbulence may slow down the improvement in private CapEx and investment cycle.

2. MSME FINANCE

2.1. Introduction

2.1.1. The micro, small and medium enterprises ("**MSME**") sector is a vibrant and dynamic sector with crucial linkages to employment. It is considered the growth engine of the Indian economy, with a significant contribution to the GDP, exports, and employment generation. It considerably contributes to the country's economic and social development by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital costs, next to agriculture. Also, MSMEs complement large industries as ancillary units. Therefore, the sector is an important contributor to the inclusive industrial development of the country.

2.1.2. MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet the demands of domestic as well as global markets.

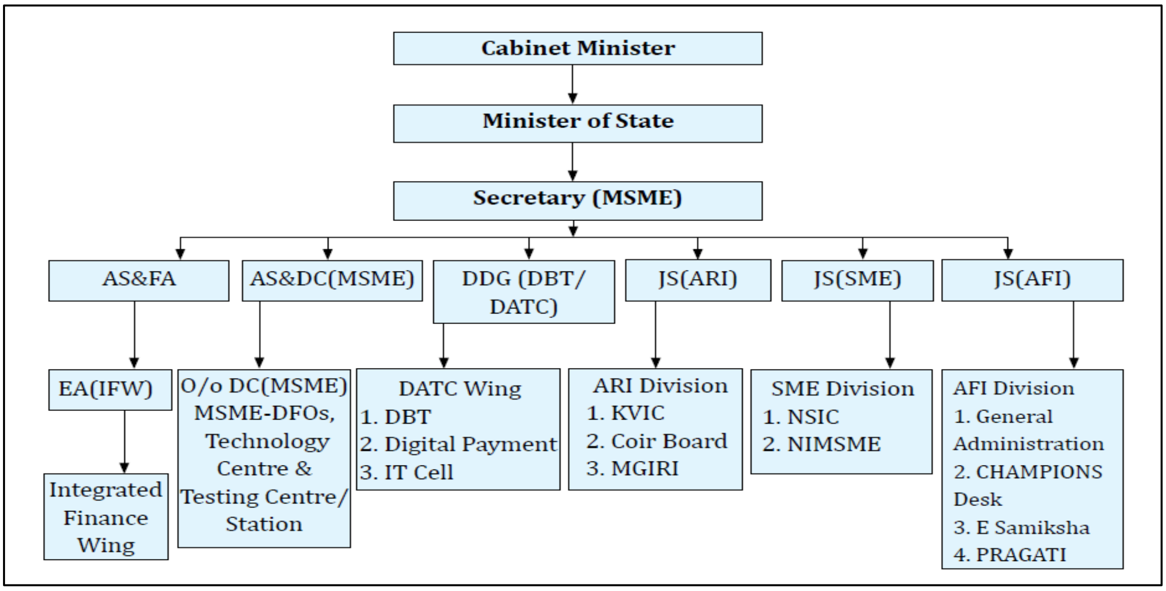
2.1.3. In accordance with the provision of the Micro, Small & Medium Enterprises Development ("**MSMED**") Act, 2006, MSMEs are classified as follows:

Enterprise Category	Investment in Plant & Machinery or Equipment	Annual Turnover
Micro Enterprises	Does not exceed 1 crore	Does not exceed Rs. 5 crores
Small Enterprises	More than Rs. 1 crore but does not exceed Rs. 10 crores	More than Rs. 5 crores but does not exceed Rs. 50 crores
Medium Enterprises	More than Rs. 10 crores but does not exceed Rs. 50 crores	More than Rs. 50 crores but does not exceed Rs. 250 crores

2.2. Organisational Structure of MSMEs

2.2.1. The Ministry of MSME consists of Small & Medium Enterprises (SME) Division, Agro & Rural Industry (ARI) Division, Administration & Financial Institutions (AFI) Division, Integrated Finance Wing (IFW), and Data Analytics and Technical Coordination (DATC) Wing, besides the Office of the Development Commissioner (DC, MSME) as an attached office and other subordinate organisations.

2.2.2. The organisational structure of the Ministry is depicted below:



Source: MSME Annual report 2022-23

2.3. **Statutory Bodies under MSME Ministry**

Khadi and Village Industries Commission (KVIC)	Khadi and Village Industries Commission (KVIC) is a statutory organisation engaged in promoting and developing khadi and village industries to provide employment opportunities in rural areas, thereby strengthening the rural economy.
Coir Board	The Coir Board is a statutory body established to promote the overall development of the coir industry and improve the living conditions of workers in this industry.
National Small Industries Corporation Limited (NSIC)	Established in 1955, the National Small Industries Corporation Limited (NSIC) is responsible for promoting, aiding and fostering the growth of micro and small enterprises in the country, generally on a commercial basis.
National Institute for Micro, Small and Medium Enterprises, (NI-MSME)	Established in 1960, the National Institute for Micro, Small and Medium Enterprises (NI-MSME) is responsible for enterprise promotion and entrepreneurship development, enabling enterprise creation, performing diagnostic development studies for policy formulation, etc.
Mahatma Gandhi Institute for Rural Industrialisation (MGIRI)	The objectives of the Mahatma Gandhi Institute for Rural Industrialisation (MGIRI) are to accelerate rural industrialisation for a sustainable village economy, empower traditional artisans, encourage innovation through pilot study, and R&D for alternative technology using local resources.

2.4. **Number of MSMEs registered in Udyam Portal in India**

Category	Number of MSMEs
Micro	2,01,28,282
Small	5,81,664
Medium	54,100
Total	**2,07,64,046**

Source: Udyam portal (includes Udyam Assist Platform (UAP) registrations), Data as of 17th Nov 2023

2.4.1. As per the Udyam portal, more than 2 crore MSMEs are registered under the Udyam portal. Of this, nearly 97% of enterprises are micro category, nearly 3% of the enterprises fall under the small category, and the remaining are medium enterprises.

2.4.2. As per the National Sample Survey (NSS) 73rd round, conducted by the National Sample Survey Office, the Ministry of Statistics and Programme Implementation, during 2015-16, there were 63,388 thousand unincorporated non-agriculture MSMEs in the country engaged in different economic activities (manufacturing, electricity, trade, and other services). Of this, the micro-enterprises sector with 63,052 thousand accounts for more than 99% of the total estimated number of MSMEs. The small enterprise sector with around 331 thousand makes up 0.52% of the total estimated number of MSMEs and the medium enterprise sector with around 5 lakh, i.e., around 0.01% of total estimated MSMEs, respectively.

2.5. Distribution of Enterprises Category Wise

(Rs. Lakhs)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.1	0.8	0	324.9	51
Urban	306.4	2.5	0	309	49
Total	630.5	3.3	0.1	633.9	100

Source: MSME Annual Report 2022-23, CareEdge Research

MSME sector has created about 11.10 crore jobs in the country as per National Sample Survey 73rd Round (2015-16). (Source MSME Annual Report 2022-23)

2.6. State-Wise Distribution of Estimated MSMEs

State/UT	NSS 73rd round*	
	Number (in crores)	Share (in %)
Uttar Pradesh	0.9	14%
West Bengal	0.89	14%
Tamil Nadu	0.49	8%
Maharashtra	0.48	8%
Karnataka	0.38	6%
Bihar	0.34	5%
Andhra Pradesh**	0.34	5%
Gujarat	0.33	5%
Rajasthan	0.27	4%
Madhya Pradesh	0.27	4%
Total of above Ten States	4.69	74%
Other State/UTs	1.65	26%
All	6.34	100%

Source: MSME Annual Report 2022-23, CareEdge Research

*Note: **Including Telangana in Fourth All India Census of MSME*

2.7. Credit Growth in MSME Lending

2.7.1. India witnessed a sharp jump in MSME lending in FY21 and this increase has been supported by the Atmanirbhar Bharat scheme of the Emergency Credit Line Guarantee Scheme (ECLGS), which provided a 100% credit guarantee to lenders. The scheme, announced by the government in May 2020, helped the firms to get access to more credit.

Table 4: SCBs and NBFCs Credit Exposure to MSMEs

(Figures in Rs. crores)

Outstanding as on	NBFCs			SCBs		
	Micro and Small Enterprise	Medium Enterprise	Total	Micro and Small Enterprise	Medium Enterprise	Total
Mar-19	37,360	16,020	53,380	3,75,508	1,06,392	4,81,900
Mar-20	36,441	14,077	50,518	3,92,265	1,05,095	4,97,360
Mar-21	44,235	14,910	59,145	4,33,192	1,38,599	5,71,791
Mar-22	46,967	17,186	64,153	5,32,179	2,13,996	7,46,175
Sep-22	49,966	15,103	65,069	5,72,958	2,25,083	7,98,041
Mar-23				5,98,390	2,56,023	8,54,413

Source: RBI, CareEdge Research

Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

2.7.2. NBFCs mainly deploy credit to MSMEs belonging to the services and agricultural sectors. In comparison, bank credit to MSMEs witnessed consistent growth. Bank credit deployed to MSMEs witnessed an improvement in

FY21 and strengthened further in FY22 due to the resurgence in demand from MSMEs and the support from the Central Government in terms of credit guarantee.

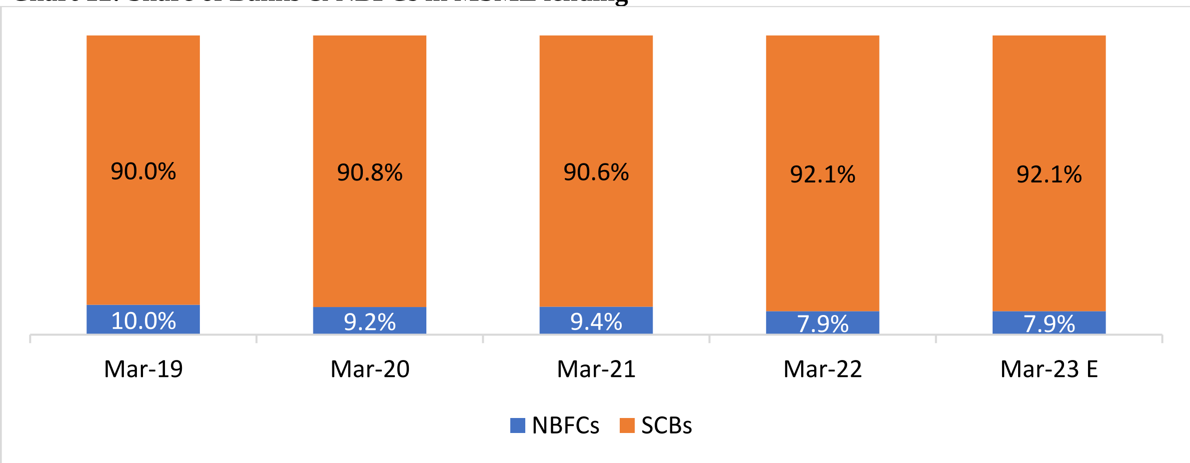
2.7.3. Also, the ECLGS scheme launched in May '20 after the pandemic in Mar '20 revived credit offtake by MSMEs. The scheme was introduced to help mitigate the economic distress faced by MSMEs by providing them additional funding in the form of a fully guaranteed emergency credit line. Accordingly, the credit extended toward MSMEs increased significantly during the pandemic, since the government encouraged banks to aid MSMEs to buffer the effects of the pandemic.

2.7.4. Similarly, as micro and small enterprises became more vulnerable, the credit towards them increased significantly during FY21. On the other hand, medium enterprises were able to buffer the effects of a pandemic to a certain extent. Although the credit towards medium enterprises increased over the previous financial year, the growth was moderate compared to growth in credit extended to micro and small enterprises. This increased the credit growth of MSMEs significantly in FY22. Moreover, the extension of ECLGS up to Mar '23, with the guarantee cover raised by Rs 50,000 crores to a total of 5 lakh crores contributed to the credit growth of MSMEs. As of Mar '23, the total bank credit outstanding to MSMEs crossed at Rs 8.5 lakh crores.

2.8. Share of Banks & Non-Banks in MSME Lending

The MSME sector is underpenetrated by NBFCs. There is a huge unmet credit demand in the sector, primarily due to the lack of documentation and credit history required to access financing from formal banking channels. Also, there is a significant gap between the original credit requirement and the actual credit exposure of formal channels to MSMEs, offering opportunities for MSME lending.

Chart 12: Share of Banks & NBFCs in MSME lending



Source: RBI, CareEdge Research
Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

2.9. NPA Rates in MSME Segment

2.9.1. MSMEs have poor financial muscle and were severely impacted by COVID-19. Since most MSMEs operate in the manufacturing sector, the nationwide lockdown, impacting both production and demand, caused more stress to MSMEs. Additionally, MSMEs likely witnessed delayed payments on orders serviced. Also, the inability to adopt digitization or accommodate higher costs due to social distancing protocols and limited workforce impaired MSMEs' operations. Besides, many went out of business and some struggled to tide over the crisis with cash flow issues which translated into a strain on their ability to repay banks.

Table 5: Bank-wise SMA distribution of MSME Portfolio

Period ended	Public sector banks + Private sector banks				
	0 days past due	SMA-0	SMA-1	SMA-2	GNPA
Mar-21	74.00%	7.30%	5.70%	2.20%	10.80%
Jun-21	72.40%	8.60%	3.80%	3.40%	11.90%
Sep-21	76.30%	6.60%	2.60%	3.10%	11.30%

Period ended	Public sector banks + Private sector banks				
	0 days past due	SMA-0	SMA-1	SMA-2	GNPA
Dec-21	75.40%	8.80%	3.10%	2.30%	10.40%
Mar-22	79.70%	6.40%	3.50%	1.10%	9.30%

Source: RBI, CareEdge Research

2.9.2. MSMEs seeking loans from banks also struggled to meet their obligations due to uncertainty and the second wave of COVID-19. As per data published by the Reserve Bank of India (RBI), GNPAs from the MSME segment witnessed a spike for the pandemic year of FY21 and rose further to 18.8% toward the end of June '21, which coincided with the second wave of COVID-19.

2.9.3. However, GNPAs seemed to decline at the start of September '21 as operations returned back to normalcy. GNPAs have further improved and declined to 9.3% in FY22. CareEdge Research estimates GNPA levels to ease gradually over the next financial year.

2.10. **Government Policies**

The Government of India has designed various policies for the growth of MSMEs in the country.

2.10.1. Revamp of the credit guarantee scheme for MSMEs w.e.f April 2023 through fund infusion of Rs 9,000 crore in the corpus. This will facilitate additional collateral-free guaranteed credit of Rs 2 lakh crore and reduce the cost of the credit by 1%.
2.10.2. Announcement on introducing an Entity DigiLocker for MSMEs in order to store and share documents securely in an online mode.
2.10.3. Under Vivad se Vishwas l, 95% of the forfeited amount relating to bid or performance security is to be returned by the government in case of failure by MSMEs to execute contracts during COVID-19.
2.10.4. PM Vishwakarma Kaushal Samman (PM VIKAS) for traditional artisans to integrate them with the MSME value chain and assist them in improving the quality, scale, and reach of their products.

2.11. **Recent Developments in the Sector**

2.11.1. The government has revised the definition of micro, small and medium enterprises (MSMEs). The government will now accord MSME status to retailers and wholesale traders. The decision will benefit 2.5 crores of retail and wholesale traders in the country. This is a positive move to provide easier access to credit and loans to millions of retailers and wholesalers to modernise and expand their businesses. It will also aid in boosting the informal retail sector's contribution toward GDP and overall economic growth.
2.11.2. In April 2021, the Non-Banking Finance Companies (NBFCs) requested the Reserve Bank of India to extend the one-time restructuring scheme of MSME advances till March 31, 2022, as these players were unable to revive their businesses.
2.11.3. In March 2021, the Ministry of MSME, through the Development Commissioner (DC-MSME) implemented the Technology Centre Systems Program (TCSP) to establish 15 new Technology Centres (TC). The centres assisted the industry predominantly MSMEs in general engineering, automotive, fragrance & flavour, and ESDM sectors.
2.11.4. In March 2021, the Finance Ministry allowed private retirement funds to invest up to 5% in Category I & II AIFs regulated by SEBI. This will help widen the fundraising options for MSMEs and expand the domestic pool of capital.
2.11.5. Category 1 AIFs consist of infrastructure, venture capital, angel, and social venture funds. Category II AIFs cover funds where at least 51% of the size can be invested in infrastructure, SMEs, venture capital or social welfare entities.
2.11.6. In March 2021, the MSME support and development organisation, National Small Industries Corporation Limited (NSIC) announced that they will assist MSMEs working with the Agricultural and Processed Food Products Export Development Authority (APEDA) across multiple areas.
2.11.7. The relationship will also support the promotion of green and sustainable manufacturing technologies for MSME clusters, enabling units to switch to sustainable and green production processes and products.
2.11.8. In February 2021, Walmart's Vriddhi programme was extended to Uttar Pradesh, with the launch of an e-institute to facilitate small businesses in granting access to skills and competencies across the online and offline platforms such as Flipkart's marketplace and Walmart's global supply chain. The company stated that this new e-institute will benefit 50,000 MSMEs across the country to expand domestically and globally.

2.11.9. In February 2021, the Indian Bank signed a memorandum of understanding (MOU) with the Society for Innovation and Development (SID), a project of the Indian Institute of Science, to provide exclusive credit to start-ups and MSMEs.

2.11.10. In February 2021, the Small Industries Development Bank of India (SIDBI), a financial institution dedicated to the promotion, financing, and development of micro, small, and medium enterprises (MSMEs), signed an agreement with the government of Andhra Pradesh to help expand the state's MSME ecosystem.

2.11.11. Udyam Registration: In 2020, the Ministry classified MSMEs based on investment in plant and machinery/equipment and turnover of MSMEs as composite criteria for classification. Initially, the process was filed by Udyog Aadhaar Memorandum which is now replaced by 'Udyam' registration on a portal developed by this Ministry.

2.11.12. Exemption from requirement of having GSTIN: The Ministry has exempted the requirement of having GSTIN as per the provisions of the Central Goods and Services Tax Act, 2017, which will lead to an increase in the registration on the Udyam Registration portal.

2.11.13. Also, the government has included Retail and Wholesale Trade as MSMEs from 2nd July 2021 and are allowed to be registered on Udyam Registration Portal. The Government has also included Street Vendors as Retail Trades as MSMEs from 2nd August 2021.

2.12. **Conclusion**

2.12.1. The Micro, Small and Medium Enterprises (MSME) sector is the driving force of the Indian economy. It has major potential to spread industrialization across the economy. However, the sector faces a number of challenges, such as limited access to finance, inadequate availability of skilled labour, and insufficient infrastructure. Additionally, the rising interest rates by the Reserve Bank of India (RBI) to regulate inflation has become a hindrance to the sector’s growth.

2.12.2. This has further led to increased borrowing costs for MSMEs, rendering the situation difficult to access credit. This is also expected to impact the cash flows and profitability of MSMEs. Nevertheless, despite such challenges, the micro, small and medium enterprises (MSME) sector’s growth potential remains high.

2.12.3. MSMEs are small in terms of scale of operations and business size. They employ a large number of people, making the sector a key contributor to India’s economic development. The sheer number of workforce engaged further enables government support and benefits. Apart from government initiatives, the improved use of digital solutions adopted during COVID-19 (such as easy payments and marketing through digital platforms) and the increased demand for finished products have strengthened the MSMEs, leading to the recovery of their business.

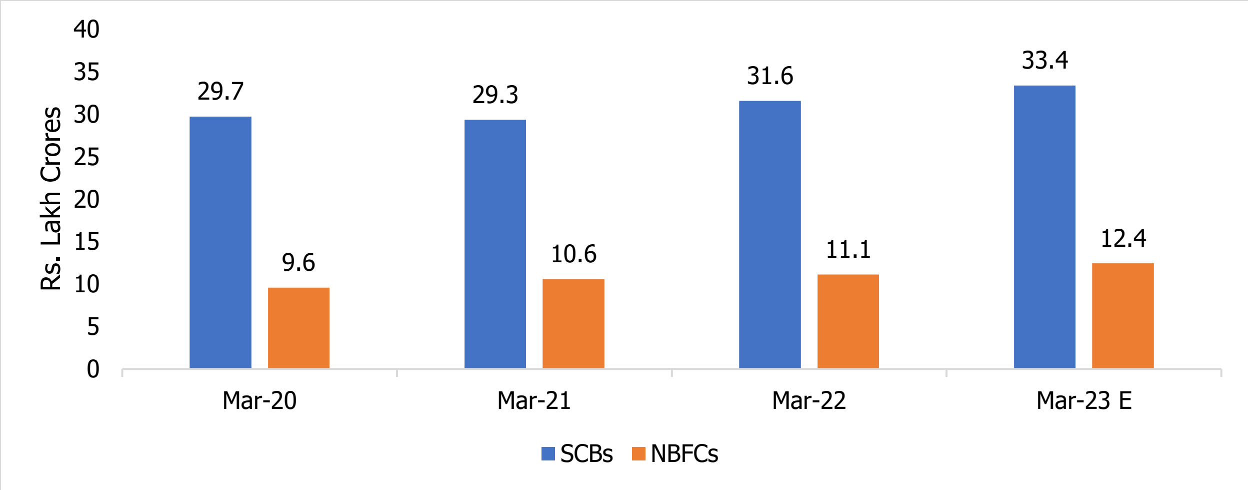
2.12.4. Furthermore, the extension of the Emergency Credit Line Guarantee Scheme (ECLGS), assisting MSMEs in availing credit required to ensure recovery, until March 31, 2023, has helped in the recovery and growth of the MSMEs sector. In August 2022, the cabinet approved the enhancement in the limit of ECLGS to Rs.5 lakh crore from Rs. 4.5 lakh crore. This increased limit is expected to have provided relief to businesses to meet their operational expenses in hospitality and related sectors.

2.12.5. Moreover, the revamp of the credit guarantee scheme for MSMEs from April 2023 with Rs 9,000 crore of infusion in the corpus is likely to facilitate additional collateral-free guaranteed credit of Rs 2 lakh crore and reduce the borrowing cost by 1%. Such initiatives are expected to stimulate credit outreach to MSMEs, provide last-mile financial inclusion, and promote job creation in the sector.

2.12.6. Accordingly, the MSME sector is expected to help India achieve its goal of becoming a USD 5 lakh crore economy by 2025. At the same time, MSMEs have to generate employment opportunities, improve performance, transform their business operations, carry out technology-based production, and invest in research and development activities to achieve this goal. Additionally, MSMEs are expected to contribute more than 40% of India’s nominal gross domestic product (GDP) by the financial year 2025 for which it will require immense support from the government, institutions, and banks.

3. **Corporate Lending**

3.1. **Market size (trend in Credit) deployed to industry (MSME and large enterprises)**

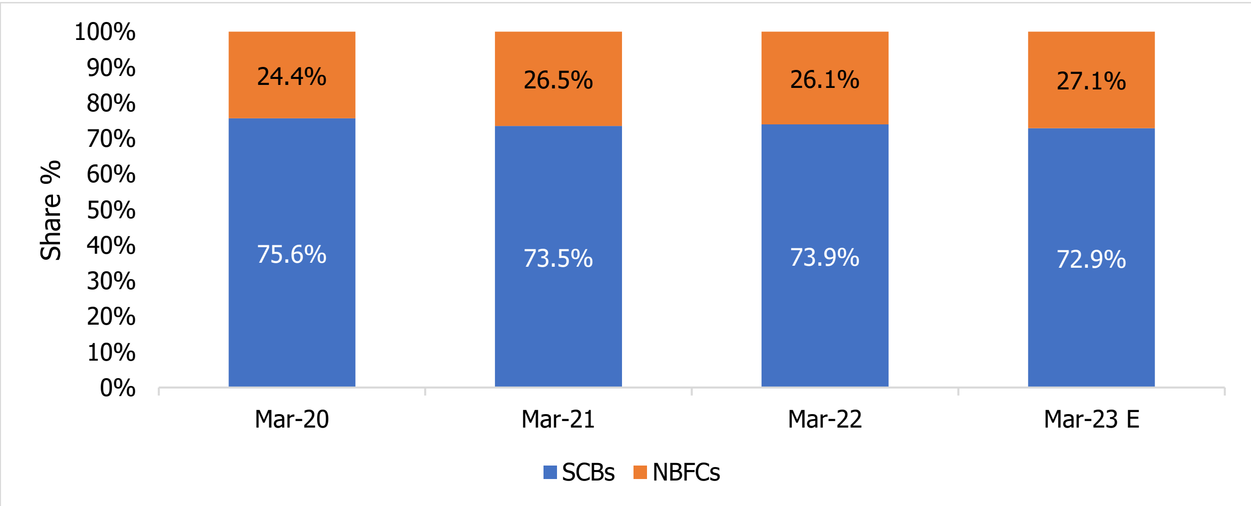


Source: RBI, CMIE, CareEdge Research
Note: Banks mean schedules commercial banks, Mar-23 NBFCs Credit towards industry is estimated

3.1.1. Banks credit to industry has marginally increased over the years, this increase is majorly on account of improved demand for working capital loans due to surge in commodity prices. Banks' credit towards MSMEs in the industrial sector has been higher on a year-on-year basis, as well as in comparison with credit growth to large industries. As of Mar-23, SCBs credit towards industry has reached crossed Rs. 33 lakh crores.

3.1.2. The industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities. NBFCs have increased the amount of credit deployed to industry on account of improved demand for credit mainly for working capital loans due to surging commodity prices. As of Mar-23, industry credit contributed Rs. 12.4 lakh crores, which is around 36.8% of NBFCs' gross credit deployed, as per the RBI.

3.2. Trend in share of Banks & NBFCs in the segment



Source: RBI, CMIE, CareEdge Research

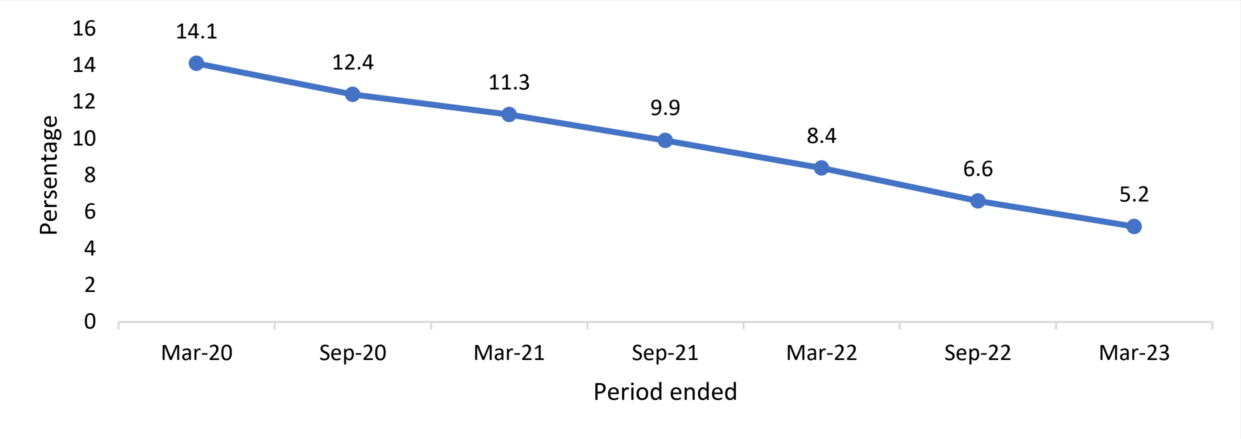
SCBs continue to form a major chunk of credit towards Industry compared to NBFCs. However, the share of industry loans in the total credit deployed by SCBs has declined from around 29% as on Mar-20 to 24.4% of SCBs non-food credit as on Mar'23. This decline can be attributed to SCBs increased focus on aggressively expanding their retail loan book. Whereas industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities.

3.3. Asset Quality

3.3.1. The overall asset quality of banks had improved in FY22, led by acceleration in credit growth, risk-weighted assets (RWAs) have grown, which indicates improvement in banks' risk appetite on better economic prospects. The

GNPA ratio of SCBs continued to decline and stood at a seven-year low of 5% in Sep-22. The net non-performing assets (NNPA) ratio stood at a ten-year low of 1.3%.

Chart 13: Asset quality of SCBs loans towards Industry



Source: RBI, CMIE, CareEdge Research

3.3.2. The asset quality (GNPA ratio) of credit towards industry has improved significantly from 14.1% in Mar-20 to 8.4% in Mar-22 before reaching 6.6% in Sep-22. However, GNPA ratio for sub-sectors such as gems and jewellery, construction and food processing has remained elevated over the years.

3.4. Growth Drivers

3.4.1. Corporates largely reply on the bond market for funds. However, the rising bond yields have made borrowing from the bond market costly for corporates. Additionally, due to fluctuations in the global markets there has been moderation in overseas issuances and investments by private equity (PE)/venture capital (VC) have declined, the financing needs of the corporate sector are increasingly being met through domestic resources. Corporates have seen an uptick in borrowing from banks as borrowing from banks is cheaper than bond market despite RBI's hike in interest rates.

3.4.2. Credit towards industry is likely to see an uptick in the near term on account of increased demand for consumer goods, uptick in private capital expenditure and rise in government expenditure and overall revival of economic activity. However, this growth is likely to be hampered incase the cost of borrowing rises further.

3.4.3. Some of the key growth drivers of corporate lending are as follows

- **Industrial segment to be key driver**

The industry segment, infrastructure consumes the largest share of credit. The power industry followed by the road sector are the main users of bank credit. India's power generation sources range from conventional sources such as coal, lignite, natural gas, oil, and nuclear to viable unconventional sources such as wind, solar, agricultural and household waste and hydropower. The demand for electricity in the country has increased rapidly and is expected to increase further in the coming years. To satisfy the growing demand for electricity in the country, a massive addition to the installed generation capacity is required. Corporate credit growth remains an important driver of non-food credit growth with a significant upside in the future.

- **Thrust on infrastructure to open up avenue for credit growth**

Although the coronavirus pandemic impaired progress on infrastructure, the Government's intent of continued focus on the infrastructure sector makes this sector a reliable demand channel for credit growth.

The thrust on infrastructure comes as sustained revival in economic growth and recouping of jobs lost during the pandemic are on the forefront as India emerges out of the pandemic. Moreover, infrastructure comes with Government backing and is therefore a more reliable growth avenue in terms of investments and, consequently, demand for project financing from banks.

- **Product Linked Incentive (PLI) scheme**

In order to boost production of goods that are considered to be necessary for job creation, social welfare and taxation, the government applied the PLI strategy which provides financial incentives in the form of tax rebates, concession on import/ export duty, simple land acquisition terms to businesses to augment their output.

The benefits of PLI received by producers are passed on in form of lower costs (price) to consumers of goods. This scheme sims to promote domestic manufacturing and to cut down imports. In order to boost production and benefit from this scheme corporates are encouraged to expand their operations and to borrow from institutions.

Successful execution of PLI has the ability to drive private investments and act as a buffer for the domestic economy from rising global headwinds.

4. **Personal Loans (Retail Loans)**

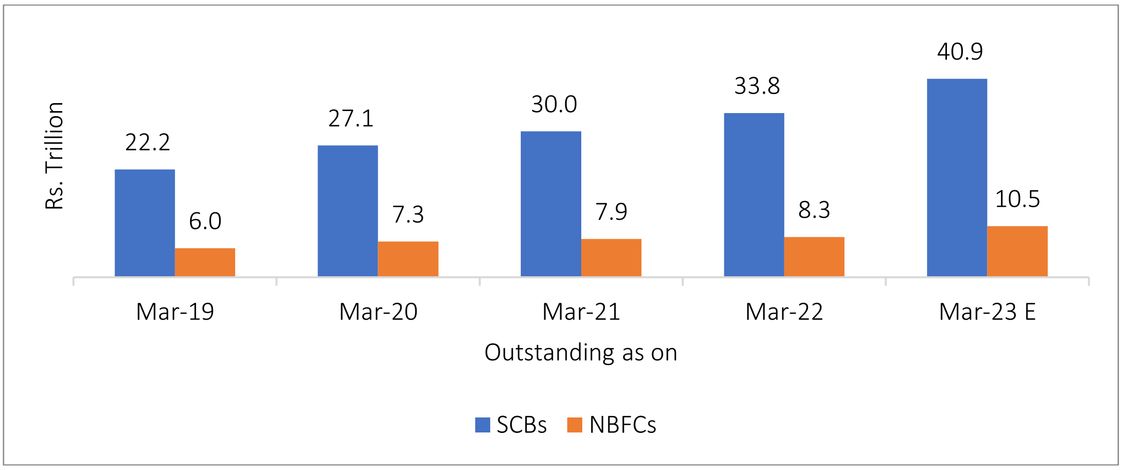
4.1.1. Retail loans in India fall under the larger umbrella of credit provided to an individual by a certified financial institution, a commercial bank, or a credit union to fulfil their financial needs such as buying a property or house, paying for college education, owning a vehicle or other assets such as essential electronics and personal loans that are short term in nature.

4.1.2. Personal loans are unsecured retail loans i.e collateral free in nature. Personal loans carry high interest rates owing to their risky nature as loans are given without any security. Additionally, the interest rates of these loans vary from individual to individual depending upon the income level, repayment capacity, professional and credit history of the borrower.

4.1.3. Personal loans are usually small ticket size loans that are borrowed for tenure ranging between one to five years. A personal loan can be availed for the purpose of meeting personal expenses such as traveling, marriage, medical expenses, or to meet any other immediate financial obligations. Financial institutions lend such loans with minimum documentations and quick approvals.

4.2. **Market size (trend in Credit) deployed towards personal loans (retail loans) by NBFCs and SCBs**

Chart 14: SCBs' & NBFCs' exposure to Retail loans



Source: CMIE, RBI, CareEdge Research
Note: Data are provisional

As of Mar-23, retail credit was around 30% of NBFCs' gross credit deployed and SCBs' gross credit deployed. Banks and NBFCs shifted their efforts toward retail lending due to the increasing demand for retail credit. The shift in borrowing behaviour of consumers for better living standards and their readiness to borrow personal loans to fulfil those needs have boosted the demand for retail loans.

4.3. **Market opportunity – key growth drivers**

4.3.1. Shift in lifestyle

With constant rise in urbanization, an increasing number of consumers are becoming more aspirational and demanding changes in lifestyle and consumption patterns. This is driving the demand for consumer durables, such as refrigerators, washing machines, and air conditioners, further aiding the demand for consumer durable loans.

4.3.2. Consumer Preferences

Over the years, there has been shift in consumers preference toward loans. With increased access to credit, consumers are not shying away from borrowing to maintain or attain certain lifestyle needs. NBFCs are well placed to grab this opportunity and grow their retail loan book.

4.3.3. Growth of E-commerce

In the age of rising internet penetration and rapid digitization, e-commerce platforms are grabbing customers' attention through offers to shop consumer durables in a convenient and affordable manner. Consumers can compare prices from different sellers and choose the best deal, often at a discount. This drives the growth of NBFCs that offer a variety of easy financing options for consumers to purchase consumer durables online. Further, the thriving e-commerce is expected to further aid the growth of NBFCs consumer durable loans, largely supported by the increasing internet penetration, smartphone usage, and convenience of online shopping.

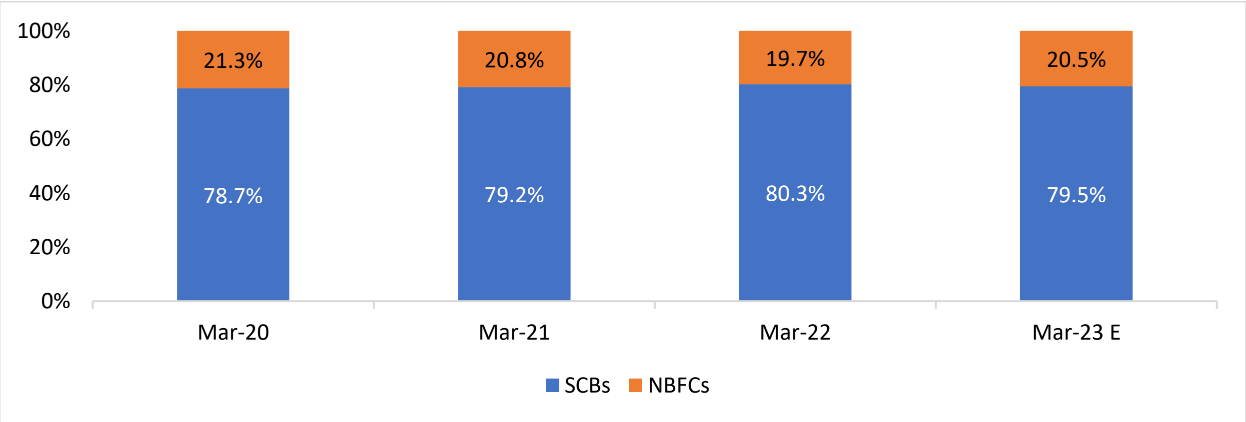
4.3.4. Under-Served and Unbanked Population

With the easing internet access, there has been an increase in middle-class spending and growth in rural population consumption. NBFCs and FinTech have transformed the credit distribution landscape to support the financial needs of these consumers. One can avail services from the comfort of their home with minimum documentation.

Further, the majority of India's population lives in rural areas, people do not have sufficient collateral and there is a lack of organized financial support. This is where banks and NBFCs play a crucial role in providing financial support through their products that cater to the rural population.

4.4. Competitive scenario - Share of NBFCs vs Banks

Chart 15: Share in Retail Loans



Source: RBI, CMIE, CareEdge Research

Over the years the market share of SCBs and NBFCs in credit towards retail loans has remained more or less the same. However, in terms of retail loans share in their respective loan books, the shift in SCBs focus from industry sector and towards retail loan portfolio can be clearly seen over the years. And with banks aggressively pushing retail loans the market share of NBFCs has declined. Banks are more focused in urban regions, while NBFCs have been successful in tapping into the remote areas. While banks have continued to increase their retail segment as the delinquency in these loans are lower, retail loans can pose a greater systematic risk for banks if it's not balanced with other segments.

4.5. **Outlook for the segment**

4.5.1. CareEdge Research expects NBFCs to grow between 12%-15% y-o-y in FY24. This growth is expected to be driven by strong demand for retail loans, particularly consumer durable loans, unsecured personal and consumption loans, unsecured small enterprise loans, and microfinance loans.

4.5.2. Further, in the coming months, CareEdge Research expects NBFCs consumer durables segment to bode well, supported by the increasing demand for loans and the rising middle-class spending amid the upcoming festive season. Also, the demand prospects for the consumer durable sector are expected to be supported by a growing working population, higher disposable incomes, positive consumer sentiments, easier access to credit, and improved living standards.

4.5.3. Moreover, the growth of the e-commerce platforms is further providing impetus to the consumer durables industry. Such factors will boost the demand for consumer durables loans. Lenders are likely to respond favourably to this demand to grow their loan books through tie-ups with traditional retailers and online e-commerce businesses.

5. **Real Estate Lending (Wholesale)**

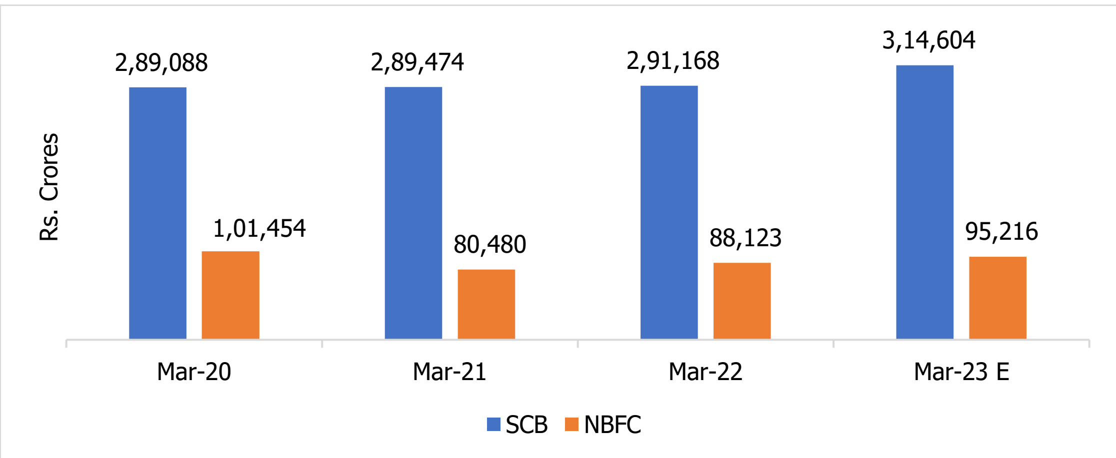
5.1.1. Wholesale real-estate credit is a credit usually offered to real estate developers who focus on financing the projects at various stages in the project cycle. In simple words, it is a loan used by the real estate developers for their prospective projects. Also, known as commercial real-estate lending, this type of credit is exclusively extended for income generating activities and business purposes. These loans are usually mortgage loans (secured loans) and are quite expensive in nature when compared to residential portfolio products.

5.1.2. Commercial real estate (CRE) loans play a critical role in financing the activities related to purchase, development and construction of commercial properties. Wholesale real-estate credit loans play a major role in overall economic infrastructure development as it helps in financing the properties by businesses/companies. These loans can also be used to purchase a warehouse, apartment buildings, hospitals, restaurants, hotels, housing developments, retail spaces like shopping malls, etc.

5.1.3. The loan amount for a commercial real estate loans is higher than the loan amount of residential real estate loans. Larger down payments may be required when one takes a commercial real-estate loan as there is a huge risk to the lender than in case of residential real estate holder. Thus, we can say that wholesale real-estate loans are little complex when compared with residential loans. But at the end, real-estate developers need this credit to fund larger projects.

5.2. **Market size (Credit deployed) towards commercial real estate sector by SCBs and NBFCs**

Chart 16: Credit towards Commercial Real Estate



Source: RBI, CMIE, CareEdge Research

The commercial real estate sector was hit during the pandemic as construction activities and movement of labor had come to a halt, offices and schools were shut, this also impacted the demand for funding. This can be seen by moderation in credit from banks and steep decline in credit from NBFCs. However, post the Covid-19 pandemic the commercial real estate sector has been on the road to recovery and with surge in demand for retail and commercial properties since the onset of pandemic, the sectors' demand for funding from banks has also improved. SCBs credit towards commercial real estate loan portfolio showed 8.1% growth in Mar-23 over Mar-22. Commercial real estate loans are long term in nature and post the IL&FS crisis, NBFCs are cautious about their asset-liability position and liquidity profile before lending loans of such nature.

5.3. Impact of NBFC defaults (DHFL & IL&FS) and change in RBI regulations on developer lending

5.3.1. Finance is the key for development of any industry. The DHFL and IL&FS crisis created problems in the NBFC sector, which is a pivotal source of funding for real estate. The lending to real estate developers by NBFCs and HFCs fell almost immediately post the crisis. The NBFC crisis had further deteriorated the liquidity situation for smaller developers who had to resort to alternative funding in absence of long-term loans from banks. However, banks were apparently reluctant to provide loans to realtors in a bid avoid the bad loan mess of the previous decade. Alternate sources of finance are very costly and ultimately impact total cost of the project. The lack of funding available in the debt market and trust of banks towards the sector had significant impact on the borrowing ability of developers.

5.3.2. The coronavirus crisis hit when the Indian economy was already slowing down and demand from individual and retail investors in the real estate sector was weak. Real estate projects which were in various stages of construction, development and completion came to a standstill due to the nationwide lockdowns announced post the coronavirus outbreak, which resulted in a sharp fall in new launches.

5.3.3. Additionally, majority of the workforce employed in real estate and construction sector that are engaged in the core construction activities are immigrants, and due to this labour shortage posed as a major challenge for the sector post Covid-19 lockdown. The vaccination drive across India helped lower the severity of infections and enabled reopening of the economy. All the major developers in the country started vaccinating their employees and workers on site so as to avoid health risk and spread of virus.

5.3.4. The sector saw recovery in the real estate segment due to interventions from the RBI and the Central Government on the regulatory side and developers too tried to speed up construction of properties underway. And the impact of restrictions on physical movement was offset, to an extent, by increased adoption and reliance on property technology which helped customers make property decisions from the confines of their homes. However, the Covid-19 lockdown significantly impacted small developers and funding for this segment from NBFCs continued to decline.

5.4. Growth drivers for the segment

Following are the key growth drivers that will support the growth of commercial real-estate financing

5.4.1. Increased demand for holiday and second homes

The need for social distancing and pandemic-led cabin fever opened up a new avenue for realtors – second homes and holiday homes. Consumers, mainly the affluent classes, are feeling the need to go on a holiday for a quick getaway over the weekend or even to socially distance themselves in second homes. CareEdge Research expects the demand for holiday homes close to metros and tier-1 cities to increase due to higher demand from consumers residing in these cities.

5.4.2. Relocations

The pandemic made the middle-income consumers aware of the drawbacks of their present residences. As the pandemic forced individuals to spend all their time within the confines of their homes, most families did not have sufficient space within their homes. This is also compounded by the limited facilities offered in their complexes. CareEdge Research expects such families, mostly from metros and tier-1 cities, to relocate and make new purchases from a desire for more open spaces, modern amenities, closer proximity to their workplaces and a desire to relocate closer to extended families and friends.

5.4.3. Growth in economy coupled with increased urbanisation to boost demand

- The Indian economy has experienced steady growth in the past decade and CareEdge Research expects it to be one of the fastest growing economies in the post-pandemic era.

- CareEdge Research expects the India's urban population to reach over half a billion by Fiscal 2025 from an estimated 461 million in Fiscal 2018.

- Rising income and employment opportunities have led to migration to urban areas, thereby creating greater need for real estate in major Indian cities.

5.4.4. Government policies enabling demand through greater transparency

- The real estate segment has received a massive boost from Government initiatives, such as the Affordable Housing Scheme, Goods and Services Tax ("GST") and the Real Estate Regulation and Development Act, 2016 ("RERA").

- While the initial months following the implementation of these initiatives created some disruption, the policies increased transparency and competence of the sector. As a result, confidence of domestic and foreign investors in the real estate industry witnessed a boost leading to higher Foreign Direct Investment in the sector.

5.4.5. Growth in e-commerce to be key driver for warehousing

CareEdge Research believes that the e-commerce industry is likely to be the demand driver for the warehousing industry. Unlike most sectors, the e-commerce industry benefited from the coronavirus pandemic. While the nationwide lockdown during the June 2020 quarter halted operations of online marketplaces selling non-essential products, the pandemic accelerated the shift to the online medium for shopping. Even consumers who were averse to using e-commerce websites to shop were forced to do so as retail stores remained shut and malls were not allowed to operate. The reliance on online marketplaces selling groceries and medicines also increased and in such times of distress, discounts and offers offered by these companies made them more attractive to consumers. CareEdge Research expects the shifts in buying habits of consumers are unlikely to change after the departure of the pandemic and this will create the demand for more storage facilities for online marketplaces.

5.4.6. Demand for cold chain logistics to increase due to pharma, packaged foods industries

Cold chain logistics is another key demand driver for the supply chain industry. The cold chain logistics system allows for the safe transport of temperature-sensitive goods and products along the supply chain. This branch of logistics depends on science and technology to maintain the balance between temperature and perishability.

In the post-pandemic world where the safe transportation of vaccines and booster doses will remain crucial, CareEdge Research believes cold chain logistics will propel the demand for efficient integrated supply chain management. Apart from the pharma industry, another user of cold chain logistics is the grocery and meat products industry. With the advent of e-commerce and specialty companies offering varieties of meat and meat products, the reliance on cold chain, and, consequently on integrated supply chain will increase.

5.5. **Outlook for the segment**

5.5.1. Given the massive funding requirement for construction, there remains a need for a sound and robust financing ecosystem that is aided by Government initiatives. At present, CareEdge Research believes banks are likely to be the key source for commercial real estate finance followed by NBFCs and other financial institutions. Over the past few years various policy measures, such as re-finance schemes, were announced by the Government and the RBI also relaxed their external commercial borrowings framework to permit developers to raise funds for low - cost and affordable housing projects. Additionally, the transparency and structure provided by the introduction of RERA has helped support the sourcing of foreign funding. CareEdge Research expects this to give a leg-up to the growth in real estate finance.

5.5.2. The scope of funding has been widened further by way of real estate and infrastructure funds ("**REITs and InVITs**") and this has opened up funding avenues for niche segments, such as logistics, data centres and warehousing. Going forward, CareEdge Research expects the construction finance segment to be a key driver of loan growth for banks as well as NBFCs due to a combination of increased demand for housing, technological innovation and growth in the manufacturing sector.

5.5.3. Office spaces -

Commercial real estate, particularly commercial leasing, was disrupted by the pandemic. Work-from-home policies negatively affected office leases as rentals fell sharply. However, with pandemic behind us now , employees are now able to return to the office and "working from office" has resumed in full swing. As a result, CareEdge Research expects demand for offices, especially Grade A offices, to strengthen in the medium term. CareEdge Research expects a sharp pick-up in office space leasing in the short term and new investments in the commercial real estate are projected reach completion.

5.5.4. Warehousing -

The warehousing industry is projected to come out of the coronavirus pandemic stronger than pre-COVID-19. The pace of growth of the warehousing industry is likely to surpass pre-COVID levels in the medium term. CareEdge Research believes companies will want to stock up on inventory to avoid supply shortage, as e-commerce companies will want to cater to increased consumption. Lastly, the preference for grade A and B warehouses will also increase. The outlook for the warehousing industry is positive with strong green shoots for this year.

5.5.5. Retail & Hospitality –

CareEdge Research expects the hospitality and retail industries to see an uptick in investments on new projects as well as the revamping of existing ones as a result of a resurgence in consumption demand. The growth in demand is likely to come on the back of leisure travel, particularly from domestic tourists, and a gradual increase in foreign tourist arrivals. Along with tourism, CareEdge Research expects the construction finance segment to witness an increase in demand from the retail sector by way of standalone and experience stores, retail outlets of e-commerce and luxe brands, and new malls. The average Indian consumer is returning to socialising and shopping after a two-year hiatus and CareEdge Research believes this is likely to propel the demand for newer, larger retail spaces.

OUR BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to "we", "us" or "our" refers to Arka Fincap Limited.

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 15 for a discussion of risks and uncertainties related to those statements and also "Risk Factors" on page 16 for a discussion of certain factors that may affect our business, financial condition, cash flows or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless stated otherwise, or unless context requires otherwise, (a) the financial data as at and for quarter and half year ended September 30, 2023 has been derived from the Unaudited Financial Results, and (b) the financial data of our Company for the Fiscal 2023, 2022 and 2021 has been derived from Audited Financial Statements. Please see "Risk Factors - 15. This Shelf Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited".

We have included various operational and financial performance indicators in this section, some of which may not have been derived from the (a) Unaudited Financial Results, and (b) Audited Financial Statements. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the CareEdge Report. For further details see "Industry Overview" on page 62.

Overview

We are an NBFC-ML registered with RBI. We are a professionally managed organization part of the Kirloskar Group, primarily engaged in providing structured term financing solutions to corporates, real estate and urban infra financing, loans to micro, small and medium enterprise ("**MSME**") and personal finance loans to borrowers in India. With our focus on our customers, experienced management team and vigilant monitoring of our assets, our business has experienced growth since the commencement of our operations in Fiscal 2019.

We operate four principal lines of business, namely corporate lending, real estate and urban infra financing, MSME lending and personal lending. Our total Loan Book as of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was ₹ 4,03,319.32 lakhs, ₹ 3,96,027.04 lakhs, ₹ 2,37,987.91 lakhs and ₹ 1,12,433.35 lakhs, respectively.

<u>Wholesale Business:</u>

- ***Corporate lending***. Our corporate lending business primarily consists of lending to mid-to-large sized corporates in manufacturing, services and infrastructure sectors, by way of senior secured debt, structured financing, promoter financing and others We generally provide lending solutions against tangible collateral as well as security in other forms, such as charge on operating cash flows. As of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, our corporate lending book amounted to ₹ 1,30,130.39 lakhs, ₹ 1,58,626.26 lakhs, ₹ 1,23,701.24 lakhs and ₹ 62,085.77 lakhs, respectively and accounted for 32.26%, 40.05%, 51.98% and 55.22% of our total Loan Book.

- ***Real Estate and Urban Infra***. Our real estate finance business comprises two business lines, namely (i) residential business and (ii) commercial business. Our lending in residential sector is fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented housing finance business. In commercial sector, we offer last-mile financing, project finance, corporate exposures, working capital finance, acquisition financing, for residential projects. Our commercial real estate lending is secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) and we offer asset-backed financing, project finance, and acquisition financing to the commercial real estate projects. Our retail and hospitality project developers can also access our asset-backed and working capital financing. As part of our urban infra financing business we offer a range of financing options to developers of educational and healthcare institutions and hospitals. These include asset backed financing, working capital financing, acquisition financing, etc. As of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, our real estate and urban infra financing book amounted to ₹ 1,19,150.30 lakhs, ₹ 1,24,041.65 lakhs, ₹ 82,013.63 lakhs and ₹ 45,161.08 lakhs, respectively and accounted for 29.54%, 31.32%, 34.46% and 40.17% of our total Loan Book as of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, respectively.

<u>Retail Business:</u>

- ***MSME Lending***. We commenced our MSME lending business in the month of December 2020. Our MSME business consist of loans against property, supply chain finance and business loans. We primarily involve in extending secured loans for business purposes to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. Our Company has also entered into partnerships for co-lending with other NBFCs and various fintech companies to expand our market reach and acquire new customers. We believe that our in-depth product knowledge, relevant financial services domain knowledge, ability to structure loans to suit our customers' financial needs and our short turn-around-time for processing loan applications has allowed us to benefit from the large and growing MSME segment in India. As of September 30, 2023, March 31, 2023 and March 31, 2022 our MSME lending book amounted to ₹ 1,45,964.14 lakhs, ₹ 1,06,917.96 lakhs and ₹ 30,127.77 lakhs respectively and accounted for 36.19 %, 27.00 % and 12.66% of our total Loan Book as of September 30, 2023, March 31, 2023, and March 31, 2022, respectively.

- ***Personal Finance Loans***. We started our retail finance portfolio and started offering personal finance in the month of August 2020. The personal finance loans that we offer are digital, seamless and paperless. We have entered into partnerships and tie ups with various fintech companies. As of September 30, 2023, March 31, 2023 and March 31, 2022 our Personal Loan Book amounted to ₹ 8,056.00 lakhs, ₹ 6,441.17 lakhs and ₹ 2,145.27 lakhs, respectively and accounted for 2.00%, 1.63% and 0.90% of our total Loan Book as of September 30, 2023, March 31, 2023 and March 31, 2022, respectively.

As of September 30, 2023, our distribution network included approximately 150 personnel in our in-house sales team, and approximately 700 third-party direct sales associates (the "**DSAs**") and other third-party intermediaries who are empaneled with us. We also have tie-ups with four fintech companies and two NBFCs for co-lending. We are present in the 11 states i.e. Maharashtra, Karnataka, Delhi, Tamil Nadu, Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Andhra Pradesh Telangana and Gujarat and operate out of 26 branch offices.

Our total revenues from operations have grown to ₹ 37,066.31 lakhs for the Fiscal 2023 from ₹ 10,188.51 lakhs for the Fiscal 2021 at a CAGR of 90.74% and our net profit has grown to ₹ 6,136.46 lakhs for the Fiscal 2023 from ₹ 1,688.34 lakh for the Fiscal 2021 at a CAGR of 90.65%. Our total revenue and net profit for the quarter and half year ended September 30, 2023 (unaudited) was₹ 25,472.63 lakhs and ₹ 3,531.67 lakhs, respectively.

As of September 30, 2023 and March 31, 2023, our GNPAs accounted for 0.19% and 0.01% of our Gross Advances, respectively. There was no GNPA in Fiscal 2022 and Fiscal 2021. Further, as of September 30, 2023 and March 31, 2023, our NNPAs accounted for 0.05% and 0.00% respectively, of our Gross Advances. There was no NNPAs in Fiscal 2022 and Fiscal 2021. Our average cost of borrowings as on September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was 9.60%, 9.53%, 8.70% and 9.27%, respectively.

Our Strengths

We believe the following are our principal strengths:

Customer-centric business model resulting in high customer retention

We consider our customers to be the most significant stakeholders at the core of our operations. As of September 30, 2023, we had served approximately 30,000 active customers. We believe that our customer-centric business model allows us to retain a high proportion of our existing customers and to attract new customers. During the past three financial years, our focus has been on retaining our existing borrowers, whilst consciously adding new borrowers. We follow a multi-pronged approach to customer engagement, which comprises the following key elements:

- *Product offerings across the entire customer life-cycle* - We offer a diverse product suite that caters to the entire customer life cycle of our customers. We provide loans that are relevant for critical needs of our customers throughout their lifespan, which we believe helps in generating loyalty amongst our existing customers and in attracting new customers.

- *Tailor-made product offerings providing flexibility to customers* - Our products are built on a robust understanding of the requirements of our customers and the flexibility of our products, and the manner of their delivery differentiates us from our competitors. We set borrowing limits for each of our customers based on their loan cycles and the number of years for which they have been our customers and provide them the flexibility to borrow within the limit for several specified purposes, depending on their individual needs. Our products are tailored to the needs of our customers, and we believe that the structure of our product offerings enables our customers to borrow, at multiple points of time during a year, thereby enabling our customers to tide over temporary cash flow mismatches at their end, on account of reasons such as seasonality and cyclicality. We believe this keeps our customers optimally leveraged.

- *Focus on customer engagement* –We believe that the high customer engagement achieved via the frequency of our collections and interactions with our customers is an important factor in ensuring customer repayment and keeping our credit costs at optimal levels.

- We have also launched our MSME business and personal finance loans business in December 2020 and August 2020, respectively.

Effective use of technology

For our corporate loans, real estate and urban infra financing, SME and personal finance loans customers, we offer a single loan management system. With this technology, the entire process of loan origination (from loan application to final approval) for our SME and personal finance loans, is managed through computers, which provides our customers the convenience to do business with us without having to approach our branches at all times. We believe that this results in significant customer convenience by providing a seamless loans approval process that is operable remotely and is accessible to customers at any time.

Our Company has implemented cloud-based loan origination and loan management systems to enable quicker operations, for instance we have tie ups with TCS (LMS); Google workspace & Amazon work. We have digital partnerships for our personal finance loans. We also use efficient technologies which enables our in-house professional developers to quickly create custom made applications. It helps us provide a user-friendly interface to our customers.

High asset quality achieved through Robust credit assessment and risk management framework

We have been able to maintain a high-quality loan portfolio through our robust credit assessment and risk management framework. We actively monitor the performance of our loans, and the quality of our loan portfolio is reflected by our low rates of GNPAs and NNPAs. Till date, we have no NPAs in our corporate lending and real estate & urban infra businesses. As of September 30, 2023, our GNPAs and NNPAs accounted for 0.19% and 0.05% of our Gross Advances, respectively and as of March 31, 2023 our GNPAs and NNPAs accounted for 0.01% and 0.00% of our Gross Advances, respectively.

We have a robust and comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our corporate and retail lending operations. Our corporate lending credit assessment and risk management framework comprises of a framework, spanning across the (i) screening stage, where our credit and sourcing teams conduct an initial screening of our prospective borrowers; (ii) the evaluation stage, where our credit team evaluates the prospective borrower's business and financing needs and investigates the prospective borrower's track record, market reputation and ability to repay any loans extended to it, before presenting the proposal to our Credit Committee; (iii) the approval stage, where the loan proposal is presented to respective committee for final approval and loan disbursement; and (iv) the sanction and monitoring stage, where our team regular monitors our loan portfolio to allow for early identification of problematic loans.

We have also established a streamlined credit assessment and risk management framework for all our businesses. Our sourcing team performs an initial screening of our prospective retail/personal loan customer before the customer's financial information, required loan documentation and requisite know-your-customer information is inputted into our enterprise-wide loan management system, namely TCS Bancs, for processing. Our credit team then conducts customer credit checks, through third-party credit information companies, such as CIBIL, and fraud prevention checks, through online credit bureau tools, before meeting the customer for personal discussions. At the same time, we engage in legal and technical valuations, mainly through third-party professionals, of the collateral proposed to be used for the loan. After completion of due diligence, credit checks, meeting with the customer, valuation and title clearance of the proposed collateral, the proposal is forwarded to the relevant sanctioning authority as per the defined matrix for necessary approval. We believe that our streamlined credit assessment and risk management framework has contributed to our short turnaround-time for processing loan applications and our ability to take credit decisions. This has, in turn, allowed us to maintain the strong growth in our MSME and personal loan portfolio while maintaining credit quality.

Our credit assessment and risk management frameworks for all our business lines incorporate the requirement of senior management and credit committee approval, with built-in escalation matrices at pre-defined credit and risk triggers, which we believe allows us to ensure that more risky credits are considered and managed by members of our staff of sufficient seniority and decision making authority, whilst our credit teams have sufficient autonomy to perform their roles. Almost all of our collection procedures are non-cash based, which eases stress on monitoring financial transactions and lowers cash management risk. We have also formulated a vigil mechanism framework to enable employees to report concerns about unethical behavior and actual or suspected fraud or violation of any of our Company's policies.

Well diversified funding profile

We believe that we have a well-diversified funding profile that underpins our strong liquidity management system, our strong credit rating and brand equity. We have historically and seek to continue to secure cost-effective funding through a variety of sources, including banks, mutual funds and other financial institutions. We maintain long-term relationships with our lenders. Diversification of our sources of funding has contributed to an overall reduction in our average cost of borrowings in recent Fiscal periods. Our average cost of borrowings as on September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was 9.60%, 9.53%, 8.70% and 9.27%, respectively.

We achieved a long-term debt rating of CRISIL AA-/Stable from CRISIL and short-term rating of CRISIL A1+ from CRISIL within the first year of the inception of our business.

We maintain a conservative ALM policy, which is calibrated over time, recognizing operating metrics. We maintained a capital adequacy ratio of 27.59%, 25.48%, 30.92% and 57.85%, for quarter and half year ended September 30, 2023, Fiscal, 2023, Fiscal 2022 and Fiscal 2021, respectively. As a means to further strengthen our liquidity management system, we also maintain adequate cash and liquid investments of 36.29% of our net worth as of September 30, 2023 as reserves, where ₹ 41,035.39 lakhs is kept in cash or cash equivalents, to meet any potential liquidity requirements in the short-term. We have also established a dedicated team to address the funding requirements for our various business lines, constantly seek means to reduce our borrowing costs, manage our interest rate risk and invest any surplus funds.

Highly motivated, professional and experienced management team

We have a highly motivated, professional and experienced management team which has led us through a changing regulatory and economic environment and consistently grown our business since commencement of our operations in Fiscal 2019. Our management team has extensive experience in the financial services and banking industries in India. Each member of our senior management has close to two decades of experience in the finance and/or banking industry and possesses an in-depth understanding of the specific industry, products and geographic regions they cover, which we believe enables them to support and provide guidance to our employees and grow our business. We believe that our strong and experienced leadership has further enabled us to attract strong and experienced mid-level management employees as well as talented junior-level employees, who have entrepreneurial aspirations and contribute to the growth of our business. We have endeavored to motivate our senior and mid-level management team through a combination of deferred incentive plan and ESOP plan, thereby enabling a strong alignment of their interests with our performance. In addition, few of our directors and key management personnel also own shares in our Company. For details, see "*Capital Structure*" and "*Our Management*" on pages 45 and 144, respectively.

Under our management team's entrepreneurial leadership and through its professional expertise, from Fiscal 2021 to Fiscal 2023, our total assets, total income and profit after tax grew at a CAGR of 78.20%, 90.34% and 90.65%, respectively.

Our Strategies

We intend to continue to expand our scale of operations and increase our profitability through the following key strategies:

Expand our scale of operations with focus on secured lending

We intend to continue to expand our scale of operations primarily through the focus on operating each business line as an independent profit center with its dedicated management team. We currently expect to focus on the following main strategies in each of our business lines:

Corporate lending. In our corporate lending business, we intend to continue to grow our Loan Book by following the credit parameters that have yielded our current high asset quality. As we grow our presence across India, we expect to have opportunities to grow our Loan Book. We will also continue to carefully evaluate opportunities and monitor loans in our portfolio from our corporate office in Mumbai.

Real estate and urban infra finance. We intend to leverage our relationships with real estate clients to develop our real estate finance business line, by either gaining access to purchasers of real estate and/or by becoming a preferred financier for such real estate clients. We may also consider urban infra finance opportunities in select locations to grow our urban infra finance Loan Book. In addition, we intend to provide a differentiated approach to our customers of the real estate finance business through several means including the use of technology, analytics and clearly defined processes to provide quick turnaround times in underwriting and disbursements. Our focus will be on providing loans to self-employed individuals in metro cities and other urban markets. We have hired experienced personnel to grow our real estate and urban infra finance business. As of September 30, 2023, we had 7 (seven) employees for our real estate and urban infra financing business.

MSME lending. In our MSME business, we plan to leverage the potential of our existing branches to expand our customer base. We will continue to provide loans collateralized by ready built property, particularly self-occupied premises.

We have specific focus on secured loans. In our wholesale business corporate lending and real estate and urban infra finance are secured lending products. Also, in our retail business MSME lending is secured in nature. These loans are secured by way of any specific form of asset or collateral. The specific details of the assets charged are clearly mentioned in the loan documentation. We believe this strategy of secured lending reduces the risk of loss of capital as the amount can be recovered in the event of default by a customer. We intend to leverage our secured lending products which may result in long term growth of our Company by reducing the risks of NPAs. We believe that this strategy will leverage fresh talent, explore wider market opportunities, optimise the existing market opportunities and help in growing the secured lending business.

For our secured loans, i.e., corporate lending and real estate and urban infra finance, the security includes a combination of mortgages over immoveable properties, hypothecation of moveable assets, charges on project contracts, charges of bank accounts, pledges of securities such as equity and debentures and corporate and personal guarantees and for working capital loans we generally seek a first charge on inter alia the current assets of the borrower. Whereas in MSME lending the security mainly includes immovable property.

Increase use of technology and data analytics to support business growth and improve efficiency as well as to further strengthen our risk management framework

As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services, designs and achieve superior turnaround time in our operations. We have made and intend to continue making significant investments in our IT infrastructure. We have spent ₹ 90.53 lakhs and ₹ 111.26 lakhs during half year ended September 30, 2023 and Fiscal 2023 respectively as capital expenditure to expand and develop our IT infrastructure including hardware, data center, networking equipment and others. We utilize an enterprise-wide loan management system, namely TCS Bancs, to provide an integrated technology platform for providing operational and decision-making support through the complete loan lifecycle. All our offices are connected through the enterprise-wide loan management system to our corporate headquarters in Mumbai. We believe that our increased leveraging of technology helps us develop early warning systems and sound risk management system.

Further, our continued focus on the effective use of technology is aimed at allowing employees across our office network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making and helps in leveraging the system for synergies and cross-sell opportunities. We believe that the accurate and timely collection of such data gives us the ability to improve efficiency of our business and develop better credit procedures and risk management.

Continue to create brand awareness to become the preferred NBFC for borrowers in our target customer segments

We plan to invest in enhancing our brand to become the preferred NBFC for borrowers in our target customer segments. We seek to build our brand by continuing to engage with existing and potential customers through sales campaigns, sponsor popular events in locations in which we operate and place advertisements in newspapers, on the radio and in other advertising media. We have recently undertaken a brand building initiative involving multi-channel advertising across outdoor and online advertising and will continue to invest in various brand enhancement initiatives. We also intend to enhance our brand through (i) our increased focus on new MSME/personal-lending products, and (ii) increase in the number of our branches and regions in which we operate, from which we believe our brand would gain greater visibility and awareness among our existing and prospective customers. We have also applied for trademark registration for our corporate logo and the status of our application is still ‘opposed’ as on date.

Optimize borrowing costs and continue to expand and diversify funding sources

Controlling our borrowing costs is critical in determining our ability to offer loan products at reasonable rates to our customers and our profitability. Since our launch, we have developed a well-diversified funding profile by expanding our funding sources and lender base. The combination of a diversified lender base and high credit rating has enabled strong liquidity and reduced our cost of funding. As we continue to grow the scale of our operations, we intend to continue to diversify our borrowing profile and continue to improve our credit ratings to reduce our cost of funds. A lower cost of borrowings will help us, competitively price our loans and other products, improve our net interest margins, and deliver better return ratios. For further details in relation to the credit rating of our Company’s debt see page 110.

As at September 30, 2023, our total borrowings (including debt securities and subordinated liabilities) were ₹ 3,15,368.49 lakhs. Our primary sources of funding are term loans, working capital loans including cash credit facilities, issue non-convertible debentures, market-linked debentures and commercial papers. We intend to further diversify and strengthen our profile, strategically adding additional funding resources.

Key Operational and Financial Parameters

A summary of our key operational and financial parameters as at and for the half year ended September 30, 2023 and the last three completed Fiscals are as follows:

(₹ in lakhs, unless stated otherwise)

Particulars	For half year ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
BALANCE SHEET				
Assets				
Property, Plant and Equipment	1 ,275.87	313.71	523.49	752.24
Financial Assets	4,46,441.02	4,31,236.46	2,60,598.96	1,34,967.73
Non-financial Assets excluding property, plant and equipment	3,504.32	2,259.27	1,577.27	894.41
Total Assets	4,51,221.21	4,33,809.44	2,62,699.72	1,36,614.38
Liabilities				
Financial Liabilities				
-Derivative financial instruments	-	-	-	-
-Trade Payables	327.45	162.21	134.09	66.59
-Debt Securities	92,709.18	1,09,742.15	56,577.25	22,203.94
-Borrowings (other than Debt Securities)	2,16,642.92	1,95,521.88	1,16,773.31	44,364.85
-Subordinated liabilities	6,016.39	6 ,317.82	-	-
-Other financial liabilities	16,436.39	12,673.11	3,343.35	1,876.66
Non-Financial Liabilities				
-Current tax liabilities (net)				
-Provisions	463.30	466.70	512.65	104.06
-Deferred tax liabilities (net)	-	-	-	-
-Other non-financial liabilities	4,430.73	4 ,072.61	1,676.57	663.12
Equity (Equity Share Capital and Other Equity)	1,14,194.85	1,04,852.96	83,682.50	67,335.16
Total Liabilities and Equity	4,51,221.21	4,33,809.44	2,62,699.72	1,36,614.38
PROFIT AND LOSS				
Revenue from operations	25,472.63	37,066.31	20,172.74	10,188.51
Other Income	375.17	222.57	136.66	104.03
Total Income	25,847.80	37,288.88	20,309.40	10,292.54
Total Expense	21,069.57	29,008.41	15,900.78	7,964.99

(₹ in lakhs, unless stated otherwise)

Particulars	For half year ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Profit after tax for the year	3,531.67	6 ,136.46	3,251.67	1,688.34
Other Comprehensive income	-	(2.75)	0.16	8.62
Total Comprehensive Income	3 ,531.67	6 ,133.71	3,251.83	1,696.96
Earnings per equity share (Basic) (₹)	0.39	0.72	0.45	0.30
Earnings per equity share (Diluted) (₹)	0.38	0.71	0.45	0.30
Cash Flow				
Net cash from / used in(-) operating activities	(8,785.78)	(1,03,428.06)	(1,26,025.65)	(50,628.28)
Net cash from / used in(-) investing activities	25,457.19	(20,177.66)	5,626.31	(7,240.45)
Net cash from / used in (-)financing activities	(4,104.79)	1,31,874.28	1,10,959.18	68,150.14
Net increase/decrease(-) in cash and cash equivalents	12,566.62	8,268.56	(9,440.16)	10,281.41
Cash and cash equivalents as per Cash Flow Statement as at end of Year	34,005.50	21,438.88	13,167.93	22,608.09
Additional Information				
Net worth	1,13,083.30	1,03,303.99	82,692.78	66,688.14
Cash and cash equivalents	34,005.50	21,438.88	13,167.93	22,608.09
Loans	3,94,535.11	3,68,572.88	2,29,908.39	90,658.90
Loans (Principal Amount)	3,96,469.64	3,70,710.95	2,30,307.72	90,905.12
Total Debts to Total Assets	0.75	0.76	0.68	0.51
Interest Income	23,034.41	35,074.05	19,210.33	9,788.32
Interest Expense	14,444.78	19,617.28	9,173.74	3,768.91
Impairment on Financial Instruments (Loans)	1,705.66	598.76	557.61	220.99
Bad Debts* to Loans	0.31%	0.01%	Nil	Nil
% Stage 3 Loans on Loans	0.19%	0.01%	Nil	Nil
% Net Stage 3 Loans on Loans	0.05%	Nil`	Nil	Nil
Tier I Capital Adequacy Ratio (%)	26.13%	24.04%	30.57%	57.54%
Tier II Capital Adequacy Ratio (%)	1.46%	1.44%	0.34%	0.31%

**Bad Debt means loans written of (net of recovery)*

Note 1

(₹ in lakhs, unless stated otherwise)

Particulars	As at September 30. 2023		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Trade payables								
(i) Total outstanding dues of micro enterprises and small enterprises	Nil	-	17.73	-	9.72	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	327.45	-	144.48	-	124.37	-	66.59	-
Other payables								
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Debt securities	32,691.38	60,017.79	41,922.35	67,819.80	16,585.23	40,840.24	2,878.04	19,844.72
Borrowings (other than debt securities)	98,645.93	1,17,997.00	89,112.96	1,06,408.92	57,108.74	59,859.34	22,954.79	21,440.03
Subordinated liabilities	62.34	5,954.05	369.00	5,948.82	-	-	-	-
Other non-financial liabilities	4,430.73	-	4,072.61	-	1,676.57	0.00	663.12	-
Other financial liabilities	15,645.34	791.05	12,673.11	-	2,167.41	132.95	1,034.78	293.09
Total	1,51,803.17	1,84,759.88	1,48,312.24	1,80,177.54	77,672.04	1,00,832.53	27,597.32	41,577.84

The following table sets forth details of our non-performing assets and provisions as at September 30, 2023 March 31, 2023, 2022 and 2021.

(₹ in lakhs, unless stated otherwise)

Parameters	As at			
	September 30, 2023	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Loan Book	4,03,318.83	3,96,027.04	2,37,987.91	1,12,433.35
Stage 3 Book	736.65	34.54	Nil	Nil
Gross Stage 3 %	0.19%	0.01%	0.00%	0.00%
Gross Stage 3 Provision	549.83	104.65	Nil	Nil
Net stage 3*	186.82	Nil	Nil	Nil
Net Stage 3 %**	0.05%	0.00%	0.00%	0.00%
PCR % - Specific provision	67.94%	90%	Nil	Nil

**Net Stage 3 refers to Net NPA*
***Net Stage 3 (%) refers Net NPAs to Net Advances %*

Description of Our Business Lines

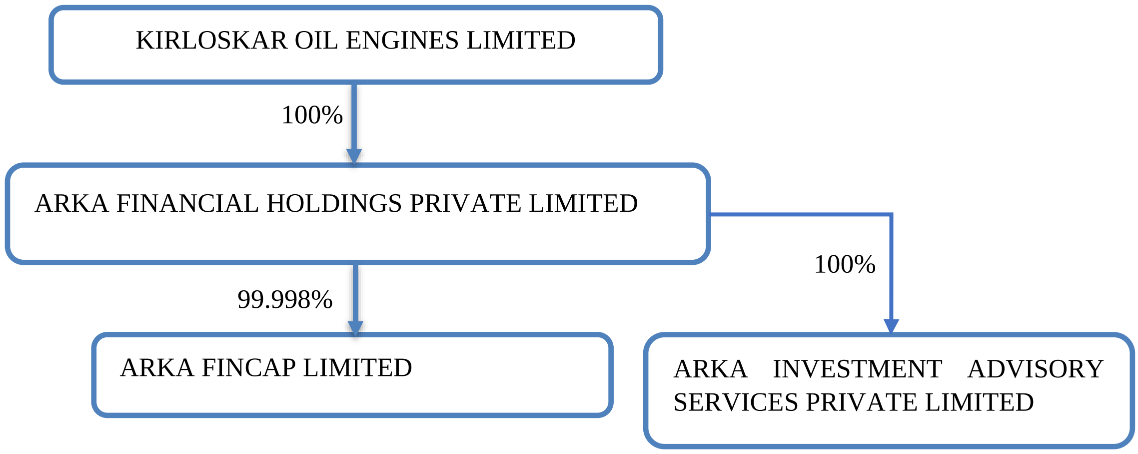
We operate four principal lines of business, namely corporate lending, real estate and urban infra financing, MSME lending, and personal finance loans. The table below sets forth details in relation to our assets as of the dates indicated:

(₹ in lakhs)

Total Loans Outstanding	As of September 30, 2023	As of March 31,		
		2023	**2022**	**2021**
Wholesale Business				
Corporate Lending	1,30,130.39	1,58,626.26	1,23,701.24	62,085.77
Real estate and urban infra financing	1,19,150.30	1,24,041.65	82,013.63	45,161.08
Retail Business				
SME/MSME	1,45,964.14	1,06,917.96	30,127.77	4,773.08
Personal finance loans	8,056.00	6,441.17	2,145.27	413.42
Others	18.49	Nil	Nil	Nil
Total	**4,03,319.32**	**3,96,027.04**	**2,37,987.91**	**1,12,433.35**

Corporate Structure

The Corporate Structure of our Company as of the date of this Shelf Prospectus is as below:



Business Description

A. Wholesale Business:

Corporate lending

Our corporate lending business primarily consists of advancing secured loans to companies in the manufacturing, services and infrastructure industries by way of structured financing, promoter financing and special situation funding (such as buy-outs and bridge financing) During quarter and half year ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021 our corporate loan disbursements amounted to ₹79,600.00 lakhs, ₹1,69,499.01 lakhs, ₹1,33,635.90 lakhs and ₹99,317.09 lakhs, respectively, our corporate loans outstanding amounted to ₹1,30,130.39 lakhs, ₹1,58,626.26 lakhs, ₹1,23,701.24 lakhs and ₹62,085.77 lakhs, respectively. Over the same periods, our yield on our corporate loans was 13.07%, 13.11%, 12.61% and 12.56%, respectively. There are no NPA in this segment till September 30, 2023.

We provide customized lending solutions to mid-to-large sized corporate enterprises with flexible repayment structures. These lending solutions typically take the form of (i) structured financing, where we formulate and offer specialized structured financing solutions for, among others, acquisition funding, family settlements and other asset financings, (ii) promoter financing, where we provide promoter funding for acquisitions, take out of other shareholders, (iii) special situation funding and mezzanine financing, where we provide financing against listed securities, select unlisted securities, operating/ contractual cash flows and/or other tangible collateral, (iv) hold-co debt i.e. where we provide loan facilities to a holding company, (v) funding to financial sponsors, (vi) short term loan; (vi) long term working capital and other bespoke facilities. The customers of our corporate finance business line belong to diverse industries and sectors including financial services, infrastructure, iron and steel, logistics, warehousing, cement, chemical, pharma, renewable energy, oil & gas, healthcare and power sectors.

The average tenure of corporate loans is 16 months for structured financing. The interest rates vary across businesses depending on the type of loan, tenure, extent of structuring, credit rating etc.

Real estate and urban infra financing

Our real estate financing business is primarily focused on providing project specific funding for ongoing residential and commercial projects which have received key regulatory approvals. Our product offerings for our real estate financing include last-mile financing, project finance, corporate exposures, working capital finance, acquisition financing for residential projects. while retail and hospitality project developers can access our asset-backed and working capital financing to our commercial project developer customers, structured debt for takeout of early stage equity investors, mezzanine financing and construction finance for residential and commercial projects. We commenced our real estate financing business in October 2019 by providing financing to developers to support their funding requirements once key regulatory approvals for commencement of construction were in place.

During quarter and half year ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021 our real estate and urban infra financing disbursements amounted to ₹ 53,840.00 lakhs, ₹ 1,08,606.50 lakhs, ₹83,216.26 lakhs and ₹45,500.00 lakhs, respectively, our loans outstanding in real estate and urban infra financing amounted to ₹1,19,150.30 lakhs, ₹1,24,041.65 lakhs, ₹82,013.63 lakhs and ₹45,161.08 lakhs, respectively. Over the same periods, our yield on our real estate and urban infra financing was 13.57%, 13.53%, 12.85% and 13.13%, respectively. There are no NPA in this segment till September 30, 2023.

We believe that our ability to provide innovative financing solutions to our customers is demonstrated in our product offerings. As part of our urban infra financing business, we offer a range of financing options to developers of educational and healthcare institutions and hospitals which comprises of asset backed financing, working capital financing, acquisition financing, etc.

Our loan products in our real estate lending business generally have floating interest rates. The tenor and repayment schedules of the loans we provide would also vary depending on the type of financing provided and the tenor may range primarily from two and half years to three years with an option to prepay. The forms of security that accompany our loan products may vary and include forms such as mortgage of fixed assets, pledge of shares, escrow of existing and future revenues or a combination of one or more of these forms of security. We have continued to extend loans to the certain repeat borrowers based on our past experiences and familiarity with them, which has assisted us in maintaining a high-quality asset portfolio. We generally do not provide funding for greenfield projects.

B. Retail Business:

MSME lending

We launched our MSME business line in December 2020. Our Company's SME division continue to grow on four product fronts namely Loan Against Property, Supply Chain Finance, Banking Profile Based Loans and Unsecured Loans Through Digital Lending (personal loans) business, launched in August 2020.

Through our SME lending business, we extend loans to several types of small and medium sized enterprises, including traders, wholesalers, distributors, retailers, self-employed professionals and small manufacturing companies. We provide loans for purposes such as expansion of businesses, working capital and purchase of equipment. We currently provide SME loans from 26 branches located at 11 states. Our Company also entered into partnerships for co-lending with other smaller NBFCs and with various other fintech to expand its market reach and acquire maximum customers from the market. As of September 30, 2023, approximately 74% of our MSME loans qualify for priority sector lending, which, if we required, allow us to access funds at relatively lower costs. Loan tenors for our SME loans are typically up to 158 months and are generally collateralized against completed and largely self-occupied residential and commercial property, which we believe enhances the value of the collateral. As of September 30, 2023, all of our MSME loans were secured with an average LTV ratio of approximately 60% and had monthly interest as well as principal servicing requirements. All of our outstanding loans are provided on fixed or floating interest rate basis.

For quarter and half year ended September 30, 2023, Fiscal 2023, and 2022, our SME loan disbursements amounted to ₹ 70,148.86lakhs, ₹ 1,07,208.03 lakhs and ₹ 44,457.84 lakhs, respectively, and our SME loans outstanding amounted to ₹1,45,964.14 lakhs, ₹1,06,917.96 lakhs and ₹30,127.77 lakhs, respectively . The GNPA for this segment stood at 0.49% and 0.02% for September 30, 2023 and March 31, 2023 respectively and NNPA was 0.17% and 0.001% for September 30, 2023 and March 31, 2023. For quarter and half year ended September 30, 2023, Fiscal 2023 and Fiscal 2022, our yield on our MSME loans was 12.41%, 11.84% and 10.60%, respectively.

Our SME loans include the following:

- *Loan against Property*: We offer loans to customers who intend to purchase property for self-occupation or lease for better return. Average size of such loans is approximately ₹108 lakhs and tenors of up to 158 months. Such loans are secured against the commercial and/or residential property to be purchased and, if required, against additional residential or commercial property, after third-party legal professionals have confirmed that such property are unencumbered;

- *Supply Chain Finance*: Our distribution centres and delivery network form a supply chain system across India. We provide comprehensive solutions for supply chain requirements that we create based on our customers' requirements. The supply chain finance market is booming market which offers attractive opportunities to buyers, suppliers, and finance providers and the Company has sourced various vendors and dealers by providing working capital facilities to its existing dealers and vendors, mainly under the Kirloskar Group. We further aim to tap dealers and vendors outside the Kirloskar ecosystem and onboard customers through tailored products and services. For our supply chain business our technology partners are Tata Consultancy Services Limited and Amazon Internet Services Private Limited.

- *Unsecured Loans through digital lending*: We provide unsecured personal loans to both salaried and self-employed borrowers without collateral for self-consumption purposes. These unsecured loans are cash-flow-based and are underwritten based on financial statements, bank statements, GST returns, number of loans taken in the past, bureau checks, scorecards, etc. Our customers require unsecured small business loan to tide over a liquidity crunch or take advantage of short-term opportunities, or to expand a small business, mostly when cash credit limit of the bank is exhausted.

- *Banking profile based loans:* We offer loans to customers with healthy financial positions. Such loans are of loan sizes of up to ₹500 lakhs and tenors of up to 15 years. Such loans are only disbursed following an in-depth review of the prospective customer's financial position, including the prospective customer's bank balance, the nature and regularity of banking transactions conducted, including if there has been any attempted payments that have bounced, and cash flow patterns. Such loans may also be secured against residential or commercial property, after third-party legal professionals have confirmed that such property are unencumbered.

  For underwriting these loans, our system is powered by new financial technology with availability of data on credit history of customers.

We allow for pre-payments and redemption of such loans subject to payment of relevant closing pre-payment and redemption charges.

Personal Finance Loans

We forayed into the personal lending business in August 2020. We provide short term personal finance loans to our customers. We have integrated with four NBFC/Fintech partners for offering Personal finance loans. The tenure and interest rates of our personal finance loans are fixed.

We offer viable financial solutions to assist our customers with immediate financial needs, thus helping them achieve goals as per their requirements. Our personal finance loans disbursal process is completely digital with quick approval process and competitive interest rates. We provide personal finance loans to both salaried and self-employed professionals.

The average ticket size of our personal finance loans is approximately ₹ 1 lakh. For quarter and half year ended September 30, 2023, Fiscal 2023 and Fiscal 2022 personal finance loans disbursed by our Company amounts to ₹ 7,465.36 lakhs, ₹ 12,046.20 lakhs and ₹2,913.62 lakhs respectively. Applications for individuals with monthly income less than ₹ 0.30 lakhs are not processed as per our credit policy.

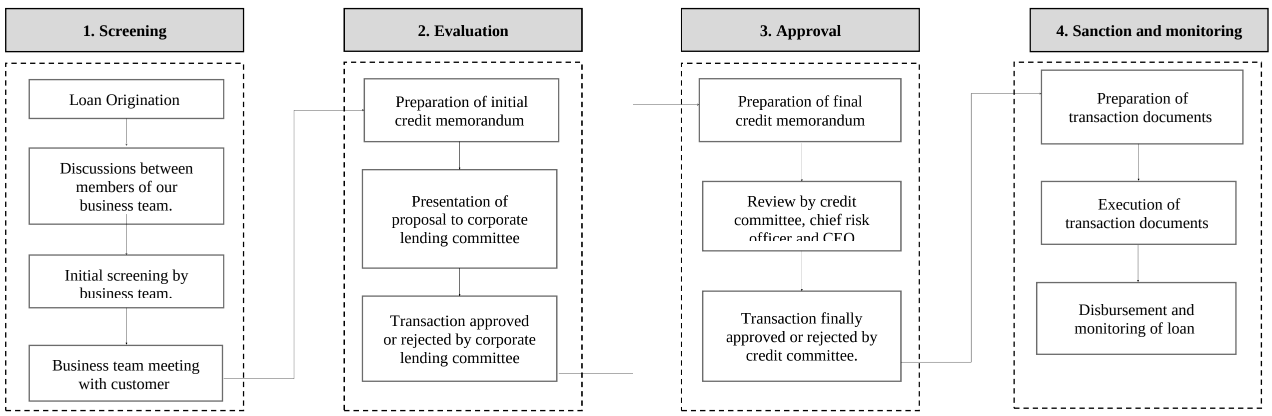
As of September 30, 2023, March 31, 2023 and March 31, 2022 our personal lending book amounted to ₹ 8,056.00 lakhs, ₹ 6,441.17 lakhs and ₹2,145.27 lakhs respectively.

Our Operations

We conduct our corporate lending, real estate and urban infra financing, MSME lending and personal lending business on the basis of a comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our lending operations.

Wholesale Business operations

Our wholesale business operations span across four stages, namely the (i) screening stage, (ii) evaluation stage, (iii) approval stage, and (iv) sanction and monitoring stage. The following diagram sets forth further details relating to our corporate lending operations.



Screening stage. Our screening stage commences once a customer has been identified, and our business team conducts an initial screening of the customer's creditworthiness. Such screening typically involves a personal discussion with the customer, credit history checks, reference checks, an analysis of the customer's financial statements, know-your-customer verification and credit bureau checks for the borrowing entity and its directors. For wholesale business loans, a officer of our business team will conduct a visit of relevant sites and submit a report on his findings. We maintain an approved list of technical and legal experts that assist our credit assessment teams with the due diligence process when required.

Evaluation stage. Upon the completion of this screening, the loan application process proceeds to the evaluation stage, where our business evaluates the prospective customer's business and financing needs and investigates the prospective customer's track record, market reputation and ability to repay any loans extended to it. After the assessment is completed and the exposure to the prospective customer is determined to be acceptable, our business team would then formulate a debt financing structure that protects us from any identified weaknesses of the borrower and prepare a credit memorandum, setting out the details of the proposed transaction. The credit memorandum will contain an analysis of the proposed facility and its impact on our overall portfolio, as well as explicitly address areas of concern detailed in our risk framework and policy. Such credit memorandum is then presented to our credit committee for approval.

Approval stage. After a proposed transaction is approved by our credit committee, a final credit memorandum, taking into account the feedback received from the prior rounds of review, is prepared for presentation to and review by our credit committee. Once our credit committee reviews the proposal, it goes with the chief risk officer and then chief executive officer, for review. Post receipt of approval from chief executive officer, the proposal is sent again to credit committee for final approval.

Sanction and monitoring stage. Once approval from our credit committee is obtained, our legal team would prepare relevant loan documentation, including a loan agreement. Our business team will work with the customer to complete pre-disbursement documentation and to fulfil the covenants of the relevant loan agreement and other documentation. The financial details of the transaction are entered into our enterprise-wide loan management system, TCS Bancs, which generates a transaction closing memorandum that tracks the compliance status of pre-disbursement covenants. Once the pre-disbursement covenants and conditions are performed, and our credit lending committee approves the transaction closing memorandum, the relevant funds would be disbursed to the borrower.

After the disbursement of the funds, our business team is responsible for ensuring the fulfilment of the conditions subsequent set out in the loan documentation, including the loan agreement. Our operations team updates the fulfilment of conditions subsequent and covenants of the relevant loan agreements and documentation on our enterprise-wide loan management system, and our system automatically sends out reminders to the relevant customer relationship managers of our business team on a periodic basis.

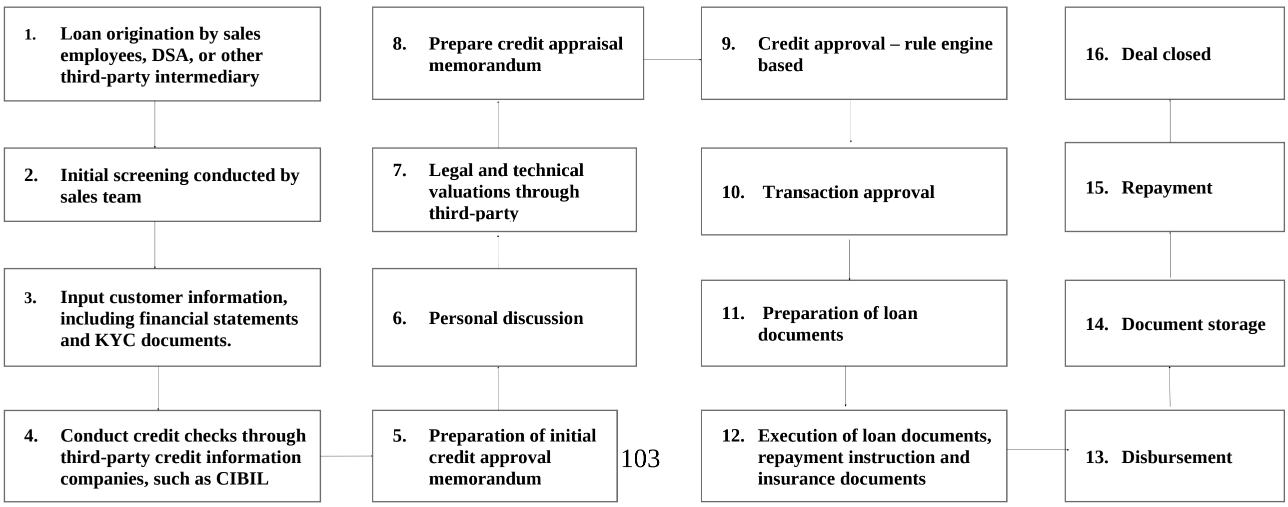
For our wholesale business loans, an officer of our business team will conduct periodic review visits of the sites that form a part of our collateral basket. Risk analysis is conducted usually at the beginning of the financial year. An updated technical due diligence report from an independent agency will also be prepared periodically. The customer must submit required records on a quarterly basis.

An officer of our business team will conduct a review visit that assesses the current status of the project/assets and the condition of assets. An engineer's report from an independent agency that covers asset-related reviews will generally be prepared and we periodically monitor manufacturing activity of the borrowing entity through its production data and revenues, and in some cases, an internal officer may visit the manufacturing facility.

Our credit team would typically send a reminder to the relevant officer of our business team prior to the due date of upcoming payments, and the officer will then liaise with the relevant customer. Where payments are delayed or likely to be delayed, the officer will inform our credit committee of the delay and to allow for corrective action to be taken. Our credit team receives regular updates of the likely clearance date of the overdue payments.

MSME Lending and Personal Loans Operations

Our MSME lending, and personal lending operations also operate on the basis of a comprehensive credit assessment and risk management framework. The following diagram sets forth further details relating to our MSME lending, and personal lending operations.



We conduct our corporate lending, MSME lending, and personal lending against a streamlined credit assessment and risk management framework to identify, monitor and manage risks inherent in our lending operations.

After a loan application has been originated by a sales employee, DSA or other third-party intermediary, an initial screening of the prospective customer is conducted by our sales team by way of an in-person interview and discussion. Following such interview and discussion, the prospective customer's financial information, required loan documentation and other know-your-customer information is inputted into our enterprise-wide loan management system, TCS Bancs, for processing. Our credit team then conducts customer credit checks through third-party credit information companies, such as CIBIL, and we engage in legal and technical valuations, mainly through third-party professionals, of the collateral proposed to be used for the loan. After the aforementioned steps have been completed, and all our internal and external credit and loan collateral criteria are satisfied, our sales team would meet with the prospective customer for a discussion of the financial details and proposed terms of the loan, which would allow for an initial credit approval memorandum to be prepared, for presentation to an authorized credit approver in our credit team for final approval. These credit approval steps are "rule engine based', which we believe streamlines our credit assessment and risk management process, contributing to our turn-around-time for processing loan applications and our ability to take prudent credit decisions.

Once approval from our authorized credit approver is obtained, our operations team would prepare relevant loan documentation, including a loan agreement. Our sales team will work with the customer to complete pre-disbursement documentation and to fulfil the covenants of the relevant loan agreement and other documentation. Once the pre-disbursement covenants and conditions are performed, the relevant funds would be disbursed to the customer.

Asset Quality

We maintain our asset quality by adhering to credit evaluation standards, limiting customer and asset exposure, closely monitoring our assets, and interacting with customers directly and regularly. We ensure that prudent LTV ratios are adhered to while lending. We ensure prompt collection and proper storage of post-disbursement documents. We periodically inspect, by ourselves, our customers and the assets financed on a random basis. Our staff conduct tele-verification of the customers' key details and close follow-up is undertaken to ensure timely collection and control overdues.

Our asset quality is reflected by our low rates of GNPAs and NNPAs. As of September 30, 2023, our GNPAs accounted for 0.19% of our Gross Advances. As of September 30, 2023, our NNPAs accounted for 0.05% , of our Gross Advances.

Asset Classification

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("Master Directions") provide standards for asset classification, treatment of NPAs and provisioning against NPAs for NBFCs in India. We, like other non-deposit taking NBFCs, are required to, after taking into account the degree of well-defined credit weakness and extent of dependence on collateral security for realization, to classify lease and hire purchase assets, loans, advances and other forms of credit into various classes.

The Master Directions for asset classification are set forth below:

- Standard Assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss Assets

Provisioning Policy

Our Risk Management committee has approved a policy for making provisions against loans in default that is consistent with applicable guidelines / regulation, as applicable to our Company, and we make further provisions if we identify a risk.

We currently make provisions as follows:

Asset Classification	Provisioning Policy		
	Corporate & Real Estate	MSME	Personal
Stage 1	PD : CRISIL default rates basis	PD : 12 months probability of default;	PD : 12 months

<table>
<tr><th rowspan="2">Asset Classification</th><th colspan="3">Provisioning Policy</th></tr>
<tr><th>Corporate & Real Estate</th><th>MSME</th><th>Personal</th></tr>
<tr><td></td><td rowspan="2">external long term rating

LGD: Basis guidance given by RBI vide its circular no. RBI/2011-12/311 DBOD.No.BP.BC.67/21.06.202/ 2011-12, dated December 22, 2011</td><td>(currently estimated range between 0.25% to 1.00%)
LGD : Ranging between 15% to 90% depending upon type of collateral and LTV</td><td>probability of default; (currently estimated between 0.80% to 1.00%)
LGD : 90%</td></tr>
<tr><td>Stage 2</td><td>PD : Lifetime probability of default; (currently estimated range between 5.76% to 10.28%)
LGD : Ranging between 50% to 90% depending upon type of collateral and LTV</td><td>PD : Lifetime probability of default;
(currently estimated between 8.71% to 10.28%)
LGD : 90%</td></tr>
<tr><td>Stage 3</td><td>PD : 100%

LGD : LGD: Basis guidance given by RBI vide its circular no. RBI/2011-12/311

DBOD.No.BP.BC.67/21.06.202/ 2011-12, dated December 22, 2011</td><td>PD : 100%
LGD : Ranging between 50% to 90% depending upon type of collateral and LTV</td><td>PD : 100%

LGD : 90%</td></tr>
<tr><td>Write off</td><td>NA</td><td>Secured LAP – 1170 DPD
Secured (other than LAP) – 360 DPD

Unsecured – 180 DPD</td><td>180 DPD</td></tr>
</table>

Details of NPA and provisions thereon of our Company, as of the specified dates are set out in the table below:

(₹ in lakhs)

Asset Type	As on September 30, 2023	As on March 31		
		2023	2022	2021
Stage 1	4,01,516.19	3,95,797.68	2,37,987.91	1,12,433.35
Stage 2	1,066.48	194.82	0.00	0.00
Stage 3	736.65	34.54	0.00	0.00
Loss	**0.00**	**0.00**	**0.00**	**0.00**
Gross NPA	736.65	34.54	0.00	0.00
Gross NPA% of our Loan Book	0.19%	0.01%	Nil	Nil
Less Provisions	549.83	104.65	0.00	0.00
Net NPA	186.82	0.00	0.00	0.00
Net NPA% of our Loan Book	0.05%	Nil	Nil	Nil

Assets-Liabilities Management and Treasury Operations

Our Board adopted the asset-liability management policy ("**ALM Policy**") vide board resolution dated April 24, 2019 and liquidity risk management framework vide board resolution dated October 20, 2021. Through these policies, our Company proposes to lay down broad guidelines in respect of interest rate and liquidity risks management systems in Company, which form part of the Asset-Liability Management (ALM) function. The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed in the course of conducting its business. The Board of Directors has constituted the Asset Liability Committee (ALCO) inter-alia to manage liquidity risks faced by the Company. Further, the Board of Directors has constituted the Risk Management Committee for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk.

Our treasury department is responsible for managing our funding requirements and deployment of short-term surpluses. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks.

As part of our treasury activities, we also invest our surplus fund in fixed deposits with banks and liquid debt mutual funds. Our investment decisions are guided by the following criteria: capital protection, liquidity, and profitable returns. In line with this, our surplus funds are invested in fixed deposits with banks, debt-based liquid mutual funds and short tenor assets like loans or bonds. Our treasury policy on deployment of funds sets out the maximum exposure for each investment category. All investment decisions are made with in accordance with investment policy.

Our sources of funds include term loans and working capital and proceeds from the issuance of NCDs and commercial papers. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates.

The components of all our borrowings as of the dates indicated are set out below:

(₹ in lakhs)

Particulars	As on September 30, 2023	As on March 31		
		2023	2022	2021
Bank loans	2,16,642.92	1,95,521.88	1,16,773.31	44,364.85
NCDs	85,946.88	1,04,412.80	44,767.87	19,844.72
CPs	12,778.69	11,647.17	11,809.38	2,359.22
Total	**3,15,368.49**	**3,11,581.85**	**1,73,350.56**	**66,568.79**

For details, please see "*Financial Information*" and "*Financial Indebtedness*" on pages 150 and 282, respectively.

We generate profit from the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings. Our average cost of borrowings as on quarter and half year ended September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was 9.60%, 9.53%, 8.70% and 9.27%, respectively and net interest margin for half year ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 was 4.59%, 5.08%, 5.64% and 6.31%, respectively.

Capital Adequacy Ratio

As per the Master Directions, every NBFC-ML including us is subject to the capital adequacy requirements prescribed by the RBI. Currently, we are required to maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15.00% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. Further, we are required to maintain a minimum Tier I Capital of 10.00% and also the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer up to 20% of our net profit to a reserve fund and also make provisions of NPAs.

The following table sets forth our Company's capital adequacy ratios as of the dates indicated.

Particulars	As on September 30, 2023	As on March 31		
		2023	2022	2021
CRAR – Tier I capital (%)	26.13%	24.04%	30.57%	57.54%
CRAR – Tier II capital (%)	1.46%	1.44%	0.34%	0.31%
CRAR (%)	27.59%	25.48%	**30.92%**	**57.85%**

Risk Management

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes our Board, risk committee, credit committee, and asset liability management committee. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset quality impairment risk, inflation risk and concentration risk.

Risk Management Framework

Risk Management Committee. Our risk management committee is inter alia responsible for identifying, monitoring and managing risks that affect / may affect the Company, ensure appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, setting up and reviewing risk management policies of the Company from time to time and overseeing implementation and execution of Risk Management Practices.

Credit Committee. The credit committee is inter alia responsible for the deployment of capital and resources of the Company, approving credit proposals, oversight of the credit and lending strategies of the Company, reviewing the quality and performance of the Company's credit portfolio, approving new financial products, if any, review and monitoring of portfolio mix and scrutinizing the loan proposals and if satisfied approving the sanction of the loan.

Audit Committee. The audit committee is inter alia responsible to oversee the financial reporting process and the disclosure of financial information, approving the quarterly financial results and annual financial statements, review and ensure correctness, sufficiency and credibility of Financial Statements, recommend appointment, re-appointment or removal of our statutory and internal auditors, overseeing our whistle blower policy/vigil mechanism, monitor transactions with related parties, reviewing monitoring and evaluating the internal control system including internal financial controls and risk management system.

Asset Liability Management Committee. The asset liability management committee is responsible for monitoring the asset liability composition of our business, determining actions to mitigate risks associated with our asset liability discrepancies, approve proposals and detailed terms and conditions of borrowings from banks, reviewing our borrowing agenda, reviewing product pricing and desired maturity profile of our assets and liabilities and also the mix of our incremental assets and liabilities.

Our Asset Liability Management Committee assists Board and in effective market risk management, asset-liability management, liquidity, and interest rate risk management. Asset Liability Management Committee reviews the the liquidity position and interest rate scenario and outlook for the market, borrowing requirements and other funding sources.

A summary of our asset and liability maturity (ALM) profile as of quarter and half year ended September 30, 2023, which is based on certain estimates, assumptions and our prior experience of the performance of its assets, is set out below:

(₹ in lakhs)

	Up to One Month	Between One Month and One Year	Between One and Three Years	Between Three and Five Years	Over Five Years	Total
Liabilities						
Equity Capital	-	-	-	-	92,872.81	92,872.81
Reserves and Surplus	-	-	-	-	21,325.18	21,325.18
Total Borrowings	13,105.64	1,18,021.19	1,67,402.56	13,308.06	-	3,11,837.45
Current Liabilities and Provisions	14,180.16	4,498.94	3,240.61	506.69	6,193.56	28,619.96
Contingent Liabilities	-	-	-	-	-	-
Total	27,285.80	1,22,520.13	1,70,643.17	13,814.75	1,20,391.55	4,54,655.40
Assets						
Fixed Assets	-	-	-	-	2,039.70	2,039.70
Investment	133.25	12,062.06	739.67	1,569.58	-	14,504.56
Cash and Bank Balance	33,053.47	2,022.48	-	-	-	35,075.95
Inflow from Loans and Advances	9,475.58	1,23,554.28	1,45,195.72	22,480.72	95,675.78	3,96,382.08
Other Assets	550.77	2,056.57	2,245.76	530.74	1,269.27	6,653.11
Total	43,213.07	1,39,695.39	1,48,181.15	24,581.04	98,984.75	4,54,655.40
Cumulative Surplus (Deficit)	15,927.27	33,102.53	10,640.51	21,406.80	-	-

The above disclosure is made as per RBI Guidelines on Liquidity Risk Management Framework

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our customers under our loan agreements. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval by various committees. Credit authority delegation is administered by the operations department and that is how the process is controlled. Further, there is a streamlined portfolio review mechanism to identify and address credit risks at early stage.

Interest Rate Risk

We are subject to interest rate risk, principally because loans to customers may be at interest rates and for periods that may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and seek to manage the interest rate risk on our balance sheet by managing our assets and liabilities. As of September 30, 2023, 31.30% of our total borrowings was at fixed rates and 68.70% at floating rates while 31.12% of our loan assets were at fixed rates and 68.88% of our loan assets were at floating rates.

We maintain an asset liability management policy where assets and liabilities are categorized into various time buckets based on their maturities and re-pricing options. We comply with the relevant guidelines of the RBI in relation to asset liability management of mismatches in each of the time buckets.

Liquidity Risk

Funding risk is a form of liquidity risk, which arises when the liquidity needed to fund illiquid asset positions cannot be achieved at the expected terms, as and when required. Unavailability of funds at lower cost could affect profitability and lack of adequate funds could have an adverse impact on our business, financial condition and results of operations. We have maintained the key financial ratios in line with changing regulatory requirements. We believe that a mix of strong capital position, adequate medium and long term borrowings, good credit rating resulting in debt capital market access and availability of lines of credit from a large number of banks ensures that we are able to meet our liquidity requirements.

Operational Risk

Operational risk is the prospect of loss resulting from inadequate or failed processes, people, and systems or from external events. A cohesive technology system across operational verticals is helping the Company in achieving seamless centralized operations across its network. A well-defined credit policy, along with Standard Operating Processes (SOP) also helps in managing operational risk. Regular internal audits ensure establishment of sound operational practices.

Cash Management Risk

Our business operations do not involve significant cash transactions and the majority of our transactions with customers are conducted electronically or via cheques. For our corporate lending business, all of our loan disbursements are made, serviced and repaid through real-time gross settlement ("**RTGS**") or National Electronic Funds Transfer ("**NEFT**"), both of which are specialist electronic payment systems. For our SME lending, personal loan businesses, loan disbursements are occasionally made through printed cheques, for which we have arrangements for cheque printing with our various banks, and such loans are serviced and repaid through the National Automated Clearing House ("**NACH**") process, which is cashless.

Asset Quality Impairment Risk

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing, and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

Inflation Risk

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our corporate lending and SME lending businesses. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

Concentration Risk

Concentration risk mainly arises when our loan portfolio is weighted on a particular customer segment or when we have relatively greater dependency on any particular group of lenders. We seek to mitigate concentration risk in our loan portfolio by distributing our corporate and SME loans, among a diverse range of companies distributed across various industry segments and geographies, and our real estate and urban infra finance and personal finance loans, to individuals distributed across various geographies. We mitigate concentration risk in our borrowings by maintaining long-term relationships with a large number of lenders. As of September 30, 2023, our lenders included, among others, public sector banks, private sector banks, mutual funds, insurance companies and other financial institutions.

Risk Management for Loans

We have a strict screening and collateral/security criteria applied to each loan.

Corporate financing. Our screening and collateral/security criteria for corporate financing include, among others, a focus on lending to larger companies, avoiding lending to companies in sectors with higher regulatory risk, adopting conservative cash flow analysis of prospective customers, and maintaining an internal ratings process. Our security package structuring for our corporate lending customers focuses on achieving higher cash flow cover over their loans. We also take security over tangible assets and acquire additional protection in the form of promoter guarantees.

Real Estate and Urban infra financing. Our screening and collateral/security criteria for real estate financing include, among others, having specialized customer relations employees engage prospective customers who are self-employed or who are procuring real estate financing, so as to allow us to better understand the credit profile of such prospective customers, and ensuring that security provided complies with our required LTV ratio.

MSME financing. Our screening and collateral/security criteria for MSME financing include, among others, understanding the cash flows of our prospective customer, conducting reference checks, engaging in personal discussions with our prospective customer and maintaining a robust DSA empanelment process.

Personal loan financing. Our screening and collateral/security criteria for personal loan financing include, among others, ensuring our field officers are responsible for the loans they originate and maintaining a focus on the returns.

Board Committees

In accordance with the applicable circulars, notifications and directions issued by the RBI ("the RBI Regulations"), the applicable provisions of the Companies Act, 2013 and corporate governance requirements, our Board has constituted the following committees and the role of each committee has been broadly defined for effective business operations and governance of our Company.

Operational Committees

Banking Committee. The Banking Committee is responsible for the internal functioning of our Company inter-alia includes, matters relating to opening, operating, closing, change in signatories or such related matters for our bank accounts, demat accounts, broking accounts, trading accounts and CSGL accounts.

Credit Committee. The credit committee is inter alia responsible for the deployment of capital and resources of the Company, approving credit proposals, oversight of the credit and lending strategies of the Company, reviewing the quality and performance of the Company's credit portfolio, approving new financial products, if any, review and monitoring of portfolio mix and scrutinizing the loan proposals and if satisfied approving the sanction of the loan.

Capital Structure Committees

Allotment Committee. The Allotment Committee is, inter alia, responsible for allotment of securities including equity and/or preference shares and debentures, issuing of duplicate/split/consolidated share certificates, issuing of new share certificate on allotment, redressal of shareholder complaints like non receipt of share certificates, loss of share certificates, transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

Sales and distribution

As of September 30, 2023, we conducted our operations through 25 branches. Our corporate office and our branches act as the primary point of origination of loans, various collection processes and enhancing customer service, while corporate offices provide support functions, such as loan processing and credit monitoring, and our central office supervises our operations.

Our enterprise-wide loan management system, TCS Bancs, integrates all activities and functions within our organization under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers. Our distribution network includes our in-house sales team as well as external direct sales associates (the "DSAs") and other third-party intermediaries who are empaneled with us.

Our Credit Ratings

Our long-term debt is presently rated CRISIL AA-/Positive (pronounced as CRISIL double A minus rating with Positive outlook) for an amount of ₹ 50,000 lakh by CRISIL Ratings Limited. Our average cost of borrowings as on quarter and half year ended September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was 9.60%, 9.53%, 8.70% and 9.27%, respectively.

Information Technology

We are committed to providing quality services to our customers by leveraging information technology. We have implemented a loan management system i.e., TCS Bancs, which has both loan management and accounting capabilities, allowing us to effectively manage our loan portfolio and providing us decision-making and operational support. This system covers the asset management of our business in addition to account management, core financial accounting, risk management, document management and customer service through the full life cycle of loans for both our corporate and retail lending operations. This system is also capable of being used via mobile, tablet and other digital devices. It has maker-checker functionality at every transaction stage that makes it reliable.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include our general insurance policy, which covers; fire and allied perils material damage, burglary and housebreaking, money in transit or safe, electrical and mechanical appliances breakdown, electronic equipment, portable equipment all risk, fixed glass and sanitary fittings and legal liability, our Directors and Officers liability insurance, which covers; directors and officers liability coverage, company reimbursement coverage, securities coverage, legal representation expenses-directors and officers and legal representation expenses-company reimbursement, our employer-employee our medical policy. Our insurance policies may not be sufficient to cover our economic loss.

Employees

As of September 30, 2023, we had 326 employees. As part of our customer-centric approach, we recruit employees locally, which assists us in gaining a better understanding of customers in that region and their requirements. We train our employees on a regular basis and focus primarily on three areas through our training programs: leadership development, behavioral development and functional development. We have also implemented ESOP plan for our employees, along with a range of incentives and employee engagement programs.

Competition

The NBFC industries in India are characterized by high levels of competition. The main competitive factors are product range, ability to customize products, speed of loan approvals, price, reputation and customer relationships. We face our most significant organized competition from banks and other NBFCs in India. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates. In the organized sector, many of the institutions with which we compete have greater assets and better access to, and lower costs of, funding than we do. In certain areas, they may also have better brand recognition and larger customer bases than us.

Property

Our registered office and corporate office is located at 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India.

As of September 30, 2023, we conducted our operations through 26 branches in 11 states. All of our branches, registered office and corporate office are located on leased premises.

Intellectual Property

We have filed applications for registration of our Corporate Logo. Further, we have entered into Trademark/ Service Mark License Agreement and License Agreement (“Agreements”) with Kirloskar Proprietary Limited dated August 3, 2023.

Our Company has entered into Agreements with Kirloskar Proprietary Limited for using the status line/ tagline A kirloskar Group Company. The mark 'Kirloskar' in the status line is owned by Kirloskar Proprietary Limited and Arka Fincap Limited is the permitted user. For the usage of said trademark, our Company would pay 0.1% of our Company's annual sales turnover. Further, the Company shall also pay ₹ 10,000 per Fiscal year as a license fee.

Corporate Social Responsibility

We have undertaken CSR initiatives in several areas including special education and strengthening of education infrastructure in Fiscal 2023. Our Company has funded Kirloskar Institute of Advanced Management Studies (KIAMS) a sum of ₹ 70,92,615/- towards CSR expenditure in Financial Year 2022-23.

HISTORY AND MAIN OBJECTS

Our Company was incorporated as Kirloskar Capital Limited on April 20, 2018 at Mumbai, Maharashtra, India as a public company under the Companies Act, 2013 and received a certificate of incorporation from RoC with CIN U65993MH2018PLC308329. Pursuant to a resolution passed by our Shareholders at the EGM held on June 4, 2019, the name of the Company was changed to Arka Fincap Limited and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on June 28, 2019.

The Company is registered with the Reserve Bank of India (RBI) as a non-banking financial Company vide certificate no. N-13.02282 dated July 25, 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate no. N-13.02282 dated October 29, 2018) in pursuance of Section 45-IA of the 'RBI' Act, 1934. For further details in relation to the changes in our name, constitution and registration with the RBI, see "*General Information*" on page 36.

For details of the business of our Company, see "Our Business" on page 92.

Change in Registered Office of our Company

The registered office of our Company is 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India. Other than disclosed below there are no change in the registered office of our Company.

Date of change of Registered Office	Details of changes in the address of registered office
January 1, 2019	From Unit No 1002, 10th Floor,Vikas Centre, Dr C G Road, Near Basant Cinema, Chembur, Mumbai – 400 074, Maharashtra, India to One Indiabulls Centre, 1202B, Tower 2B, Floor 12B Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013, Maharashtra, India
September 2, 2020	From One Indiabulls Centre, 1202B, Tower 2B, Floor 12B Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013, Maharashtra to One World Center, 1202B, Tower 2B, Floor 12B Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013, Maharashtra, India
October 16, 2023	From One World Center, 1202B, Tower 2B, Floor 12B Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013, Maharashtra, India to 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. *Subject to approval of Reserve Bank of India or any other authorities, required if any, to carry on the business of a leasing company, hire purchase company, finance company and investment company and to undertake and / or arrange or syndicate all types of business relating to financing of consumers, individuals, industry or corporates, for all kinds of vehicles, aircrafts, ships, machinery, plants, two-wheelers, tractors and other farm equipment, consumer durables equipment, renewable energy equipment / infrastructure, construction equipment, housing equipment, capital equipment, office equipment, their spares and components, real estate, infrastructure work or activity, including used / refurbished products, consumable products, as also services of every kind and description, computers, storage tanks, toll roads, communication satellites, communication lines, factories, rolling stock, moveable and immoveable property, to engage in all forms of Securitization, instalment sale and / or deferred sale relating to goods or materials, to purchase the book debts and receivables of companies and to lend or give credit against the same, to borrow, to transact business as promoters, financiers, monetary agents, to carry out the business of a company established with the object of financing industrial enterprises and to arrange or provide financial and other facilities independently or in association with any person, Government, Financial Institutions, Industrial Companies or any other agency, in the form of lending or advancing money by way of loan, working capital finance, refinance, project finance or in any other form, whether with or without security, to institutions, bodies corporate, firms, sole proprietorship, limited liability partnership, associations, societies, trusts, authorities, industrial enterprises and to arrange or provide facilities for the purposes of infrastructure development work or for providing infrastructure facilities or engaging in infrastructure activities and to raise and provide venture capital and promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of, and to trade in their shares or other securities.*

2. *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.

Key Events, Milestones and Achievements:

Year	Particulars
2018	• Incorporation of our Company.
2019	• First disbursement by the Company in the space of wholesale lending.
2020	• Company availed borrowings aggregating to ₹ 15,500 lakhs from the capital market for the first time in the month of June. • First disbursement by the Company in digital lending/personal lending space. • First disbursement by the Company in the space of small and medium enterprises.
2021	• AUM of the Company closed at ₹ 1,12,433.35 lakhs in the month of March, 2021.
2022	• AUM of the Company closed at ₹ 2,37,987.91 lakhs in the month of March, 2022.
2023	• AUM of the Company closed at ₹ 4,03,319.32 lakhs in the month of September, 2023.

Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior to filing of this Shelf Prospectus.

Details of any reorganization or Reconstruction undertaken by our Company in the last one year

Our Company has not made any reorganization or reconstruction in the last one year prior to filing of this Shelf Prospectus.

Key terms of Material Agreements and Material Contracts

Except as stated below, our Company has not entered into material agreements and material contracts which are not in the ordinary course of business, in the last two years.

Trademark/ Service Mark Licence Agreement and License Agreement ("Agreements") between our Company and Kirloskar Proprietary Limited dated August 3, 2023.

Our Company has entered into Agreements with Kirloskar Proprietary Limited for using the status line/ tagline A Kirloskar Group Company . The mark 'Kirloskar' in the status line is owned by Kirloskar Proprietary Limited and Arka Fincap Limited is the permitted user. For the usage of said trademark, our Company would pay 0.1% of our Company's annual sales turnover. Further, the Company shall also pay ₹ 10,000 per Fiscal year as a license fee.

Subsidiary Companies, Joint Ventures and Associates

As on the date of this Shelf Prospectus, our Company has no subsidiaries, joint ventures or associates.

Enterprises over which control is exercised by the Company

As on the date of this Shelf Prospectus, our Company does not exercise control over any of the enterprises.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of the operations, affairs and business of the Company are vested in the Board of Directors, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws. The Articles of Association set out that the number of Directors in our Company shall not be less than 3 and not more than 15 in number, unless otherwise determined in a general meeting.

The composition of the Board is in conformity with the provisions of the Companies Act, 2013 read with rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As of the date of this Shelf Prospectus, the Company has 8 (eight) Directors on its Board, out of which 1 (one) Director is an Executive Director, 2 (two) Directors are Non-Executive Non-Independent Directors and 5 (five) Directors are Non-Executive Independent Directors. Our Company has 1 (one) woman director on the Board.

The following table sets out details regarding the Board of Directors, as on the date of this Shelf Prospectus:

Name, Designation and DIN	Age	Address	Date of Appointment	Other Directorships
Vimal Bhandari **Designation:** Executive Vice-Chairman and CEO **DIN:** 00001318	65 years	164 A, Kalpataru Horizon, S K Ahire Marg, Worli, Mumbai – 400 018	November 1, 2018* November 1, 2023 (Re-appointment for a period of 5 years)	*Domestic* 1. Bharat Forge Limited 2. Kalpataru Projects International Limited 3. JK Tyre & Industries Limited 4. DCM Shriram Limited 5. Escorts Kubota Limited 6. HDFC Trustee Company Limited 7. Arka Financial Holdings Private Limited 8. Kirloskar Management Services Private Limited
Mahesh Chhabria **Designation:** Non-Executive Non-Independent Director **DIN:** 00166049	59 years	11-Golden Beach Bungalows Scheme, Ruia Park, Opp Lohtse Building, Juhu, Mumbai – 400 049	April 20, 2018	*Domestic* 1. Kirloskar Ferrous Industries Limited 2. Kirloskar Oil Engines Limited 3. Kirloskar Pneumatic Company Limited 4. ZF Commercial Vehicle Control Systems India Limited 5. Kirloskar Industries Limited 6. Kirloskar Proprietary Limited 7. Arka Financial Holdings Private Limited 8. Shoppers Stop Limited 9. Kirloskar Management Services Private Limited
Gauri Kirloskar **Designation**: Non-Executive Non-Independent Director **DIN**: 03366274	40 years	Radha, 453, Gokhale Road, Pune – 411 016	June 14, 2019	*Domestic* 1. Kirloskar Oil Engines Limited 2. La-Gajjar Machineries Private Limited 3. Kirloskar Integrated Technologies Private Limited 4. Optiqua Pipes and Electricals Private Limited 5. Indo Global Hinjewadi Software Park Private Limited 6. Avante Spaces Limited 7. Navsai Investments Private Limited 8. Greentek Systems (India) Private Limited 9. Arka Financial Holdings Private

Name, Designation and DIN	Age	Address	Date of Appointment	Other Directorships
				Limited 10. Kirloskar Management Services Private Limited *Foreign* 1. Kirloskar Americas Corporation USA 2. Beluga Whale Capital Management Pte Limited
Sivanandhan Dhanushkodi **Designation:** Independent Director **DIN:** 03607203	72 years	B/1803, Ashok Towers Dr. Babasaheb Ambedkar Road, Parel, Mumbai – 400 012	April 24, 2019	*Domestic* 1. United Spirits Limited 2. Forbes & Company Limited 3. Inditrade Capital Limited 4. S D Fine-Chem Limited 5. Ashok Leyland Defence Systems Limited 6. Forbes Campbell Finance Limited 7. Kirloskar Industries Limited 8. Securus First Digital Services Private Limited 9. Securus First India Private Limited 10. Seventeen Events Private Limited 11. Arka Financial Holdings Private Limited 12. AGS Transact Technologies Limited
Vijay Chugh **Designation:** Independent Director **DIN:** 07112794	68 years	Flat-D-101 Ashford Royale, S. Samuel Marg, Nahur, Bhandup West, Mumbai – 400 078	April 24, 2019	*Domestic* 1. Inditrade Fincorp Limited 2. Inditrade Microfinance Limited
Harish Engineer **Designation:** Independent Director **DIN:** 01843009	75 years	B-11, Sea Face Park, 50, Bhulabhai Desai Road, Cumballa Hill, Mumbai – 400 026	June 14, 2019	*Domestic* 1. Navin Fluorine International Limited
Yogesh Kapur **Designation:** Independent Director **DIN:** 00070038	65 years	D 1063, New Friends Colony, South Delhi, Delhi – 110 025	October 20, 2022	*Domestic* 1. Greenlam Industries Limited 2. Kirloskar Oil Engines Limited 3. SSIPL Retail Limited 4. HDFC Education and Development Services Private Limited 5. Arka Financial Holdings Private Limited 6. ASK Automotive Limited 7. Rico Auto Industries Limited 8. Greenlam South Limited
Ramanathan Gurumurthy **Designation:** Additional Independent Director **DIN:** 10366010	60 Years	3601, B-Lodha Bellissimo, N M Joshi Marg, Apollo Mills Compound, Jacob Circle, N M Joshi Marg, Mumbai, Mumbai – 400 011	October 25, 2023	Nil

* *Vimal Bhandari is one of the first director of the Company. Mr. Bhandari was appointed as Executive Vice-Chairman & CEO of the Company with effect from November 1, 2018. He is re-appointed as Executive Vice-Chairman & CEO of the Company for a period of five years with effect from November 1, 2023.*

Brief Profiles of Directors

Mr. Vimal Bhandari - Executive Vice Chairman & CEO

Mr. Vimal Bhandari is the Executive Vice Chairman and CEO of our Company. He has over three decades of experience in the financial services sector and prior to his association with our Company he was associated with IndoStar Capital Finance Limited, a wholesale credit institution as its managing director and chief executive officer, AEGON N.V. a Dutch financial services entity as the country head for India and with IL&FS where he was an executive director responsible for its financial services business. Additionally, he has been associated in the past as a non-executive director on various IL&FS Group entities in diverse financial services businesses of stock broking, private equity, infrastructure project development, and healthcare management services and as director-in-charge for the asset management and merchant banking subsidiaries. He is a commerce graduate from Mumbai University (Sydenham College) and a qualified Chartered Accountant.

Mr. Mahesh Chhabria - Non-Executive Non-Independent Director

Mr. Mahesh Chhabria is a Non-Executive Non-Independent Director of our Company. He has over three decades of experience in the financial services industry and has served as an independent director on the boards of several companies. Since, July 2017, he has been the managing director of Kirloskar Industries Limited and has been previously associated with Actis Advisers Private Limited as a partner, with 3i India where he was a partner in the firm's Growth Capital Group and has also acted as the co-head of investment banking at Enam Financial Consultants Private Limited, one of the leading domestic investment banks in India. He holds a Bachelors' degree in Commerce from the University of Mumbai and is a qualified Chartered Accountant.

Ms. Gauri Kirloskar - Non-Executive Non-Independent Director

Ms. Gauri Kirloskar is a Non-Executive Non-Independent Director of our Company. Since moving back to India, Gauri focused her efforts on strategic initiatives for the Kirloskar Group into infrastructure and investments as well as functioning as a director and observer at several Kirloskar Group companies. Gauri Kirloskar is the Managing Director of Kirloskar Oil Engines Limited since May 2022. Prior to being appointed Managing Director of Kirloskar Oil Engines Limited, her primary role was establishment of the Group's real estate business in Pune. She is also on the core advisory team for Ekagrid University. Ms. Kirloskar attended Carnegie Mellon University, where she received a BSc. in business administration with a concentration in finance and has attended Phillips Academy, Andover, near Boston.

Mr. Sivanandhan Dhanushkodi - Independent Director

Mr. Sivanandhan Dhanushkodi is an Independent Director in our Company. He joined the Indian Police Service (IPS) in 1976 and retired as the Director-General of Police of Maharashtra Police. He has also served as Commissioner of Police of Nagpur, Thane city and Mumbai. He has been awarded the police medal for meritorious service (1994) and the police medal for distinguished service medal (2000). He has earned a master's degree in Economics from the University of Madras.

Mr. Vijay Chugh - Independent Director

Mr. Vijay Chugh is an Independent Director in our Company. He has over three decades of experience in the fields of supervision and regulation of commercial banks, payment and settlement systems implementation of and core banking solutions. He has been the former principal chief general manager, department of payment and settlement systems of the RBI, a nominee of the RBI on the board of directors of the State Bank of Patiala and the United Bank of India and has also been the Chief Vigilance Officer of the Industrial Investment Bank of India Limited. He has also been participated in the South East Asian Central Banks Conference of Directors of Payment and Settlement Systems: "Challenges in Promoting Safe and Efficient Payment Systems" held at Kuala Lumpur, Malaysia in 2013. Mr. Chugh has also acted as an advisor/consultant to the World Bank Group and United Nations Capital Development Fund (UNCDF). He holds a Bachelor of Arts degree from Delhi University and a Master of Arts degree from the University of Rajasthan. He also holds a Post Graduate Diploma in Business Administration from the KC College of Management Studies, Mumbai. He is a Certificated Associate of the Indian Institute of Bankers and has been awarded an Advanced Certificate for Executives in Management, Innovation and Technology from the Sloan School of Management, Massachusetts Institute of Technology, U.S.A.

Mr. Harish Engineer - Independent Director

Mr. Harish Engineer is an Independent Director of our Company. He has over 40 years of experience in the fields of finance and banking. He has in the past been associated with HDFC Bank Limited in various capacities before retiring in 2013 as the executive director on the board of HDFC Bank Limited. He holds a Bachelor's degree in Science from the University of Mumbai and a Diploma in Business Management from Bharatiya Vidya Bhavan.

Mr. Yogesh Kapur- Independent Director

Mr. Yogesh Kapur is an Independent Director in our Company. He was associated with Housing Development Finance Corporation Limited, HSBC, Enam Securities Private Limited, Axis Bank Limited and Axis Capital Limited. He is a qualified Fellow Chartered Accountant (FCA) with over three decades of experience in financial services sector.

Mr. Ramanathan Gurumurthy - Independent Director (additional director)

Mr. Ramanathan Gurumurthy, superannuated end of June 2023 as Head of Governance at RBL Bank. He has about 38 years of experience in the banking sector both in India and in Hong Kong. During the 6 years in his last role, he oversaw the assurance, operations, technology & credit functions in the bank. He joined RBL Bank in mid 2011 as part of the transformation team and was heading the Corporate & Institutional Banking business group for about 5 years. He also managed the regulatory interface for RBL Bank for several years. Prior to joining RBL Bank, he was associated with Standard Chartered Bank, Bank of America, Credit Lyonnais and State Bank of India. He has extensive experience in wholesale banking, capital markets, integrated risk management & management of large / diverse teams in leadership both in India and outside. Mr. Gurumurthy holds a Bachelor of Commerce degree from Delhi University and is a Certified Associate of the Indian Institute of Bankers.

Relationship with other Directors

As on the date of this Shelf Prospectus, none of our Directors are related to each other.

Borrowing Powers of our Directors

Pursuant to a resolution passed by the members of the Company on June 16, 2023, under the Companies Act, 2013, the Board of Directors is authorised to borrow sums of money for the purpose of the business activities of our Company, which together with the monies already borrowed by our Company, may exceed at any time, the aggregate of the paid-up share capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) the sums so borrowed and remaining outstanding on account of principal not exceeding ₹7,00,000 lakhs.

The aggregate value of the NCDs offered under this Shelf Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as above mentioned.

Remuneration of the Directors

The terms of remuneration of Executive Vice Chairman and Chief Executive Officer are as below:

The remuneration of Mr. Vimal Bhandari, the Executive Vice Chairman and CEO during the current year and Fiscals 2023, 2022 and 2021 is set forth below:

(₹ in lakh)

Name of Director	Current year (till September 30, 2023)	For Fiscal		
		2023	2022	2021
Vimal Bhandari	437.71	585.34	530.85	500.93

Remuneration of Non-Executive Non-Independent Directors

The Non-Executive Non-Independent Directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committees and/or commission, if any approved by the Board of Directors and shareholders of the Company in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Remuneration of Independent Directors

The Independent Directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committees/ Independent Director's Meetings and/or commission, if any approved by the Board of Directors and shareholders of the Company in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Our Company pays sitting fees per meeting to the Independent Directors for attending the meetings of the Board/Committees/Independent Director's Meetings thereof, as under:

(₹ in lakh)

Particulars	Board		Audit Committee		Other Committees/ Independent Director's Meeting	
	Chairman	Members	Chairman	Members	Chairman	Members
Board Meetings						
Physical / Electronic Participation	0.75	0.75	0.45	0.45	0.25	0.25
Shorter Notice/Special Purpose Meetings						
Physical / Electronic Participation	0.75	0.75	0.45	0.45	0.25	0.25

The following table sets forth all compensation recorded by our Company to the Independent Directors during the current year and Fiscals 2023, 2022 and 2021:

(₹ in lakh)

Name of Director	For the half year ended September 30, 2023	For Fiscal 2023		For Fiscal 2022		For Fiscal 2021	
		Commission#	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees
Sivanandhan Dhanushkodi	3.40	5.00	9.25	-	5.80	-	5.60
Vijay Chugh	2.90	5.00	8.50	-	5.60	-	5.60
Harish Engineer	3.65	5.00	6.60	-	5.80	-	4.90
Yogesh Kapur*	3.15	5.00	3.90	-	-	-	-
Mahesh Chhabria&	3.90	25.00	-	-	-	-	-
Gauri Kirloskar&	2.00	5.00	-	-	-	-	-
Ramanathan Gurumurthy$	-	-	-	-	-	-	-

***Mr. Yogesh Kapur was appointed as a Non-Executive Independent Director with effect from October 20, 2022**

#Payment of commission for Fiscal 2023 was paid in the Fiscal 2024.

$Mr. Ramanathan Gurumurthy was appointed as an Additional Independent Director with effect from October 25, 2023.

&Board of Directors at their meeting held on April 28, 2023 approved payment of sitting fees to Non-Executive Non-Independent Directors for attending the meetings of the Board of Directors/Committees.

Other understandings and confirmations

None of the Directors of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority and/or bank or financial institutions.

None of our Directors were, a director of any company which was delisted from any recognised stock exchange within a period of ten years preceding the date of this Shelf Prospectus, in accordance with Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2021.

We also confirm that none of our Directors are restrained or prohibited or debarred from accessing the securities market or dealing in securities by SEBI. Further, none of our Directors are a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or RBI are pending against any of our Directors.

Except to the extent of Directorship/Shareholding, if any, in the Company, our Directors have no financial or other material interest in the Issue and the effect of such interest in so far as it is different from the interests of other persons.

None of the Directors of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the PAN of the Directors of the Company has been submitted to the Stock Exchange at the time of filing the Draft Shelf Prospectus.

Stock Options of the Directors

Details of the stock options granted to the Directors, as on the date of this Shelf Prospectus are provided in the table given below:

Director	Number of ESOP granted	Date of grant	Exercise price (₹)	Vesting Schedule	
				Date of vesting	No. of ESOP vested/to be vested
Vimal Bhandari	1,50,00,000	May 6, 2019	10	May 6, 2020	75,00,000
				November 1, 2020	37,50,000
				November 1, 2021	37,50,000
	25,00,000	July 18, 2022	12	July 20, 2023	5,00,000
				March 31, 2024	5,00,000
				March 31, 2025	7,50,000
				March 31, 2026	7,50,000

Changes in the Board of Directors during the preceding three financial years and current financial year

The changes in the Board of Directors of our Company during the current year and last three financial years preceding the date of this Shelf Prospectus are as follows:

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Nihal Gautam Kulkarni **Designation**: Non-Executive Director **DIN:** 01139147	April 20, 2018	-	September 18, 2020	Nihal Gautam Kulkarni resigned from the Board of the Company due to personal commitments and other pre-occupations
Yogesh Kapur **Designation**: Non-Executive Independent Director **DIN:** 00070038	October 20, 2022	-	-	Yogesh Kapur was appointed as an Additional Non-Executive Independent Director on October 20, 2022. The appointment of Yogesh Kapur as an Independent Director effective from October 20, 2022 was approved by the shareholders of the Company at their Extraordinary General Meeting held on November 22, 2022.
Ramanathan Gurumurthy **Designation:** Independent Director (additional director) **DIN:** 10366010	October 25, 2023	-	-	Ramanathan Gurumurthy has been appointed as an Additional Non-Executive Independent Director with effect from October 25, 2023 for a term of five consecutive years. The appointment of Ramanathan Gurumurthy as an Independent Director (additional director) effective from October 25, 2023 and the approval of the shareholders will be taken at the next general meeting or within a time period of 3 months from the date of appointment, whichever is earlier.
Mr. Vimal Bhandari **Designation:** Executive Vice Chairman & CEO **DIN:** 00001318	November 1, 2023 (Reappointment)			Mr. Vimal Bhandari was appointed as an Executive Vice-Chairman and CEO for a term of 5 years with effect from November 1, 2018. The Board of Directors approved re-appointment of Mr. Vimal Bhandari as Executive Vice-Chairman and CEO designated as Whole-Time Director of the Company for a period of 5 years effective from November 1, 2023, subject to the approval of shareholders of the Company.

Interest of the Directors

All the Directors of the Company, including our independent directors and excluding executive director, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee(s) thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Executive Vice-Chairman & CEO designated as Whole-Time Director is deemed to be interested to the extent of remuneration or benefits to which he is entitled to as per his terms of appointment and reimbursement of expenses incurred by him during the ordinary course of business.

All the Directors of the Company, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors of the Company, including independent directors, may also be deemed to be interested to the extent of debentures of our Company, if any, held by them and also to the extent of any interest/redemption procees paid/payable to them and other distributions in respect of the said debentures.

Except for Mr. Vimal Bhandari, no other Directors are granted ESOP of the Company and to that extent Mr. Vimal Bhandari may be interested in our Company. For details of our ESOP scheme, please refer to chapter titled *Capital Structure* on page 45.

The Directors of the Company, including independent directors, may also be deemed to be interested to the extent of being a director (whether executive or non-executive or independent) and/or shareholder in the Promoter Company.

Except as stated in the sections titled "*Financial Statements*" on page 150, *"Related Party Transactions"* on page 140, and to the extent of compensation/ remuneration or commission if any, and their shareholding in the Company, the Directors do not have any other interest in the business of the Company.

Certain Directors may be interested in the promotion of the Company as on the date of this Shelf Prospects to the extent of being first directors and/or subscribers to the Memorandum and Articles of Asssociation of our Company.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Shelf Prospectus and statutory registers maintained by the Company in this regard, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Shelf Prospectus in which the Directors are interested directly or indirectly and no payments have been made to the Directors in respect of these contracts, agreements or arrangements which are proposed to be made with them, except as disclosed in the chapter "*Our Promoters*" on page 131.

None of the directors have an interest in any immoveable property acquired by the Company in the two years preceding the date of this Shelf Prospectus.

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

None of the directors have an interest in the Company in form of sums paid or agreed to be paid to the director of the Company or to any company or firm in which Director is interested in cash or shares or otherwise by any person either to induce the director to become, or to help the Director qualify as a director, or otherwise for services rendered by the Director or by the Company, in connection with the promotion or formation of the Company.

Except to the extent of NCDs subscribed (if subscribed) by our Directors and/or their relatives and/or by companies, firms and trusts in which they are interested as directors, partners, members or trustees, no contribution has been made by the directors as part of the offer or separately.

Except as disclosed hereinabove and the section titled "Risk Factors" on page 16, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by the Company.

Shareholding of Directors

As per the provisions of the Memorandum of Association and Articles of Association, the Directors are not required to hold any qualification shares.

Details of the Equity Shares held in the Company by the Directors, as on September 30, 2023 are provided in the table given below:

Sr. No.	Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%) (on fully diluted basis)
1.	Vimal Bhandari	1*	Negligible
2.	Mahesh Chhabria	1*	Negligible

**In terms of Section 89 of the Companies Act, 2013, the individuals are holding equity shares as "Registered Owner" and the "Beneficial Owner" is Arka Financial Holdings Private Limited.*

The Directors do not hold any subordinated debt in the Company as on September 30, 2023.

None of the Directors hold any non-convertible debentures in the Company as on date of this Shelf Prospectus.

Corporate Governance

Our Company has in place processes and systems whereby it complies with the requirements to the corporate governance provided in Companies Act, 2013, SEBI Listing Regulations (to the extent applicable to a company which has listed debt securities) and the applicable RBI Guidelines.

Our Company believes that its Board is constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees

The Board has constituted among others, the following committees: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Risk Management Committee; (iv) Corporate Social Responsibility (CSR) Committee; (v) Stakeholders Relationship Committee (vi) Asset Liability Committee; and (vii) Credit Committee.The details of these committees are set forth below:

a. Audit Committee

The members of the Audit Committee as on date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Yogesh Kapur	Chairman	Independent Director
Mahesh Chhabria	Member	Non-Executive Non-Independent Director
Harish Engineer	Member	Independent Director
Sivanandhan Dhanushkodi	Member	Independent Director
Vijay Chugh	Member	Independent Director

The terms of reference of the Audit Committee of the Company would be in terms of Section 177 and other applicable provisions of the Act read with rules prescribed thereunder, Regulation 18 of SEBI LODR Regulations read with Part C of Schedule II to SEBI LODR Regulations and RBI Master Directions which, inter-alia, includes:

i. To oversee the financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient, and credible.
ii. To recommend appointment, remuneration and terms of appointment of auditors of the Company.
iii. To approve payment to statutory auditors for any other services rendered by the statutory auditors.
iv. To review with the management, the annual financial statements and the auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
    a. matters to be included in Directors' Responsibility statement to be included in the Board's Report in terms of Section 13(3)(c) of the Act.

b. changes, if any, in the accounting policies and practices and reasons for the same
c. Major accounting entries involving estimates based on the exercise of judgment by management.
d. significant adjustments made in the financial statements arising out of audit findings.
e. compliance with listing and other legal requirements relating to financial statements.
f. disclosure of any related party transactions.
g. modified opinion(s) in the draft audit report.

v. To review with the management, the quarterly financial statements before submission to the Board of Directors for approval.
vi. To review and monitor the auditors' independence and performance, and effectiveness of audit process.
vii. To monitor the statutory auditor's conflict of interest position in terms of relevant regulatory provisions, standards and best practices.
viii. Approval or any subsequent modification to transactions of the Company with its related parties.
ix. Granting of omnibus approval for transactions proposed to be entered with the related parties in accordance with Section 177 of the Act and Regulation 23(3) of SEBI LODR.
x. Scrutiny of inter-corporate loans/deposits and investments.
xi. Valuation of undertakings or assets of the Company, wherever it is necessary.
xii. Evaluation of internal financial controls and risk management systems.
xiii. To review with the management performance of statutory and internal auditors, adequacy of the internal control systems.
xiv. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
xv. Discussion with internal auditors of any significant findings and follow up there on.
xvi. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Directors.
xvii. Discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
xviii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
xix. To review the functioning of whistle blower mechanism.
xx. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
xxi. To review the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances.
xxii. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
xxiii. To review management discussion and analysis of financial condition and results of operation.
xxiv. To review management letters/letters of internal control weaknesses issued by the statutory auditors.
xxv. To review internal audit reports relating to internal control weaknesses.
xxvi. To review the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
xxvii. To ensure that any concerns raised by the external auditors are addressed by the management and to bring any unaddressed concerns to the notice of the management.
xxviii. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

b. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee as on date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Sivanandhan Dhanushkodi	Chairman	Independent Director
Harish Engineer	Member	Independent Director
Mahesh Chhabria	Member	Non-Executive Non-Independent Director

The terms of reference of the Nomination and Remuneration Committee of the Company would be in terms of Section 178 and other applicable provisions of the Act read with rules prescribed thereunder and Regulation 19 of SEBI LODR Regulations read with Para A of Part C of Schedule II to SEBI LODR Regulations and RBI Master Directions which, inter-alia, includes:

i. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees.
ii. To oversee the framing, review and implementation of compensation/remuneration policy of the company
iii. For every appointment of an independent director, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and the person recommended to the Board of Directors for appointment as an independent director shall have the capabilities identified in such description.
iv. For the purpose of identifying suitable candidates, the Committee may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates.
v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
vi. To ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management
vii. To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
viii. Recommend to the board, all remuneration, in whatever form, payable to senior management.
ix. Formulation of criteria for evaluation of performance of independent directors and the board of directors
x. To specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
xi. Devising a policy on diversity of board of directors.
xii. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations

c. Risk Management Committee

The members of the Risk Management Committee as on the date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Vijay Chugh	Chairman	Independent Director
Harish Engineer	Member	Independent Director
Mahesh Chhabria	Member	Non- Executive Non-Independent Director
Sivanandhan Dhanushkodi	Member	Independent Director
Vimal Bhandari	Member	Executive Vice-Chairman and CEO
Atit Shah	Member	Head - Risk (SME / MSME)
Sachin Agarwal	Member	Chief Credit & Enterprise Risk Officer

The terms of reference of the Risk Management Committee of the Company would be in terms of Regulation 21 of SEBI LODR Regulations read with Para C of Part D of Schedule II to SEBI LODR Regulations and RBI Master Directions which, inter-alia, includes:

i. To evaluate the overall risks faced by the Company including liquidity risks.
ii. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
iii. To develop and implement a risk management framework and internal control system.
iv. To exercise oversight of management's responsibilities and review the risk profile of the organization to ensure that risk is not higher than the risk appetite determined.

v. To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.
vi. To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk.
vii. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risk is undertaken at least once in a year.
viii. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
ix. To provide an independent and objective oversight and view of the information presented by the management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risk facing by the Company.
x. To formulate a detailed risk management policy which shall include:
    a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks, if applicable), information, cyber security risks or any other risk as may be determined.
    b. Measures for risk mitigation including systems and processes for internal control of identified risks.
    c. Business continuity plan.
xi. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
xii. To monitor and oversee implementation of the risk management policy including evaluating the adequacy of risk management systems.
xiii. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
xiv. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
xv. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
xvi. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

The Risk Management Committee to coordinate its activities with other committees, in instance where there is overlap with activities of such committees.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

d. Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors. The members of the Corporate Social Responsibility Committee as on the date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Vimal Bhandari	Chairman	Executive Vice-Chairman and CEO
Gauri Kirloskar	Member	Non- Executive Non-Independent Director
Vijay Chugh	Member	Independent Director
Yogesh Kapur	Member	Independent Director

The terms of reference of the CSR Committee of the Company would be in terms of Sec.135 and other applicable provisions of the Companies Act 2013 read with the rules framed thereunder, to read along with rules prescribed which, inter-alia, include:

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall include the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 as amended from time to time;
ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
iii. Monitor the Corporate Social Responsibility Policy of the company from time to time.;
iv. In case of inability to spend the prescribed CSR amount, provide suitable explanations to the Board and the relevant

explanation in the Annual Report of the Company;

v. Ensure that CSR activities undertaken by the Company are appropriately disclosed in the Annual Report;

vi. Ensure that any surplus arising out of CSR activities does not form a part of business profits of the Company;

vii. Review the adequacy of the CSR policy at periodic intervals and review / modify policy on annual basis, if necessary;

viii. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

e. Stakeholders' Relationship Committee:

The members of the Stakeholders Relationship Committee as on date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Yogesh Kapur	Chairman	Independent Director
Mahesh Chhabria	Member	Non-Executive Non-Independent Director
Vimal Bhandari	Member	Executive Vice-Chairman and CEO

The terms of reference of the Stakeholders Relationship Committee of the Company would be in terms of applicable provisions of the Companies Act, 2013 and SEBI LODR Regulations which, inter-alia, includes:

To look into various aspects of interest of shareholders, debenture holders and other security holders including the following:

i. To oversee, monitor and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

ii. Review of measures taken for effective exercise of voting rights by shareholders.

iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends/interest/principal amount and ensuring timely receipt of interest/redemption amount/dividend warrants/annual reports/statutory notices by the security holders of the company.

v. To perform such other acts as may be delegated by the Board of Directors, from time to time or as required under applicable acts, laws, rules and regulations.

f. Asset Liability Committee:

The members of the Asset Liability Committee as on date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Vimal Bhandari	Chairman	Executive Vice-Chairman & CEO
Mahesh Chhabria	Member	Non-Executive Non-Independent Director
Gauri Kirloskar	Member	Non-Executive Non-Independent Director
Harish Engineer	Member	Independent Director
Yogesh Kapur	Member	Independent Director

The terms of reference of the Asset Liability Committee of the Company inter-alia, includes:

i. To oversee and ensure that an adequate and accurate management information system is put in place by the Company w.r.t asset liability composition / mismatches;

ii. To oversee balance sheet planning from risk return perspective including strategic management of interest rate and liquidity risk and tracking of liquidity through maturity or cash flow mismatches;

iii. To review the Gap reports (liquidity and interest rate sensitivities) admeasuring the mismatch between rate sensitive liabilities and rate sensitive assets and set limits thereof;

iv. To consider product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by another peer NBFCs for the similar services/product, etc.;

v. To articulate the current interest rate view of the Company and base its decisions for future business strategy based on this view;

vi. To decide on source and mix of liabilities or sale of assets and towards this end, develop a view on future direction of interest rate movements and decide on funding mixes;

vii. To review product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities such as fixed vs. floating rate funds, domestic vs. foreign currency funds etc.;
viii. To consider and approve proposals and detailed terms and conditions of borrowings from banks and non-bank sources and do all such acts deeds and things as may be necessary to give effect to approved proposals;
ix. To review and recommend borrowing programe for the company;
x. Approving the offer document and filing the same with any authority or entities as may be required;
xi. Approving the issue price, the number of NCDs to be allotted, the basis of allocation and allotment of NCDs;
xii. execution of all contracts, agreements and all other documents, deeds, and instruments as may be required or desirable in connection with the issue of NCDs by the Company;
xiii. Opening a separate special account with a scheduled bank to receive monies in respect of the issue of the NCDs of the Company;
xiv. Making applications for listing of the NCDs of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
xv. Deciding on the mode of issuance of the NCDs, creation of debenture redemption reserve, tenor, security, listing on stock exchange(s), objects of the issue and such other matters;
xvi. Finalization of the allotment of the NCDs on the basis of the bids received including finalization of basis of allotment in the event of over subscription;
xvii. Finalization of and arrangement for the submission of the placement document(s) and any amendments / supplements thereto, with any applicable government and regulatory authorities, institutions or bodies as may be required;
xviii. Approval of the preliminary and final placement document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the Lead Managers / Underwriters / Advisors (if appointed) in accordance with all applicable laws, rules, regulations and guidelines;
xix. Approving appointment / engagement and the terms of such appointment and engagement of any intermediaries including but not limited to Merchant Bankers, Legal Counsel, Banker(s) to the issue, Registrar and Transfer Agents, Debenture Trustee(s), Arrangers and / or all other intermediaries involved in such issue(s);
xx. Acceptance and appropriation of the proceeds of the issue of the NCDs;
xxi. Buy back / redeem / repurchase of the NCDs in case of put option and reissue of same to the new investors;
xxii. Authorization of the maintenance of a register of holders of the NCDs, if required;
xxiii. Authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as authorized person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the NCDs;
xxiv. Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India and any other consents that may be required in connection with the issue and allotment of the NCDs;
xxv. Giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
xxvi. To undertake all such acts, deeds and things as may be required to be undertaken by the Committee including but not limited to approving, modifying, finalizing, signing and executing any matters or documents including any deeds, appointment letters, term sheet, engagement letters, agreements and all such other documents and deeds as may be required to be finalized, approved or undertaken by the Company towards the issue of NCDs
xxvii. To do all such acts as may be delegated by the Board of Directors, from time to time.
xxviii. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
xxix. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company;
xxx. To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

g. Credit Committee:

The members of the Credit Committee as on date of this Shelf Prospectus are:

Name	Designation in the Committee	Nature of Directorship
Vimal Bhandari	Member	Executive Vice-Chairman & CEO
Mahesh Chhabria	Member	Non-Executive Non-Independent Director
Gauri Kirloskar	Member	Non-Executive Non-Independent Director

The terms of reference of the Credit Committee of the Company inter-alia, includes:

i. Oversight of the credit and lending strategies of the Company
ii. Oversight of the credit risk management of the Company and the organizational effectiveness thereof, including reviewing internal credit policies, portfolio limits, portfolio data and analytics
iii. Reviewing the quality and performance of the Company credit portfolio
iv. Approving / rejecting transactions put up to the Committee for approval
v. Approving of lending criteria
vi. Approving new financial products, if any
vii. Review and monitoring of portfolio mix
viii. Scrutinizing the loan proposals and if satisfied approving the sanction of the loan proposal.
ix. Approving any changes/variations in the loan amount, tenor, interest rates and security structure
x. Approving credit write offs
xi. Perform such other allied functions as may be required from time to time.
xii. Approving of screening memo under Wholesale Lending (only by CEO and Head of Business)
xiii. Approving any waiver/changes/modification in terms of sanction (only by CEO)
xiv. Approving any waiver/deficiencies in disbursement memo (only by CEO)
xv. Any actions, legal or otherwise, to be initiated / carried out against a borrower in case of non-satisfactory conduct (only by CEO)

Key managerial personnel of our Company

In addition to Mr. Vimal Bhandari, Executive Vice-Chairman and CEO, the Key Managerial Personnel of our Company are Mr. Amit Kumar Gupta, Chief Financial Officer and Ms. Niki Chirag Mehta, Company Secretary and Compliance Officer, as of the date of this Shelf Prospectus.

Mr. Amit Kumar Gupta

Mr. Gupta is the CFO of our Company. Prior to joining the Company, he has previously worked as a Senior Relationship Manager at ICICI Bank Limited and as the Senior Vice President at Indostar Capital Finance Limited. He holds a Bachelor’s Degree in Commerce from St Xaviers College and has completed a corporate finance course from IIM-Ahmedabad. He is also a qualified company secretary and chartered accountant.

Ms. Niki Chirag Mehta

Ms. Niki Chirag Mehta is a qualified Company Secretary and an Associate Member of Institute of Company Secretaries of India. She holds a bachelor's degree in Commerce from Mumbai University.

Ms. Mehta has over 7 years of rich experience in secretarial, compliance and legal industry. Prior to joining the Company, she has previously worked at Mehta & Mehta, Company Secretaries, IndoStar Capital Finance Limited and JM Financial Credit Solutions Limited.

Compensation of our Company’s Key Managerial Personnel

(₹ in lakh)

Name of KMP	As on September 30, 2023	For Fiscal 2023	For Fiscal 2022	For Fiscal 2021
Vimal Bhandari	437.71	585.34	530.85	500.93
Amit Kumar Gupta#	201.04	219.51	157.01	142.56
Niki Chirag Mehta*	22.49	18.02	N/A	N/A

#Amit Kumar Gupta has been appointed as chief financial officer with effect from October 20, 2021
**Niki Chirag Mehta has been appointed as company secretary with effect from July 22, 2022*

Interest of Key Managerial Personnel

Except as stated below, none of our Key Managerial Personnel has been paid any consideration of any nature from our Company:

- Remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated below, Key Managerial Personnel are not interested in the Company**:**

- To the extent of the shareholding in the Company, if any held by them or their relatives or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and/ or the stock options granted to some of our key managerial personnel.
- To the extent of stock options granted to Key Managerial Personnel and vested upon them.
- Mr. Vimal Bhandari being Director and Executive Vice-Chairman & CEO of the Company and Managing Director of Arka Financial Holdings Private Limited.
- Mr. Amit Kumar Gupta being key managerial person of Arka Financial Holdings Private Limited, Promoter Company and Non-Executive Non-Independent Director in Arka Investment Advisory Services Private Limited, Promoter Group of our Company.

Our Key Managerial Personnel have no financial or other material interest in the Issue and the effect of such interest in so far as it is different from the interests of other persons.

Except for the letter of appointment issued to our Key Managerial Personnel as an employee of the Company, our Company has not entered into any contracts or arrangement with the Key Managerial Personnel relating to appointment and remuneration or providing for benefits upon termination of employment.

Relationship with other Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Shareholding of our Company's key managerial personnel

Except Mr. Vimal Bhandari, Executive Vice Chairman and CEO, none of the Key Management Personnel have shareholding in our Company. As on the date of this Shelf Prospectus, the details of the shareholding of the KMP of the Company have been set out below.

Sr. No.	Particulars	Designation	No. of shares held	Total shareholding as % of total no. of Equity Shares
1.	Vimal Bhandari	Executive Vice Chairman and CEO	1*	Negligible

**In terms of Section 89 of the Companies Act, 2013, Mr. Vimal Bhandari holds equity share as "Registered Owner" and the "Beneficial Owner" is Arka Financial Holdings Private Limited.*

Senior Management Personnel of our Company

In addition to Mr. Vimal Bhandari, Executive Vice-Chairman and CEO, Mr. Amit Kumar Gupta, Chief Financial Officer and Ms. Niki Chirag Mehta, Company Secretary and Compliance Officer who are also designated as our Company's Key Managerial Personnel, the details of the Senior Management Personnel, as on the date of this Shelf Prospectus, are set out below:

Sr. No.	Name of SMPs	Designation
1.	Mridul Sharma	Group Chief Operating Officer
2.	Sonit Singh	Chief Business Officer – Real Estate, Asset Management & Advisory
3.	Nachiket Naik	Head – Corporate Lending
4.	Navin Saini	Head – SME & MSME Lending
5.	Manish Nagarsekar	Deputy Chief Operating Officer
6.	Suman Saurav	Chief Technology Officer
7.	Sachin Agarwal	Chief Credit & Enterprise Risk Officer
8.	Atit Shah	Head - Risk (SME / MSME)
9.	Shantanu Dorlikar	Head – Legal
10.	Rashmi Warange	Head – Human Capital Management
11.	Priyal Shah	Chief Compliance Officer

Brief Profiles of Senior Management Personnel of our Company

Mridul Sharma - Group Chief Operating Officer

Mridul Sharma is a Group Chief Operating Officer. Mridul has worked in leadership positions for banks like IndusInd Bank, Dresdner Bank, Barclays Bank, ABN Amro Bank, Tata AIG General Insurance Company Limited and Bank of

America. Having completed his Master of Business Administration from Mohanlal Sukhadia University, Udaipur, he pursued a leadership program on ‘Organizational Leadership’ from the Asian Institute of Management, founded by Harvard Business School.

Nachiket Naik - Head - Corporate Lending

Nachiket Naik heads the corporate lending business at our Company. He has over 25 years of experience in the credit and debt markets and has worked in leadership positions with well-known financial companies such as IREP Credit Capital, UBS and ABN AMRO and Infrastructure Leasing & Finance. Nachiket is an engineer with a Master of Business Administration.

Sonit Singh - Chief Business Officer – Real Estate, Asset Management & Advisory

Sonit Singh is the Chief Business Officer – Real Estate, Asset Management & Advisory segment. Sonit has over 20 years of experience in the capital markets, investment banking with a specific focus on the real estate and infrastructure sectors, and has worked with notable companies in the past like HDFC Bank, Jones Lang LaSalle Property Consultants (India) Private Limited, Standard Chartered Bank, Deutsche Bank, and JP Morgan Chase & Co. Sonit has done an executive program in private equity from the ISB and post graduate masters programme in international business from Symbiosis Institute of International Business.

Navin Saini - SME & MSME Lending

Navin Saini heads the Retail, Micro & SME segment of our Company. With 25+ years of experience, he has worked in leadership roles with the Aditya Birla Group, Standard Chartered Bank, Barclays Bank, Small Industries Development Bank of India and Clix Capital. Navin has done his Master of Business Administration in finance from the Institute of Management Studies, Indore.

Manish Nagarsekar - Deputy Chief Operating Officer

Manish Nagarsekar is the Deputy Chief Operating Officer of our Company. With 25+ years of experience, he has worked with well-known financial companies such as Stock Holding Corporation of India Limited, IndusInd Bank, Royal Bank of Scotland, amongst others. Manish is a chartered accountant and has done his post graduate diploma in FX and risk management from World Trade Institute. He is a CISA from Information Systems Audit and Control Association.

Atit Shah - Head - Risk (SME / MSME)

Atit Shah is the head - risk for SME & retail asset department at our Company. Atit has close to 20 years of experience and he has worked with companies like RattanIndia Finance, Barclays Bank, Indiabulls, Standard Chartered Bank, Citibank, JM Financial, Capri Global Capital Limited, among others. Atit is a chartered accountant and company secretary with bachelor’s in commerce, and a master’s degree in financial management from University of Mumbai.

Sachin Agarwal - Chief Credit & Enterprise Risk Officer

Sachin Agarwal is the chief credit & enterprise risk officer at our Company. Sachin is a seasoned finance professional with 18+ years of comprehensive experience in credit risk management and has worked at Standard Chartered. Sachin is an alumni of XLRI – Jamshedpur and is also a Chartered Accountant.

Suman Saurav - Chief Technology Officer

Suman Saurav is the Chief Technology Officer of our Company. He has close to two decades of experience in technology in the Banking, Financial Services and Insurance sector. In the past, he has worked at IndusInd Bank and Wipro Technologies. Suman has done a post-graduate in actuarial science from Narsee Monjee Institute of Management Studies and bachelor’s degree in information technology from Delhi University.

Rashmi Warange - Head- Human Capital Management

Rashmi Warange is the Head of Human Capital Management at our Company. A veteran with over 19 years of experience., Rashmi has worked with institutions like Oberoi Realty, Shapoorji Pallonji Real Estate, ITC Hotels, Power Talk Human Resources and Lodha Group to name a few. An alumnus of INSEAD Business School, France, Rashmi has also completed her post-graduation in Human Resources Management.

Priyal Shah - Chief Compliance Officer

Priyal Shah is the Chief Compliance Officer of our Company. She has 9 years of experience in the financial services space in the fields of compliance, corporate legal and secretarial. Before becoming a part of Arka Fincap, Ms. Shah was associated with Tata Capital Housing Finance Limited in its leadership team as the Company Secretary, where she headed the secretarial department and also overviewed regulatory compliances. Prior to Tata, she was associated with IndoStar Capital Finance Group within the Compliance, Corporate Legal and Secretarial functions and also held the position of Company Secretary and Compliance Officer of IndoStar Home Finance Private Limited. Ms. Shah is a Company Secretary from the Institute of Company Secretaries of India, a Law Graduate from the University of Mumbai (Government Law College) and a Commerce Graduate from the University of Mumbai (H.R. College of Commerce and Economics).

Shantanu Dorlikar - Head- Legal

Shantanu Dorlikar is a Head of Legal of our Company. He has a total 18 years of experience in the BFSI sector Before joining the Company he was associated with Motilal Oswal Group as Senior Group Vice President-Legal & Compliance and prior to that he was associated with Reliance Commercial Finance Limited as National Manager- Collections Legal (IL-3) in the Collections Legal function. He has done 05 years Law from Government College of Law, Nagpur University in the year 2004.

Interest of Senior Management Personnel

Except as stated below, Senior Management Personnel are not interested in the Company:

- To the extent of remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and equity shares held by them along with granted/vested ESOP options, if any,

- To the extent of being a director in one of the Promoter Group/Group company.

Mridul Sharma, Group Chief Operating Officer, a Senior Management Personnel has taken loan amounting to ₹ 40.00 lakhs from the Company and ₹ 2.35 lakhs is outstanding as on date of this Shelf Prospectus.

Except as disclosed below as on date of this Shelf Prospectus, none of the Senior Management Personnel have shareholding in our Company.

Sr. No.	Name of Senior Managerial Personnel	Number of Shares	Percentage of Shareholding (in %)
1.	Mridul Sharma	1*	Negligible
2.	Vimal Bhandari	1*	Negligible
3.	Nachiket Naik	1*	Negligible
4.	Manish Nagarsekar	1*	Negligible

**In terms of Section 89 of the Companies Act, 2013, the individuals are holding equity shares as "Registered Owner" and the "Beneficial Owner" is Arka Financial Holdings Private Limited.*

No benefit/interest will accrue to our Senior Management Personnel out of the objects of the issue.

Our Senior Managerial Personnel have no financial or other material interest in the Issue and the effect of such interest in so far as it is different from the interests of other persons.

Relationship with other Senior Management Personnel

None of our Senior Management Personnel are related to each other.

OUR PROMOTERS

The Promoters of our Company are (i) Kirloskar Oil Engines Limited and (ii) Arka Financial Holdings Private Limited.

Details of our Promoters are set out below:

1. **Kirloskar Oil Engines Limited**

   Registered office:
   Laxmanrao Kirloskar Road,
   Khadki, Pune – 411 003, Maharashtra

   Date of Incorporation: January 12, 2009
   Place of Registration: RoC-Pune
   Corporate Identification Number: L29100PN2009PLC133351
   PAN: AADCK5714H

2. **Arka Financial Holdings Private Limited**

   Registered office:
   2504, 2505, 2506, 25th Floor
   One Lodha Place, Lodha World Towers
   Senapati Bapat Marg, Lower Parel,
   Mumbai – 400 013, Maharashtra, India

   Date of Incorporation: July 13, 2021
   Place of Registration: RoC-Mumbai
   Corporate Identification Number: U65993MH2021PTC363806
   PAN: AAVCA4748F

As on date of this Shelf Prospectus, Kirloskar Oil Engines Limited does not hold any Equity Shares of our Company and Arka Financial Holdings Private Limited holds 92,87,09,775 Equity Shares (includes 6 individuals holding one Equity Share each as registered owner and Arka Financial Holdings Private Limited being beneficial owner) in our Company equivalent to 99.998% of the Equity Share capital of our Company. Arka Financial Holdings Private Limited is a wholly owned subsidiary of Kirloskar Oil Engines Limited.

Profile of our Promoters

i. **Kirloskar Oil Engines Limited** ("**KOEL**")

KOEL is the ultimate holding company and Promoter of our Company. Incorporated in 2009**,** KOEL is the flagship company of the Kirloskar group. It is listed on NSE & BSE and has a market capitalization of approximately ₹ 7,829 crores as at September 30, 2023. KOEL has achieved a long-term debt rating of CRISIL AA/positive from CRISIL and short-term rating of CRISIL A1+ from CRISIL.

Kirloskar group is involved in businesses across industries as diverse as construction, agriculture, automotive engineering and the commercial marine. KOEL is the flagship company of Kirloskar group and is into the business of manufacturing diesel gensets. KOEL develops and offers indigenous engines for agriculture, genset and industrial off highway equipment segments. KOEL has a strong presence in industrial engines where it powers earth moving construction, mining, fluid handling, material handling equipment and marine applications and it has manufacturing units in India at Pune, Nashik, Kolhapur, Bhare and Rajkot.

Key financial parameters for KOEL are listed below:

(₹ in crore)

Standalone (audited)	**For the year ended March 31,**		
	2023	**2022**	**2021**
Revenue from operations	4,116.13	3,299.66	2,694.44
Profit for the year	270.25	208.01	169.74

Other Ventures

Other than our Company, other ventures of KOEL includes Arka Investment Advisory Services Private Limited, Kirloskar Americas Corp, USA, La-Gajjar Machineries Private Limited, Optiqua Pipes and Electricals Private Limited and Arka Financial Holdings Private Limited.

Board of Directors of KOEL

Sr. No.	Name of Director	DIN	Designation
1.	Rahul Chandrakant Kirloskar	00007319	Non-Executive Non-Independent Director
2.	Atul Chandrakant Kirloskar	00007387	Chairman and Non-Executive Director
3.	Satish Jamdar	00036653	Non-Executive Independent Director
4.	Yogesh Kapur	00070038	Non-Executive Independent Director
5.	Mahesh Ramchand Chhabria	00166049	Non-Executive Non-Independent Director
6.	Vinesh Kumar Jairath	00391684	Non-Executive Non-Independent Director
7.	Gauri Atul Kirloskar	03366274	Managing Director
8.	Kandathil Mathew Abraham	05178826	Non-Executive Independent Director
9.	Purvi Sheth	06449636	Non-Executive Independent Director
10.	Shalini Sarin	06604529	Non-Executive Independent Director
11.	Arvind Hari Goel	02300813	Non-Executive Independent Director

Shareholding Pattern of KOEL as on September 30, 2023

Shareholding Pattern as on September 30, 2023 filed with the stock exchanges viz. BSE Limited and National Stock Exchange of India Limited is as under.

Shareholding pattern of our Promoter as on September 30, 2023

Table I – Summary Statement holding of specified securities of our Promoter

Category of shareholder	No. of share holders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form	Sub-categorization of shares (XV) Shareholding (No. of shares) under		
								Sub Category I	Sub Categories	Sub Categoricities
(A) Promoter & Promoter Group	17	5,97,37,038	5,97,37,038	41.23	5,97,37,038	41.23	5,97,37,038	-	-	-
(B) Public	72,781	8,51,45,397	8,51,45,397	58.77	8,51,45,397	58.77	8,24,45,740	-	-	-
(C1) Shares underlying DRs	-	-	-	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	-	-	-	-	-	-	-
(C) Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-
Grand Total	**72,798**	**14,48,82,435**	**14,48,82,435**	**100.00**	**14,48,82,435**	**100.00**	**14,21,82,778**	**-**	**-**	**-**

Note: C=C1+C2
Grand Total=A+B+C

Table –II - Statement showing shareholding pattern of the promoter and promoter group of our Promoter

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class e.g.: X	Total	
A1) Indian								
Individuals/ Hindu undivided Family		13	5,13,70,821	5,13,70,821	35.46	5,13,70,821	35.46	5,13,70,821
Atul Chandrakant Kirloskar as individual, as a Trustee of C.S. Kirloskar Testamentary Trust and as a Karta of Atul C. Kirloskar HUF	Promoter	1	1,46,74,947	1,46,74,947	10.13	1,46,74,947	10.13	1,46,74,947
Rahul Chandrakant Kirloskar as individual, as a Karta of Rahul C. Kirloskar HUF and as a Trustee of C. S. Kirloskar Testamentary Trust	Promoter	1	1,77,86,902	1,77,86,902	12.28	1,77,86,902	12.28	1,77,86,902
Sanjay Chandrakant Kirloskar as individual, as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme, as a trustee of C.S. Kirloskar	Promoter	1	46,654	46,654	0.03	46,654	0.03	46,654
Suman Chandrakant Kirloskar as individual, as Karta of C. S. Kirloskar HUF, as a Trustee of Vijaya Durga Devi Trust and as a Trustee of C. S. Kirloskar	Promoter Group	1	41,221	41,221	0.03	41,221	0.03	41,221
Mrinalini Shreekant Kirloskar as individual, as Trustee of Rooplekha (Life Interest) Trust and as Karta of Shreekant S. Kirloskar HUF	Promoter Group	1	1,01,800	1,01,800	0.07	1,01,800	0.07	1,01,800

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class e.g.: X	Total	
Roopa Jayant Gupta	Promoter Group	1	20,887	20,887	0.01	20,887	0.01	20,887
Geetanjali Vikram Kirloskar	Promoter	-	-	-	-	-	-	-
Jyostna Gautam Kulkarni	Promoter	-	-	-	-	-	-	-
Arti Atul Kirloskar	Promoter Group	1	32,29,454	32,29,454	2.23	32,29,454	2.23	32,29,454
Nihal Gautam Kulkarni	Promoter Group	-	-	-	-	-	-	-
Alpana Rahul Kirloskar	Promoter Group	1	77,89,634	77,89,634	5.38	77,89,634	5.38	77,89,634
Akshay Sahni	Promoter Group	1	100	100	0.00	100	0.00	100
Alok Kirloskar	Promoter Group	1	6,262	6,262	0.00	6,262	0.00	6,262
Pratima Sanjay Kirloskar	Promoter Group	1	1,520	1,520	0.00	1,520	0.00	1,520
Aditi Atul Kirloskar	Promoter Group	1	19,17,860	19,17,860	1.32	19,17,860	1.32	19,17,860
Gauri Kirloskar	Promoter Group	1	57,53,580	57,53,580	3.97	57,53,580	3.97	57,53,580
Christopher Kolenaty	Promoter Group	-	-	-	-	-	-	-
Pia C. Kolenaty	Promoter Group	-	-	-	-	-	-	-
Maya C. Kolenaty	Promoter Group	-	-	-	-	-	-	-
Shruti N. Kulkarni	Promoter Group	-	-	-	-	-	-	-
Gargi N. Kulkarni	Promoter Group	-	-	-	-	-	-	-
Anika N. Kulkarni	Promoter Group	-	-	-	-	-	-	-
Komal A. Kulkarni	Promoter Group	-	-	-	-	-	-	-
Talan A. Kulkarni	Promoter Group	-	-	-	-	-	-	-
Manasi V. Kirloskar	Promoter Group	-	-	-	-	-	-	-
Rama S. Kirloskar	Promoter Group	-	-	-	-	-	-	-
Alika R. Kirloskar	Promoter Group	-	-	-	-	-	-	-
Aman R. Kirloskar	Promoter Group	-	-	-	-	-	-	-
Anoushka Akshay Sahni	Promoter Group	-	-	-	-	-	-	-
Arjun Sahni	Promoter Group	-	-	-	-	-	-	-
Sneha Jain Kirloskar	Promoter Group	-	-	-	-	-	-	-
Ambar Gautam Kulkarni	Promoter Group	-	-	-	-	-	-	-
Any Other (specify)		**4**	**83,66,217**	**83,66,217**	**5.77**	**83,66,217**	**5.77**	**83,66,217**
Kirloskar Industries Limited	Promoter Group	1	82,10,439	82,10,439	5.67	82,10,439	5.67	82,10,439
Kirloskar Chillers Private Limited	Promoter Group	1	50,000	50,000	0.03	50,000	0.03	50,000
Achyut and Neeta Holdings and Finance Private Limited	Promoter Group	-	-	-	-	-	-	-
Navsai Investments Private Limited	Promoter Group	1	91,798	91,798	0.06	91,798	0.06	91,798
Alpak Investments Private Limited	Promoter Group	1	13,980	13,980	0.01	13,980	0.01	13,980
Better Value Holdings Private Limited	Promoter Group	-	-	-	-	-	-	-
Cess Investments and Consultants Private Limited	Promoter Group	-	-	-	-	-	-	-
Asara Sales and Investment Private Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Proprietary Limited	Promoter Group	-	-	-	-	-	-	-
G. G. Dandekar Machine Works Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Integrated Technologies Private Limited	Promoter Group	-	-	-	-	-	-	-
GreenTek Systems (India) Private Limited	Promoter Group	-	-	-	-	-	-	-

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class e.g.: X	Total	
Prakar Investments Private Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Brothers Limited	Promoter Group	-	-	-	-	-	-	-
Karad Projects and Motors Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Corrocoat Private Limited	Promoter Group	-	-	-	-	-	-	-
The Kolhapur Steel Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Pneumatic Company Limited	Promoter Group	-	-	-	-	-	-	-
Mahila Udyog Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Ferrous Industries Limited	Promoter Group	-	-	-	-	-	-	-
VikramGeet Investments and Holdings Private Limited	Promoter Group	-	-	-	-	-	-	-
Kairi Investments LLC	Promoter Group	-	-	-	-	-	-	-
Kirloskar DMCC	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Technology Ventures LLP	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Momentum LLP	Promoter Group	-	-	-	-	-	-	-
Kloudq Technologies Limited	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Global Technology LLP	Promoter Group	-	-	-	-	-	-	-
Kirloskar Energen Private Limited	Promoter Group	-	-	-	-	-	-	-
Kirloskar Americas Corp., USA	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Infrastructure-1 LLP	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Lever Boost LLP	Promoter Group	-	-	-	-	-	-	-
Kirloskar Solar Technologies Private Limited	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Momentum-II LLP	Promoter Group	-	-	-	-	-	-	-
S.L. Kirloskar CSR Foundation	Promoter Group	-	-	-	-	-	-	-
KBL Synerge LLP	Promoter Group	-	-	-	-	-	-	-
Kirloskar Trading SA (PTY) Limited (earlier known as Joburg Industrial Trading (SA) (PTY). Limited)	Promoter Group	-	-	-	-	-	-	-
Kirloskar South East Asia Company Limited	Promoter Group	-	-	-	-	-	-	-
Sri Harihareshwara Finance and Investments Private Ltd	Promoter Group	-	-	-	-	-	-	-
Kirloskar Systems Private Limited	Promoter Group	-	-	-	-	-	-	-
VSK Holdings Private Limited	Promoter Group	-	-	-	-	-	-	-
KiARA Lifespaces Private Limited	Promoter Group	-	-	-	-	-	-	-
La-Gajjar Machineries Private Limited	Promoter Group	-	-	-	-	-	-	-
Samarth Udyog Technology Forum	Promoter Group	-	-	-	-	-	-	-
KC Ventures LLP	Promoter Group	-	-	-	-	-	-	-
Arka Fincap Limited	Promoter Group	-	-	-	-	-	-	-
Navasasyam Dandekar Private Limited	Promoter Group	-	-	-	-	-	-	-
Saucelito Ventures	Promoter Group	-	-	-	-	-	-	-
Beluga Whale Capital Management Pte. Ltd.	Promoter Group	-	-	-	-	-	-	-
Kirloskar Management Services Private Limited	Promoter Group	-	-	-	-	-	-	-
Optiqua Pipes and Electricals Private Limited	Promoter Group	-	-	-	-	-	-	-

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class e.g.: X	Total	
Avante Spaces Limited	Promoter Group	-	-	-	-	-	-	-
Cephalopod Teknik LLP (earlier known as Snow Leopard Global Technology II - LLP)	Promoter Group	-	-	-	-	-	-	-
Snow Leopard Global Technology III - LLP	Promoter Group	-	-	-	-	-	-	-
Cephalopod Teknik II LLP	Promoter Group	-	-	-	-	-	-	-
Arka Financial Holdings Private Limited	Promoter Group	-	-	-	-	-	-	-
Arka Investment Advisory Services Private Limited	Promoter Group	-	-	-	-	-	-	-
Sub Total A1		**17**	**5,97,37,038**	**5,97,37,038**	**41.23**	**5,97,37,038**	**41.23**	**5,97,37,038**
A2) Foreign					**0.00**		**0.00**	
A=A1+A2		**17**	**5,97,37,038**	**5,97,37,038**	**41.23**	**5,97,37,038**	**41.23**	**5,97,37,038**

Table III- Statement showing shareholding pattern of the public shareholder of our Promoter

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
Institutions							
B1) Institutions (Domestic)							
Mutual Funds/	12	26927120	2,69,27,120	18.59	2,69,27,120	18.59	2,69,26,745
DSP Small Cap Fund	1	3875475	38,75,475	2.67	38,75,475	2.67	38,75,475
Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund	1	4351595	43,51,595	3.00	43,51,595	3.00	43,51,595
HSBC Value Fund	1	4465631	44,65,631	3.08	44,65,631	3.08	44,65,631
Franklin India Flexi Cap Fund	1	11973623	1,19,73,623	8.26	1,19,73,623	8.26	1,19,73,623
Alternate Investment Funds	15	3695887	36,95,887	2.55	36,95,887	2.55	36,95,887
Banks	12	52301	52,301	0.04	52,301	0.04	7,869
Insurance Companies	4	3540973	35,40,973	2.44	35,40,973	2.44	35,40,973
Max Life Insurance Co Ltd A/C Participating Fund	1	1557188	15,57,188	1.07	15,57,188	1.07	15,57,188
NBFCs registered with RBI	1	11250	11,250	0.01	11,250	0.01	11,250
Other Financial Institutions	1	953657	9,53,657	0.66	9,53,657	0.66	9,53,657
Sub Total B1	**45**	**35181188**	**3,51,81,188**	**24.28**	**3,51,81,188**	**24.28**	**3,51,36,381**
B2) Institutions (Foreign)							
Foreign Portfolio Investors Category I	**94**	**11029097**	**1,10,29,097**	**7.61**	**1,10,29,097**	**7.61**	**1,10,29,097**
The Nomura Trust and Banking Co., Ltd as The Trustee Of Nomura India Stock Mother Fund	1	1801860	18,01,860	1.24	18,01,860	1.24	18,01,860
The Regents Of The University Of California - Iifl Asset Management Limited	1	2642244	26,42,244	1.82	26,42,244	1.82	26,42,244
Foreign Portfolio Investors Category II	5	267766	2,67,766	0.18	2,67,766	0.18	2,67,766
Any Other(Institutions (Foreign))	3	3000	3,000	0.00	3,000	0.00	1,125
Sub Total B2	**102**	**11299863**	**1,12,99,863**	**7.80**	**1,12,99,863**	**7.80**	**1,12,97,988**

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
B3) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
B4) Non-Institutions	0	0		0.00		0.00	
Directors and their relatives (excluding independent directors and nominee directors)	6	30812	30,812	0.02	30,812	0.02	30,812
Investor Education and Protection Fund (IEPF)	1	2407086	24,07,086	1.66	24,07,086	1.66	24,07,086
Resident Individuals holding nominal share capital up to Rs. 2 lakhs	69515	24828570	2,48,28,570	17.14	2,48,28,570	17.14	2,22,67,532
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	13	4280962	42,80,962	2.95	42,80,962	2.95	42,80,962
Non Resident Indians (NRIs)	1417	840187	8,40,187	0.58	8,40,187	0.58	7,84,344
Foreign Nationals	1	1132	1,132	0.00	1,132	0.00	1,132
Bodies Corporate	598	4873505	48,73,505	3.36	48,73,505	3.36	48,52,115
Any Other (specify)	1083	1402092	14,02,092	0.97	14,02,092	0.97	13,87,388
Clearing Members	9	111959	1,11,959	0.08	1,11,959	0.08	1,11,959
HUF	980	713964	7,13,964	0.49	7,13,964	0.49	7,07,135
Office Bearers	7	7875	7,875	0.01	7,875	0.01	
Body Corp-Ltd Liability Partnership	71	469259	4,69,259	0.32	4,69,259	0.32	4,69,259
Trusts	16	99035	99,035	0.07	99,035	0.07	99,035
Sub Total B4	72634	38664346	3,86,64,346	26.69	3,86,64,346	26.69	3,60,11,371
B=B1+B2+B3+B4	72781	85145397	8,51,45,397	58.77	8,51,45,397	58.77	8,24,45,740

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note

(1) PAN would not be displayed on website of Stock Exchange(s).

(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares

(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

Table IV- Statement showing shareholding pattern of the non-promoter- nonpublic shareholder of our Promoter

Category & Name of the Shareholders(I)	No. of shareholder(III)	No. of fully paid up equity shares held (IV)	Total no. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	-	-	-	-	-
C2) Employee Benefit Trust	-	-	-	-	-

Note

(1) *PAN would not be displayed on website of Stock Exchange(s).*

(2) *The above format needs to disclose name of all holders holding more than 1% of total number of shares*

(3) *W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.*

ii. **Arka Financial Holdings Private Limited** (“**AFHPL**”)

AFHPL is a company incorporated on July 13, 2021. It is classified as non-govt company and is registered with Registrar of Companies, Mumbai. AFHPL is incorporated with an object of being a Core Investment Company (“**CIC**”) including to make investments and for that purpose to acquire, dispose of, invest or participate in and hold in group companies in the form of shares, bonds, debenture, debt, loan or any other securities and providing loan, guarantee, other forms of collateral, or taking on other contingent liabilities for and on behalf of the group company, to carry on financial activities or business of a leasing, hire purchase, finance and investment company and also to undertake and / or arrange or syndicate all types of business relating to financing.

Currently, AFHPL has two subsidiaries namely; our Company and Arka Investment Advisory Services Private Limited (AIASPL).

Other Ventures

Other than our Company, other ventures of AFHPL includes AIASPL.

Board of Directors of AFHPL

Sr. No.	Name of Director	DIN	Designation
1.	Vimal Bhandari	00001318	Managing Director
2.	Mahesh Chhabria	00166049	Non-Executive Non-Independent Director
3.	Gauri Atul Kirloskar	03366274	Non-Executive Non-Independent Director
4.	Rahul Narain Bhagat	02473708	Independent Director
5.	Sivanandhan Dhanushkodi	03607203	Independent Director
6.	Yogesh Kapur	00070038	Independent Director

Shareholding Pattern of AFHPL as on September 30, 2023

Sr. No.	Name	Number of Equity Shares	Amt paid-up (₹)	% of Share Capital
1	Kirloskar Oil Engines Limited	105,26,52,961	1052,65,29,610	100%
2	Aditi Mahamunkar*	1	10	
TOTAL		**105,26,52,962**	**1052,65,29,620**	**100%**

**Ms. Aditi Mahamunkar is the registered owner of 1 equity share and Kirloskar Oil Engines Limited is the beneficial owner of the said 1 equity share, in terms of Section 89 of the Companies Act, 2013.*

Other understanding and confirmations

Our Company confirms that the Permanent Account Number and Bank account number of the Promoters have been submitted to the Stock Exchange at the time of filing the Draft Shelf Prospectus.

Our Promoters have confirmed that neither them nor their directors have been identified as Wilful Defaulters by the RBI or any other governmental authority and our Promoters are not a Promoter of any such company which has been identified as a Wilful Defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

No violation of securities laws has been committed by our Promoters in the past and no regulatory action before SEBI or RBI is currently pending against our Promoters except as disclosed in section titled “*Outstanding Litigations and Other Confirmations*” on page 176.

Our Promoters were not a promoter of any company which was delisted within a period of ten years preceding the date of this Shelf Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Promoters and Promoter Group are not restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and our Promoters are not the promoters of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except, as stated above and to the extent of the shareholding of the Promoters in our Company, no benefit or interest will accrue to our Promoters out of the objects of the Issue.

Common pursuits of our Promoters

Except as stated below, our Promoters are not engaged in businesses similar to ours.

One of our Promoter i.e., Arka Financial Holdings Private Limited is conducting its business as an Core Investment Company.

Interest of Promoters in our Company

- Except as stated under the chapter titled "*Related Party Transactions*" beginning on page 140, and to the extent of their shareholding in our Company, our Promoters does not have any other interest in our Company's business.

- Further as on September 30, 2023, our Promoters have not guaranteed/secured any bank facilities sanctioned to our Company.

- Our Promoters have no financial or other material interest in the Issue.

Payment of benefit to our Promoters in last three fiscal years

Other than as disclosed under the *"Related Party Transactions"*, available at page 140, our Company has not made any payments of any benefits to the Promoters during the last three fiscals preceding the date of this Shelf Prospectus.

Interest of our Promoters in immovable property, land and construction

Our Promoters do not have any interest in any immovable property acquired by our Company within two years preceding the date of filing of this Shelf Prospectus or in any transaction with respect to the acquisition of land, construction of building or supply of machinery, as on the date of this Shelf Prospectus.

Promoter Group

Other than our Promoters, our promoter group entities are:

1. La-Gajjar Machineries Private Limited

2. Kirloskar Americas Corporation, USA

3. Optiqua Pipes and Electricals Private Limited

4. Arka Investment Advisory Services Private Limited

Details of Equity Shares allotted to our Promoters during the last three Fiscal Years

Except as disclosed under "*Capital Structure*" on page 45, our Promoters have not been allotted any Equity Shares of our Company during the last three Fiscal Years.

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the Fiscals 2023 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Audited Financial Statements for Fiscal 2023*" on page F53, note no. 5.05(B).

For details of the related party transactions for the Fiscals 2022 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Audited Financial Statements for Fiscal 2022*" on page F 127, note no. 5.05(B).

For details of the related party transactions for the Fiscals 2021 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Audited Financial Statements for Fiscal 2021*" on page F 200, note no. 5.05(B).

Related party transactions entered during the Fiscal 2023, Fiscal 2022 and Fiscal 2021 with regard to loans made or, guarantees given or securities provided

(₹ in lakhs)

Name of the Related Party	Fiscal	Loans made	Guarantees given	Securities Provided
Kirloskar Oil Engines Limited	2021	4,000.00	-	-
Optiqua Pipes and Electricals Private Limited	2023	321.23	-	-

Related party transactions entered during the current financial year for the period up to September 30, 2023 with regard to loans made or, guarantees given or securities provided

(₹ in lakhs)

Name of the Related Party	Fiscal	Loans made	Guarantees given	Securities Provided
Optiqua Pipes and Electricals Private Limited	2024*	477.47	-	-

** upto September 30, 2023*

REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is a non-banking financial company (NBFC) – Middle Layer which does not accept public deposits. As such, our business activities are *inter-alia* regulated by RBI regulations applicable to a Non-Deposit taking Non-Banking Financial Company – Middle Layer.

Principal business criteria and NBFC classification

As per the RBI Act, a non-banking financial company means (i) a financial institution which is a company, (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner, (iii) such other non-banking institution or class of such institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

The RBI Act, further defines a 'financial institution' to mean a non-banking institution which, among other things, includes carrying on the business or as part of its business, financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own or the acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature.

RBI has clarified through a press release (*Ref. No. 1998-99/1269*) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, inter-alia stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

Being an NBFC, our Company is inter-alia governed by the RBI Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The major regulations governing our Company are detailed below:

In terms of the Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("RBI Master Directions"), NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

i) NBFC- Base Layer ("**NBFC-BL**");
ii) NBFC- Middle Layer ("**NBFC-ML**");
iii) NBFC- Upper layer ("**NBFC-UL**"); and
iv) NBFC- Top Layer ("**NBFC-TL**")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1,000 crore and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account

Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("NBFC-Ds"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs)– (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to RBI Master Directions. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-Upper Layer. Such NBFC shall move to the NBFC-Top Layer.

As on date of filing of this Shelf Prospectus the Company falls under the category of NBFC-ML, as its assets size is above ₹ 1,000 crore, as per the last audited balance sheet.

Rating of NBFCs

Pursuant to the RBI Master Directions, all applicable NBFCs are required to furnish information about downgrading / upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

Prudential Norms

The RBI Master Directions amongst other requirements prescribe guidelines regarding capital requirement, income recognition, asset classification, provisioning requirements, capital adequacy requirements, concentration of credit/ investment, etc.

Provisioning Requirements

Every applicable NBFC after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the RBI Master Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* its circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for standard assets by all NBFCs at the rate of 0.25 per cent of the outstanding standard assets. Subsequently, RBI vide its circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 03, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The general provisions on standard assets are not reckoned for arriving at Net NPAs. However, the general provisions towards standard assets are not needed to be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier 2 Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier 2 Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

In terms of the RBI Master Directions, NBFCs – Middle Layer are required to maintain, a minimum capital ratio consisting of Tier 1 and Tier 2 capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. The Tier 1 capital in respect of NBFCs – Middle Layer (except NBFC-MFI and NBFC primarily engaged in lending against gold jewellery), at any point of time, shall not be less than 10 per cent.

"Tier 1 Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15 per cent of the aggregate Tier 1 Capital of such company as on March 31 of the previous accounting year.

Owned Funds are defined as paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier 2 Capital includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt; and (f) perpetual debt instrument issued by non-deposit taking non-banking financial company, which is in excess of what qualifies for Tier 1 Capital, to the extent that the aggregate does not exceed Tier 1 Capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means an instrument, which is fully paid up, is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed under the RBI Master Directions and to the extent such discounted value does not exceed fifty percent of Tier 1 capital.

Asset Classification

The RBI Master Directions require that every applicable NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC-ML is required to make a general provision for standard assets at 0.40 per cent.

Other stipulations on policies

Applicable NBFCs are required to frame board approved policies *inter alia* including, (i) a policy for demand and call loan; (ii) liquidity risk management policy; (iii) policy on outsourcing; (iv) fair practice code; (v) policies under the Information Technology Framework for the NBFC Sector; (vi) interest rate model policy; (vii) investment policy; (viii) know you customer/ anti-money laundering policy; (ix) policy for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provided that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹200 lakh. However, the net owned fund requirement has been incrementally revised by the RBI Master Directions. RBI Master Directions stipulates the glided path to minimum net owned fund requirement of ₹ 500 lakh by March 31, 2025 and ₹ 1,000 lakh by March 31, 2027 by the NBFCs with customer interface or public funds.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs (unless specifically exempted by RBI) to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Information with respect to change of address, directors, auditors, etc. to RBI

Applicable NBFCs are required to inform the RBI (Regional Office of the Department of Supervision of the Bank) of any change in the address, telephone no's, etc. of its registered office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event.

*Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("**RBI KYC Directions**") and Prevention of Money-Laundering Act, 2002*

The RBI KYC Directions have been extended inter-alia to all NBFCs, and in terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC's adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place, to ensure adherence to RBI KYC Directions.

Further, all NBFCs are required to adhere to provisions of Prevention of Money-Laundering Act, 2002, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, and rules, circulars and regulations issued thereunder, as amended from time to time. The NBFCs are required to introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005

Accounting Standards & Accounting policies

NBFCs that are required to implement Indian Accounting Standards ("**Ind AS**") as per the Companies (Indian Accounting Standards) Rules, 2015 ("**Accounting Standard Rules**") shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in the RBI Master Directions. Disclosure requirements for notes to accounts specified in the RBI Master Directions shall continue to apply. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies. RBI vide its circular dated February 11, 2016, inter alia specified that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the Reserve Bank in this regard in the manner provided in the said circular. The Accounting Standard Rules were subsequently amended by MCA Notification dated March 30, 2016. Ind AS is applicable to our Company with effect from April 1, 2020.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which is applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

The directions lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs.

Implementation of Green Initiative of the Government

All applicable NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The circular puts in place regulations for ensuring independence of auditors, avoiding conflict of interest in auditor's appointments and to improve the quality and standards of audit in RBI Regulated Entities.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC , the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on 31st March of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the RBI in NBS-7 (DNBS03), has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by RBI, whether the company has furnished to RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio within the stipulated period.

Where the statement regarding any of the items referred in the auditor certificate above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the RBI under whose jurisdiction the registered office of the company is located.

Risk-Based Internal Audit (RBIA)

An independent and effective internal audit function in a financial entity provides vital assurance to the board of directors and its senior management of NBFC regarding the quality and effectiveness of the entity's internal control, risk management and governance framework. The essential requirements for a robust internal audit function include, inter alia, sufficient authority, proper stature, independence, adequate resources and professional competence. RBI *vide* its circular dated February 03, 2021, *inter-alia* mandated all non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹ 5,000 crore and above to implement the RBIA framework by March 31, 2022.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All NBFCs shall have a board approved Information Technology policy/Information system policy. This policy may be designed considering the basic standards stipulated in the said directions.

In November 2023, the RBI issued the Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 which will come into effect from April 01, 2024. These directions incorporate, consolidate and update the guidelines, instructions and circulars on IT Governance, Risk, Controls, Assurance Practices and Business Continuity/ Disaster Recovery Management. Accordingly, the Master Direction on Information Technology Framework for the NBFC Sector, 2017 will stand repealed with effect from April 01, 2024 for NBFC – Middle Layer, NBFC – Upper Layer and NBFC – Top Layer.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

RBI has issued Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Fraud Directions, 2016"). As per Fraud Directions, 2016, NBFCs are required to put in place a reporting system for recording frauds without any delay. NBFCs are required to fix staff accountability in respect of delays in reporting of fraud cases to the RBI. In order to maintain uniformity in reporting frauds, the Fraud Directions, 2016, prescribe the manner of classification of frauds. Such NBFCs are required to report frauds committed to various bodies like the board, the audit committee, the RBI and the police authorities, depending on the amount involved in the fraud. In terms of the Fraud Directions, 2016 such NBFCs shall disclose the amount related to fraud reported by the NBFC for the year in their balance sheet.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Outsourcing Directions"). The Outsourcing Directions specify that core management functions including internal audit, strategic and compliance functions, decision making functions such as determining compliance with KYC norms, according sanction for loans, shall not be outsourced by NBFCs. However, for NBFCs in a group/conglomerate, these functions may be outsourced within the group subject to compliance with instructions in the Outsourcing Directions. Further, while internal audit function itself is a management process, the internal auditors can be on contract.

Fair practice code

Applicable NBFCs having customer interface should mandatorily adopt the guidelines on fair practices to be adhered to while conducting business. The guidelines require that all communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Also, loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. Such NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Such NBFCs shall also ensure that changes in interest rates and charges are effected only prospectively.

In order to regulate charging of excessive interest rates, applicable NBFCs are required to adopt an interest rate model. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be explicitly disclosed to the borrower. In the matter of recovery of loans, such NBFCs shall not resort to undue harassment methods which include persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. Such NBFCs shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

Also, NBFC-ML are required to lay down an appropriate grievance redressal mechanism within the organisation.

Ombudsman scheme for customers of NBFCs

The RBI has on November 12, 2021 introduced the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the "**Scheme**"). The Scheme integrates three ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019. The Scheme makes 'deficiency in services' as ground for filing complaints with certain exceptions. The responsibility of representing the NBFC and furnishing information in respect of complaints filed by customers against the NBFC would be that of the principal nodal officer in the rank of a general manager or equivalent. The NBFC will not have the right to appeal in cases where an award is issued by the ombudsman against it on account of non-response or non-furnishing of information sought within stipulated time. A complaint may be lodged online through the portal designed for the purpose (https://cms.rbi.org.in). The complaint may also be submitted through electronic or physical mode to the Centralised Receipt and Processing Centre as notified by the RBI. The ombudsman is entitled to call for certified copy of documents from the NBFC and the ombudsman is required to maintain confidentiality in relation to the same. The proceedings before the ombudsman shall be summary in nature. The Ombudsman's award shall contain, inter alia, the direction, if any, to the NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the NBFC to the complainant by way of compensation for any loss suffered by the complainant.

Asset Liability Management

Under the terms of the RBI Master Directions, non-deposit accepting NBFCs having an asset base of ₹100 crore or more are required to comply with the RBI Guidelines on Liquidity Risk Management Framework ("LRM Framework"). The RBI has prescribed the Guidelines for asset liability management ("ALM") system in relation to NBFCs through LRM Framework. The LRM Framework provides that in order to ensure sound and robust liquidity risk management system, the board of directors of the NBFC shall frame a liquidity risk management framework which ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The liquidity risk management policy should spell out the entity-level liquidity risk tolerance; funding strategies; prudential limits; system for measuring, assessing and reporting/ reviewing liquidity; framework for stress testing; liquidity planning under alternative scenarios/formal contingent funding plan; nature and frequency of management reporting; periodical review of assumptions used in liquidity projection; etc. A desirable organizational set up for liquidity risk management shall include (a) Board of Directors who shall have the overall responsibility for management of liquidity risk, (b) the risk management committee ("**RMC**") consisting of chief executive officer ("**CEO**")/ managing director ("**MD**") and heads of various risk verticals, who shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk, (c) asset liability management committee ("**ALCO**") consisting of the NBFC's top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC. The CEO/ MD or the Executive Director (ED) should head the ALCO. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches, (d) asset liability management support group ("**ALM Support Group**") consisting of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO. The maturity profile as prescribed in the directions could be used for measuring the future cash flows of NBFCs in different time buckets. Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches in the statement of structural liquidity in the maturity buckets 1-7 days, 8-14 days, and 15-30 days shall not exceed 10 percent, 10 percent and 20 percent of the cumulative cash outflows in the respective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets upto 1 year by establishing internal prudential limits with the approval of the board of directors. NBFCs shall also adopt the above cumulative mismatch limits for their structural liquidity statement for consolidated operations. Other than liquidity risk the applicable NBFC has to manage currency risk and interest rate risk under the terms of LRM Framework.

Guidelines on Digital Lending and Guidelines on Default Loss Guarantee (DLG) in Digital Lending

RBI on September 2, 2022 issued Guidelines on Digital Lending. The Guidelines on Digital Lending are applicable to all Commercial Banks, Primary (Urban) Co-operative Banks, State Co-operative Banks, District Central Co-operative Banks; and NBFCs. The Guidelines on Digital Lending prescribe guidelines w.r.t. Customer Protection and Conduct, Collection of fees, charges, Disclosures to borrowers, Grievance Redressal, Assessing the borrower's creditworthiness, Cooling off/look-up period, Due diligence and other requirements with respect to lending service providers engaged by the regulated entity, Technology and Data Requirement, Storage of Data, Comprehensive privacy policy, Technology standards, Reporting to Credit Information Companies and Loss sharing arrangement in case of default. The RBI guidelines on DLG, inter-alia governs arrangements between regulated entities (REs) and lending service providers (LSPs) or between two REs involving DLG.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non - Performing Asset ("NPA"). Securitisation Companies and Reconstruction Companies ("SCs/RCs") are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60 per cent of the amount outstanding to a borrower as against 75 per cent. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for to enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 10,000 lakh and above) has been reduced from ₹ 100 lakh to ₹ 50 lakh.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets interalia by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria. MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ("FSP Rules") interalia governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors with some procedural differences.

Companies Act, 2013

The Companies Act, 2013 ("Companies Act") has been notified by the Government of India on August 30, 2013 (the "Notification").

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, Employees' State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, Maternity Benefit Act, 1961 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Other Regulations

Our Company is required to comply with the provisions of the Companies Act, SEBI Listing Regulations, various circulars and notifications issued by SEBI as applicable, labour laws, shops and establishment acts, various tax related legislations and other applicable statutes for its day-to-day operations.

SECTION V – FINANCIAL STATEMENTS

FINANCIAL INFORMATION

MATERIAL DEVELOPMENTS

Other than as disclosed elsewhere in this Shelf Prospectus and hereinafter below, since March 31, 2023 till the date of filing this Shelf Prospectus, there have been no event/ development or change having implications on the financials/credit quality (e.g., any material regulatory proceedings against the Company/ Promoters/ Directors, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of the Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Company has identified Arka Investment Advisory Services Private Limited and Optiqua Pipes and Electricals Private Limited as its Group Companies under Section 2(r) of the NCS Regulations, identified on the basis of the related party transactions entered upon by the Group Companies with the Company in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time in Fiscal 2023.

Private Placements of NCDs by our Company for FY 23-24 (Till date)

ISIN	INE03W108023
Date of opening	16 November 2023
Date of closing	16 November 2023
Total issue size (₹ In lakh)	7500
Date of allotment	17 November 2023
Date of refunds/ unblocking of funds	NA
Date of listing	21 November 2023
Objects of the Issue	Augmenting Tier 2 capital of the Company. Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer. The Issuer further undertakes that it shall not carry out any other activities as may be prohibited by RBI and / or such other regulations as may be applicable from time to time
Utilisation of proceeds	Augmenting Tier 2 capital of the Company. Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer. Financing activities and business operations of the Issuer – up to 100% Repayment of the existing debt – up to 100% General corporate purposes of the Issuer – up to 25% The Issuer further undertakes that it shall not carry out any other activities as may be prohibited by RBI and / or such other regulations as may be applicable from time to time

Rights issue by the Company for FY 23-24 (Till date)

Date of Opening	June 3, 2023
Date of Closing	June 13, 2023
Total Issue Size (in lakh)	₹ 5,699.99
Amount raised in the issue (in lakh)	₹ 5,699.99
Date of Allotment	June 5, 2023
Utilisation of Proceeds	To augment long term resources for ongoing business activities of the Company and/or general corporate purposes.

FINANCIAL INDEBTEDNESS

As on September 30, 2023, our Company had outstanding Total Borrowings of ₹ 3,15,368.49 lakhs.

Sr. No.	Nature of Borrowings	Amount Outstanding (in ₹ lakhs)	% of Total Borrowings
i.	Secured borrowings	2,96,573.41	94.04%
ii.	Unsecured borrowings	18,795.08	5.96%
Total Borrowings		**3,15,368.49**	**100.00%**

Set forth below, is a summary of the borrowings by our Company outstanding as on September 30, 2023, together with a brief description of certain significant terms of such financing arrangements.

A. Details of secured borrowings:

Our Company's secured outstanding borrowings as on September 30, 2023 amounts to ₹ 2,96,573.41 lakhs. The details of the secured borrowings are set out below:

i. ***Term Loans from Banks/ Financial Institutions:***

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
1.	IndusInd Bank Limited	Term Loan	5,000.00	500.00	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts, cash & cash equivalents and liquid investments with eligible asset cover of minimum 1.33x at all point of time.	10 equated Quarterly installments	CRISIL AA-/Stable*	Standard
2.	IndusInd Bank Limited	Term Loan	5,000.00	750.00	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts, cash & cash equivalents and liquid investments with eligible asset cover of minimum 1.33x at all point of time.	14 equated quarterly installments in 4 years	CRISIL AA/Stable*	Standard
3.	IndusInd Bank Limited	Term Loan	5,000.00	3,571.43	First pari passu charge by way of hypothecation on present and future receivables and book debts, cash & cash equivalents and liquid investments with eligible asset cover of minimum 1.33x at all point of time.	10 equated quarterly installments	CRISIL AA-/Stable*	Standard
4.	IndusInd Bank Limited	Term Loan	11,000.00	10,214.29	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts, cash & cash equivalents and liquid investments with eligible asset cover of minimum 1.33x at all point of time.	2 months moratorium followed by 14 equal quarterly installments	CRISIL AA-/Stable*	Standard
5.	ICICI Bank Limited	Term Loan	5,000.00	3,750.00	First pari passu charge by way of hypothecation on Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with asset cover of minimum 1.33x at all point of time.	8 equal quarterly instalments from the end of 5th quarter from the date of each disbursement	CRISIL AA-/Stable*	Standard
6.	ICICI Bank	Term Loan	5,700.00	5,700.00	First pari passu charge by way	9 equal	CRISIL AA-	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
	Limited				of hypothecation on Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with asset cover of minimum 1.20x at all point of time.	quarterly installments from the end of 4th quarter	/Stable*	
7.	Kotak Mahindra Bank	Term Loan	7,500.00	4,687.5	First & Pari Passu charge by way of hypothecation on the Company's present and future loan receivables and book debts (standard), cash and cash equivalents and liquid investments with minimum asset cover of 1.25x. The receivables should constitute only principal outstanding of the underlying loan contracts hypothecated to Kotak Mahindra Bank Ltd.	8 quarterly installments starting from quarter following the month of first disbursement	CRISIL AA-/Stable*	Standard
8.	Kotak Mahindra Bank	Term Loan	5,000.00	5,000.00	First & *Pari Passu* charge by way of hypothecation on the Company's present and future loan receivables and book debts (standard), cash and cash equivalents and liquid investments with minimum asset cover of 1.25x. The receivables should constitute only principal outstanding of the underlying loan contracts hypothecated to Kotak Mahindra Bank Ltd.	8 quarterly installments starting from quarter following the month of first disbursement	CRISIL AA-/Stable*	Standard
9.	Aditya Birla Finance Limited	Term Loan	5,000.00	2,545.45	First pari passu charge on loan receivables (Nil DPD) along with current assets (which mainly includes investments) of the Company with a minimum cover of 1.33x to be maintained at all times during currency of the loan.	12 equal quarterly installments	CRISIL AA-/Stable*	Standard
10.	Aditya Birla Finance Limited	Term Loan	5,500.00	5,041.67	First pari passu charge on loan receivables (Nil DPD) along with current assets (which mainly includes investments) of the Company with a minimum cover of 1.33x to be maintained at all times during currency of the loan.	12 Equal Quarterly Installments	CRISIL AA-/Stable*	Standard
11.	The Federal Bank Limited	Term Loan	3,500.00	291.67	First pari passu charge by way of hypothecation on current assets of the Company including receivables and book debts (upto 90 days), cash and cash equivalents and liquid investments with minimum asset cover of 1.33x must be maintained at all the times.	12 Equal quarterly instalments of ₹ 2.92 Cr each starting from the date of disbursement	CRISIL AA-/Stable*	Standard
12.	The Federal Bank Limited	Term Loan	5,500.00	3,666.67	First pari passu charge by way of hypothecation on current assets of the Company including receivables and book	12 Equal quarterly instalments	CRISIL AA-/Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
					debts (up to 90 days), cash and cash equivalents and liquid investments with minimum asset cover of 1.25x must be maintained at all the times.			
13.	The Federal Bank Limited	Term Loan	3,000.00	3,000.00	First pari passu charge by way of hypothecation on current assets of the Company including receivables and book debts (up to 90 days), cash and cash equivalents and liquid investments with minimum asset cover of 1.25x must be maintained at all the times.	12 Equal quarterly instalments	CRISIL AA-/Stable*	Standard
14.	Axis Bank Limited	Term Loan	2,000.00	362.83	First pari-passu charge over receivables against such standard assets financed by the bank finance and eligible for bank funding as per RBI guidelines with a minimum cover of 1.25x through a security trustee.	11 equal quarterly instalments beginning from 6th month from the date of first disbursement	CRISIL AA-/Stable*	Standard
15.	Axis Bank Limited	Term Loan	4,000.00	3,000.96	First pari-passu charge over receivables against such standard assets financed by the bank finance and eligible for bank funding as per RBI guidelines with a minimum cover of 1.25x through a security trustee.	12 equal quarterly installments	CRISIL AA-/Stable*	Standard
16.	Punjab and Sind Bank	Term Loan	5,000.00	906.20	Pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with an asset cover of at least 1.25x with other secured lenders.	Moratorium of 3 months followed by 11 equal quarterly instalments.	CRISIL AA-/Stable*	Standard
17.	Punjab and Sind Bank	Term Loan	1,500.00	1,392.50	Pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with an asset cover of at least 1.25x with other secured lenders.	14 equal quarterly installment of Rs 1.08 crores from end of 3 months moratorium	CRISIL AA-/Stable*	Standard
18.	Utkarsh Small Finance Bank Ltd	Term Loan	2,500.00	520.83	Primary pari passu charge by way of hypothecation on the Company’s present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with an asset cover of at-least 1.25x.	24 monthly installments	CRISIL AA-/Stable*	Standard
19.	Utkarsh Small Finance Bank Ltd	Term Loan	3,600.00	3,000.00	Primary pari passu charge by way of hypothecation on the Company’s present and future receivables and book debts (standard), cash & cash equivalents and liquid	36 monthly installments	CRISIL AA-/Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
					investments with an asset cover of at-least 1.25x.			
20.	Bajaj Finance Limited	Term Loan	2,500.00	83.33	Primary pari passu charge by way of hypothecation on the Company's present and future receivables with an asset cover of at-least 1.33x.	30 equal monthly installments with first repayment starting from the last day of the 1st month from the date of disbursement, in 2.5 years from the date of first drawdown	CRISIL AA-/Stable*	Standard
21.	Bajaj Finance Limited	Term Loan	2,500.00	1,083.33	Primary pari passu charge by way of hypothecation on the Company's present and future receivables with an asset cover of at-least 1.33x.	30 equal monthly installments with first repayment starting from the last day of the 1st month from the date of disbursement, in 2.5 years from the date of first drawdown	CRISIL AA-/Stable*	Standard
22.	Bajaj Finance Limited	Term Loan	5,000.00	4,166.67	Primary pari passu charge by way of hypothecation on the Company's present and future receivables with an asset cover of at-least 1.25x .	30 equal monthly installments with first repayment starting from the last day of the 1st month from the date of disbursement, in 2.5 years from the date of first drawdown	CRISIL AA-/Stable*	Standard
23.	IDFC First Bank	Term Loan	3,000.00	1,200.00	First pari-passu charge of present and future book debts and receivables, cash & cash equivalents and liquid investments with a security cover of 1.33x. All book debts charged should be standard.	Moratorium of 6 months followed by quarterly repayment in 3 years (36 months)	CRISIL AA-/Stable*	Standard
24.	IDFC First Bank	Term Loan	11,000.00	11,000.00	First pari-passu charge of present and future book debts and receivables, cash & cash equivalents and liquid investments with a security cover of 1.20x. All book debts charged should be standard.	Moratorium of 6 months followed by quarterly repayment in 3 years (36 months)	CRISIL AA-/Stable*	Standard
25.	Karnataka Bank	Term Loan	2,500.00	680.80	Pari passu charge on present and future receivables/book debts of the Company with minimum security coverage of 1.25x of the outstanding balance at all times.	35 monthly instalments (34 instalments of ₹ 0.71 Crore and last instalment of ₹ 0.86 Crore).	CRISIL AA-/Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
26.	Karnataka Bank	Term Loan	2,500.00	1,454.86	Pari passu charge on present and future receivables/book debts of the Company with minimum security coverage of 1.25x of the outstanding balance at all times.	12 Quarterly Instalments (11 instalments of ₹ 209 lakhs and last instalment of ₹ 201 lakhs)	CRISIL AA- /Stable*	Standard
27.	Karnataka Bank	Term Loan	5,000.00	5,000.00	Pari passu charge on present and future receivables/book debts of the Company with minimum security coverage of 1.25x of the outstanding balance at all times.	Repayable in 10 equal quarterly installment of Rs 5 crs each after an initial Moratorium period of 6 months	CRISIL AA- /Stable*	Standard
28.	Indian Overseas Bank	Term Loan	5,000.00	3,333.73	Floating first pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with an asset cover of at least 1.25x.	12 months moratorium followed by 5 equal half yearly installments of ₹ 833 lakhs and 6th installment of ₹ 835 lakhs	CRISIL AA- /Stable*	Standard
29.	Indian Overseas Bank	Term Loan	5,000.00	4,166.98	Floating first pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with an asset cover of at least 1.25x.	12 months moratorium followed by 5 Equal half yearly installments of ₹ 833 lakhs and 6th installment of ₹ 835 lakhs.	CRISIL AA- /Stable*	Standard
30.	Bank of Baroda	Term Loan	10,000.00	6,663.75	Floating first pari passu charge by way of hypothecation on the Company’s present and future receivables / book debts / loan assets (standard), cash and cash equivalents and liquid investments with an asset cover of at least 1.25x.	12 Equal Quarterly installments	CRISIL AA- /Stable*	Standard
31.	Bank of Baroda	Term Loan	5,000.00	2,496.36	Floating first pari passu charge by way of hypothecation on the Company’s present and future receivables / book debts / loan assets (standard), cash and cash equivalents and liquid investments with an asset cover of at least 1.25x.	12 quarterly instalments	CRISIL AA- /Stable*	Standard
32.	Bank of Baroda	Term Loan	10,000.00	8,330.76	Floating first pari passu charge by way of hypothecation on the Company’s present and future receivables / book debts / loan assets (standard), cash and cash equivalents and liquid investments with an asset cover of at least 1.25x.	12 quarterly instalments	CRISIL AA- /Stable*	Standard
33.	TATA Capital Financial Services Limited	Term Loan	7,500.00	5,550.00	First pari passu charge by way of hypothecation, along with other lenders on present and future receivables and book debts, cash in hand & cash equivalents and liquid	60 months (including 9 months moratorium) with call/put option at the	CRISIL AA- /Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
					investments of the Company with a minimum asset cover of 1.25x (net of 30 DPD) of the amount outstanding under the facilities.	end of 36th month from first disbursement date		
34.	TATA Capital Financial Services Limited	Term Loan	5,000.00	5,000.00	First pari passu charge by way of hypothecation, along with other lenders on present and future receivables and book debts, cash in hand & cash equivalents and liquid investments of the Company with a minimum asset cover of 1.25x (net of 30 DPD) of the amount outstanding under the facilities.	Bullet payment at the end of 12 months from the date of disbursements.	CRISIL AA-/Stable*	Standard
35.	TATA Capital Financial Services Limited	Term Loan	5,000.00	4,062.50	First pari passu charge by way of hypothecation, along with other lenders on present and future receivables and book debts, cash in hand & cash equivalents and liquid investments of the Company with a minimum asset cover of 1.25x (net of 30 DPD) of the amount outstanding under the facilities.	3 months moratorium followed by 16 Quarterly Installments.	CRISIL AA-/Stable*	Standard
36.	Bank of Maharashtra	Term Loan	5,000.00	2,499.22	First pari passu hypothecation charge on standard loan receivables and book debts (present and future, cash and cash equivalents and liquid investment of the Company with an asset cover of at least 1.25x.	16 equal quarterly instalments from first disbursement	CRISIL AA-/Stable*	Standard
37.	Bank of Maharashtra	Term Loan	5,000.00	3,437.12	First pari passu hypothecation charge on standard loan receivables and book debts (present and future, cash and cash equivalents and liquid investment of the Company with an asset cover of at least 1.25x.	16 Quarterly installment of ₹ 312.5 lakhs from the date of first disbursement	CRISIL AA-/Stable*	Standard
38.	AU Small Finance Bank	Term Loan	5,000.00	2,916.67	Pari passu charge on present and future loan receivables (net of financial charges, NPA, other charges, etc.).	Moratorium of 6 months followed by 12 monthly installments	CRISIL AA-/Stable*	Standard
39.	State Bank of India	Term Loan	10,000.00	712.14	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts, cash and cash equivalent and liquid investment with eligible asset cover of minimum 1.25x at all points of time.	7 Quarterly installments	CRISIL AA-/Stable*	Standard
40.	State Bank of India	Term Loan	10,000.00	6999.53	First pari passu charge by way of hypothecation on the Company’s present and future receivables and book debts, cash and cash equivalent and liquid investment.	10 equal Quarterly installments	CRISIL AA-/Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
					With minimum coverage of 1.25x of loan amount on zero DPD receivable on principal outstanding.			
41.	State Bank of India	Term Loan	20,000.00	10,000.00	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts, cash and cash equivalent and liquid investment. With minimum coverage of 1.25x of loan amount on zero DPD receivable on principal outstanding.	12 equal quarterly installment	CRISIL AA-/Stable*	Standard
42.	HDFC Bank Limited	Term Loan	2,000.00	250.00	First pari passu charge on the current assets by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.	2 years with monthly repayment. Interest servicing also to be done monthly	CRISIL AA-/Stable*	Standard
43.	HDFC Bank Limited	Term Loan	4,500.00	2,250.00	First pari passu charge on the current assets by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments with assets cover of 1.20x.	Quarterly installments	CRISIL AA-/Stable*	Standard
44.	HDFC Bank Limited	Term Loan	7,500.00	6,875.00	First pari passu charge on the current assets by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments with assets cover of 1.20x	Quarterly installments	CRISIL AA-/Stable*	Standard
45.	Union Bank of India	Term Loan	5,000.00	2078.92	Floating first pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with an asset cover of at least 1.25x.	12 equal quarterly installments	CRISIL AA-/Stable*	Standard
46.	Punjab National Bank	Term Loan	5,000.00	3,744.34	Floating first pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard). cash & cash equivalents and liquid investments with an asset cover of at least 1.20x.	Moratorium of 1 year followed by 12 quarterly installments	CRISIL AA-/Stable*	Standard
47.	Punjab National Bank	Term Loan	5,000.00	4,641.18	Floating first pari-passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard) and secured, cash & cash equivalents and liquid investments.	Moratorium of 2 quarters followed by 14 equal quarterly payments	CRISIL AA-/Stable*	Standard
48.	Canara Bank	Term Loan	5,000.00	2,500.99	First pari passu by way of hypothecation on the Company's present and future receivables and /book debts	6 half yearly instalments. First 5	CRISIL AA-/Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
					(standard) with an asset cover of at least 1.25x.	instalments of ₹ 8.33 Crore each and the last instalment of ₹ 8.35 Crore. First instalment to start from end of 6th month from the date of first disbursement.		
49.	Canara Bank	Term Loan	5,000.00	4,166.00	First pari passu by way of hypothecation on the Company's present and future receivables and /book debts (standard) with an asset cover of at least 1.25x.	Facility to be repaid in 12 quarterly installments with first 11 installments of INR 4.17 cr each and the last installment of INR 4.13 cr. The 1st installment to start from end of 3rd month from date of first disbursement. Interest as and when due to be paid on a monthly basis by the company.	CRISIL AA-/Stable*	Standard
50.	Canara Bank	Term Loan	10,000.00	10,000.00	First pari passu by way of hypothecation on the Company's present and future receivables and /book debts (standard) with an asset cover of at least 1.25x.	Quarterly Instalments	CRISIL AA-/Stable*	Standard
51.	DCB Bank	Term Loan	5,000.00	3,499.86	First pari pass charge by way of hypothecation of present and future receivables and book debts (standard), cash and cash equivalent and liquid investments with asset cover of 1.25x at all point of time.	Moratorium of 6 months followed by 10 equal quarterly installments	CRISIL AA-/Stable*	Standard
52.	Bandhan Bank	Term Loan	5,000.00	2,500.00	First pari passu charge on the Company's receivables, cash and cash equivalents and liquid investments of the Company, equivalent to 1.33x of the facility amount.	8 equal quarterly installments	CRISIL AA-/Stable*	Standard
53.	Bandhan Bank	Term Loan	5,000.00	5,000.00	First pari passu charge on the Company's receivables, cash and cash equivalents and liquid investments of the Company, equivalent to 1.33x of the facility amount.	12 Equal quarterly Installment	CRISIL AA-/Stable*	Standard
54.	Indian Bank	Term Loan	10,000.00	8,419.59	First pari-passu charge on the standard receivables of the company; present and future	Moratorium of 3 months followed by 19	CRISIL AA-/Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) #	Security	Repayment Date/Schedule	Credit Rating, if applicable	Asset Classification
					with security cover of 1.25x of loan outstanding till the entire tenor of the loan including cash and cash equitant in computation of 1.25x security coverage along with book debts.	equal quarterly installments		
55.	Indian Bank	Term Loan	5,000.00	5,000.00	First pari-passu charge on the standard receivables of the company; present and future with security cover of 1.25x of loan outstanding till the entire tenor of the loan including cash and cash equitant in computation of 1.25x security coverage along with book debts.	12 Equal Quarterly installment	CRISIL AA-/Stable*	Standard
56.	SIDBI	Term Loan	5,000.00	3,750.00	First pari-passu charge on the standard receivables of the company; present and future with security cover of 1.25x of loan outstanding till the entire tenor of the loan including cash and cash equitant in computation of 1.25x security coverage along with book debts.	Quarterly Instalments	CRISIL AA-/Stable*	Standard
57.	Yes Bank	Term Loan	5,000.00	4,411.80	1st pari pasu charge by way of hypothecation of all standard loan receivables with security cover of 1.25 times.	Equated monthly repayments commencing from the end of 3rd month of disbursement of each tranche	CRISIL AA-/Stable*	Standard

**Credit Rating outlook has been changed from Stable to Positive from 9th October 2023*

#The total outstanding of term loans from banks and other financial institutions including external commercial borrowings after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹2,16,642.92 lakh.

Rescheduling: None of the facilities mentioned above has rescheduling clause.

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

a. **Non-payment:** If the Company fails to pay to the lender any amount on its due date, whether principal/ interest/s /fees/costs/charges/expenses or otherwise due from it hereunder and/or in accordance with terms of any of the transaction documents;

b. **General default:** The breach of, or omission to observe, or default by the Company in observing any of its obligations, covenants or undertakings or any term, condition, provision of the transaction documents;

c. **Non-creation / jeopardization of security:** Failure to create and perfect the security, or to create, maintain or submit any document regarding creation and/or perfection of the security, to the satisfaction of the lender or any act or circumstances of the Company which could, in the sole determination of the lender, jeopardize, in any way, the security shall be construed as an event of default. Similarly, occurrence of an event which would in any manner jeopardize the security would also be construed an event of default;

d. **Change in constitutional documents**: Any change in the proprietorship/partnership/constitution. memorandum or articles of association or any change in the entity of the firm/company without the prior written approval of the lender;

e. **Misrepresentation:** Any representation or warranty or assurance or covenant on the part of the Company made or deemed to be made or repeated in pursuance to the agreement or in any notice, certificate or statement or other writing referred to herein or delivered hereunder is or proves to be incorrect or misleading;

f. **Cross default**: Any default by the Company/ directors (independent or executive) under this or any other agreement or other writing between the Company / directors (independent or executive)/ subsidiaries/ assigns) and the lender, or under any other agreement or writing of indebtedness of the Company/ directors (independent or executive) with any other person or in the performance of any covenant, term or undertaking thereunder, or any indebtedness of the Company/ directors (independent or executive) not being paid when due or any creditor of the Company/ directors (independent or executive) becoming entitled to declare any indebtedness due and payable prior to the date on which it would otherwise have become due or any guarantee or collateral given or entered into by the Company/ directors (independent or executive) not being honored when due and called upon;

g. **Inability to pay debts:** The Company is/are unable generally to pay its debts as they fall due and/or commences readjustment or rescheduling, in the light of financial difficulties or in contemplation of any default, event of default or potential event of default under any agreement relating to the same (howsoever described), of any indebtedness, and/or makes a general assignment for the benefit of or a composition with its creditors and/or admits or is ordered to pay any liability and such liability is not paid when due (provided that for the avoidance of doubt any reference in the sub-clause to any Indebtedness shall not include any Indebtedness which is being bona fide disputed by the Company and in respect of which no adverse court order has been made against the Company;

h. Non-payment of decretal amount: The Company fails to pay amount under any court order or decree or judgment against the Company;

i. **Levy of execution or distress:** Any execution or distress is levied against, or an officer takes possession of the whole or any part of the property, undertaking or assets of the Company or any encumbrance over the whole or any part of the property, undertaking or assets of the Company becomes enforceable;

j. **Cessation of business:** The Company ceases or threatens to cease to carry on the business it carries on at the date hereof;

k. **Insolvency:** The Company takes any action or any legal action or proceedings are applied for or an application for the same is submitted or started or other steps taken for (i) the Company to be adjudicated or found insolvent or bankrupt, (ii) the winding-up or dissolution of the Company, or (iii) the appointment of a liquidator, administrator, trustee or receiver or similar officer or institution in respect of the Company or the whole or any part of its undertaking, assets and properties; or

l. An application is filed by any of the Company, obligors, financial creditors (as defined under IBC) or operational creditor (as defined under IBC) before the relevant authority under IBC; or

m. An application filed by the Company/obligor, financial creditor (as defined under IBC) or operational creditor (as defined under IBC) is admitted by the relevant authority.

n. There occurs a material adverse effect in the opinion of the lender.

o. Any insolvency notice or a winding-up notice is served on the Company, or a receiver is appointed, or attachment is levied on any of the Company's properties or assets.

p. If any regulatory proceedings are initiated or likely to be initiated at the sole discretion of the lender against the Company;

q. If any governmental authority shall have condemned, authorized, seized or otherwise expropriated all or any part of the assets of the Company or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, or its officers from carrying on its business or operations or a substantial part thereof;

r. If an execution, attachment or restraint has been levied on all or any material part of the assets of the Company, and is not discharged or stayed within 10 (ten) business days of having been so levied;

s. If the Company sells, transfers or otherwise disposes of the whole or a substantial part of its undertaking or assets, whether by a single transaction or a number of transactions, without the prior written consent of the lender;

t. If it is or becomes unlawful for the Company to perform all or any of their respective obligations, as determined by the lender under the transaction documents, and such unlawfulness is not remedied within 5 (five) business days after written notice of such unlawfulness shall have been given to the Company by the lender (except in any case where the unlawfulness is incapable of remedy, when no such notice as is mentioned herein shall be required);

u. If any commitment for any indebtedness of the Company is/are cancelled or suspended by any other lender as a result of an event of default under such lender's document (however described);

v. The Company act(s)/or desist(s) from acting in any manner which jeopardizes the powers vested in the lender under any power(s) of attorney from being exercised solely by the lender (acting through its authorized representatives);

w. If there is any commencement of a legal process against the Company under any criminal law in force;

ii. Working Capital Demand Loans ("WCDL") Cash Credit ("CC") / Overdraft against Fixed Deposit ("ODFD") facility availed by our Company:

The total sanctioned amount of working capital demand loans and cash credit facility availed from banks as on September 30, 2023 is ₹ 76,000 lakh, of which the amount outstanding (as per Ind-AS) of working capital demand loans and cash credit facility as on September 30, 2023 is NIL. The details of the working capital demand loans and cash credit facilities are set out below:

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date/Schedule	Security	Credit Rating, if applicable*	Asset Classification
1.	IndusInd Bank	CC	2,500.00	0.00	Repayable on demand	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts, cash & cash equivalents and liquid investments with eligible asset cover of minimum 1.33x at all point of time	CRISIL AA-/ Stable*	Standard
2.	ICICI Bank Limited	CC	2,500.00	0.00	Repayable on demand	First pari passu charge by way of hypothecation on the Company's present and future receivables and book debts (standard), cash & cash equivalents and liquid investments with asset cover of minimum 1.33x at all point of time.	CRISIL AA-/ Stable*	Standard
3.	Kotak Mahindra Bank Limited	CC	1,000.00	0.00	Repayable on demand	First & pari passu charge by way of hypothecation on the company's present and future loan receivables and book debts (standard), cash and cash equivalents and liquid investments with minimum asset cover of 1.25x. The receivables should constitute only principal outstanding of the underlying loan contracts hypothecated to Kotak Mahindra Bank Ltd.	CRISIL AA-/ Stable*	Standard
4.	Federal Bank	CC	500.00	0.00	Bullet repayment on the date of maturity.	First pari passu charge by way of hypothecation on current assets of the company including receivables and book debts (upto 90 days), cash and cash equivalents and liquid investments with minimum asset cover of 1.33x must be maintained at all the times. Charge to be created in favour of Catalyst Trusteeship Limited, acting as a security trustee on behalf of all secured lenders.	CRISIL AA-/ Stable*	Standard

Sr. No.	Name of the Lender	Type of Facility	Amount Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date/Schedule	Security	Credit Rating, if applicable*	Asset Classification
5.	IDFC First Bank	WCDL	1,000.00	0.00	Debts to the borrower account on respective due dates.	First pari-passu charge of present and future book debts and receivables, cash & cash equivalents and liquid investments with a security cover of 1.33x All book debts charged should be Standard.	CRISIL AA-/ Stable*	Standard
6.	Bandhan Bank	OD	100.00	0.00	-	First pari passu charge on the borrower's receivables, cash and cash equivalents and liquid investments of the Company, equivalent to 133% of the facility amount.	CRISIL AA-/ Stable*	Standard

** Credit Rating outlook has been changed from stable to positive from October 9, 2023*

Penalty:

Without prejudice to the obligations of the Company under the facility agreement and the other financing documents, upon occurrence of a default in payment of any outstanding amounts on the due date or breach of any terms or conditions of any financing documents, the Company shall, without any demur or protest, pay the default interest over and above the applicable interest on overdue amounts in respect of which the default has occurred (whether such overdues have arisen at stated maturity, by acceleration, by mandatory prepayment, or otherwise in accordance with the facility agreement). Such default interest shall be payable on demand and in the absence of any such demand, on the next due date occurring after the date of default.

Rescheduling: *None of the facilities mentioned above has rescheduling clause*

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders.

Occurrence of any one or more of the following events shall also constitute an Event of Default under the Agreement:

At the option of the lender(s) in respect of the credit facilities granted or to be granted by the lender(s) to the Company, the Company agrees and declares that notwithstanding anything, the said dues shall become due and payable by the Company to the lender(s), upon the happening of any of the following events referred to as Events of Default. The Company shall be deemed to have committed an act of default on the happening of, *inter –alia*, any one or more of the following events, namely:

(a) **Non- payment:** Company fails to pay / repay on demand any monies, which ought to be paid by the Company as per the terms of the facility documents.

(b) **Breach:** Breach of any statement, representation, warranty covenant or confirmation made herein or Company's proposal / application or transaction documents or otherwise on the part of the Company/third party.

(c) **Insolvency and winding up:**

i. Any proceeding or imminent threat of proceeding initiated against the obligor or any of its subsidiary company, affiliate or group companies, by any party under laws of insolvency or under any other statutory provision(s) or law(s) applicable to the obligor which may lead to insolvency resolution proceedings, its liquidation, winding up or declaration as insolvent or any petition for winding up of the Company is filed; or

ii. A moratorium, standstill, or similar suspension of payments in respect of the indebtedness, whether internal or external, of the Company or any of its subsidiary company, affiliates or any other group company, has been or may in the reasonably foreseeable future be declared by the government, central bank or any other governmental agency; or

iii. If any application for initiation of corporate insolvency proceedings by or against the Company or any other obligor is initiated with an adjudicating authority by any creditor under the Insolvency and Bankruptcy Code, 2016 or any other applicable insolvency or bankruptcy laws; or

iv. A liquidator, receiver, receiver and manager, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer is appointed in respect of any obligor or any of their assets or any distress of execution or seizure is levied or enforced upon or likelihood seizure against the whole or any part of the property of any obligor; or

v. if any person shall apply or obtain an order for the winding up of any obligor or if any such order is made or if any step is taken by any person towards passing any resolution to wind up any of the obligor or if any such resolution shall be passed.

(d) **Cessation of Business:** if any of the Company suspends or ceases to carry on business or to conduct its business to the satisfaction of the lender(s).

(e) **Misuse of funds:** if the Company misuses the credit facilities or any part thereof for any purpose other than for which the said credit facilities have been sanctioned.

(f) **Security in jeopardy:** If the Security, if any, for the Facilities is in jeopardy or ceases to have effect or if any of the Transaction Documents executed or furnished by or on behalf of the Borrower becomes illegal, invalid, unenforceable or otherwise fails or ceases to be in effect or fails or ceases to provide the benefit of the liens, rights, powers, privileges or security interests purported or sought to be created thereby or if any of such Transaction Documents is assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the Bank.

(g) **Material Adverse Effect:** Any event or circumstance occurs which in the opinion of the lender likely to have a material adverse effect

(h) **Cross default:** if a cross default as below occurs:

i. any debt of the Company is not paid when due nor within any originally applicable grace period;

ii. any event of default or a potential event of default (however described) which with the lapse of time or giving of notice may become an event of default occurs under any contract or document relating to any debt of the Company;

iii. any commitment for any debt of the Company is cancelled or suspended by a creditor as a result of an event of default (however described in contract with such creditor);

iv. any creditor of the Company becomes entitled to declare any debt due and payable prior to its specified maturity as a result of an event of default (however described in contract with such creditor);

v. there is any event of default or a potential event of default (however described) or other similar condition or event which with the lapse of time or giving of notice may become an event of default under one or more agreements or instruments (i) relating to any debt; (ii) entered between (a) the lender and any obligor, or (b) the lender and any of the obligor’s affiliates/associate company(ies); or (c) any obligor and any of its lenders; or (d) any obligor’s affiliates / associate company(ies) with any of their lenders; or

vi. any security over any assets of any obligor to secure any other debt which is enforced, or action initiated to enforce the security.

(i) **Illegality:** if it becomes unlawful for the lender to make, fund or allow any amount to remain outstanding under the credit facilities.

(j) **Defaulter List:** If the Company/ other obligor’s name is included in RBI defaulters list or list issued by any credit information company.

(k) **Misrepresentation:** If any representation or statement made or deemed to be made by the Company/any other obligor in the facility agreement or any other facility document proves to be incorrect or misleading in any material respect.

(l) **Litigation:** If any litigation, alternative dispute resolution, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or potential litigation against the Company/any other obligors or their assets which might have a material adverse effect.

(m) **Jeopardy:** If there exists any other circumstances which in the sole opinion of the lender, jeopardizes the lender's interests.

(n) **Distraint:** If an attachment or distraint has been levied on the assets of Company or any part thereof.

(o) **failure** by the Company(s)/ obligor(s) to create and perfect security as stipulated in the transaction documents.

(p) any of the transaction documents fails to create the security interest or fails to have the priority as stipulated or ceases to be in full force and effect;

(q) if any circumstance or event occurs which is or is likely to prejudice, impair, imperil, depreciate or jeopardize any security or any part thereof; and/or

(r) the value of the any security depreciates entitling the lender(s) to call for further security and failure of the Company/obligors to provide such additional security within the time period stipulated by the lender(s) at its sole discretion.

iii. ***External Commercial Borrowings:*** *Nil*

iv. Secured Redeemable Non-Convertible Debentures

i. **Private Placement of secured redeemable non-convertible debentures as on September 30, 2023**

Our Company has issued 2,250 secured redeemable non-convertible debentures of face value of ₹ 10,00,000 and 57,500 secured redeemable non-convertible debentures of face value of ₹ 1,00,000 on private placement of value ₹ 55,100 lakh (Principal Value), outstanding as on September 30, 2023, the details of which are set forth below

Series of NCDs	ISIN	Tenor (in months)	Coupon (%)	Principal Amount Outstanding (₹ in lakh) #	Date of Allotment	Redemption Date/ Redemption Schedule	Credit Rating	Security
Series VII	INE03W107082	36	8.40	7,500.00	November 26, 2021	November 26, 2024 Bullet repayment	CRISIL AA-/Stable*	First pari passu charge by way of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of atleast 1.1 time of the entire redemption amount throughout the tenor of the NCDs.
Series VIII	INE03W107090	36	8.30	6,666.67	February 9, 2022	February 9, 2025 Annual redemption	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including, cash and cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.33x of the entire redemption amount throughout the tenure of the NCDs.
Series IX	INE03W107124	18	8.20	5,000.00	September 6, 2022	March 6, 2024 Bullet repayment	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including cash and cash equivalents

								and liquid investments of the Company. The Company shall maintain security cover of at least 1.1x sufficient to discharge the principal amount and the interest thereon.
series IX	INE03W107140	36	8.75	3,333.33	September 29, 2022	September 29, 2025 Annual redemption	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including cash and cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.33 timesof the entire redemption amount, throughout the tenor of the NCDs.
Series XI	INE03W107173	2.17	9.35	20,000.00	January 30,2023	March 31, 2025	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including cash and cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.20 timesof the entire redemption amount, throughout the tenor of the NCDs.
Series XI	INE03W107199	1.99	9.35	5,000.00	March 23,2023	March 17, 2025	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including cash and cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.20 times of the entire redemption amount, throughout the tenor of the NCDs.
Series XI	INE03W107181	3.49	9.35	100.00	March 23,2023	September 17, 2026	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including cash and cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.20 times of the entire redemption amount, throughout the tenor of the NCDs.
Series XIII	INE03W107207	3.25	9.30	7,500.00	March 28,2023	June 28,2026	CRISIL AA-/Stable*	First pari-passu charge by way of hypothecation over the receivables, including

								cash and cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.10 times of the entire redemption amount, throughout the tenor of the NCDs.

[*] Credit Rating outlook has been changed from stable to positive from October 9, 2023
[#] The total amount outstanding of secured redeemable non-convertible debentures after EIR adjustments and interest accrued is ₹ 57,544.60 lakh.

ii. **Private Placement of secured redeemable Market Linked Non-convertible debentures as on September 30, 2023**

Our Company has issued 2,060 secured redeemable market linked non-convertible debentures on private placement of which ₹ 20,606 lakh (Principal Value) is outstanding as on September 30, 2023, the details of which are set forth below:

Series of MLDs	ISIN	Tenor (in months)	Coupon (%)	Principal Amount Outstanding (₹ in lakh) [#]	Date of Allotment	Redemption Date/ Redemption Schedule	Credit Rating	Security
Series II	INE03W107108	36	8.75	5,000.00	March 19, 2022	March 19, 2025 Principal Payment on Redemption	CRISIL PP-MLD AA-r/Stable*	The NCDs being issued shall be secured through a First Pari Passu charge by way of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of atleast 1.10 time of the entire redemption amount throughout the tenor of the NCDs.
Series III	INE03W107116	24	8.00	2,500.00	June 27, 2022	June 27, 2024 Principal Payment on Redemption	CRISIL PP-MLD AA-r/Stable*	The NCDs being issued shall be secured through a First Pari Passu charge by way of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of at least 1.10 time of the entire redemption amount throughout the tenor of the NCDs.
Series III	INE03W107132	27	8.20	1,320.00	September 8, 2022	December 06, 2024 Principal Payment on Redemption	CRISIL PP-MLD AA-r/Stable*	The NCDs being issued shall be secured through a First Pari Passu charge by way of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of atleast 1.10 time of the entire redemption amount throughout the tenor of the NCDs.
Series III	INE03W107157	25	8.25	3,000.00	September 23, 2022	October 23, 2024 Principal Payment on Redemption	CRISIL PP-MLD AA-r/Stable*	The NCDs being issued shall be secured through a First Pari Passu charge by way of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of atleast 1.10 time of the entire redemption amount throughout the tenor of the NCDs.
Series III	INE03W1071	26.2	8.20	1,286.00	September 30, 2022	December 06, 2024	CRISIL PP-MLD	The NCDs being issued shall be secured through a First Pari Passu charge by way

Series of MLDs	ISIN	Tenor (in months)	Coupon (%)	Principal Amount Outstanding (₹ in lakh) #	Date of Allotment	Redemption Date/ Redemption Schedule	Credit Rating	Security
	32					Principal Payment on Redemption	AA-r/Stable*	of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of atleast 1.10 time of the entire redemption amount throughout the tenor of the NCDs.
Series IV	INE03W107165	37	9.20	7,500.00	January 06, 2023	February 05, 2026 Principal Payment on Redemption	CRISIL PP-MLD AA-r/Stable*	The NCDs being issued shall be secured through a First Pari Passu charge by way of deed of hypothecation over the receivables, including cash, cash equivalents and liquid investments of the Company. The Company shall maintain security cover of atleast 1.10 time of the entire redemption amount throughout the tenor of the NCDs.

** Credit Rating outlook has been changed from stable to positive from 9 October 2023*
 # The total outstanding of secured redeemable market linked non-convertible debentures after Ind AS adjustment on account of Effective Interest Rate, MTM adjustment and interest accrued is ₹ 22,385.89 lakh.

The total outstanding of secured redeemable non-convertible debentures: (i) Private Placement of secured redeemable non-convertible debentures; and (ii) Private Placement of secured redeemable Market Linked Non-convertible debentures, after Ind AS adjustment on account of Effective Interest Rate, MTM adjustment and interest accrued is **₹** 79,930.49 lakh.

Penalty Clause:

a. The Company shall take all steps for making the listing application to the recognized stock exchange within 4 (four) days. In case of delay in listing of the debentures beyond 20 (twenty) days from the deemed date of allotment, the Company will pay penal interest of at least 1.00% p.a. over the coupon rate from the expiry of 30 (thirty) days from the deemed date of allotment till the listing of such debentures to the debenture holders.

b. In case of delay in execution of the debenture trust deed and the security documents, the Company will refund the subscription with agreed rate of interest or will pay penal interest of at least 2% p.a. over the coupon rate till these conditions are complied with at the option of the investor.

Event of Default

The occurrence of any of the following events shall constitute an event of default by the company in relation to the secured debentures:

a. **Default in redemption of debentures**
Default shall have occurred in the redemption of the debentures together with redemption premium, if any, as and when the same shall have become due and payable.

b. **Default in payment of interest/principal amount**
Two consecutive default by the Company in the payment of any installment of interest or the principal amount of the debentures, as and when the same shall have become due and payable.

c. **Default in performance of covenants and conditions**
Default shall have occurred in the performance of any other covenants, conditions or agreements on the part of the Company under the deed or the other transaction documents or deeds entered between the Company and the debenture holder(s)/beneficial owner(s)/ debenture trustee.

d. **Default in creation of Security**
Any default in creation of the security in the manner and within the timeframes stipulated therefor in the transaction documents. Non- maintenance of the security coverage ratio stipulated under the deed shall be considered as an event of default.

e. **Supply of misleading information**
Any information given by the Company in the respective disclosure documents/prospectus, the transaction documents and/or other information furnished and/or the representations and warranties given/deemed given by the Company to the debenture holder(s)/beneficial owner(s) for financial assistance by way of subscription to the debentures is or proves to be misleading or incorrect in any material respect or is found to be incorrect.

f. **Inability to pay debts**
If the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court or a special resolution has been passed by the shareholders of winding up of the Company

g. **Inadequate insurance**
If the properties and assets offered as security to the debenture trustee/debenture holder(s)/beneficial owner(s) for the debentures are not insured or kept under-insured by the Company wherever applicable or depreciate in value to such an extent that in the opinion of the debenture holder(s)/ beneficial owner(s)/debenture trustee further security to the satisfaction of the debenture holder(s)/ beneficial owner(s)/debenture trustee should be given and such security is not given.

h. **Sale, disposal and removal of assets**
If without the prior approval of the debenture trustee and debenture holder(s)/beneficial owner(s) any land, buildings, structures, plant and machinery of the Company are sold, disposed of charged, encumbered or alienated or the said buildings, structures, machinery, plant or other equipment are removed pulled down or demolished.

i. **Proceedings against Company**
The Company shall have voluntarily or involuntarily become the subject of proceedings under bankruptcy or insolvency law.

j. **Liquidation or dissolution of company**
The Company has taken or suffered any action to be taken for its reorganization, insolvency, liquidation or dissolution.

k. **Appointment of receiver or liquidator**
A receiver or liquidator is appointed or allowed to be appointed of all or any part of the undertaking of the Company.

l. **Attachment or distraint on Secured Assets**
If an attachment or distraint is levied on the secured assets or any part thereof and / or certificate proceedings are taken or commenced for recovery of any dues from the Company.

m. **Extra-ordinary circumstances**
If extraordinary circumstances have occurred which make it improbable for the Company to fulfill its obligations under the agreement and/or in relation to the debentures.

n. **Company ceases to carry on business**
If the Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so.

o. **Security is in jeopardy**
When the Company creates or attempts to create any charge on the secured assets or any part thereof without the prior approval of the debenture trustee/debenture holders If, in the reasonable opinion of the debenture trustee, the security of the debenture holder(s)/beneficial owner(s) is in jeopardy or the security cover is not maintained by the Company.

p. **Liabilities exceed the assets**
If it is certified by an accountant or a firm of accountants appointed by the debenture trustee that the liabilities of the Company exceed its assets.

q. **Expropriation**
If any government authority shall have condemned, nationalised, seized, or otherwise expropriated all or any part of the assets of the Company or of the shares of the Company held by any director or the promoters, or shall have assumed custody or control of such shares or the business or operations of the Company or shall have taken any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on its business or operations or a substantial part thereof.

r. **Alteration in provisions of memorandum and/or articles of association**
If the Company, shall without the previous consent in writing of the debenture trustee (based on the consents received from beneficial owners holding not less than three-fourth in value of debentures**)**, make or attempt to make any alteration in the provisions of its memorandum and/or articles of association which might in the opinion of the

debenture trustee detrimentally affect the interests of the debenture-holder(s)/beneficial owner(s) and shall upon demand by the debenture trustee refuse or neglect or be unable to rescind such alteration.

s. **Insolvency and Bankruptcy Code, 2016**
Initiation of any action by or against the Company under the Insolvency and Bankruptcy Code, 2016.

t. Any of the necessary clearances required or desirable in relation to the project or Company or the debentures in accordance with any of the transaction documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of debenture holder(s)/beneficial owners(s), have material adverse effect or the Company or in relation to the debentures.

u. Any security document once executed and delivered, ceases to be in full force and effect or fails to provide the debenture trustee and the debenture holder(s)/beneficial owners(s) with the security.
v. interests intended to be created thereby.

w. The Company enters into any arrangement or composition with its creditors or commits any act of insolvency or any other act, the consequence of which may lead to the insolvency or liquidation of the Company.

x. a petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed or the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed).

y. The Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors.

z. It is or becomes unlawful for the Company to perform any of its obligations under any transaction document in the reasonable opinion of the debenture holder/beneficial owner(s).

aa. The occurrence of any event or condition which, in the trustee/ beneficial owners(s) reasonable opinion, constitutes a material adverse effect.

bb. Any other event described as an event of default in the respective disclosure documents/prospectus and the transaction documents.

iii. Secured Redeemable non-convertible debentures (Public Issue):

Our Company has not issued non-convertible debentures by way of public issue.

v. **Corporate Guarantee:** Nil
vi. **Letter of Comfort:** Nil

B. Details of unsecured borrowings:

Commercial Papers

Our Company has issued 2600 commercial papers of value ₹ 13,000 lakh (principal value), outstanding as on September 30, 2023, the details of which are set forth below:

Series	ISIN	Tenor/ Period of Maturity (days)	Coupon (per annum) (%)	Amount outstanding as on September 30, 2023 * (in ₹ lakh)	Date of Allotment	Redemption/ Maturity Date	Credit Rating	Other details viz. details of Issuing and Paying Agent, details of Credit Rating Agencies
41	INE03W114401	345	8.95	959.53	April 18, 2023	March 28, 2024	CRISIL A1+	IPA : IndusInd Bank Rating Agency: CRISIL
42	INE03W114419	112	8.30	2,489.46	June 30, 2023	October20, 2023	CRISIL A1+	IPA : IndusInd Bank Rating Agency: CRISIL
44	INE03W114427	85	8.30	2,486.06	August 02, 2023	October 26, 2023	CRISIL A1+	IPA : IndusInd Bank Rating Agency: CRISIL
45	INE03W114435	233	8.50	960.24	August 09, 2023	March 29, 2024	CRISIL A1+	IPA : IndusInd Bank Rating Agency: CRISIL
46	INE03W114443	94	8.15	989.94	August 14, 2023	November 16, 2023	CRISIL A1+	IPA : IndusInd Bank Rating Agency: CRISIL
46	INE03W114450	90	8.50	4,899.64	September 29, 2023	December 28, 2023	CRISIL A1+	IPA : IndusInd Bank Rating Agency: CRISIL

**The total amount outstanding for Commercial Papers after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 12,778.69 lakh*

Inter-Corporate Deposits: Nil

Inter-Corporate Loans: Nil

Loan from Directors and Relatives of Directors:

Our Company has not raised any loan from directors and relatives of directors as on September 30, 2023.

Subordinated Debts

i. **Private Placement:**

Our Company has issued on private placement basis, unsecured, listed, rated, redeemable, sub-ordinated debentures (eligible for inclusion as Tier II Capital) for ₹ 6,000 lakhs (Principal Value) which is outstanding as on September 30, 2023, the details of which are set forth below:

(₹ in lakhs)

Debenture Name / Series	ISIN	Tenure / Period (Months)	Coupon (p.a.) (%)	Amount Outstanding#	Date of Allotment	Redemption Date	Credit Rating
Sub-debt	INE03W108015	66	10.25	6,000.00	August 25, 2022	February 25, 2028	CRISIL AA- /STABLE*
Total				**6,000.00**			

** Credit Rating outlook has been changed from stable to positive 9th from October 2023*

#The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 6,016.39 lakh

Penalty Clause- The debenture documents executed with respect to the sub-debt mentioned above set out penalty provisions for compliance with the provisions of the debenture documents. Such provisions include, but are not limited to:

(a) The Company shall take all steps for making the listing application to the recognized stock exchange within 4 (four) days. In case of delay in listing of the debentures beyond 20 (twenty) days from the deemed date of allotment, the Company will pay penal interest of at least 1.00% p.a. over the coupon rate from the expiry of 30 (thirty) days from the deemed date of allotment till the listing of such debentures to the debenture holders.

(b) In case of delay in execution of the debenture trust deed and the security documents, the Company will refund the subscription with agreed rate of interest or will pay penal interest of at least 2% p.a. over the coupon rate till these conditions are complied with at the option of the investor.

Events of Default: The debenture documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately redeem the debentures availed by it and be subject to additional penalties by the debenture holders. Such events include, but are not limited to:

a. Default in redemption of debentures
Default shall have occurred in the redemption of the debentures together with redemption premium, if any, as and when the same shall have become due and payable.

b. Default in payment of interest/principal amount
Two consecutive default by the Company in the payment of any installment of interest or the principal amount of the debentures, as and when the same shall have become due and payable.

c. Default in performance of covenants and conditions
Default shall have occurred in the performance of any other covenants, conditions or agreements on the part of the Company under the deed or the other transaction documents or deeds entered between the Company and the debenture holder(s)/beneficial owner(s)/ debenture trustee.

d. Default in creation of Security
Any default in creation of the security in the manner and within the timeframes stipulated therefor in the transaction documents. Non- maintenance of the security coverage ratio stipulated under the deed shall be considered as an event of default.

e. Supply of misleading information
Any information given by the Company in the respective disclosure documents/prospectus, the transaction documents and/or other information furnished and/or the representations and warranties given/deemed given by the Company to the debenture holder(s)/beneficial owner(s) for financial assistance by way of subscription to the debentures is or proves to be misleading or incorrect in any material respect or is found to be incorrect.

f. Inability to pay debts
If the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court or a special resolution has been passed by the shareholders of winding up of the Company

g. Inadequate insurance
If the properties and assets offered as security to the debenture trustee/debenture holder(s)/beneficial owner(s) for the debentures are not insured or kept under-insured by the Company wherever applicable or depreciate in value to such an extent that in the opinion of the debenture holder(s)/ beneficial owner(s)/debenture trustee further security to the satisfaction of the debenture holder(s)/ beneficial owner(s)/debenture trustee should be given and such security is not given.

h. Sale, disposal and removal of assets
If without the prior approval of the debenture trustee and debenture holder(s)/beneficial owner(s) any land, buildings, structures, plant and machinery of the Company are sold, disposed of charged, encumbered or alienated or the said buildings, structures, machinery, plant or other equipment are removed pulled down or demolished.

i. Proceedings against Company

The Company shall have voluntarily or involuntarily become the subject of proceedings under bankruptcy or insolvency law.

j. Misleading Information

Any information given by the Company in the placement memorandum, the transaction documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the debenture Holder(s)/beneficial owner(s) for availing financial assistance by way of subscription to the debentures is or proves to be misleading or incorrect in any material respect or is found to be incorrect.

k. Expropriation/Nationalization

If any governmental authority shall have condemned, nationalized, seized, or otherwise expropriated all or any substantial part of the assets of the Company or of the shares of the Company held by any director or the promoters, or shall have assumed custody or control of such shares or the business or operations of the Company or shall have taken any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on its business or operations or a substantial part thereof.

l. Alteration to memorandum of articles

If the Company, shall without the previous consent in writing of the debenture trustee, make or attempt to make any alteration in the provisions of its Memorandum and/or Articles of Association which might in the opinion of the Debenture Trustee detrimentally affect the interests of the Debenture Holder(s)/Beneficial Owner(s) and shall upon demand by the Debenture Trustee refuse or neglect or be unable to rescind such alteration.

m. Clearances

Any of the necessary clearances required or desirable in relation to the purpose, or Company or the debentures in accordance with any of the transaction documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of debenture Holder(s)/beneficial owners(s), have material adverse effect on the purpose on Company or the debentures.

n. Unlawfulness

It is or becomes unlawful for the Company to perform any of its material obligations under any transaction document in the opinion of the debenture holder/beneficial owner(s).

o. Material adverse effect

The occurrence of any event or condition which, in the reasonable opinion of the Trustee or the debenture holder(s)/ Beneficial Owners(s), constitutes a material adverse effect.

p. Litigation

Any litigation, arbitration, investigative, regulatory, governmental or administrative proceeding is commenced, continuing, pending or, to the best of the Company's knowledge, threatened in writing which has or, if adversely determined, is reasonably likely to have a material adverse effect.

q. I**nsolvency**

Any actions have been taken and/or legal proceedings have been initiated against the Company under the IBC.

r. Delisting or delay in listing

Listing of the debentures at any point of time from the stock exchange where the debentures are listed and/or occurrence of any event which has the effect of causing the debentures to become unlisted. Delay is listing of Debentures from the defined meline as per debenture trust deed or any transaction document.

ii. **Details of Unsecured Term Loans:** Nil

C. Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or debt securities

Our Company confirms that there has not been any servicing behaviour on existing debt securities as on the date of this Shelf Prospectus.

List of top 10 debenture holders (secured and unsecured) as on September 30, 2023

Sr. No.	Name of the holder of Non-convertible Securities	Category of Holder	Amount (in ₹ lakh)	Holding as a % of outstanding non-convertible securities
1.	HDFC Mutual Fund – HDFC Low Duration Fund	Mutual Fund	14,000.00	17.13%
2.	IDFC First Bank Limted	Bank	10,010.00	12.25%
3.	Sporta Technologies Private Limited	Body Corporate	8,000.00	9.79%
4.	BOI Shareholding Limited	Body Corporate	7,500.00	9.18%
5.	Kotak Mahindra Investments Limited	Body Corporate	5,000.00	6.12%

6.	HDFC Mutual Fund – HDFC Short Term Debt Fund	Mutual Fund	5,000.00	6.12%
7.	Tata Capital Financial Services Limited	Body Corporate	5,000.00	6.12%
8.	HDFC Mutual Fund – HDFC Medium Term Debt Fund	Mutual Fund	2,500.00	3.06%
9.	HDFC Mutual Fund – HDFC Credit Risk Debt Fund	Mutual Fund	2,500.00	3.06%
10.	KEMWELL Biopharma Private Limited	Body Corporate	2,500.00	3.06%

List of top 10 holders of commercial paper as on September 30, 2023 in terms of value (on cumulative basis):

S. No.	Name of the holder of commercial paper	Category of Holder	Amount (in ₹ lakh) Face Value of holding	Holding as a % of total commercial paper outstanding
1.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Money Manager Fund	Mutual Fund	5,000.00	38.46%
2.	Cyient Limited	Body Corporate	2,500.00	19.23%
3.	Shriram Housing Finance Limited	Body Corporate	2,500.00	19.23%
4.	The Greater Bombay Co-operative Bank Limited	Bank	1,000.00	7.69%
5.	Roppen Transportation Services Private Limited	Body Corporate	1,000.00	7.69%
6.	Deogiri Nagari Sahakari Bank Limited	Bank	500.00	3.85%
7.	Suco Souharda Sahakari Bank Limited; Bellary	Bank	500.00	3.85%

D. Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2023.

Our Company has Nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2023.

E. Details of rest of borrowings if any, including hybrid debt instruments such as foreign currency convertible bonds or convertible debentures and preference shares as on September 30, 2023:

Our company has not issued any hybrid debt instrument and has NIL outstanding.

Restrictive covenants under the financing arrangements:

Our financing agreements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the debenture trustee/security trustee/lenders before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent in the following instances:

1. Permit any change in the management or constitution documents of the borrower;

2. Create any further charge, lien or encumbrance over the assets and properties of the Company;

3. Effect any changes to the shareholding of the Company to the effect that it changes the management control of the Company;

4. Make any investments by way of deposits, loans, advances or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance other than in normal course of business;

5. revalue its assets;

6. pay any commission to its promoters, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any Financial Indebtedness incurred by the Borrower or in connection with any other obligation undertaken for or by the Borrower or undertake any guarantee obligations except in normal course of business;

7. induct on its Board a person whose name appears in the list of wilful defaulters (in accordance with the extant guidelines issued by the RBI) and if such a person is found on its Board. it shall take expeditious and effective steps for removal of the person from its Board;

8. buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes, issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever that may result in change in promoter or the promoter losing control.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER CONFIRMATIONS

Our Company may, from time to time, be involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of criminal cases, civil cases and tax proceedings.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our resolution passed by the Asset Liability Committee of the Issuer dated November 28, 2023. Further, as on the date of this Shelf Prospectus, except as disclosed hereunder, our Company, Group Companies, Promoters, and Directors are not involved in: (i) any outstanding action initiated by regulatory and statutory authorities (such as SEBI, RBI, Stock Exchange or such similar authorities); (ii) any outstanding civil litigation or tax proceedings involving our Company, Group Companies, Promoters, or any other person where the amount is ₹ 184.6 lakh (being five percent of the average of absolute value of profit or loss after tax of the Company for the last three Fiscals, as per the Audited Financial Statements) or above; (iii) any outstanding criminal litigation; (iv) pending proceedings initiated against the Issuer for economic offences and (v) any other pending litigation involving the Company, Group Companies, Promoters, Directors whose outcome could have material adverse effect on the financial position of the Issuer, which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities and (vi) any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Company /Promoters, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

Except as disclosed in Shelf Prospectus, there are no (i) inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or securities law in the last three years immediately preceding the year of this Shelf Prospectus involving our Company and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the current financial year and last three financial years of this Shelf Prospectus involving our Company; (ii) any material fraud committed against our Company in the current financial year and last three financial years, and if so, the action taken by our Company; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act, 2013; and (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of this Shelf Prospectus, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Promoters, Group Companies or our Directors as the case may be, have not been considered as litigation until such time that the above-mentioned entities are not impleaded as a defendant/respondent in litigation proceedings before any judicial or quasi-judicial forum.

OUTSTANDING LITIGATIONS

I. ***Litigation involving our Company.***

Material Civil Litigation against our Company

There are no material civil litigation cases against our Company as on the date of this Shelf Prospectus.

Material Civil Litigation by our Company

There are no material civil litigation cases by our Company as on the date of this Shelf Prospectus.

Criminal Litigation against our Company

There are no criminal litigation cases against our Company as on the date of this Shelf Prospectus.

Criminal Litigation by our Company

There are 9 cases filed by our Company pending before various forums across the country for an alleged offence under section 138 of the Negotiable Instruments Act, 1881 by the customers/ debtors of our Company which involves an aggregate sum of ₹ 5,18,42,221.

Actions Taken by Regulatory and Statutory Authorities against our Company.

There are no actions taken by regulatory and statutory authorities against our Company as on the date of this Shelf Prospectus.

II. ***Litigation involving our Directors.***

Criminal Litigation against our Directors

Mr. Vijay Chugh

Mr. Sudhir Diwan had originally filed a criminal complaint (bearing no. 73/SW/2008) in 2008 before the Additional Chief Metropolitan Magistrate, 38th Court, Ballard Pier, Mumbai (the "**ACMM**") against the Reserve Bank of India (the "**RBI**") and certain officers of the RBI, including Mr. Vijay Chugh (then Chief General Manager, Premises Department, RBI) under section 63 of the Copyright Act, 1957 and provisions of the Indian Penal Code, 1860, alleging, inter alia, that the RBI and its four named officials including Mr. Vijay Chugh had violated the Copyright Act, 1957. The ACMM issued process against the RBI and its officials under section 63 of the Copyright Act, 1957 and under the Indian Penal Code, 1860 through an order dated May 7, 2013 against which the bank/officers named-filed a revision petition (no. 632 of 2013) with the Sessions Court, Greater Mumbai. On hearing the revision petition, the Additional Sessions Judge, Greater Mumbai passed an order dated January 31, 2014 setting aside the order of the ACMM and dismissed the criminal complaint under section 203 of the Code of Criminal Procedure, 1973. Mr. Sudhir Diwan, further, filed a criminal writ petition (no. 1337 of 2014) before the Bombay High Court seeking to quash the order dated January 31, 2014 of the Additional Sessions Judge, Greater Mumbai which dismissed a criminal complaint filed by him. The matter is currently pending.

Criminal Litigation by our Directors

NIL

Material Civil Litigation against our Directors

NIL

Material Civil Litigation by our Directors

NIL

Actions Taken by Regulatory and Statutory Authorities against our Directors.

NIL

III. ***Material litigation or legal or regulatory actions involving our Promoters as on the date of this Shelf Prospectus***

Criminal Litigation against our Promoters

Kirloskar Oil Engines Limited ("KOEL")

Sudhir Gaikwad ("**Complainant**") filed a criminal complaint bearing number CRC 1101/2009 dated 2009 before the Labour Court, Pune ("**Complaint**"), against KOEL under Section 23 and 25 of The Contract Labour (Regulation and Abolition) Act 1970 for violation of provisions of Section 21(1) & (4) of The Contract Labour (Regulation and Abolition) Act, 1970 read with rules 25(2) (iv)(a) & 52 of the Maharashtra Contract Labour (Regulation and Abolition)Rules 1970 ("**Labour Laws**") and paid less wages to its contract workers. This complaint is stayed by the Hon'ble High Court, Mumbai. The next hearing date is December 18, 2023.

Criminal Litigation by our Promoters

NIL

Material Civil Litigation against our Promoters

Kirloskar Oil Engines Limited ("KOEL")

i. A recovery suit bearing no. 34 of 2018 (old number 15 of 2001 and old number 17 of 2001 are consolidated) under CPC has been filed before the Commercial Court, Udaipur by Shree Rajasthan Syntex Limited ("**Petitioner**") against KOEL as it sold one heavy Fuel genset to the Petitioner. The Petitioner has alleged that the genset did not perform as per the guaranteed terms and has claimed ₹ 240 lakhs plus interest at 18% per annum. The Petitioner has filed two application for amendments in both the suits for total claim amount of ₹ 740 lakhs. The matter has been stayed by High Court, Jodhpur on January 30, 2020. A writ petition W.P. 1483/2020 has been filed by the Petitioner on January 20, 2020. The Stay Order was further extended on September 19, 2023 for six months or till final disposal of the writ petition, whichever is earlier. Next date listed for hearing is on December 14, 2023.

ii. A suit for damages bearing no. C.S 361 / 2000 dated September 7, 2000 under CPC has been filed before the High Court of Calcutta by Somany Pilkington Limited ("**Petitioner**") against KOEL for an amount of ₹ 43,30,18,502, for nonperformance of gas turbine & deficiency of service. KOEL has filed an application under the CPC dated May 30, 2006 before High Court Kolkata for invoking arbitration and the case has not come up for hearing for the last many years and the next date is awaited.

Material Civil Litigation by our Promoters

Kirloskar Oil Engines Limited ("KOEL")

i. An appeal against order passed by the Chief Controlling Revenue Authority, Pune, Appeal No. bearing no. 125/ 2016 dated September 28, 2016 under Section 53(1A) of the Maharashtra Stamp Act has been filed before Chief Controlling Revenue Authority, Pune ("**CCRA, Pune**") by KOEL against the Collector of Stamps (Enforcement-II), Mumbai ("**COS**") claiming an amount of ₹ 7,46,98,214, against the Adjudication Order ADJ/188/2015 dated May 02, 2016 passed by the COS, adjudication and demanding a sum of ₹ 14,93,96,430 on the scheme of amalgamation of residual undertaking of Kirloskar Brother Investments Limtied ("KBIL") with KOEL. On March 9, 2022 KOEL has filed a request letter with CCRA, Pune, requesting for a fresh personal hearing of CCRA Appeal No. 125 of 2016 filed by KOEL against the adjudication Order No. ADJ/188/2015 passed by COS. Next date for the hearing is awaited.

ii. A recovery suit bearing no. 549 of 2002 dated June 11, 2001 under the CPC has been filed before Commercial Court, Pune by KOEL against Shree Rajasthan Syntex Limited ("**SRSL**") claiming an amount of ₹ 3,00,00,000, for recovery towards illegal invocation of bank guarantee. The case has not come up for hearing for last many years and the next date is awaited.

iii. A recovery suit bearing no. 363 of 2002 dated 20th September 2001 under CPC has been filed before Commercial Court, Pune by KOEL against Shree Rajasthan Syntex Limited ("**SRSL**") claiming an amount of ₹ 3,00,00,000, for recovery towards illegal invocation of bank guarantee. The case has not come up for hearing for the last many years and the next date is awaited.

Regulatory proceedings against our Promoters

Litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of this Shelf Prospectus

Kirloskar Oil Engines Limited ("KOEL")

A case bearing no 158/MP/2022 dated July 29, 2022 under Section 95 of the MERC (Conduct of Business) Regulations, 2004 and Section 9 read with Section 10 of the Electricity Act, 2003 has been filed before the Maharashtra Electricity Regulatory Commission ("**MERC**") by Maharashtra State Electricity Distribution Company Limited ("**Petitioner**") against Pudumjee Paper Products Limited and 193 others (including KOEL) ("**Respondents**"), claiming that the Respondents have power purchase and sale arrangements with third parties and therefore liable to pay cross-subsidy surcharge ("**CSS**") and additional supply charge ("ASC"). On August 22, 2022, KOEL received notice from MERC to file a reply to the petition filed by the Petitioner under section 94 of the MERC (Conduct of Business) Regulations, 2004 and section(s) 9 read with 10 of the Electricity Act, 2003, seeking a review of certain arrangements and/or permissions given by the Petitioner to the Respondents under the impression that such entities are captive generating plants and avoiding payment of CSS and ASC. KOEL filed its reply on September 26, 2022, stating that KOEL is owner of 5.5. MWp solar captive generating plant and is using the power generated through this solar plant for self-use and does not have any agreement for 'sale and purchase' of power with any third party, therefore not liable to pay CSS and ASC. No fixed amount of CSS/ASC is claimed by the Petitioner at this stage. On August 4, 2023, the Hon'ble MERC passed an order directing the petitioner to withdraw the names of respondents with 100% holding of Captive Generation assets with liberty to file afresh post Supreme Court Judgment. Updated list of respondents from the petitioner is awaited till date.

IV. ***Litigation involving our Group Companies.***

Criminal Litigation against our Group Companies

NIL

Criminal Litigation by our Group Companies

NIL

Material Civil Litigation against our Group Companies

NIL

Material Civil Litigation by our Group Companies

NIL

Actions Taken by Regulatory and Statutory Authorities against our Group Companies.

NIL

V. ***Tax Litigations***

Details of tax proceedings against our Company, Promoters, Director and Group Companies:

(i) Our Company

There are no tax proceeding against our Company:

(ii) Our Promoters

Please see below the table setting out details of tax proceeding against our Promoters:

Kirloskar Oil Engines Limited

(₹ in lakhs)

No. of Cases				Amount Involved			
Direct Tax	Indirect Tax			Direct Tax	Indirect Tax		
	Excise and Service Tax	Value Added Tax	Goods and Services Tax		Excise and Service Tax	Value Added Tax	Goods and Services Tax
16	29	15	1	12,666.45	4,366.79	437.93	51.48

(iii) Our Directors

There are no tax litigations involving our Directors.

(iv) Our Group Companies

NIL

VI. ***Details of acts of material frauds committed against our Company in the last three financial years and current financial year, if any, and if so, the action taken by our Company***

There are no material frauds against the Company in the last three fiscals and current financial year.

VII. ***Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues for the preceding three financial years and current financial year; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon***

i. There has been a delay of 2 calendar days in payment of statutory dues pertaining to GSTR 3B return for the month of November, 2020.

ii. During the period under review, the company had received an order No. ACCT/LGSTO-55/PT order Sl.no. 7793/ T. No. 12001 /2023-24 dated October 31, 2023 from Commercial Taxes Department, Government of Karnataka towards non-payment of Profession Tax of ₹ 4,425 (including interest & penalty) for FY 2022-23 and ₹3,975 (including interest & penalty) for FY 2023-24. Also, please note that during the said financial year, the Profession Tax of the employees in the state of Karnataka was paid in the state of Maharashtra.

iii. Our Company has received an assessment notice from Greater Chennai Corporation, Revenue Department, Chennai towards non-payment of Profession Tax of ₹ 61,165/- (including interest & penalty) for period APR-22 TO SEP-22, OCT-22 TO MAR-23 & APR-23 TO SEP-23. Further, please note that during the said financial year, the Profession Tax of the employees in the state of Chennai was paid in the month of October 2023 and there is no backlog pending currently.

Other than as disclosed above, our Company confirms that there has been no default in repayment of statutory dues for the preceding three financial years and current financial year; debentures and interests thereon; deposits and interests thereon; and loans from any bank or financial institutions and interest thereon.

VIII. ***Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company, in the preceding three financial years and the current financial year.***

Our Company confirms that there has been no default and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company.

IX. ***Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters in the last five financial years, including outstanding action***

There are no disciplinary action taken by SEBI or Stock Exchanges against the Promoters in the last five financial years, including outstanding action.

OTHER CONFIRMATIONS

I. Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors during the last three financial years immediately preceding the year of Issue of this Shelf Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or emphasis of matter or adverse remarks.

There are no reservations or qualifications or emphasis of matter or adverse remarks in the Company's and in the audited financial statements in the last three Fiscals preceding this Shelf Prospectus.

II. Summary of other observations of the auditors during the last three financial years immediately preceding the year of Issue of this Shelf Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said observation:

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Shelf Prospectus contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in this Shelf Prospectus is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading."

Authority for the Issue

At the meeting of the Board of Directors of our Company held on July 22, 2022 the Directors approved the issue of NCDs, aggregating up to ₹ 50,000 lakh.

Further, the present Issue is within the borrowing limits of ₹ 7,00,000 lakh under Sections 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company vide their resolution passed at the Annual General Meeting held on June 16, 2023.

The Asset Liability Committee at its meeting held on November 28, 2023, passed the resolution approving this Shelf Prospectus.

The Issue is within the borrowing limit approved by the shareholders.

Prohibition by SEBI/ Eligibility of our Company for the Issue

Our Company and/or the Promoters and/or our Promoter Group and/or our Directors have not been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. None of our Directors and/or our Promoters, is a director or promoter of another company which has been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our Directors and/or our Promoters has been declared as fugitive economic offenders.

None of the Promoters or whole-time directors of the issuer is a promoter or whole-time director of another company which is a wilful defaulter.

The Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchange pending to be paid by the Company as on the date of this Shelf Prospectus.

Our Company is not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six-months as on date of this Shelf Prospectus.

No regulatory action is pending against the issuer or its promoters or directors before the Board or the Reserve Bank of India.

Willful Defaulter

Our Company, and/or Directors and/or our Promoters have not been categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI, ECGC or any government/regulatory authority. The issuer has not defaulted in payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months. None of our Directors and/or our Promoters, is a whole-time director of another company which has been categorized as a wilful defaulter.

Other confirmations

None of our Company or our Directors or our Promoters, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Shelf Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Further, it is confirmed that:

i. Our Company is in compliance with applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and any other guidelines so specified by SEBI;
ii. Our Company has a net worth of at least rupees five hundred crore, as per the audited balance sheet of the preceding financial year i.e., Fiscal 2023;
iii. Our Company has a consistent track record of operating profits for the last three financial years;
iv. securities to be issued have been assigned a rating of **not less than "AA-"** category or equivalent by a credit rating agency registered with SEBI;
v. No regulatory action is pending against the issuer or its promoters or directors before SEBI or RBI.
vi. Our Company is not in default for:

   a. the repayment of deposits or interest payable thereon; or
   b. redemption of preference shares; or
   c. redemption of debt securities and interest payable thereon; or
   d. payment of dividend to any shareholder; or
   e. repayment of any term loan or interest payable thereon,

   in the last three financial years and the current financial year.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGERS JM FINANCIAL LIMITED AND NUVAMA WEALTH MANAGEMENT LIMITED (FORMERLY KNOWN AS EDELWEISS SECURITIES LIMITED), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 28, 2023 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY SEBI. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN.**

3. **WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT SHELF PROSPECTUS DATED MARCH 6, 2023, FILED WITH BSE LIMITED. BSE LIMITED IS THE DESIGNATED STOCK EXCHANGE FOR THE ISSUE.

DISCLAIMER CLAUSE OF BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS APPROVAL LETTER DATED MARCH 15, 2023 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

B. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

C. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED JULY 25, 2019 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45I-A OF THE RESERVE BANK OF INDIA ACT, 1934. A COPY OF THIS SHELF PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA ("RBI"). IT IS DISTINCTLY UNDERSTOOD THAT THIS SHELF PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS.

DISCLAIMER STATEMENT OF CRISIL RATINGS LIMITED (A SUBSIDIARY OF CRISIL LIMITED)

CRISIL RATINGS LIMITED (CRISIL RATINGS) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THE MATERIAL BASED ON THE INFORMATION PROVIDED BY ITS CLIENT AND / OR OBTAINED BY CRISIL RATINGS FROM SOURCES WHICH IT CONSIDERS RELIABLE (INFORMATION). A RATING BY CRISIL RATINGS REFLECTS ITS CURRENT OPINION ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT AND DOES NOT CONSTITUTE AN AUDIT OF THE RATED ENTITY BY CRISIL RATINGS. CRISIL RATINGS DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF THE INFORMATION ON WHICH THE RATING IS BASED. A RATING BY CRISIL RATINGS IS NOT A RECOMMENDATION TO BUY, SELL, OR HOLD THE RATED

INSTRUMENT; IT DOES NOT COMMENT ON THE MARKET PRICE OR SUITABILITY FOR A PARTICULAR INVESTOR. THE RATING IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE MATERIAL AND NO PART OF THE MATERIAL SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL RATINGS ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THE MATERIAL. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE MATERIAL IS TO BE CONSTRUED AS CRISIL RATINGS PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL RATINGS DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD. ARKA FINCAP LIMITED WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLIANCES FOR USE OF THE MATERIAL OR PART THEREOF OUTSIDE INDIA. CURRENT RATING STATUS AND CRISIL RATINGS' RATING CRITERIA ARE AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE WEBSITE, WWW.CRISILRATINGS.COM. FOR THE LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY COMPANY RATED BY CRISIL RATINGS, PLEASE CONTACT CUSTOMER SERVICE HELPDESK AT 1800-267-1301.

DISCLAIMER CLAUSE OF CARE ADVISORY RESEARCH AND TRAINING LIMITED ("CART")

THE REPORT IS PREPARED BY CARE ADVISORY RESEARCH AND TRAINING LIMITED (CAREEDGE RESEARCH). CAREEDGE RESEARCH HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THE REPORT BASED ON INFORMATION AVAILABLE IN CAREEDGE RESEARCH'S PROPRIETARY DATABASE, AND OTHER SOURCES CONSIDERED BY CAREEDGE RESEARCH AS ACCURATE AND RELIABLE, INCLUDING THE INFORMATION IN THE PUBLIC DOMAIN. THE VIEWS AND OPINIONS EXPRESSED HEREIN DO NOT CONSTITUTE THE OPINION OF CAREEDGE RESEARCH TO BUY OR INVEST IN THIS INDUSTRY, SECTOR OR COMPANIES OPERATING IN THIS SECTOR OR INDUSTRY AND IS ALSO NOT A RECOMMENDATION TO ENTER INTO ANY TRANSACTION IN THIS INDUSTRY OR SECTOR IN ANY MANNER WHATSOEVER.

THE REPORT HAS TO BE SEEN IN ITS ENTIRETY; THE SELECTIVE REVIEW OF PORTIONS OF THE REPORT MAY LEAD TO INACCURATE ASSESSMENTS. ALL FORECASTS IN THE REPORT ARE BASED ON ASSUMPTIONS CONSIDERED TO BE REASONABLE BY CAREEDGE RESEARCH; HOWEVER, THE ACTUAL OUTCOME MAY BE MATERIALLY AFFECTED BY CHANGES IN THE INDUSTRY AND ECONOMIC CIRCUMSTANCES, WHICH COULD BE DIFFERENT FROM THE PROJECTIONS.

NOTHING CONTAINED IN THE REPORT IS CAPABLE OR INTENDED TO CREATE ANY LEGALLY BINDING OBLIGATIONS ON THE SENDER OR CAREEDGE RESEARCH, WHICH ACCEPTS NO RESPONSIBILITY, WHATSOEVER, FOR LOSS OR DAMAGE FROM THE USE OF THE SAID INFORMATION. CAREEDGE RESEARCH IS ALSO NOT RESPONSIBLE FOR ANY ERRORS IN TRANSMISSION AND SPECIFICALLY STATES THAT IT, OR ITS DIRECTORS, EMPLOYEES, PARENT COMPANY – CARE RATINGS, OR ITS DIRECTORS, EMPLOYEES DO NOT HAVE ANY FINANCIAL LIABILITIES WHATSOEVER TO THE SUBSCRIBERS/USERS OF THE REPORT. THE SUBSCRIBER/USER ASSUMES THE ENTIRE RISK OF ANY USE MADE OF THE REPORT OR DATA HEREIN. THE REPORT IS FOR THE INFORMATION OF THE AUTHORISED RECIPIENT IN INDIA ONLY AND ANY REPRODUCTION OF THE REPORT OR PART OF IT WOULD REQUIRE EXPLICIT WRITTEN PRIOR APPROVAL OF CAREEDGE RESEARCH.

CAREEDGE RESEARCH SHALL REVEAL THE REPORT TO THE EXTENT NECESSARY AND CALLED FOR BY APPROPRIATE REGULATORY AGENCIES, VIZ., SEBI, RBI, GOVERNMENT AUTHORITIES, ETC., IF IT IS REQUIRED TO DO SO. BY ACCEPTING A COPY OF THE REPORT, THE RECIPIENT ACCEPTS THE TERMS OF THIS DISCLAIMER, WHICH FORMS AN INTEGRAL PART OF THE REPORT.

DISCLAIMER STATEMENT FROM THE ISSUER

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS SHELF PROSPECTUS OR IN ANY ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF

INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

DISCLAIMER STATEMENT FROM THE LEAD MANAGERS

THE LEAD MANAGERS ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS SHELF PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THE DRAFT SHELF PROSPECTUS, THIS SHELF PROSPECTUS AND THE RELEVANT TRANCHE PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THE DRAFT SHELF PROSPECTUS, THIS SHELF PROSPECTUS AND THE RELEVANT TRANCHE PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

UNDERTAKING BY THE ISSUER

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE "RISK FACTORS" CHAPTER ON PAGE 16 OF THIS SHELF PROSPECTUS.

THE ISSUER, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS SHELF PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS SHELF PROSPECTUS IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS AND IS NOT MISLEADING IN ANY MATERIAL RESPECT, THAT THE OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE THIS SHELF PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

THE ISSUER HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S) DISCLOSED IN THIS SHELF PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGE'S WEBSITE WHERE THE DEBT IS LISTED.

THE ISSUER DECLARES THAT NOTHING IN THIS SHELF PROSPECTUS IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Managers	Website
JM Financial Limited	www.jmfl.com
Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	www.nuvama.com*

**Pursuant to order passed by NCLT, Mumbai dated April 27, 2023, the merchant banking business of Edelweiss Financial Services*

Limited has demerged and transferred to Nuvama Wealth Management Limited and therefore the said merchant banking business is now part of Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited).

Listing

The NCDs proposed to be offered through this Issue are proposed to be listed on BSE. BSE has been appointed as the Designated Stock Exchange. An application will be made to the Stock Exchange for permission to deal in and for an official quotation of our NCDs.

If permissions to deal in and for an official quotation of our NCDs are not granted by the BSE, our Company will forthwith repay all moneys received from the Applicants in pursuance of this Shelf Prospectus and relevant Tranche Prospectus, in accordance with applicable laws.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within 6 Working Days from the date of closure of the relevant Tranche Issue.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription, NCDs shall not be listed and in the event of zero subscription to any one or more of the series, such NCDs with series shall not be listed.

Our Company shall pay interest at 15% (fifteen) per annum if allotment is not made and funds are not unblocked and/or demat credits are not made to investors within five Working Days of the Issue Closing Date or date of refusal of listing by BSE, whichever is earlier. In case listing permission is not granted by BSE to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Companies (Prospectus and Allotment of Securities) Rules, 2014 read with applicable provisions of the Companies Act, 2013, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the credit.

Consents

Consents in writing of: (a) Our Directors, (b) Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Managers, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue; (g) Bankers to Company; (h) CRISIL Ratings Limited; (i) the Debenture Trustee for the Issue; (j) Consortium Members*; (k) Public Issue Account Bank, Refund Bank and Sponsor Bank*; (l) CareEdge Research as the agency issuing the CareEdge Report for Industry Overview, have been obtained from them and the same will be filed along with a copy of this Shelf Prospectus and relevant Tranche Prospectus(es) with the ROC as required under Section 26 and Section 31 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of this Shelf Prospectus with the Stock Exchange.

**The consents will be procured at the relevant Tranche Prospectus(es) stage*

Expert Opinion

Except for the following, our Company has not obtained any expert opinions in connection with this Shelf Prospectus:

Our Company has received the written consent dated November 28, 2023 from P G BHAGWAT LLP our Statutory Auditor, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Shelf Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of (i) their report dated April 28, 2023 and April 26, 2022 on the Audited Financial Statements for Fiscal 2023 and the Audited Financial Statements for Fiscal 2022 included in this Shelf Prospectus (ii) their report dated October 25, 2023 on the Unaudited Financial Results included in this Shelf Prospectus and (ii) their report dated November 28, 2023 on the statement of special tax benefits included in this Shelf Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

The above experts have given their written consent to the Company as stated in the paragraph above and has not withdrawn such consent before the filing of this Shelf Prospectus with the ROC, Stock Exchange and SEBI.

Common form of Transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs, if applicable and the provisions of the Companies Act, 2013 applicable as on the date of this Shelf Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, the entire blocked Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight Working Days from the relevant tranche issue closing date. In the event there is delay in unblocking of funds/refunds, our Company shall be liable to repay the money, with interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription amount was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Filing of the Draft Shelf Prospectus

A Copy of the Draft Shelf Prospectus has been filed with the Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue. The Draft Shelf Prospectus has also been displayed on the website of the Company and the Lead Managers.

Filing of the Shelf Prospectus and relevant Tranche Prospectus with the RoC

A copy of this Shelf Prospectus has been and relevant Tranche Prospectus shall be filed with the RoC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

In accordance with amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with the SEBI NCS Regulations, an NBFC registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 is not required to create a DRR for the purpose of redemption of debentures. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, and as on the date of filing of this Shelf Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue.

Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014, as amended and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Recovery Expense Fund

Our Company shall create a recovery expense fund in the manner as specified by SEBI in SEBI Debenture Trustee Master Circular as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s)/Series of NCDs issued.

Settlement Guarantee Fund

Our Company will deposit amounts in the settlement guarantee fund, as applicable, in the manner as specified in the SEBI Master Circular. This fund has been created under the SEBI Master Circular to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.

Reservation

No portion of the Issue has been reserved.

Underwriting

This Issue will not be underwritten.

Disclosures in accordance with the SEBI Debenture Trustee Master Circular

Appointment of Debenture Trustee

The Company has appointed the Debenture Trustee in accordance with the terms of the Debenture Trustee Agreement.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

Separately, the Company and the Debenture Trustee have agreed the payment of an acceptance fee of ₹ 1 lakh plus applicable taxes and a service charge of ₹ 1 lakh on an annual basis, plus applicable taxes in terms of the letter dated December 29, 2022.

Debenture Trustee Agreement provides for, *inter alia*, the following terms and conditions:

1. The Debenture Trustee, either through itself or its agents, advisors, consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents / Debenture Trust Deed, has been obtained. For the purpose of carrying out the due diligence as required under Applicable Law, the Debenture Trustee, either through itself or its agents, advisors, consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts or management consultants appointed by the Debenture Trustee. Prior to appointment of any agents, advisors, consultants, the Debenture Trustee shall obtain necessary confirmation from the said agents, advisors or consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.
2. The Company shall provide all assistance to the Debenture Trustee to enable verification from the ROC, sub-registrar of assurances (as applicable), Central Registry of Securitization Asset Reconstruction and Security Interest of India ("CERSAI"), depositories, information utility ("IU") registered with Insolvency and Bankruptcy Board of India ("IBBI") or any other authority, as may be required, where the assets and/or encumbrances in relation to the assets of the Company or any third-party security provider for securing the Debentures, are registered / disclosed.
3. Further, in the event that existing charge holders or any trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also

have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

4. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations., confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with applicable law.
5. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, traveling and other costs shall be solely borne by the Company.
6. The Debenture Trustee shall make the disclosures on its website as specified under SEBI Debenture Trustee Master Circular .
7. The Debenture Trustee shall take necessary steps to bring the investor charter, as provided in the SEBI Debenture Trustee Master Circular:
   i. Disseminating the investor charter on Debenture Trustee's website and through e-mail.
   ii. Displaying the investor charter at prominent places in offices etc.
8. The Debenture Trustee shall intimate stock exchange and depositories the status of payment of debt securities within nine (9) working days of the maturity / redemption date, in case the issuer fails to intimate the status of payment of the debt securities within stipulated timelines, then debenture trustee(s) shall seek status of payment from issuer and/ or conduct independent assessment banks, investors, rating agencies, etc.) to determine the same.

Terms of carrying out due diligence

As per the SEBI Debenture Trustee Master Circular, as amended and/ or supplemented from time to time, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

a. The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document and other applicable laws has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/ valuers/ consultants/ lawyers/ technical experts/ management consultants appointed by the Debenture Trustee.
b. The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third-party security provider are registered / disclosed.
c. Further, in the event that existing charge holders or any trustee on behalf of the existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any, if Company is required to do so under the respective financing documents executed with the said existing charge holders.
d. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.
e. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.
f. In addition to the above terms of carrying out the due diligence, the Debenture Trustee Agreement provides for, *inter alia*, the following terms and conditions:

   i. The Company undertakes to promptly furnish all and any information as may be required by the Debenture

Trustee in terms of the Companies Act and the Debenture Trust Deed on a regular basis, including without limitation the following documents, as may be applicable;

ii. The Debenture Trustee does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations and circulars issued by SEBI from time to time.

While the Debt Security is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Debenture Trustee Master Circular.

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

CATALYST TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED MARCH 6, 2023 AS PER THE FORMAT SPECIFIED IN SEBI DEBENTURE TRUSTEE MASTER CIRCULAR, AS AMENDED FROM TIME TO TIME AND SCHEDULE IV OF THE SEBI NCS REGULATIONS WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.

(2) ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND OF INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.

WE CONFIRM THAT:

a) THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND/OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED AND LISTED. Not applicable at this stage since security is to be created in tranches. (As per SEBI Debenture Trustee Operational Circular).

b) THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).

c) THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEBT SECURITIES.

d) ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS/ PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN OFFER DOCUMENT AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.

e) ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), OFFER DOCUMENT AND GIVEN AN UNDERTAKING THAT DEBENTURE TRUST DEED WOULD BE EXECUTED BEFORE FILING OF LISTING APPLICATION.

f) ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.

g) **ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annex II - A of SEBI Debenture Trustee Master Circular.

Debenture Trust Deed

Our Company and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us, as per the extant SEBI regulations applicable for the proposed NCD Issue.

Issue Related Expenses

The expenses of the Issue include, *inter alia*, lead management fees and selling commission to the Lead Managers, Consortium Members, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, fees payable to the sponsor bank, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue shall be as specified in the relevant Tranche Prospectus. Please see section titled "*Objects of the Issue*" on page 53.

Utilization of Issue Proceeds

Our Board of Directors certifies that:

(i) all monies received out of the Issue of the NCDs to the public shall be transferred to a separate bank account maintained with a scheduled bank, other than the bank account referred to in section 40(3) of the Companies Act and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;

(ii) details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;

(iii) details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance indicating the form of financial assets in which such unutilised monies have been invested;

(iv) we shall utilize the Issue proceeds only upon creation of security as stated in this Shelf Prospectus in the section titled *"Terms of the Issue"* on page 212 and after (a) permissions or consents for creation of first *pari passu* charge have been obtained from the creditors who have first *pari passu* charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue Size pertaining to the relevant Tranche Issue; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from Stock Exchange;

(v) the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any of any immoveable property or in the purchase of any business or in the purchase of an interest in any business property;

(vi) the Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and

(vii) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within such time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Previous Issues

Public / Rights Issues of Equity Shares and non-convertible debentures in the last three years from this Shelf Prospectus

Public Issue of non-convertible debentures by our Company.

Our Company has not undertaken any public issue of non-convertible debentures in last three years.

Public issue of equity shares

Our Company has not undertaken any public issue of equity shares in last three years.

Rights Issue of Equity Shares by our Company

FY 2020-21

Date of Opening	July 27, 2020
Date of Closing	August 10, 2020
Total Issue Size (in lakh)	₹ 12,481.68
Amount raised in the issue (in lakh)	₹ 12,481.68
Date of Allotment	August 11, 2020 (*Refer Note below)*
Utilisation of Proceeds	To augment long term resources for MSME and other business activities

** the Company received ₹ 4 per equity share at the time of application.*
the Company received ₹ 3 per equity share towards first call money on January 15, 2021
the Company received ₹ 4 per equity share towards second and final call money on February 12, 2021.

FY 2021-22

Date of Opening	May 4, 2021
Date of Closing	May 18, 2021
Total Issue Size (in lakh)	₹ 4,999.76
Amount raised in the issue (in lakh)	₹ 4,999.76
Date of Allotment	May 18, 2021
Utilisation of Proceeds	To augment long term resources for ongoing business activities of the Company

FY 2022-23

Date of Opening	May 27, 2022
Date of Closing	June 2, 2022
Total Issue Size (in lakh)	₹ 9,899.97
Amount raised in the issue (in lakh)	₹ 9,899.97
Date of Allotment	May 27, 2022
Utilisation of Proceeds	To augment long term resources for ongoing business activities of the Company

Date of Opening	August 17, 2022
Date of Closing	August 23, 2022
Total Issue Size (in lakh)	₹ 4,999.99
Amount raised in the issue (in lakh)	₹ 4,999.99
Date of Allotment	August 19, 2022
Utilisation of Proceeds	To augment long term resources for ongoing business activities of the Company and/or general corporate purposes.

FY 2023-24 till date

Date of Opening	June 3, 2023
Date of Closing	June 13, 2023

Total Issue Size (in lakh)	₹ 5,699.99
Amount raised in the issue (in lakh)	₹ 5,699.99
Date of Allotment	June 5, 2023
Utilisation of Proceeds	To augment long term resources for ongoing business activities of the Company and/or general corporate purposes.

Private Placements of Equity Shares by our Company

Date of Opening	August 16, 2021
Date of Closing	August 21, 2021
Total Issue Size (in lakh)	₹ 7,999.99
Amount raised in the issue (in lakh)	₹ 7,999.99
Date of Allotment	August 23, 2021
Utilisation of Proceeds	On-going business activities of the Company

Issuance of NCDs by our Company

Other than as disclosed in the section titled "*Financial Indebtedness*" on page 152, our Company has not undertaken any private placements prior to the date of this Shelf Prospectus.

Utilisation of issue proceeds of previous issues

The proceeds from the previous issuance of non-convertible debentures by the Company have been and/or are being utilized in accordance with the use of proceeds set out in the respective offer documents and/or information memorandums under which such non-convertible debentures were issued which include, *inter alia*, to augment long-term resources of the Company, for on-lending and for general corporate purposes in accordance with the object clause of the Memorandum of Association of the Company.

For FY 2020-21:

ISIN	**INE03W107017**
Date of opening	June 3, 2020
Date of closing	June 3, 2020
Total issue size (₹ In lakh)	3,000.00
Date of allotment	June 3, 2020
Date of refunds/ unblocking of funds	NA
Date of listing	June 5, 2020
Objects of the Issue	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.
Utilisation of proceeds	The funds raised through this issue, after meeting the expenditures of and related to the Issue, have been used for our various financing activities, repay our existing loans and for our business operations.

ISIN	**INE03W107025**
Date of opening	June 9, 2020
Date of closing	June 9, 2020
Total issue size (₹ In lakh)	2,500.00
Date of allotment	June 9, 2020
Date of refunds/ unblocking of funds	NA
Date of listing	June 11, 2020
Objects of the Issue	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.
Utilisation of proceeds	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, have been used for our various financing activities, repay our existing loans and for our business operations.

ISIN	**INE03W107033**
Date of opening	June 19, 2020

Date of closing	June 19, 2020
Total issue size (₹ In lakh)	5,000.00
Date of allotment	June 19, 2020
Date of refunds/ unblocking of funds	NA
Date of listing	June 24, 2020
Objects of the Issue	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.
Utilisation of proceeds	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, have been used for our various financing activities, repay our existing loans and for our business operations.

ISIN	**INE03W107041**
Date of opening	June 29, 2020
Date of closing	June 29, 2020
Total issue size (₹ In lakh)	5,000.00
Date of allotment	June 29, 2020
Date of refunds/ unblocking of funds	NA
Date of listing	Unlisted (listing denied by stock exchange)*
Objects of the Issue	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.
Utilisation of proceeds	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.

*****_The Series IV NCDs which were allotted to Bank of India ("Investor") on June 26, 2020 and had been filed with BSE could not be listed by the Company with the BSE within 20 days, i.e. July 18, 2020, on account of not receiving the listing approval from BSE due to BSE's inability to process our application in view of Para 3(A)(i) and 3(A)(j) of Schedule I of SEBI (Issue and Listing of Debt Securities) Regulations, 2008. Accordingly, on non-receipt of the approval by BSE for listing the Series IV NCDs, on April 7, 2021, we prepaid ₹54,04,58,905 along with due interest to the Investor._

Particulars	
ISIN	INE03W107058
Date of opening	July 3,2020
Date of closing	July 3,2020
Total issue size (₹ in lakh)	150.00
Date of allotment	July 3, 2020
Date of refunds/ unblocking of funds	NA
Date of listing	Unlisted
Objects of the Issue	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, repay our existing loans and for our business operations.
Utilisation of proceeds	The funds raised through this Issue, after meeting the expenditures of and related to the Issue, have been used for our various financing activities, repay our existing loans and for our business operations.

ISIN	INE03W107066
Date of opening	December 31, 2020
Date of closing	December 31, 2020
Total issue size (₹ In lakh)	4,300.00
Date of allotment	December 31, 2020
Date of refunds/ unblocking of funds	NA
Date of listing	Unlisted
Objects of the Issue	The issue proceeds will be utilized for onward lending to customers as per RBI guidelines and towards general business purposes of the issuer, in compliance with relevant regulatory guidelines.
Utilisation of proceeds	The issue proceeds have been utilized for onward lending to customers as per RBI guidelines and towards general business purposes of the issuer, in compliance with relevant regulatory guidelines.

For FY 2021-22:

ISIN	INE03W107074
Date of opening	August 4, 2021
Date of closing	August 4, 2021
Total issue size (₹ In lakh)	7,500.00
Date of allotment	August 4, 2021
Date of refunds/ unblocking of funds	NA
Date of listing	August 6, 2021
Objects of the Issue	Financing activities and business operations of the issuer; repayment of existing debt, general corporate purposes of the issuer.
Utilisation of proceeds	Financing activities and business operations of the issuer; repayment of existing debt, general corporate purposes of the issuer.

ISIN	INE03W107082
Date of opening	November 25, 2021
Date of closing	November 25, 2021
Total issue size (₹ In lakh)	7500.00
Date of allotment	November 26, 2021
Date of refunds/ unblocking of funds	NA
Date of listing	December 1, 2021
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer.
Utilisation of proceeds	The issue proceeds have been utilized for onward lending to customers as per RBI guidelines and towards general business purposes of the issuer, in compliance with relevant regulatory guidelines.

ISIN	INE03W107090
Date of opening	February 8, 2022
Date of closing	February 8, 2022
Total issue size (₹ In lakh)	10,000.00
Date of allotment	February 9, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	February 11, 2022
Objects of the Issue	Funding the loan book growth of the company (On-lending)
Utilisation of proceeds	The issue proceeds have been utilized for onward lending to customers as per RBI guidelines in compliance with relevant regulatory guidelines.

ISIN	INE03W107108
Date of opening	March 22, 2022
Date of closing	March 22, 2022
Total issue size (₹ In lakh)	5,000.00
Date of allotment	March 22, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	March 24, 2022
Objects of the Issue	Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer
Utilisation of proceeds	The issue proceeds have been utilized for Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer

For FY 22-23

ISIN	INE03W107116
Date of opening	June 27, 2022
Date of closing	June 27, 2022
Total issue size (₹ In lakh)	2,500.00
Date of allotment	June 27, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	July 1, 2022
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	Financing activities and business operations of the issuer; repayment of existing

	debt, general corporate purposes of the issuer

ISIN	INE03W107132
Date of opening	September 8, 2022
Date of closing	September 8, 2022
Total issue size (₹ In lakh)	1,320.00
Date of allotment	September 8, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	September 14, 2022
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	Financing activities and business operations of the issuer; repayment of existing debt, general corporate purposes of the issuer

ISIN	INE03W107157
Date of opening	September 23, 2022
Date of closing	September 23, 2022
Total issue size (₹ In lakh)	3,000.00
Date of allotment	September 23, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	September 28, 2022
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	Financing activities and business operations of the issuer; repayment of existing debt, general corporate purposes of the issuer

ISIN	INE03W107132 (Reissue under existing ISIN)
Date of opening	September 30, 2022
Date of closing	September 30, 2022
Total issue size (₹ In lakh)	1,286.00
Date of allotment	September 30, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	October 7, 2022
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	Financing activities and business operations of the issuer; repayment of existing debt, general corporate purposes of the issuer

ISIN	INE03W108015
Date of opening	August 24, 2022
Date of closing	August 24, 2022
Total issue size (₹ In lakh)	6,000.00
Date of allotment	August 25, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	August 26, 2022
Objects of the Issue	Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer. Augmenting Tier II capital of the company.
Utilisation of proceeds	Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer

ISIN	INE03W107124
Date of opening	September 5, 2022
Date of closing	September 5, 2022
Total issue size (₹ In lakh)	5,000.00
Date of allotment	September 6, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	September 8, 2022
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	Financing activities and business operations of the issuer; repayment of existing

	debt, general corporate purposes of the issuer

ISIN	INE03W107140
Date of opening	September 28, 2022
Date of closing	September 28, 2022
Total issue size (₹ In lakh)	5,000.00
Date of allotment	September 29, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	October 3, 2022
Objects of the Issue	Financing activities (on-lending purposes only)
Utilisation of proceeds	The issue proceeds have been utilized for onward lending to customers as per RBI guidelines in compliance with relevant regulatory guidelines.

ISIN	INE03W107165
Date of opening	January 6, 2023
Date of closing	January 6, 2023
Total issue size (₹ In lakh)	7,500.00
Date of allotment	January 6, 2023
Date of refunds/ unblocking of funds	NA
Date of listing	January 11, 2023
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	The issue proceeds have been utilized for Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer.

ISIN	INE03W107199
Date of opening	March 21, 2023
Date of closing	March 21, 2023
Total issue size (₹ In lakh)	5,000.00
Date of allotment	March 23, 2023
Date of refunds/ unblocking of funds	NA
Date of listing	March 24, 2023
Objects of the Issue	Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer
Utilisation of proceeds	The issue proceeds will be utilized for onward lending to customers as per RBI guidelines in compliance with relevant regulatory guidelines. The proceeds or this Issue shall not be used for any purpose, which may be in contravention of the government/RBI/SEBI/other regulatory guidelines

ISIN	INE03W107207
Date of opening	March 27, 2023
Date of closing	March 27, 2023
Total issue size (₹ in lakh)	7,500.00
Date of allotment	March 28, 2023
Date of refunds/ unblocking of funds	NA
Date of listing	March 28, 2023
Utilisation of proceeds	The issue proceeds have been utilised for onward lending to customers, to repay existing debt, general corporate purposes of the issuer

ISIN	INE03W107181
Date of opening	March 21, 2023
Date of closing	March 21, 2023
Total issue size (₹ In lakh)	100.00
Date of allotment	March 23, 2023
Date of refunds/ unblocking of funds	NA
Date of listing	March 24, 2023
Objects of the Issue	Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer
Utilisation of proceeds	The issue proceeds will be utilized for onward lending to customers as per RBI guidelines in compliance with relevant regulatory guidelines.

	The proceeds or this Issue shall not be used for any purpose, which may be in contravention of the government/RBI/SEBI/other regulatory guidelines

ISIN	INE03W107173
Date of opening	January 27, 2023
Date of closing	January 27, 2023
Total issue size (₹ In lakh)	20,000.00
Date of allotment	January 30, 2023
Date of refunds/ unblocking of funds	NA
Date of listing	February 1, 2023
Objects of the Issue	Financing activities and business operations of the issuer; repayment of the existing debt, general corporate purposes of the issuer
Utilisation of proceeds	The issue proceeds have been utilized for onward lending to customers as per RBI guidelines in compliance with relevant regulatory guidelines. The proceeds of this Issue have not been used for any purpose, which may be in contravention of the government/ RBI/ SEBI/ other regulatory guidelines.

For FY 23-24 (Till date)

ISIN	INE03W108023
Date of opening	November 16, 2023
Date of closing	November 16, 2023
Total issue size (₹ In lakh)	7,500
Date of allotment	November 17, 2023
Date of refunds/ unblocking of funds	NA
Date of listing	November 21, 2023
Objects of the Issue	Augmenting Tier 2 capital of the Company. Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer. The Issuer further undertakes that it shall not carry out any other activities as may be prohibited by RBI and / or such other regulations as may be applicable from time to time
Utilisation of proceeds	Augmenting Tier 2 capital of the Company. Financing activities and business operations of the Issuer; repayment of the existing debt, general corporate purposes of the Issuer. Financing activities and business operations of the Issuer – up to 100% Repayment of the existing debt – up to 100% General corporate purposes of the Issuer – up to 25% The Issuer further undertakes that it shall not carry out any other activities as may be prohibited by RBI and / or such other regulations as may be applicable from time to time.

Public / Rights Issues (to public shareholders) by our Group Companies in the last three years from this Shelf Prospectus*:*

Public Issue of non-convertible debentures by our Group Companies.

Our Group Companies have not undertaken any public issue of non-convertible debentures in last three years.

Public issue of equity shares

Our Group Companies have not undertaken any public issue of equity shares in last three years.

Rights Issue by our Group Companies

Arka Investment Advisory Services Private Limited

Since Incorporation till date:

Date of Opening	August 28, 2023
Date of Closing	September 7, 2023
Total Issue Size (₹ in lakhs)	200.00
Amount raised in the issue (₹ in lakhs)	200.00
Date of Allotment	August 28, 2023
Utilisation of Proceeds	To augment long term resources for ongoing business activities of the Company and/or general corporate purposes

Optiqua Pipes and Electricals Private Limited

Since incorporation till date:

Date of Opening	April 1, 2021
Date of Closing	April 7, 2021
Total Issue Size (₹ in lakhs)	850.00
Amount raised in the issue (₹ in lakhs)	850.00
Date of Allotment	April 8, 2021
Utilisation of Proceeds	Considering long term fund requirements for business operations of Optiqua Pipes and Electricals Private Limited, and for acquisition of business of Optiflex Industries, Partnership Firm, Ahmedabad, the funds were raised.

Private Placements of Equity Shares by our Group Companies

Arka Investment Advisory Services Private Limited

Nil

Optiqua Pipes & Electricals Private Limited:

Nil

Issuance of NCDs by our Group Companies

Arka Investment Advisory Services Private Limited

Nil

Optiqua Pipes & Electricals Private Limited:

Nil

Benefit/ interest accruing to Promoters/ Directors out of the Object of the Issue

Neither our Promoters nor the Directors of our Company are interested in the Objects of this Issue.

Utilisation of proceeds of the Issue by our Group Companies

No proceeds of the Issue will be paid to our Group Companies.

Utilisation of issue proceeds of previous issues of non-convertible debentures

There has been no issuance of non-convertible debentures by the Group Companies.

Delay in listing

There has been no delay in the listing of any non-convertible securities issued by our Company.

In the event of failure to list such securities within such days from the date of closure of the relevant Tranche Issue as may be specified by SEBI (scheduled listing date), all application moneys received or blocked in the public issue shall be refunded or unblocked forthwith within timelines prescribed by SEBI from the scheduled listing date to the applicants through the permissible modes of making refunds and unblocking of funds. For delay in refund/unblocking of funds beyond the timeline as specified above, the issuer shall be liable to pay interest at the rate of fifteen percent per annum to the investors from the scheduled listing date till the date of actual payment.

Default in payment

In case of default (including delay) in payment of interest and/ or redemption of principal on the due dates for debt securities issued on private placement or public issue, additional interest of at least 2% p.a. over the coupon rate shall be payable by the issuer for the defaulting period.

Refusal of listing of any security of the issuer during last three financial years and current financial year by any of the stock exchanges in India or abroad.

Except as disclosed in this Shelf Prospectus, there has been no refusal of listing of any security of our Company during the last three financial years and current financial year prior to the date of this Shelf Prospectus by any Stock Exchange in India.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on September 30, 2023, our Company has outstanding non-convertible debentures. For further details see chapter titled "*Financial Indebtedness*" on page 152.

Our Company has not undertaken any issue of preference shares as of September 30, 2023.

Further, save and except as mentioned in this Shelf Prospectus, our Company has not issued any other outstanding debentures or bonds.

Dividend

Our Company has not declared any dividend over the last three years.

Revaluation of assets

Nil

Mechanism for redressal of investor grievances

Link Intime India Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

The Registrar Agreement dated March 3, 2023 between the Registrar to the Issue and our Company, inter alia provide for retention of records with the Registrar to the Issue, demat credit and refund through unblocking to enable the investors to approach the Registrar to the Issue for redressal of their grievances.
All grievances relating to the Issue may be addressed to the Registrar to the Issue or Company Secretary and Compliance Officer, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.
All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchanges or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

The contact details of Registrar to the Issue are as follows:

LINK INTIME INDIA PRIVATE LIMITED
C-101, 1st Floor, 247 Park
L.B.S. Marg, Vikhroli West,
Mumbai – 400 083, Maharashtra, India
Tel.: +91 810 811 4949
Email: arkafincap.ncd@linkintime.co.in
Attention: Shanti Gopalkrishnan
Investor Grievance Email: arkafincap.ncd @linkintime.co.
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B.N. Ramakrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

The Registrar shall endeavour to redress complaints of the investors within 3 (three) days of receipt of the complaint during the currency of the Registrar Agreement and continue to do so during the period it is required to maintain records under the RTA Regulations and the Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed 15 (fifteen) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to the Company. Similar status reports should also be provided to the Company as and when required by the Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of the Issue are set out below:

Niki Chirag Mehta
2504, 2505, 2506, 25th Floor
One Lodha Place, Lodha World Towers
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, Maharashtra, India
Tel: +91 22 4047 1000
Fax: +91 22 4047 1010
Email: niki.mehta@arkafincap.com
Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit or unblocking etc.

Details of Auditors to the Issuer

Names of the Statutory Auditor	Address	Auditor since
P G BHAGWAT LLP	Suite 102, "Orchard" Dr. Pai Marg, Baner, Pune – 411 045 Maharashtra, India	November 19, 2021

Change in auditors of our Company during the last three financial years and current financial year

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of Resignation, if applicable
B S R & CO. LLP	14th Floor, Central and North Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon East, Mumbai Maharashtra – 400 063	May 7, 2018	-	October 20, 2021
P G BHAGWAT LLP	Suite 102, "Orchard", Dr. Pai Marg Baner Pune – 411 045, Maharashtra, India	November 19, 2021	-	-

Details of overall lending by our Company

Lending Policy

For lending policy in relation to each of the products of our Company, please see "*Our Business – Our Operations*" at page 102.

A. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management, Key Managerial Personnel or Promoters out of the proceeds of private placements or public issues of debentures.

B. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2023 is as follows:

No.	Type of Loans	Amount *(₹ in lakh)*	Percentage of Total AUM
1.	Secured	3,95,425.74	90.72%
2.	Unsecured	40,429.28	9.28%
Total AUM*		**4,35,855.02**	**100.00%**

** Information disclosed is at borrower level and includes off balance sheet items*

C. *Denomination of loans outstanding by LTV as on March 31, 2023**

No.	LTV (at the time of origination)	Percentage* of AUM
1.	Upto 40%	4.22%
2.	40-50%	8.64%
3.	50 – 60%	30.48%
4.	60 – 70%	15.80%
5.	70 – 80%	15.53%
6.	80 – 90%	2.84%
7.	Above 90%	22.49%
	Total	**100.00%**

**Calculated on secured AUM*

D. *Sectoral Exposure as on March 31, 2023*

Sr. No	Segment wise break up of AUM	Percentage of AUM
1.	**Retail**	
A	Mortgages (home loans and loans against property)	21.17%
B	Gold loans	0.48%
C	Vehicle Finance	0.14%
D	MFI	-
E	MSME	4.75%
F	Capital market funding (loans against shares, margin funding)	-
G	Others	0.55%
2.	**Wholesale**	
A	Infrastructure	3.99%
B	Real estate (including builder loans)	26.13%
C	Promoters funding	-
D	Any other sector (as applicable)	42.79%
E	Others	-
	Total	100.00%

E. *Denomination of the loans outstanding by ticket size as on March 31, 2023**

No.	Ticket size (at time of origination)	Percentage of AUM
1.	Upto ₹ 2 lakh	0.96%
2.	₹ 2-5 lakh	1.24%
3.	₹ 5-10 lakh	0.92%
4.	₹ 10-25 lakh	0.85%
5.	₹ 25-50 lakh	0.63%
6.	₹ 50 lakh- 100 lakh	3.75%
7.	₹ 100 lakh - 500 lakh	16.44%
8.	₹ 500 lakh- 2500 lakh	11.21%
9.	₹ 2500 lakh- 10000 lakh	55.61%
10.	> ₹ 10000 lakh	8.39%
Total		**100.00%**

*****The details provided are as per borrower and not as per loan account.*

F. ***Geographical classification of the borrowers as on March 31, 2023***

Top 5 state wise borrowers

No.	Top 5 states	Percentage of AUM
1.	Maharashtra	43.27%
2.	Karnataka	12.73%
3.	Delhi	9.57%
4.	Tamil Nadu	9.01%
5.	West Bengal	6.39%
	Total	**80.97%**

G. ***Details of loans overdue and classified as non-performing as on March 31, 2023***

(₹ in lakh)

Movement of gross NPA#	Amount
Opening gross NPA	-
- Additions during the year	116.27
- Reductions during the year	81.73
Closing balance of gross NPA	34.54
Movement of net NPA	
Opening net NPA	-
- Additions during the year	-
- Reductions during the year	-
Closing balance of net NPA	-
Movement of provisions for NPA	
Opening balance	-
- Provisions made during the year	104.65
- Write-off / write-back of excess provisions	-
Closing balance	104.65

H. ***Segment-wise gross NPA as on March 31, 2023***

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Retail**	
a.	Mortgages (home loans and loans against property)	Nil
b.	Gold Loans	Nil
c.	Vehicle Finance	Nil
d.	MFI	Nil
e.	MSME	0.01%
f.	Capital market funding (loans against shares, margin funding)	Nil
g.	Others	0.00%
2.	**Wholesale**	

No.	Segment wise break up of gross NPA	Gross NPA (%)*
a.	Infrastructure	Nil
b.	Real Estate (including builder loans)	Nil
c.	Promoters funding	Nil
d.	Any other sector (as applicable)	Nil
e.	Others	Nil
Total Gross NPA		0.01%

** Gross NPA means percentage of NPAs in a sector to the total advances*

I. *Residual Maturity Profile of Assets and Liabilities as on March 31, 2023*

(₹ in lakh)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	17,169.41	9,158.17	8,680.62	39,816.42	60,170.21	1,46,991.80	19,826.21	68,029.43	3,69,842.26
Investments	8,866.45	113.43	13,117.34	8,581.52	928.30	7,579.72	-	-	39,186.76
Borrowings*	6,560.73	9,540.50	25,811.56	35,300.06	54,191.46	1,57,560.45	22,617.08	-	3,11,581.85
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities**	-	-	-	-	-	-	-	-	-

The above disclosure is made as per RBI Guidelines on Liquidity Risk Management Framework
**Total borrowings (excluding foreign currency liabilities)*
***includes foreign currency denominated external commercial borrowing*

J. *Details of top 20 borrowers with respect to concentration of advances as on March 31, 2023*

Particulars	Amount
Total advances to twenty largest borrowers* *(₹ in lakh)*	1,45,904.39
Percentage of Advances to twenty largest borrowers to Total Advances to the Company (in %)	39.45%

***** *Includes loans and advances, interest accrued thereon*

K. *Details of aggregate exposure to the top 20 borrowers with respect to concentration of exposure as on March 31, 2023*

Particulars	Amount
Total exposure to twenty largest borrowers* *(₹ in lakh)*	1,54,357.19
Percentage of exposure to twenty largest borrowers to Total exposure to the Company (in %)	35.41%

***** *Includes loans and advances, interest accrued thereon*

L. *Classification of loans/advances given to associates, entities/ person relating to board, senior management, Key Managerial Personnel or promoters, others, etc.; as on March 31, 2023*

Except as stated below, there are no loans/advances given to associates, entities/ person relating to board, senior management, Key Managerial Personnel or promoters, others, etc:

Mridul Sharma, Group Chief Operating Officer, a Senior Management Personnel has taken loan amounting to ₹ 40.00 lakhs from the Company and ₹ 2.35 lakhs is outstanding as on date of this Shelf Prospectus.

M. *Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability*

Contingent Liability as per IND AS 37 as at March 31, 2023

(₹ in lakh)

Sr. No.	Particulars	Nature of Liability	Amount as on March 31, 2023
1	Commitments	Loan sanctioned not yet disbursed	39,827.94
2	Commitments	Investment in Arka Credit Fund I	5,000.00
3	Commitments	Estimated amount of contracts remaining to be executed on capital account	21.24
Total			44,849.18

In addition, the Company may be involved in other legal proceedings and claims, in future, which may arise in the ordinary course of business.

Promoters Shareholding

Please see "*Capital Structure*" beginning on page 45 for details with respect to Promoters shareholding in our Company as on September 30, 2023.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement in compliance with Regulation 30(1) of the SEBI NCS Regulations on or before the Issue Opening Date of this Issue. The Advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act. Material updates, if any, between the date of filing of this Shelf Prospectus and relevant Tranche Prospectus with the ROC and the date of the release of the statutory advertisement will be included in the statutory advertisement.

Auditors' Remarks

Other than as disclosed in the chapter titled "*Risk Factors*", on page 16, there are no reservations or qualifications or adverse remarks in the financial statements of our Company in the last three Fiscals and quarter and half year ended September 30, 2023.

Trading

The non-convertible debentures of our Company are currently listed on BSE.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:
(a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447."

Disclaimer in respect of Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" beginning on page 212.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Shelf Prospectus, the relevant Tranche Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs / term sheet are as follows:

Issuer	Arka Fincap Limited
Type of instrument	Secured, Rated, Listed,Redeemable, Non-Convertible Debentures
Nature of the Instrument	Secured, Rated, Listed,Redeemable, Non-Convertible Debentures
Mode of the Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Lead Managers	JM Financial Limited and Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
Debenture Trustee	Catalyst Trusteeship Limited
Depositories	NSDL and CDSL
Registrar to the Issue	Link Intime India Private Limited
Issue	Public issue of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of ₹1,000 each aggregating up to ₹ 50,000 lakhs, on the terms and in the manner set forth herein
Minimum Subscription	75% of the Base Issue Size of the relevant Tranche Issue
Seniority	Senior Secured
Issue Size	As specified in the relevant Tranche Prospectus
Base Issue Size	As specified in the relevant Tranche Prospectus
Option to Retain Oversubscription / Green shoe option (Amount)	As specified in the relevant Tranche Prospectus
Eligible Investors	Please see "*Issue Procedure –Who can apply?*" on page 232
Objects of the Issue / Purpose for which there is requirement of funds	Please see "*Objects of the Issue*" on page 53
Details of Utilization of the Proceeds	Please see "*Objects of the Issue*" on page 53
Coupon rate	As specified in the relevant Tranche Prospectus for each Tranche Issue
Coupon Payment Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Coupon Type	As specified in the relevant Tranche Prospectus for each Tranche Issue
Coupon reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest Rate on each category of investor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Step up/ Step Down Coupon rates	As specified in the relevant Tranche Prospectus for each Tranche Issue
Coupon payment frequency	As specified in the relevant Tranche Prospectus for each Tranche Issue
Day count basis	Actual / Actual
Interest on application money	NA
Default Coupon rate	Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.

	Our Company shall pay at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Premium/ Discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Face Value	₹ 1,000 per NCD
Issue Price	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Premium/Discount at which security is redeemed and effective yield as a result of such premium/discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Transaction Documents	Transaction Documents shall mean the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus for each Tranche Issue, Abridged Prospectus, Application Form read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, the Deed of Hypothecation and other documents, if applicable, the letters issued by the Rating Agency, the Debenture Trustee and/or the Registrar; and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement, and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details see, "*Material Contracts and Document for Inspection*" on page 277.
Put option date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put option price	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call option date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call option price	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put notification time	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call notification time	As specified in the relevant Tranche Prospectus for each Tranche Issue
Minimum Application size and in multiples of NCD thereafter	₹ 10,000 (10 NCD) and in multiple of ₹ 1,000 (1 NCD) thereafter.
Market Lot / Trading Lot	As specified in the relevant Tranche Prospectus for each Tranche Issue
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit Ratings / Rating of the instrument	The NCDs proposed to be issued under the Issue have been rated CRISIL AA-/Positive (pronounced as CRISIL double A minus rating with Positive outlook) by CRISIL Ratings Limited for an amount of ₹ 50,000 lakh vide their rating letter dated October 9, 2023 and further revalidated vide letter dated November 3, 2023. The rating has been reaffirmed and outlook revised from CRISIL AA-/ Stable (Pronounced as CRISIL double A minus rating with Stable outlook) for an amount of ₹ 50,000 lakh, originally issued vide their rating letter dated January 20, 2023.
Stock Exchange/s proposed for listing of the NCDs	BSE Limited
Listing and timeline for listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within six Working Days from the date of Issue Closure for each Relevant Tranche Issue. BSE has been appointed as the Designated Stock Exchange. For more information see "*Other Regulatory and Statutory Disclosures*" on page 181.
Modes of payment	Please see *"Issue Structure – Terms of Payment"* on page 210.
Issue opening date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue closing date**	As specified in the relevant Tranche Prospectus for each Tranche Issue

Date of earliest closing of the issue, if any	As specified in the relevant Tranche Prospectus for each Tranche Issue
Record date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) calendar days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Shelf Prospectus or as may be determined by the Company. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date.
Settlement mode of instrument	As specified in the relevant Tranche Prospectus for each Tranche Issue
Disclosure of interest/ Dividend/ redemption dates	As specified in the relevant Tranche Prospectus for each Tranche Issue
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	As specified in the relevant Tranche Prospectus for each Tranche Issue and the Debenture Trust Deed.
Issue Schedule	As specified in the relevant Tranche Prospectus for each Tranche Issue
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed this Shelf Prospectus	The principal amount of the NCDs to be issued in terms of this Shelf Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by a first *pari-passu* charge by way of hypothecation on the present and future receivables, including cash, cash equivalents and liquid investments of the Company, as specifically set out in and fully described in the debenture trust deed in favour of the debenture trustee to the Proposed Issue, such that a security cover of at least 110% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date. Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the relevant Tranche Prospectus, till the execution of the Debenture Trust Deed. The security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s). For further details on date of creation of security/likely date of creation of security minimum security cover etc., please see "*Terms of the Issue – Security*" on page 212.
Security Cover	Our Company shall maintain a minimum 1.10 times security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Conditions Precedent to Disbursement	Other than the conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions precedents to the Issue.
Condition Subsequent to Disbursement	Other than the conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions subsequent to the Issue.
Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)	Please see "*Terms of the Issue – Events of Default*" on page 213.
Creation of recovery expense fund	Our Company shall create a recovery expense fund in the manner as specified by SEBI in SEBI Debenture Trustee Master Circular as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and inform the Debenture Trustee regarding the creation of such fund.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the relevant Tranche Prospectus for each Tranche Issue and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, as set out in the Debenture Trust Deed, it shall constitute an event of default.

	The Debenture Trustee may, at any time, waive, on such terms and conditions as to it shall seem expedient, any breach by the Company of any of the covenants and provisions provided in the Debenture Trust Deed contained without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof. Please see "*Terms of the Issue - Events of default*" on page 213.
Deemed date of Allotment	The date on which the Board of Directors or any committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or any committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Roles and responsibilities of the Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, Companies Act, the Listing Agreement, and the Debenture Trust Deed, each as amended from time to time. Please see section titled "*Terms of the Issue- Trustees for the NCD Holders*" on page 213.
Risk factors pertaining to the Issue	Please see section titled "Risk Factors" on page 16.
Cross Default Clause	As per the Debenture Trust Deed to be executed in accordance with applicable law.
Governing law and Jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively.
Working day convention / Day count convention / Effect of holidays on payment	Working Day means all days on which commercial banks in Mumbai are open for business. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "Effective Date"), however the dates of the future interest payments would continue to be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Covenants	As specified in the relevant Tranche Prospectus.

Notes:

* *In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form. However, in terms of Section 8(1) of the Depository Act, our Company, at the request of the Investors, who wish to hold the NCDs in physical form will fulfill such request. However, trading in NCDs shall be compulsorily in dematerialized form.*

***The subscription list shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the relevant Tranche Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the relevant Tranche Issue and subject to not exceeding thirty days from the date of filing of relevant Tranche Prospectus with ROC) as may be decided by the Board of Directors or Asset Liability Committee of our Company, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the relevant Tranche Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of the relevant Tranche Issue has been given on or before such earlier or initial date of such Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. For further details please see "General Information" on page 36.*

For the list of documents executed/ to be executed, please see "Material Contracts and Documents for Inspection" on page 277.

While the NCDs are secured to the tune of 1.10 times of the principal and interest thereon in favour of Debenture Trustee, it is it the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend *on the market scenario prevalent at the time of enforcement of the security.*

Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Specific terms for NCDs

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Terms of payment

The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms specified in "*Terms of the Issue – Manner of Payment of Interest/ Refund/ Redemption**" on page 220.

Participation by any of the above-mentioned Investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form.

This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment or as may be specified in the relevant Tranche Prospectus. The interest/redemption payments shall be made only on the Working Days.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory Permissions / consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

For further details, see the section titled "*Issue Procedure*" on page 231.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on July 22, 2022, the Board of Directors approved the issuance of NCDs, for an amount up to ₹ 50,000 lakhs. Further, the present borrowing is within the borrowing limits of ₹ 7,00,000 lakhs under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company vide their resolution passed at the Annual General Meeting held on June 16, 2023. The Asset Liability Committee at its meeting held on November 28, 2023, passed the resolution approving this Shelf Prospectus.

The NCDs pursuant to this Issue will be issued on terms and conditions as set out in the relevant Tranche Prospectus for each Tranche Issue.

Principal Terms & Conditions of the Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the relevant provisions of the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus, the Abridged Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute secured and senior obligations of our Company and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, thereof shall be secured by a first pari-passu charge by way of hypothecation on the present and future receivables, including cash, cash equivalents and liquid investments of the Company, as specifically set out in and fully described in the debenture trust deed in favour of the debenture trustee to the Proposed Issue, such that a security cover of at least 110% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for creating a first *pari passu* charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company is required to obtain permissions or consents from the prior creditors for proceeding with this Issue. Pursuant to SEBI Debenture Trustee Master Circular, our Company undertakes, *inter alia*, that the assets on which first *pari passu* charge is created are already charged, the permissions or consent to create first *pari passu* charge over the present and future receivables, including cash, cash equivalents and liquid investments of the Issuer have been obtained.

Security

The principal amount of the NCDs to be issued in terms of this Shelf Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by a first pari-passu charge by way of hypothecation on the present and future receivables, including cash, cash equivalents and liquid investments of the Company, as specifically set out in and fully described in the debenture trust deed in favour of the debenture trustee to the Proposed Issue, such that a security cover of at least 110% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for creating a first *pari passu* charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company intends to enter into a deed with the Debenture Trustee, ("**Debenture Trust Deed**") terms of which will inter alia, govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed and documents for creation of Security within the stipulated timeframe and shall utilize the funds only after the stipulated security has been created. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in the relevant Tranche Prospectus for each Tranche Issue and in the Debenture Trust Deed. The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset/receivables of the same or a higher value ensuring the minimum security cover is maintained till the Final Settlement Date of the NCDs.

Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the relevant Tranche Prospectus for each Tranche Issue, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company that intends to issue debentures to the public is not required to create a DRR for the purpose of redemption of debentures.

Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;

2. in unencumbered securities of the Central Government or any State Government;

3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each NCD shall be ₹ 1,000.

Trustees for the NCD Holders

Our Company has appointed Catalyst Trusteeship Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Indicative list of Events of Default:

1. Default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;

2. Default is committed in payment of the principal amount of the NCDs on the due date(s);

3. Default is committed in payment of any interest or any other amount outstanding in respect of NCDs on the due date(s);

4. Default is committed in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee and such default shall have continued for a period of thirty (30) days after notice in writing thereof been given to the Company by the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee for remedying such default;

5. Default is committed if any information given to the Company in the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s)/ Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;

6. Default is committed if the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court;

7. The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or suffered any action to be taken for its reorganisation, liquidation or dissolution;

8. Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfil its obligations under the Debenture Trust Deed and/or the Debentures, if the Company is unable to pay its debts;

9. The Company ceases to carry on its business or gives notice of its intention to do so;

10. If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;

11. Default is committed if any of the necessary clearances required or desirable in relation to the Company or the Debentures in accordance with any of the Transaction Documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of Debenture Holder(s)/ Beneficial Owner(s), have material adverse effect on the Company or the Debentures;

12. Default is committed if the company enters into any arrangement or composition with its creditors or commits any acts of insolvency or winding up of the Company;

13. If the Company files a petition for reorganisation, arrangement, adjustment, winding up or composition of debts of the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed);

14. If the Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors;

15. If it becomes unlawful for the company to perform any of its obligations under any transaction document;

16. Default is committed if the occurrence of any event or condition which in the Debenture Trustee/ Beneficial Owner(s) reasonable opinion can constitute a material adverse effect;

17. Any security created at any time, any circumstance or event occurs which is prejudicial to or impairs or imperils or

jeopardize or endangers any hypothecated properties or any part thereof or any event occurs which causes the Debenture Deed or any related agreement to become ineffective;

18. Except as stated in the Debenture Trust Deed and this Shelf Prospectus, any security created at any time during the tenure of the NCDs, without prior written consent of the Debenture Trustee (if required) or unless otherwise provided for in the Debenture Trust Deed, the Company, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over any of the hypothecated properties; and

19. Any other event described as an Event of Default in the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus and the Transaction Documents.

Except for any default relating to points 1, 2 and 3 under the "Indicative list of Events of Default" given above, where no such consent/ resolution of NCD holders will be required for calling of event of default.

Any event of default shall be called by the Debenture Trustee, upon request in writing of or by way of resolution passed by holders of 75% (seventy five percent) of the outstanding nominal value of all NCDs at any point of time, as set out in the Debenture Trust Deed, in accordance with SEBI Debenture Trustee Master Circular.

Any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s) of NCDs issued.

In accordance with SEBI Debenture Trustee Master Circular to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**")/enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

Explanation 2 to Regulation 49 of the SEBI Listing Regulations, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest/dividend or principal on debt.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the SEBI Debenture Trustee Master Circular.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration.

2. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to inspect a copy of the financial statements including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, and copy of the Debenture Trust Deed at the

Registered Office of our Company during business hours on a specific request made to the Company.

3. Subject to the above and the applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

4. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

5. The NCDs are subject to the provisions of the SEBI NCS Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus for each Tranche Issue, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

6. Subject to SEBI RTA Master Circular, for NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository on the record date. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The registers required to be kept by the Company under Section 88 of the Companies Act, 2013 shall be maintained at the registered office of our Company. Such Registers can be kept at a place other than registered office, in compliance with the provisions of Section 94 of the Companies Act, 2013.

7. The NCDs can be rolled in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of this Shelf Prospectus and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD holder, or first NCD holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13**, any one person with whom, in the event of the death of Applicant on whom the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs, subject to compliance with applicable law. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in compliance with Companies Act, 2013 any person to become entitled to NCDs in the event of the nominee's death during minority. A buyer will be entitled to make a fresh nomination in the manner prescribed in Companies Act, 2013. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 72 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014), any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as holder of NCDs; or

- to make such transfer of the NCDs, as the deceased holder could have made.

A person, being a nominee, becoming entitled to NCDs by reason of the death of the holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered holder of the NCDs except that he shall not, before being registered as a holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred. Further, our Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board of Directors may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received by the Company.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, Maharashtra.

Application in the Issue

Applicants shall apply in the Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in the Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only. However, in the terms of Section 8(1) of the Depositories Act, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

In respect of consolidated certificates, we will, only upon receipt of a request from the NCD Holder, split such consolidated certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

For details of allotment see "*Issue Procedure*" beginning on page 231.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act,

2013. The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depositories and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories on the Record Date. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "*Terms of the Issue – Interest/Premium and Payment of Interest/ Premium*" on page 220 for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non-Individual Investors on the Record Date.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Title

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

- the NCDs held in physical form pursuant to rematerialisation, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person, as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

Procedure for rematerialisation of NCDs

Subject to RTA Master Circular, NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Redemption Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be as on the Record Date. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar.The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company, SEBI Listing Regulations and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to the Issue. NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased NCD Holder. The successor of the deceased NCD Holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles of Association and other applicable laws.

Period of subscription

ISSUE PROGRAMME	
Issue Opens on	As specified in respective Tranche Prospectus
Issue Closes on	As specified in respective Tranche Prospectus
Pay in Date	Application Date. The entire Application Amount is payable on Application
Deemed Date of Allotment	The date on which the Board of Directors or any committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or any committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

** In the event of an early closure or extension of the relevant Tranche Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of the relevant Tranche Issue has been given on or before such earlier or initial date of such Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 36.*

Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time) ("Bidding Period"), during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs.

Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchange. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI Master Circular, the allotment in the Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Interest/Premium and Payment of Interest/ Premium

Interest/ Coupon on NCDs

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs pursuant to the relevant Tranche Prospectus. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/ Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/ yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Amount of interest payable shall be rounded off to the nearest Rupee. In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838.

Taxation

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than 5,000 and interest is paid by way of account payee cheque).

Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest;

b. When the resident Debenture Holder with Permanent Account Number (‘PAN’) (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be Nil. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of 236 Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be Nil.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.

Further, eligible NCD Holders other than resident individuals or resident HUF investors, the following documents should be submitted with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest (i) copy of registration certificate issued by the regulatory authority under which the investor is registered, (ii) self-declaration for non-deduction of tax at source, and (iii) such other document a may be required under the Income Tax Act, for claiming non-deduction / lower deduction of tax at source and/or specified by the Company/ Registrar, from time to time.

The aforesaid documents, as may be applicable, should be submitted atleast 7 days before the relevant Record Date for payment of interest on the NCDs quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The aforesaid documents for claiming non-deduction or lower deduction of tax at source, as the case may be, shall be submitted to the Registrar as per below details or any other details as may be updated on the website of the Issuer at www.arkafincap.com or the Registrar at www.linkintime.co.in from time to time.

Details of the Registrar are as below:
Link Intime India Private Limited
Address: C-101, 1st Floor, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra.
Tel: +91 810 811 4949
Fax: +91-022-49186060
Email:
Investor Grievance Email:
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: BN Ramakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Link for availability of formats of declaration/ certificates and online submission of tax exemption forms: https://web.linkintime.co.in/BONDSformreg/BONDS-submission-of-form-15g-15h.html.

Details of the Company are as below:

Arka Fincap Limited
2504, 2505, 2506, 25th Floor
One Lodha Place, Lodha World Towers
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, Maharashtra, India
Tel: +91 22 4047 1000
Fax: +91 22 4047 1010
Website: www.arkafincap.com
Email: arkasecretarialandcompliance@arkafincap.com

The investors need to submit Form 15H/ 15G/certificate in original from the Assessing Officer for each Fiscal during the currency of the NCD to claim non-deduction or lower deduction of tax at source from interest on the NCD. Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Shelf Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Mode of payment of Interest to NCD Holders

Payment of interest will be made (i) in case of NCDs in dematerialised form, to the persons who, for the time being appear in the register of beneficial owners of the NCDs as per the Depositories, as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, to the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details, see the "*Terms of the Issue - Interest/Premium and Payment of Interest/ Premium*" beginning on page 220.

Day Count Convention

Interest shall be computed on an actual/actual basis on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment or as may be specified in the relevant Tranche Prospectus. The interest/redemption payments shall be made only on the Working Days.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory Permissions / consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

Illustration for guidance in respect of the day count convention and effect of holidays on payments:

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular will be disclosed in the relevant Tranche Prospectus.

Maturity and Redemption

As specified in the relevant Tranche Prospectus.

Put / Call Option

As specified in the relevant Tranche Prospectus.

Deemed Date of Allotment

The date on which the Board of Directors or any committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or any committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

Application in the Issue

NCDs being issued through this Shelf Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 7 of SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in the terms of Section 8(1) of the Depositories Act, but subject to SEBI LODR Regulations and RTA Master Circular, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Application Size

Each Application should be for a minimum of 10 NCDs across all series collectively and multiples of one NCD thereof (for all series of NCDs taken individually or collectively). The minimum application size for each application for NCDs would be ₹10,000 across all series collectively and in multiples of ₹1,000 thereafter. Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of relevant Tranche Prospectus(es).

Record Date

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under the relevant Tranche Prospectus as may be determined by the Company.

Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.

In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date.

Manner of Payment of Interest / Refund / Redemption*

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Managers, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "*Procedure for rematerialisation of NCDs*" on page 218.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be unblocked for the Applicants.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

   Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank. Interest / redemption Amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

2. NACH

   National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("MICR") code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

3. RTGS

   Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. NEFT

   Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("IFSC"), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. Registered Post/Speed Post

   For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/registered post.

   Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

   Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

   In case of ASBA Applicants, the Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

6. The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected

or unsuccessful or partially successful Applications within six Working Days of the relevant Tranche Issue Closing Date.

Printing of Bank Particulars on Interest/redemption Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company either through speed post or registered post. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI circulars, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form and Denomination of NCDs

In case of NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the NCDs held ("Consolidated Certificate"). The Applicant can also request for the issue of NCD certificates in denomination of one NCD ("Market Lot"). In case of NCDs held under different Options/Series, by an NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the NCDs held under each Option.

It is, however, distinctly to be understood that the NCDs pursuant to this issue shall be traded only in dematerialized form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled.

Procedure for redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in electronic form

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

NCDs held in physical form on account of rematerialisation

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment. We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD.

Payment on redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialization

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes in accordance with applicable laws. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so, requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 2013 and other applicable laws, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer/ Transmission of NCDs

For NCDs held in physical form on account of rematerialisation

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of Companies Act, 2013 applicable as on the date of this Shelf Prospectus and all other applicable laws. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Shelf Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCDs as well. In respect of the NCDs held in physical form on account of rematerialisation, a common form of transfer shall be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders, or the records as maintained by the Depositories on Record Date. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with the Issuer or Registrar.

For NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Sharing of Information

Our Company may, at its option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, if any with our affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information, subject to Applicable Laws.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper at the place where the registered office of the Company is situated and/or will be sent by speed post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

Our Company will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner by creating a charge on any assets, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, or as may be required under applicable law or existing financing agreements, including any intimation, if applicable under the Transaction Documents, provided stipulated security cover is maintained on the NCDs and the Company is in compliance of all the terms of the Transaction Documents.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section(1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who - (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date of relevant Tranche Prospectus, subject to receipt of minimum subscription or as may be specified in relevant Tranche Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date of relevant Tranche Prospectus, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement have been given.

Issue of duplicate NCD certificate(s)

If NCD certificate(s), issued pursuant to rematerialisation, is/ are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/ security and/or documents as we may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, the entire blocked Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight Working Days from the relevant tranche issue closing date. In the event there is delay in unblocking of funds/refunds, our Company shall be liable to repay the money, with interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription amount was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialized form. As per the SEBI NCS Regulations, the trading of the NCDs is in dematerialised form and the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form multiples of one NCD. For further details of Allotment, see the "*Issue Procedure*" beginning on page 231.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

a. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013 and the SEBI NCS Regulations and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals.

b. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;

c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

d. Our Company shall utilize the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment in compliance with Section 40 of the Companies Act, 2013; (ii) receipt of listing and trading approval from Stock Exchange and (iii) only upon execution of the documents for creation of security.

e. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

f. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

g. The allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

h. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws;

i. The Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilized only for the purpose and objects stated in the Offer Documents.

Filing of this Shelf Prospectus and the relevant Tranche Prospectus with the RoC

A copy of this Shelf Prospectus and the relevant Tranche Prospectus has been filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will be issued in compliance with the Regulation 30(1) of SEBI NCS Regulations and shall contain the information as prescribed in the SEBI NCS Regulations and Section 30 of the Companies Act, 2013.

Material updates, if any, between the date of filing of this Shelf Prospectus and the relevant Tranche Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement information as prescribed under SEBI NCS Regulations.

Payment of Interest

If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. For further details, see "*Issue Procedure - Rejection of Applications*" beginning on page 258.

Listing

The NCDs offered through this Shelf Prospectus are proposed to be listed on BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter bearing reference number DCS/BM/PI-BOND/022/22-23 dated March 15, 2023. For the purposes of the Issue, BSE shall be the Designated Stock Exchange. Final Application for listing of the NCDs will be made to the Stock Exchange in terms of SEBI NCS Regulations and the SEBI Master Circular for each relevant Tranche Issue.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Shelf Prospectus.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/ Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee shall monitor the utilization of the proceeds of the Issue. Our Company, in accordance with the timeline prescribed in SEBI Listing Regulations, submit to the stock exchange, a statement indicating the utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Lien

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company.

Lien on Pledge of NCDs

Subject to applicable law, our Company, at its discretion, may record a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

Recovery Expense Fund

Our Company shall create a recovery expense fund in the manner as specified by SEBI in SEBI Debenture Trustee Master Circular as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s)/Series of NCDs issued.

Settlement Guarantee Fund

Our Company will deposit amounts in the settlement guarantee fund, as applicable, in the manner as specified in the SEBI Master Circular. This fund has been created under the SEBI Master Circular to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Master Circular, which provides, inter-alia, that for all public issues of debt securities all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. Further in terms of the SEBI Master Circular retail individual investor may use the Unified Payment Interface ("UPI") to participate in the public issue for an amount up to ₹ 5,00,000 through the app/web interface of the Stock Exchange or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Shelf Prospectus.

Please note that this section has been prepared based on the SEBI Master Circular and the notifications issued by BSE and NSE, in relation to the UPI Mechanism.

ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs, in the relevant ASBA accounts for the full Application Amount.

Specific attention is drawn to the SEBI Master Circular which provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

Our Company and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Shelf Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Managers are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE RELEVANT TRANCHE PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, THE CONSORTIUM MEMBERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN RESPECT OF THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE WILL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS/DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean all days on which the commercial banks in Mumbai are open for business, except with reference to the Announcement of Bid/Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business. Furthermore, for the purpose the time period between the bid/ issue closing date and the listing of the NCDs, Working Days shall mean all trading days of the stock exchanges excluding Saturdays, Sundays and bank holidays as specified by SEBI.

The information below is given for the benefit of the investors. Our Company and the Members of Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

PROCEDURE FOR APPLICATION

Who can apply?

The following categories of persons are eligible to apply in the Issue.

Category I (Institutional Investors)

- Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements;
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II (Non-Institutional Investors)

- Companies within the meaning of Section 2(20) of the Companies Act, 2013;
- Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III (High Net-worth Individual Investors)

- Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue

Category IV (Retail Individual Investors)

- Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.

Please note that it is clarified that persons resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Note: Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Members of Consortium and its respective associates and affiliates are permitted to subscribe in the Issue.

Applications cannot be made by:

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

a. Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);

b. Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

c. Persons resident outside India and other foreign entities;

d. Foreign Institutional Investors;

e. Foreign Portfolio Investors;

f. Non Resident Indians;

g. Qualified Foreign Investors;

h. Overseas Corporate Bodies**;

i. Foreign Venture Capital Funds; and

j. Persons ineligible to contract under applicable statutory/ regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*
The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

***The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

The information below is given for the benefit of Applicants. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

How to apply?

Availability of the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus, Abridged

Prospectus and Application Forms.

Physical copies of the Abridged Prospectus containing the salient features of this Shelf Prospectus and relevant Tranche Prospectus for each relevant Tranche Issue together with Application Forms and copies of the Draft Shelf Prospectus / this Shelf Prospectus and relevant Tranche Prospectus may be obtained from:

a. Our Registered Office and Corporate Office,

b. Any other office of the Company,

c. Office of the Lead Managers,

d. Office of the Consortium Members,

e. Office of the Registrar to the Issue,

f. Designated RTA Locations for RTAs,

g. Designated CDP Locations for CDPs and

h. Designated Branches of the SCSBs.

Additionally, Electronic copies the Draft Shelf Prospectus, this Shelf Prospectus, relevant Tranche Prospectus along with the downloadable version of the Application Forms will be available.

a. for download on the website of BSE at www.bseindia.com and the website of the Lead Managers at www.jmfl.com and www.nuvama.com.

b. at the designated branches of the SCSBs and the Syndicate Members at the Specified Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange Exchanges and on the websites of the SCSBs that permit the submission of Applications electronically. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Managers and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Please note that there is a single Application Form for, persons resident in India.

Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.

Method of Application

In terms of the SEBI Master Circular an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the SEBI Master Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. The Direct Online Application facility will be available for this Issue as per mechanism provided in the

SEBI Master Circular.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism) with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. Further, the Application may also be submitted through the app or web interface developed by Stock Exchange wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the Stock Exchange.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e., investor’s bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

c. An investor may submit the bid-cum-application form with a SCSB, or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹5 Lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. ***Through Stock Exchange***

a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

b. The Stock Exchange have extended their web-based platforms i.e., 'BSE Direct' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 Lakh. To place bid through 'BSEDirect' platform / mobile app the eligible investor is required to register himself/ herself with BSE Direct.

c. An investor may use the following links to access the web-based interface developed by the Stock Exchange to bid using the UPI Mechanism: BSE: https://www.bsedirect.com.

d. The BSE Direct mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' on Google Playstore for downloading mobile applications.

e. To further clarify the submission of bids through the App or web interface, the BSE has issued operational guidelines and circulars dated December 28, 2020 and May 19, 2022 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61. https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20220519 34.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 ("**SEBI Mutual Funds Master Circular**"), mutual funds are required to ensure that the total exposure of debt schemes (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Further, the additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs), which are rated AA and above and are registered with the National Housing Bank. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme. A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment

of the NCDs in whole or in part, in either case, without assigning any reason thereof.

<u>Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks</u>

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) a letter of authorisation.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

<u>Application by Non-Banking Financial Companies</u>

Non-Banking Financial Companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investment; and (ii) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

<u>Application by Insurance Companies</u>

Insurance companies registered with the IRDAI can apply in the Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) i) certificate registered with IRDAI, (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney; (iv) resolution authorising investments/containing operating instructions; and (v) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof

<u>Applications by Indian Alternative Investments Funds</u>

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof

<u>Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment</u>

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason, thereof.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof

Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof

Applications made by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof

Applications made by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof

<u>Applications under a power of attorney by limited companies, corporate bodies and registered societies</u>

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.
In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

Failing this our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

<u>Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs</u>

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof

<u>Applications by National Investment Funds</u>

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof

<u>Applications by Systematically Important Non-banking financial companies</u>

Applications made by systematically important non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) memorandum and articles of association/charter of constitution; (ii) power of attorney;(iii) board Resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof

The Syndicate Members and their respective associates and affiliates are permitted to subscribe in the Issue.

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

An Applicant may submit the completed Application Form to designated intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Designated Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

An Applicant (belonging to Category IV) may also submit the Application Form with a SCSB, or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹5 lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account and Sponsor Bank Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 5 (five) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

For ASBA Applications submitted to the Lead Managers or Consortium Members or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (a list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Managers or Consortium Members or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allotted to the successful Applicants to the Public Issue Account(s). The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 5 Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Payment mechanism for Direct Online Applicants

In case Direct Online Application facility by the Stock Exchange, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("UAN") and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Form do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.

4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and May 19, 2022 before investing through the through the app/ web interface of Stock Exchange(s).

Kindly note, the Stock Exchange(s) shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchange or through its Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of this Shelf Prospectus and relevant Tranche Prospectus with ROC

A copy of this Shelf Prospectus and relevant Tranche Prospectus shall be filed with the ROC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of this Shelf Prospectus and relevant Tranche Prospectus and the date of release of the statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

1. Applications must be made in the prescribed Application Form.
2. Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Shelf Prospectus and relevant Tranche Prospectus and the Application Form.

Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.

3. Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in the Issue Documents.
4. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
5. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.
6. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
7. Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by the Designated Intermediaries, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
8. Applicants must ensure that their Application Forms are made in a single name.
9. All Applicants should check if they are eligible to apply as per the terms of the Prospectus and applicable laws.
10. The minimum number of Applications and minimum application size shall be of 10 NCDs. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
11. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
12. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.
13. All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.
14. It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.
15. Applications for all the series of the NCDs may be made in a single Application Form only.
16. The Applicants should ensure that they have been given a TRS and an acknowledgment as proof of having accepted the Application Form.
17. Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.
18. ASBA Applicants need to give the correct details of their ASBA Account including bank account number/ bank name and branch/ UPI ID in case of applying through UPI Mechanism.
19. ASBA Application should ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder.
20. ASBA Applicants should ensure that they receive an acknowledgement from the Designated Branch or the concerned Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, for the submission of the Application Form.

Additional Instructions for Retail Individual Investors using the UPI mechanism:

1. Before submission of the application form with the Designated Intermediary, the Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.
2. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface.
3. The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchange(s) bidding platform using appropriate protocols.

4. Once the bid has been entered in the bidding platform, the Stock Exchange(s) shall undertake validation of the PAN and Demat account combination details of investor with the depository.
5. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchange(s) which would be shared by the Stock Exchange(s) with the Designated Intermediaries through its platform, for corrections, if any.
6. Once the bid details are uploaded on the Stock Exchange(s) platform, the Stock Exchange(s) shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.
7. Post undertaking validation with the Depository, the Stock Exchange(s) shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.
8. The Sponsor Bank shall initiate a mandate request on the investor i.e., request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
9. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
10. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Issue.
11. The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the Issue period or any other modified closure date of the Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.
12. The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
13. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1 pm
14. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.
15. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
16. The information containing status of block request (e.g., accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange(s). The block request status would also be displayed on the Stock Exchange(s) platform for information of the intermediary.
17. The information received from Sponsor Bank, would be shared by Stock Exchange(s) with the Registrar to the Issue in the form of a file for the purpose of reconciliation.
18. Post closure of the Issue, the Stock Exchange(s) shall share the bid details with the Registrar to the Issue. Further, the Stock Exchange(s) shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.
19. The allotment of debt securities shall be done as per SEBI Master Circular.
20. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
21. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
22. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked, and application amount would be unblocked for the investor.
23. Thereafter, Stock Exchange will issue the listing and trading approval.
24. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 the investor shall also be responsible for the following:

    i. Investor shall check the Issue details before placing desired bids;

ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/integration of UPI on Debt Public Issue System;
iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

The series, mode of allotment, PAN, demat account number, etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in the relevant Tranche Prospectus for the Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, CLIENT ID, PAN AND UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM) IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID PAN AND UPI ID GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID, PAN AND UPI ID AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID, PAN and UPI ID provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Allotment Advice would be mailed by post or e-mail at the address of the Applicants in accordance with the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the relevant Tranche Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the four parameters, namely, DP ID, Client ID,PAN and UPI ID then such Applications are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for Retail Individual Investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

Submission of Applications

Applicants can apply for NCDs only using the ASBA facility pursuant to SEBI Master Circular. ASBA Applications can be submitted through either of the following modes:

a. Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly register such ASBA Applications.

b. Physically through the Consortium Members, Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities i.e., Syndicate ASBA. Kindly note that ASBA Applications submitted to the Consortium Members, Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Consortium Members, Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

c. A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 5 lakh, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange' bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange' bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Designated Intermediaries (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

In case of Application involving an Application by an RIB through UPI Mechanism, if an Applicant submits the Application Form with a Designated Intermediary and uses his/ her bank account linked UPI ID for the purpose of blocking of funds, where the application value is up to UPI Application Limit, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant and the Designated Intermediary shall upload the Application on the bidding platform developed by the Stock Exchange. If an Applicant submits the Application Form through the application or web interface developed by Stock Exchange, the bid will automatically be uploaded onto the Stock Exchange bidding platform and the amount will be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Applicants must note that:

a. Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Managers and Trading Members of the Stock Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Shelf Prospectus and relevant Tranche Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

b. The Designated Branches of the SCSBs shall accept ASBA Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please see section titled "*Issue Related Information*" on page 206.

c. In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Consortium Members or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;

- Applicants should ensure that their Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities, and not directly to the escrow collecting banks (assuming that such bank is not a SCSB) or to the Company or the Registrar to the Issue.

- Applications through Syndicate ASBA, before submitting the physical Application Form to the Members of the Syndicate or Trading Members of the stock exchange(s), ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, to deposit ASBA Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries)

- Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

- Application Forms must be completed in block letters in English, as per the instructions contained in the Draft Shelf Prospectus, this Shelf Prospectus and relevant Tranche Prospectus, the Abridged Prospectus and the Application Form.

- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.

- Applicants must apply for Allotment in dematerialised form and must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

- The minimum number of Applications and minimum application size shall be specified in this Shelf Prospectus and the relevant Tranche Prospectus. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.

- Applications must be for a minimum of 10 (Ten) NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 (Ten) NCDs, an Applicant may choose to apply for 10 (Ten) NCDs or more in a single Application Form.

- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta.

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Managers, Consortium Members, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Managers, Consortium Members, Trading Members of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.

- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.

- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form and submit the same. Applicant without PAN is liable to be rejected, irrespective of the amount.

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.

- ASBA will be the default "Mode of Application" as per the SEBI Master Circular.

- Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

- Applicants must provide details of valid and active DP ID, UPI ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, UPI ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account

- For Applicants, the Applications in physical mode should be submitted to the SCSBs or a members of the Syndicate or to the Trading Members of the Stock Exchange on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;

- Application Forms should bear the stamp of the Members of the Syndicate, Trading Members of the Stock Exchange, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.

- ASBA Applicants need to give the correct details of their ASBA Account including bank account number/ bank name and branch/ UPI ID in case of applying through UPI Mechanism.

- ASBA Applicants should ensure that they receive an acknowledgment from the Designated Branch or the concerned Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, for the submission of the Application Form

- Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI

Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Consortium Members, Trading Members of the Stock Exchange in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Designated Intermediaries nor SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the series of NCDs, as specified in the relevant Tranche Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

Applicants applying for Allotment in dematerialized form must mention their DP ID ,Client ID, PAN and UPI ID (in case applying through UPI Mechanism) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("**MICR**") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Public Issue Account Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Public Issue Account Banks, SCSBs, Registrar to the Issue nor the Stock Exchange shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the relevant Tranche Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for retail individual investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications can be made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

E. Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs, for the same or other Options of NCDs, subject to a minimum application size of ₹10,000 and in multiples of ₹1,000 thereafter as specified in the relevant Tranche Prospectus. Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN of the sole or the first Applicant is one and the same.

F. Unified Payments Interface (UPI)

Pursuant to the SEBI Master Circular, the UPI Mechanism is an applicable payment mechanism for public debt issues (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

Electronic registration of Applications

a. The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. The Lead Managers, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) Applications accepted and uploaded by Trading members of the Stock Exchange or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Members, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms. In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

b. The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, Designated Intermediaries and Designated Branches of SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Syndicate Members and the other Designated Intermediaries on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*Issue Structure*" on page 206.

c. Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the website of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.

d. At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.

e. With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained.
- Bank account number
- Application amount

f. With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained.
- Location
- Application amount

g. A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Syndicate Members or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

h. The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

i. In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid, or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

j. Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, Designated Intermediaries will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

General Instructions

Do's and Don'ts Applicants are advised to take note of the following while filling and submitting the Application Form.

Do's

1. Check if you are eligible to apply as per the terms of the relevant Tranche Prospectus and applicable law;

2. Read all the instructions carefully and complete the Application Form in the prescribed form;

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;

4. Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;

5. Ensure that you have mentioned the correct ASBA Account number (i.e., bank account number or UPI ID, as applicable) in the Application Form;

6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;

7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Intermediaries, as the case may be;

8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs, or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;

9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;

10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;

11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;

12. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

14. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;

15. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN of the HUF should be mentioned in the Application Form and not that of the Karta;

16. Ensure that the Applications are submitted to the Lead Managers, Consortium Members, Trading Members of the

Stock Exchange or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see the section titled "*Issue Related Information*" on page 206;

17. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;

18. Ensure that you have correctly signed the authorisation /undertaking box in the Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

19. Permanent Account Number: Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

20. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

21. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form;

22. Tick the series of NCDs in the Application Form that you wish to apply for;

23. Check if you are eligible to Apply under ASBA;

24. Retail individual investors using the UPI Mechanism to ensure that they submit bids upto the application value of ₹ 500,000;

25. Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;

26. Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchange' App/ Web interface;

27. Ensure that you give the correct details of your ASBA Account including bank account number/ bank name and branch;

28. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

29. Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

30. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

In terms of SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Master Circular stipulates the time between closure of the Issue and listing at six Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts:

1. Do not apply for lower than the minimum application size;

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;

3. Do not send Application Forms by post; instead submit the same to the Consortium Members, sub-consortium members, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be;

4. Do not submit the Application Form to any non-SCSB bank or our Company;

5. Do not submit an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be;

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

9. Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;

13. Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;

15. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter*-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);

16. Do not make an application of the NCD on multiple copies taken of a single form;

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;

18. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities;

19. Do not submit more than five Application Forms per ASBA Account;

20. If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account

or third-party linked bank account UPI ID;

21. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI; and

22. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor and if the Application is for an amount more than ₹ 5,00,000;

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Please see "*Rejection of Applications*" on page 258 for information on rejection of Applications.

Submission of completed Application Forms

For details in relation to the manner of submission of Application Forms, see "*Issue Procedure*" beginning on page 231.

OTHER INSTRUCTIONS

Depository Arrangements

Our Company has made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

1. Tripartite Agreement dated July 28, 2021 between us, the Registrar to the Issue and CDSL for offering depository option to the Applicants.

2. Tripartite Agreement dated December 28, 2018 between us, the Registrar to the Issue and NSDL for offering depository option to the Applicants.

3. An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

4. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

5. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

6. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to the Issue.

7. It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange have connectivity with NSDL and CDSL.

8. Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

9. The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN

DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled "*Issue Procedure*" on page 231.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by our Company

a. All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

b. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;

c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

d. The details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

e. We shall utilize the Issue proceeds only upon creation of security as stated in the relevant Tranche Prospectus in the section titled "*Terms of the Issue*" on page 212 and after (a) permissions or consents for creation of first *pari passu* charge have been obtained from the creditors who have first *pari passu* charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue amount; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from the Stock Exchange;

f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

g. The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue, or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

h. The Experts named in this Shelf Prospectus are not, and has not been, engaged or interested in the formation or promotion or management, of the Company.

Other Undertakings by our Company

Our Company undertakes that:

a. Complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) will be attended to by our Company expeditiously and satisfactorily;

b. Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

c. Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of the Issue Closing Date;

d. Funds required for dispatch of Allotment Advice will be made available by our Company to the Registrar to the Issue;

e. Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the current statutory auditor, to the Debenture Trustee as per applicable law;

f. Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in the relevant Tranche Prospectus;

g. We shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time;

h. We undertake that the assets / receivables on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor, wherever applicable;

i. Our Company will disclose the complete name and address of the Debenture Trustee in its annual report and website.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;
- Applications not being signed by the sole/joint Applicant(s);
  Applications not made through the ASBA facility;
  Number of NCDs applied for or Applications for an amount being less than the minimum Application size;
  Applications submitted without blocking of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- Investor Category in the Application Form not being ticked;
- Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum application size;
  ASBA Bank account details to block Application Amount not provided in the Application Form;
- Applications where a registered address in India is not provided for the Applicant;
- In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partners(s);

- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;
- DP ID and Client ID not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications by OCBs;
- Applications for an amount below the minimum application size;
- Submission of more than five ASBA Forms per ASBA Account;
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;
- Applications accompanied by Stock invest/ cheque/ money order/ postal order/ cash;
- Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- Application Forms not being signed by the ASBA Account holder if the account holder is different from the Applicant.
- If the signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB Bank's records where the ASBA Account mentioned in the Application Form is maintained;
- Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;
- ASBA Applications not having details of the ASBA Account to be blocked;
  In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- If an authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;
- The UPI Mandate Request is not approved by the Retail Individual Investor;
- SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- Authorization to the SCSB for blocking funds in the ASBA Account not provided or acceptance of UPI Mandate Request raised has not been provided;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by any person outside India;
- Applications by other persons who are not eligible to apply for NCDs under the relevant tranche issue under applicable Indian or foreign statutory/regulatory requirements;
- Applications not uploaded on the online platform of the Stock Exchange;
- Applications uploaded after the expiry of the allocated time on the under the relevant tranche issue closing date, unless extended by the Stock Exchange, as applicable;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Draft Shelf Prospectus, Shelf Prospectus and under the relevant tranche prospectus;
- Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010;
- Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
- Applications providing an inoperative demat account number;

- ASBA Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Banker to the Issue (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Category not ticked;
- Forms not uploaded on the electronic software of the Stock Exchange and/or in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Shelf Prospectus, under the relevant tranche prospectus and as per the instructions in the Application Form;
- UPI Mandate Request is not approved by Retail Individual Investors.

Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit ASBA Applications (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45).

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see below "*Issue Procedure-Information for Applicants*".

Information for Applicants

Unblocking of funds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

In case of ASBA Applications submitted to the SCSBs, in terms of the RTA Master Circular, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of Applicants submitted to the Lead Managers, Consortium Member and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by registered post/speed post at the Applicant's sole risk, within six Working

Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

a. Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;

b. Credit to dematerialized accounts will be given within one Working Day from the Date of Allotment;

c. Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund effected within five Working days from the Issue Closing Date, for the delay beyond five Working days; and

d. Our Company will provide adequate funds to the Registrar to the Issue for this purpose.

Retention of oversubscription

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Basis of Allotment

As specified in the relevant Tranche Prospectus for each Tranche Issue

Allocation Ratio

Reservations shall be made for each of the Portions as specified relevant Tranche Prospectus for each Tranche Issue.

Unblocking of funds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

Issuance of Allotment Advice

Our Company shall ensure dispatch of Allotment Advice as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made upon approval of Basis of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities and approvals for the commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 6 Working Days from the Issue Closing Date.

Allotment Advice shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date, or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. Per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Investor Withdrawals and Pre-closure

<u>Investor Withdrawal:</u> Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.

Withdrawal of Applications after the Issue Period: In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment but not later than 2 (two) Working days from the Issue Closing Date or early closure date, as applicable.

<u>Pre-closure/ Early Closure:</u> Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue

before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this issue have been given.

Further, the Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue before the Issue Closing Date.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount has not been subscribed or received, as applicable, within the specified period, the application money received is to be unblocked/credited only to the bank account in/from which the subscription was blocked/remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or the Registrar will follow the guidelines prescribed by SEBI in this regard.

If our Company does not receive the minimum subscription of 75% of Base Issue Size prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 (eight) working days from the relevant tranche issue closing date, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 PM) to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

SECTION VIII – SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

INTERPRETATION

I. In these Regulations unless the context otherwise requires, the words and expressions contained shall bear the same meaning as in the Act or any statutory modification thereof.

i. The Company or `This Company' means "**Arka Fincap Limited**".[2]

ii. "The Act" means "The Companies Act, 2013" or any statutory modification or re- enactment therefore for the time being in force.

iii. "The Board" means the Board of Directors of the Company.

iv. "These Articles" mean and include the Articles of Company from time to time in force.

v. "Beneficial Owner" means the Beneficial Owner as defined under the Depositories Act.

vi. "Capital" means the Share Capital for the time being raised or to be raised for the purpose of the Company.

vii. "Depository Act" means the Depository Act, 1996 including any statutory modification or re-enactment thereof.

viii. "Depository" means 'Depository' means a Depository as defined under the Depositories Act.

ix. "Directors" means the Directors for the time being of the Company, or as the case may be the Directors assembled at the Board.

x. "Electronic Form" with reference to information means, any information generated, sent, received or stored in media, magnetic, optical, computer memory, micro film, computer generated micro fiche or similar device;

xi. "Electronic Mode" means tele-conferencing and/or video conferencing facility i.e. audio-visual electronic communication facility which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

xii. "Electronic Record" means data, record or data generated, image or sound stored, received or sent in an electronic form or micro film or computer generated micro fiche;

xiii. Words importing the masculine gender also include the feminine gender.

xiv. "In writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form.

xv. "Member" means the duly registered member from time to time of the shares of the Company and includes the subscribers of the memorandum of the company and whose name is entered as Beneficial Owner in the records of the Depository.

xvi. "Rules and Regulations" mean and include rules and regulations of the Company from time to time in force and the Board of Directors of the company shall have the power to formulate, revise, rescind, delete, and substitute all or any of such Rules and Regulations.

II. SHARE CAPITAL AND VARIATION OF RIGHTS

1. The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause 5th of the Memorandum of Association of the Company with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original increased or decreased into several classes

[2] *Altered Vide Special Resolution passed at the Extraordinary General Meeting of the Company held on June 04, 2019*

and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.

Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit..

2. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -

    (a) one certificate for all his shares without payment of any charges; or

    (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first

    (2) Every certificate shall specify the shares to which it relates and the amount paid-up thereon

    (3) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (1) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

    (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its shares and to offer shares in a dematerialize form pursuant to provisions of Depositories Act, 1996.

    (3) Every person subscribing to shares offered by the Company shall have an option to receive the share certificate or to hold the shares in dematerialize form with a depository, as per the provisions of the Depository Act, 1996.

    (4) If a person opts to hold his share with a depository, the Company shall intimate such depository the details of allotment of the share, and on receipt of the information, the depository shall enter, in its record, the name of the allottee as the beneficial owner of the share.

    (5) Subject to the provisions of the Section 71 of the Act the Company may issue debentures with the sanction of a special resolution, with an option to convert such debentures into shares either wholly or partly at the time of redemption.

    (6) Provisions of Articles (2) and (3) shall mutatis mutandis apply to issue of debentures of the Company.

4. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5. (1) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

    (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

    (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly

in the one way and partly in the other.

6. 1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

   (2) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking first *pari passu* therewith.

8. Subject to the provisions of Section 55, the Company may issue any convertible or non- convertible preference shares, on the terms that they are to be redeemed on such terms and in such manner as the Company may determine before the issue of the shares, by passing special resolution.

LIEN

9. (1) The Company shall have a first and paramount lien-

   (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

   (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

   Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

   (2) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

10. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

    Provided that no sale shall be made -

    (a) unless a sum in respect of which the lien exists is presently payable; or

    (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.

    (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

    (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. (1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

    (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares, at the date of the sale.

CALLS ON SHARES

13. (1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(3) A call may be revoked or postponed at the discretion of the Board.

14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board-

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

TRANSFER OF SHARES

19. (1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by Section 58 decline to register-

a. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

b. any transfer of shares on which the Company has a lien.

21. The Board may decline to recognize any instrument of transfer unless -

(a) The instrument of transfer is in the form as prescribed in rules made under Sub-section (1) of Section 56;

(b) The instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) The instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with Section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

23. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

(2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

27. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

28. The notice aforesaid shall-

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

30. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(2) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

32. (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favor of the person to whom the share is sold or disposed of.

(3) The transferee shall thereupon be registered as the holder of the share.

(4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

34. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of Section 61, the Company may, by ordinary resolution, —

(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid up shares of any denomination;

(c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock, -

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

37. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law, -

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

CAPITALIZATION OF PROFITS

38. (1) The Company in general meeting may, upon the recommendation of the Board, resolve-

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

39. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall-

(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and

(b) generally, do all acts and things required to give effect thereto.

(2) The Board shall have power -

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

(3) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

40. Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

GENERAL MEETINGS

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.

42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting

    (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

43. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

    (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

44. The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

45. If there is no such chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson of the meeting the directors present shall elect one of their members to be Chairperson of the meeting.

46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

47. (1) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

    (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

    (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

    (4) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares,

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

49. A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.

50. (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

54. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(2) Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105.

57. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used

BOARD OF DIRECTORS

58. Unless otherwise determined by a General Meeting, the number of Directors shall not be less than three and more than fifteen.

The first Directors of the Company shall be:

1. **Mr. Nihal Gautam Kulkarni**
2. **Mr. Mahesh Ramchand Chhabria**
3. **Mr. Vimal Bhandari**

59. (i) The remuneration of the Directors shall, be such sum as may be prescribed by the Act from time to time.

(ii)In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them –

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company, or

(b) in connection with business of the company

60. The Board may pay all expenses incurred in getting up and registering the company.

61. The Company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register, and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register

62. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

63. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

64. (*i*) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(*ii*) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.

65. [3]

(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.

[3] *Inserted vide Special Resolution passed at the Extraordinary General Meeting of the Company held on March 28, 2023*

66. [4]
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

PROCEEDINGS OF THE BOARD

67. (*i*) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(*ii*) Any Director of the Company may, and the manager and secretary or where there is no Company Secretary, any other person authorized by the Board in this behalf on the requisition of a Director shall, at any time, summon a meeting of the Board.

(iii) Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India, and at his usual address in India or by electronic mode at his email address registered with the Company to every other Director.

(iv) The quorum for the meetings of the Board of Directors of the Company shall be as prescribed under Act.

68. (*i*) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

69. The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

70. (*i*) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(*ii*) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairperson of the meeting.

71. (*i*) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(*ii*) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

72. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson

[4] *Inserted vide Special Resolution passed at the Extraordinary General Meeting of the Company held on March 28, 2023*

of the meeting.

73. (*i*) A committee may meet and adjourn as it thinks fit.

(*ii*) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present and in case of an equality of votes

74. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

75. Save as otherwise expressly provided in the Act, a resolution shall be as valid and effectual as if it had been passed by the Board or committee thereof, if the draft thereof in writing is circulated with the necessary papers if any, to all Directors or members of the committee of the Board (including alternate Director) as the case may be, at the usual address whether in or outside India or through electronic mode at the usual email addresses, and has been approved by a majority of those as are entitled to vote on the resolution.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

76. As per the provisions of the Act and rules made thereunder, the Company shall have whole time Key Managerial Persons.

77. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

78. The provision of common seal shall not apply to the Company.

DIVIDENDS AND RESERVE

79. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

80. Subject to the provisions of section 123, the Board may from time to time pay to the members such dividend including interim dividend as appear to it to be justified by the profits of the Company.

81. (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.
(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

82. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

83. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

84. (i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

85. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

86. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

87. No dividend shall bear interest against the Company.

ACCOUNTS

88. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.

(ii)No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

WINDING UP

89. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

90. Every Director, Managing or whole-time Director, Manager, Secretary or other officer and Employees of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

GENERAL POWER

91. Where in any provisions of the Act any other statute or law, , it has been provided that a Company shall have any right, privilege or authority or that a Company could carry out any transaction only if the Company is so authorized by its Articles in every such case, this regulation hereby authorizes and empowers the Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

NOTICE BY COMPANY

Any document or notice may be served by the Company to any member or officer of the Company under the signature of the Director or such other authorized person, even personally or through post. However, notwithstanding anything in these Articles and subject to the provision of Act or any other applicable law for the time being in force, documents including but not limited to, notice convening General Meeting, explanatory statement, balance sheet, profit & loss account, directors' report, auditors' report etc can be sent by the Company in electronic form, to the electronic mail address provided/updated by Members and made available to the Company. If, however any Member wants to have physical copies of the aforesaid documents the same shall be supplied by the Company free of cost.

NOTICE TO THE COMPANY

Any document or notice may be served by member to the Company by sending it to the address of the registered office and addressed to the Company or its officer and sent through post.

SECRECY

Every Director, Secretary, Auditor or any other officer or employees of the Company shall, if so required by the Directors, before entering upon duties, sign a declaration pledging to observe a strict secrecy respecting all the affairs of the Company.

SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India between 10.00 am to 5.00 pm on any Working Days from the date of this Shelf Prospectus until the Issue Closing Date.

MATERIAL CONTRACTS

1. Issue Agreement dated March 6, 2023 and Addendum to the Issue Agreement dated November 27, 2023 executed between our Company and the Lead Managers.

2. Registrar Agreement dated March 3 , 2023 executed between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated March 3, 2023 executed between our Company and the Debenture Trustee.

4. Agreed form of Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

5. Tripartite agreement dated July 28, 2021 among our Company, the Registrar to the Issuer and CDSL.

6. Tripartite agreement dated December 28, 2018 among our Company, the Registrar to the Issuer and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.

2. Certificate of Incorporation of our Company, issued in name of Kirloskar Capital Limited by Registrar of Companies, Maharashtra, at Mumbai.

3. Fresh Certificate of Incorporation of the Company dated June 28, 2019 for change in name to Arka Fincap Limited, by Registrar of Companies, Mumbai, Maharashtra.

4. Certificate of Registration as an NBFC dated October 29, 2018 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934 in the name of Kirloskar Capital Limited.

5. Fresh Certificate of Registration as an NBFC dated July 25, 2019 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934 in name of Arka Fincap Limited under registration number N-13.02282.

6. Copy of shareholders' resolution on June 16, 2023 under Section 180(1)(c) and under Section 180(1)(a) of the Companies Act, 2013 on overall borrowing and security creation limits by the Board of Directors of our Company.

7. Copy of the resolution passed by the Board of Directors dated July 22, 2022 approving the issue of NCDs and copy of shareholders' resolution on November 22, 2022 approving the issue of NCDs through public issue.

8. Copy of the resolution passed by the Asset Liability Committee at its meeting held on March 6, 2023 approving the Draft Shelf Prospectus.

9. Copy of the resolution passed by the Asset Liability Committee at its meeting held on November 28, 2023 approving this Shelf Prospectus.

10. Trademark/ Service Mark License Agreement and License Agreement between our Company and Kirloskar Proprietary Limited, each dated August 3, 2023.

11. Credit Rating letter dated October 9, 2023 and further revalidated vide letter dated November 3, 2023 by CRISIL Ratings Limited assigning a rating of CRISIL AA-/Positive (pronounced as CRISIL double A minus rating with Positive outlook). The rating has been reaffirmed and outlook revised from CRISIL AA-/ Stable (Pronounced as CRISIL double A minus rating with Stable outlook) for an amount of ₹ 50,000 lakh, originally issued vide their rating letter dated January 20, 2023.

12. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Managers to the Issue, Legal Advisor to the Issue, Credit Rating Agency for this Issue, Bankers to our Company, Registrar to the Issue and the Debenture Trustee for the NCDs to include their names in this Shelf Prospectus in their respective capacity.

13. Consent of CARE Advisory Research & Training Limited as the agency issuing the consent letter dated November 21, 2023, forming part of the Industry Overview chapter.

14. Consent dated November 28, 2023 from P G BHAGWAT LLP our Statutory Auditor, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Shelf Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of (i) their report dated April 28, 2023 and April 26, 2022 on the Audited Financial Statements for Fiscal 2023 and the Audited Financial Statements for Fiscal 2022, respectively, included in this Shelf Prospectus (ii) their report dated October 25, 2023 on the Unaudited Financial Results included in this Shelf Prospectus and (ii) their report dated November 28, 2023 on the statement of special tax benefits included in this Shelf Prospectus.

15. Consent letter from the previous statutory auditor, M/s. B S R & Co LLP, Chartered Accountants dated March 6, 2023 for inclusion of their report dated April 28, 2021 on the Audited Financial Statements for Fiscal 2021 in this Shelf Prospectus.

16. The reports on statement of possible tax benefits dated November 28, 2023 issued by P G BHAGWAT LLP.

17. Annual Report of our Company for the last three financial years ended March 31, 2023, March 31, 2022 and March 31, 2021.

18. Limited review report dated October 25, 2023 of our Company for the Unaudited Financial Results in relation to the quarter and half year ended September 30, 2023.

19. Due Diligence certificate dated March 6, 2023 filed by the Debenture Trustee to the Issue.

20. Due Diligence Certificate dated November 28, 2023 filed by the Lead Managers with SEBI.

21. In-principle listing approval from BSE by its letter no. DCS/BM/PI-BOND/022/22-23 dated March 15, 2023.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable , as the case may be have been complied with and no statement made in this Shelf Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Shelf Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material information which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Shelf Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Shelf Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Shelf Prospectus thereto is true, correct and complete and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of our Company

Vimal Bhandari
Executive Vice Chairman and Chief Executive Officer
DIN: 00001318

Mahesh Ramchand Chhabria
Non-Executive Non-Independent Director
DIN: 00166049

Gauri Atul Kirloskar
Non-Executive Non- Independent Director
DIN: 03366274

Vijay Chugh
Independent Director
DIN: 07112794

Yogesh Kapur
Independent Director
DIN: 00070038

Harish Hansubhai Engineer
Independent Director
DIN: 01843009

Sivanandhan Dhanushkodi
Independent Director
DIN: 03607203

Ramanathan Gurumurthy
Additional Independent Director
DIN: 10366010

Date: November 28, 2023

Place: Mumbai

ANNEXURE A – CREDIT RATING, RATIONALE AND PRESS RELEASE

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CRISIL Ratings

CONFIDENTIAL

RL/ARFILI/331126/NCD/1123/72627/138232675
November 03, 2023

Mr. Amit Gupta
Chief Financial Officer
ARKA Fincap Limited
One Indiabulls Centre,
Tower 2B, Floor 12B,
Senapati Bapat Marg,
Mumbai City - 400013
9619475839

Dear Mr. Amit Gupta,

Re: Review of CRISIL Rating on the Rs.500 Crore Non Convertible Debentures& of ARKA Fincap Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed it's CRISIL AA-/Positive (pronounced as CRISIL double A minus rating with Positive outlook) rating to the captioned Debt instrument. Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subha Sri Narayanan	Nivedita Shibu
Director - CRISIL Ratings	Associate Director - CRISIL Ratings

& For public issuance

CRISIL
Ratings

Rating Rationale

November 03, 2023 | Mumbai

ARKA Fincap Limited

'CRISIL AA-/Positive' assigned to Subordinated Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.2310 Crore**
Long Term Rating	**CRISIL AA-/Positive (Reaffirmed)**

Rs.75 crore Subordinated Debt	**CRISIL AA-/Positive (Assigned)**
Rs.300 Crore Non Convertible Debentures	**CRISIL AA-/Positive (Reaffirmed)**
Rs.60 Crore Subordinated Debt	**CRISIL AA-/Positive (Reaffirmed)**
Rs.200 Crore Non Convertible Debentures	**CRISIL AA-/Positive (Reaffirmed)**
Rs.500 Crore Non Convertible Debentures[&]	**CRISIL AA-/Positive (Reaffirmed)**
Rs.250 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Long Term Principal Protected Market Linked Debentures Aggregating Rs.205 Crore (Reduced from Rs.250 Crore)	**CRISIL PPMLD AA-/Positive (Reaffirmed)**
Non Convertible Debentures Aggregating Rs.325 Crore (Reduced from Rs.395.5 Crore)	**CRISIL AA-/Positive (Reaffirmed)**

& For public issuance
Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL AA-/Positive'** rating to the Rs 75 crore of subordinated debt of ARKA Fincap Limited (Arka) while reaffirming its ratings on outstanding debt instruments and bank facilities at 'CRISIL AA-/CRISIL PPMLD AA-/Positive/CRISIL A1+'.

CRISIL Ratings has also **withdrawn** its rating on the unutilised Rs. 70.5 crore non-convertible debentures and Rs 45 crore of Long Term Principal Protected Market Linked Debentures, (see the 'Annexure - Details of Rating Withdrawn' for details) at the request of the company, in line with its withdrawal policy.

The rating is driven by expected strengthening of the credit risk profile of Kirloskar Oil Engines Ltd (KOEL). It also factors steady scale up in operations of Arka, as seen in the growth in the AUM. Consolidated operating income of KOEL grew by 22% to Rs 4,649 crore during fiscal 2023 with Earnings before interest, tax, depreciation and amortisation (EBITDA) margin improving to 9.6% as compared to 7.1% during fiscal 2022. The healthy traction in operating performance continued in the first quarter of fiscal 2024 with operating income growing 27% y/y to Rs 1,415 crore with EBITDA margin improving to Rs 168 crore at 11.9% margin with support from pre-buy of sunset CPCB 2 engines. Operating performance improvement was broad based with growth across segments and end-user industries, increased exports and lagged- impact of price increases taken since last fiscal as well as moderating raw material prices this fiscal. Margins were impacted in fiscal 2022 owing to substantial increase in raw material prices which the company was only able to pass-on partially to customers primarily in price conscious small pumps business of its subsidiary, La Gajjar Machineries Pvt Ltd (LGMPL; 'CRISIL A+/Positive/CRISIL A1').

The company (KOEL) has undertaken '2X3Y' strategic plan implemented since August-2022 to double its standalone revenue from fiscal 2022 levels while maintaining double digits EBITDA margins over the next three years. CRISIL Ratings expects revenue growth to be healthy at 15-20% during this fiscal while EBITDA margin is expected to remain at double-digits. Sustenance of healthy revenue growth while maintaining double-digit EBITDA margins over the medium term, remains a key monitorable. Furthermore, the financial risk profile remains robust, supported by strong capital structure with low debt, strong debt protection metrics and healthy liquidity.

For the first three months of fiscal 2024, on a consolidated basis (including ARKA), net profit was Rs 125 crore on operating income of Rs 1,543 crore, against Rs 82 crore and Rs 1,197 crore, respectively, in the corresponding period of the previous fiscal.

CRISIL Ratings' ratings on the bank facilities and debt instruments of Arka continue to factor in the expectation of strong support from the ultimate parent, Kirloskar Oil Engines Ltd (KOEL; rated 'CRISIL AA/Positive/CRISIL A1+'), because of strategic importance and strong moral obligations. The ratings also factor in adequate capitalisation for the initial stages of operations. These strengths are partially offset by the nascent stage of operations.

As KOEL aims to expand into other financial services businesses, it had formed a holding company, Arka Financial Holdings Pvt Ltd (AFHPL) which is the holding company for all financial services businesses of KOEL. KOEL has transferred 100% of its stake in Arka to AFHPL. KOEL, nevertheless, will continue to ultimately hold 100% stake in Arka and will remain the majority shareholder over the medium term. KOEL has infused around Rs 1000 crore in ARKA till date

Analytical Approach
For arriving at the ratings, CRISIL Ratings has assessed the standalone credit risk profile of Arka, and factored in the support expected from ultimate parent, KOEL, given the strategic importance of Arka to the former, 100% ultimate shareholding, and the strong moral and financial obligations to support it.

Key Rating Drivers & Detailed Description
Strengths:

- **Strategic importance to, and expectation of strong support from, KOEL**
  Arka derives strong support from its ultimate parent, KOEL, in the form of high strategic importance and strong moral obligations, being its step-down subsidiary. The financial services entity has been identified as a focus area for the parent's overall diversification plans. KOEL has already infused around Rs 1000 crores till date (Rs 125 crore and Rs 130 crore were infused in fiscal 2021 and fiscal 2022 respectively; Rs 149 crore were infused in fiscal 2023), depicting strong financial support towards its subsidiary. KOEL wholly owns Arka and is expected to remain the majority shareholder over the medium term. Moreover, 3 out of 8 directors on Arka's board are also on KOEL's board. Promoters of KOEL also have representation in most of the key committees of Arka, viz., credit, asset liability, IT steering, risk management, etc. Arka is expected to benefit from the Kirloskar group's expertise, especially in small and medium enterprise (SME) lending.

  The rating also factors in the strong support from the ultimate parent KOEL, demonstrated by the articulation of its intention to support Arka by way of: (i) its intention to maintain majority shareholding in Arka in the foreseeable future, (ii) Arka, being core to overall business strategy of growth of which diversification into financial services is an integral part, and, (iii) KOEL, making it best efforts to conduct Arka's business in line with Kirloskar group's philosophy, so that it meet its obligations on a timely basis.

- **Adequate capitalisation for initial stages of operations**
  Arka benefits from funding support from the ultimate parent and has adequate capitalisation for initial stages of operations. KOEL has already infused around Rs. 1000 crore till date. Capital support from the parent, is expected to keep capitalisation of Arka adequate (Net worth of Rs 1049 crore and Capital Adequacy ratio of 25.5% as on March 31, 2023, and Rs 837 crore and 30.9% as on March 31, 2022), with low gearing of 3 times as on March 31, 2023 (2.1 times as on March 31, 2022) in the initial stages of operation. Networth and gearing was Rs 1,142 crore and 2.8 times, respectively, as on September 30, 2023.

Weaknesses:

- **Nascent stage of operations**
  As operations have only commenced in April 2019, they are still in the initial stage. The total loan book stood at Rs 3,961 crore as on March 31, 2023 (Rs 2,380 crore as on March 31, 2022, and Rs 1,124 crore as on March 31, 2021) with a mix of corporate (40%), real estate (30%) and SME/micro-SME exposure (30%). As on September 30, AUM increased to Rs 4,034 crore. Going ahead, Arka plans to build a loan book with a healthy mix of corporate, real estate and MSME segments. The company's ability to scale up operations with a healthy loan book, while maintaining its asset quality over the medium term would be a key monitorable

Liquidity: Strong
Arka had overall borrowings of Rs 3116 crore as on March 31, 2023 (Rs 3,154 crore as on September 30, 2023) which was Rs 1,734 crore as on March 31, 2022. The company's liquidity is adequate with around Rs 586 crore of cash and cash equivalents (Rs 119 crore), liquid investments (Rs 291 crore) and unutilized bank lines (Rs 176 crore) as on September 30, 2023. Against this, outflow on account of debt repayments in next three months (Oct'23-Dec'23) is ~ Rs 381 crore Liquidity is further supported by expectation of financial assistance from parent, in case of any requirement.

Outlook: Positive
CRISIL Ratings believes Arka will remain strategically important to KOEL and will continue to benefit from its strong support and high moral obligations from the ultimate parent over the medium term.

Rating Sensitivity factors
Upward Factors:

- Upward revision in the rating of its ultimate parent, KOEL, by 1 notch
- Ability to significantly scale up the loan book while maintaining asset quality, and improvement in earnings profile on a sustained basis

Downward Factors:

- Downward revision in the rating of its ultimate parent, KOEL, by 1 notch or any material change in the shareholding or support philosophy of KOEL for Arka; and/or
- Deterioration in the asset quality (GNPA >5%), on a sustained basis, thereby also impacting its profitability

About the Company
Arka is a non-deposit taking systemically important non-banking financial company (NBFC). It is promoted by the Kirloskar group and is a step-down subsidiary of KOEL. Arka was originally incorporated as Kirloskar Capital Ltd, however, the name was subsequently changed to Arka Fincap Ltd in August 2019. In January 2022, KOEL transferred its 99.41% stake in Arka to AFHPL (wholly owned subsidiary of KOEL) and the remaining stake was transferred in March 2022. Arka commenced its operations from April 2019. It has senior leadership and experienced management team on board and has also put in place various policies for smooth operations of its business. Arka aims to build a loan book with a mix of corporate, real estate and SME/MSME segment.

About the Group
KOEL, one of the flagship companies of the Kirloskar group, manufactures and services diesel engines (primarily between 2.5-740 horsepower) and diesel generator sets (mainly between 2-1,010 kilo-volt-ampere). The company also makes diesel-, petrol-, and kerosene-based pump sets. It has manufacturing units in Pune, Kagal, and Nashik (all in Maharashtra). KOEL caters to the agriculture, power generation, and industrial sectors. On August 01, 2017, it acquired 76% stake in La-Gajjar Machineris Pvt Ltd and is likely to acquire the balance stake in the next five years, in line with the share purchase agreement. KOEL has set up an NBFC business through ARKA, with equity infusion of Rs 1000 crore till date.

Key Financial Indicators

For the year /period ended	Unit	Sep-23 (UA)	2023 (A)	2022 (A)
Total assets	Rs crore	4,512	4338	2,627
Total income	Rs crore	258	373	203
PAT	Rs crore	35	61	33
Gross stage 3	%	0.2	0.01	Nil
Return on assets	%	1.6	1.8	1.6
Gearing	Times	2.8	3.0	2.1

UA: Unaudited; A: Audited

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument/lenders	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crores)	Complexity level	Rating Assigned with outlook
INE03W107082	Non-convertible debentures	26-Nov-21	8.4	26-Nov-24	75	Simple	CRISIL AA-/Positive
INE03W107090	Non-convertible debentures	9-Feb-22	8.3	09-Feb-25	100	Simple	CRISIL AA-/Positive
INE03W107124	Non-convertible debentures	06-Sep-22	8.2	06-Mar-24	50	Simple	CRISIL AA-/Positive
INE03W107140	Non-convertible debentures	29-Sep-22	8.75	29-Sep-25	50	Simple	CRISIL AA-/Positive
INE03W107173	Non-convertible debentures	30-Jan-23	9.35	31-Mar-25	200	Simple	CRISIL AA-/Positive
INE03W107199	Non-convertible debentures	23-Mar-23	9.35	17-Mar-25	50	Simple	CRISIL AA-/Positive
INE03W107181	Non-convertible debentures	23-Mar-23	9.35	17-Sep-26	250	Simple	CRISIL AA-/Positive
INE03W107207	Non-convertible debentures	28-Mar-23	9.3	28-Jun-26	50	Simple	CRISIL AA-/Positive
NA	Non-convertible debentures (for	NA	NA	NA	500	Simple	CRISIL AA-/Positive

	Public issuance)*						
INE03W107132	Long term principal protected market linked debentures	09-Sep-22	Linked to 10-year government security	06-Dec-24	25	Highly Complex	CRISIL PP-MLD AA-/Positive
INE03W107157	Long term principal protected market linked debentures	23-Sep-22	Linked to 10-year government security	23-Oct-24	30	Highly Complex	CRISIL PP-MLD AA-/Positive
INE03W107108	Long term principal protected market linked debentures	22-Mar-22	Linked to 10-year government security	19-Mar-25	50	Highly Complex	CRISIL PP-MLD AA-/Positive
INE03W107116	Long term principal protected market linked debentures	27-Jun-22	Linked to 10-year government security	27-Jun-24	25	Highly Complex	CRISIL PP-MLD AA-/Positive
INE03W107165	Long term principal protected market linked debentures	06-Jan-23	Linked to 10-year government security	05-Feb-26	75	Highly Complex	CRISIL PP-MLD AA-/Positive
NA	Subordinated debt*	NA	NA	NA	75	Complex	CRISIL AA-/Positive
INE03W108015	Subordinated debt	25-Aug-22	10.25	25-Feb-28	60	Complex	CRISIL AA-/Positive
NA	Term loan@	NA	NA	28-Jun-24	10	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	28-Jun-24	12.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	29-Mar-26	42.86	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	27-Dec-26	110	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	04-Sep-23	18.75	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	22-May-25	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	20-Mar-26	57	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-23	7.33	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Mar-25	33.94	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Apr-26	55	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Nov-24	65.63	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	26-Jul-23	12.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-26	42	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	05-Sep-26	22.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Nov-26	46.88	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Nov-23	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	31-Dec-23	8.75	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Aug-25	45.83	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	03-Apr-24	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	04-Mar-24	7.27	NA	CRISIL AA-/Positive

NA	Term loan@	NA	NA	15-Dec-25	36.67	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Mar-24	18.17	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-26	7.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-26	7.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Feb-24	11.46	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	25-Mar-23	36	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	21-Oct-23	5.83	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	29-Sep-24	15	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	09-Jul-24	18	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-May-24	11.35	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-25	18.73	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	26-Sep-25	31.24	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-26	40.62	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	31-Aug-25	41.67	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	16-Feb-26	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jan-24	35.69	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Jul-25	90	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	21-Dec-23	7.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jul-24	33.75	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	31-Dec-24	29.15	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Nov-25	45.81	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	20-Dec-26	49.99	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	02-Mar-25	33.33	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Sep-25	83.31	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	29-Mar-26	100	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Mar-25	33.34	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	24-Mar-26	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-25	45	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Jul-24	37.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Aug-27	94.73	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	23-Mar-26	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	10-Mar-25	50	NA	CRISIL AA-/Positive

NA	Working capital facility#	NA	NA	NA	76.00	NA	CRISIL AA-/Positive
NA	Proposed long term bank loan facility^	NA	NA	NA	266.42	NA	CRISIL AA-/Positive
NA	Commercial Paper	NA	NA	7 to 365 Days	250	Simple	CRISIL A1+

@Term loan facility is as per outstanding as on March 31, 2023
^Interchangeable with short term bank loan facility; includes undrawn bank line from Bajaj Finance Limited
#Working capital facility is based on sanctioned amount
**Yet to be issued*

Annexure - Details of Rating withdrawn

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crores)	Complexity level	Rating Assigned with outlook
NA	Non-convertible debentures	NA	NA	NA	70.5	Simple	Withdrawn
NA	Long term principal protected market linked debentures	NA	NA	NA	45	Highly Complex	Withdrawn

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	2310.0	CRISIL AA-/Positive	09-10-23	CRISIL AA-/Positive	12-12-22	CRISIL AA-/Stable	29-09-21	CRISIL AA-/Stable	23-12-20	CRISIL AA-/Stable	CRISIL A1+ / CRISIL AA-/Stable
			--	27-04-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable	16-06-21	CRISIL AA-/Stable	29-10-20	CRISIL AA-/Stable	--
			--	24-02-23	CRISIL AA-/Stable	18-10-22	CRISIL AA-/Stable	29-05-21	CRISIL AA-/Stable	19-10-20	CRISIL AA-/Stable	--
			--	07-02-23	CRISIL AA-/Stable	05-08-22	CRISIL AA-/Stable	03-05-21	CRISIL AA-/Stable	25-06-20	CRISIL A1+ / CRISIL AA-/Stable	--
			--	20-01-23	CRISIL AA-/Stable	04-08-22	CRISIL AA-/Stable	23-03-21	CRISIL AA-/Stable	29-05-20	CRISIL A1+ / CRISIL AA-/Stable	--
			--		--	08-06-22	CRISIL AA-/Stable		--		--	--
			--		--	15-03-22	CRISIL AA-/Stable		--		--	--
			--		--	27-01-22	CRISIL AA-/Stable		--		--	--
Commercial Paper	ST	250.0	CRISIL A1+	09-10-23	CRISIL A1+	12-12-22	CRISIL A1+	29-09-21	CRISIL A1+	23-12-20	CRISIL A1+	CRISIL A1+
			--	27-04-23	CRISIL A1+	19-10-22	CRISIL A1+	16-06-21	CRISIL A1+	29-10-20	CRISIL A1+	--
			--	24-02-23	CRISIL A1+	18-10-22	CRISIL A1+	29-05-21	CRISIL A1+	19-10-20	CRISIL A1+	--
			--	07-02-23	CRISIL A1+	05-08-22	CRISIL A1+	03-05-21	CRISIL A1+	25-06-20	CRISIL A1+	--
			--	20-01-23	CRISIL A1+	04-08-22	CRISIL A1+	23-03-21	CRISIL A1+	29-05-20	CRISIL A1+	--
			--		--	08-06-22	CRISIL A1+		--		--	--
			--		--	15-03-22	CRISIL A1+		--		--	--
			--		--	27-01-22	CRISIL A1+		--		--	--
Non Convertible Debentures	LT	1325.0	CRISIL AA-/Positive	09-10-23	CRISIL AA-/Positive	12-12-22	CRISIL AA-/Stable	29-09-21	CRISIL AA-/Stable	23-12-20	CRISIL AA-/Stable	--
			--	27-04-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable	16-06-21	CRISIL AA-/Stable	29-10-20	CRISIL AA-/Stable	--

			--	24-02-23	CRISIL AA-/Stable	18-10-22	CRISIL AA-/Stable	29-05-21	CRISIL AA-/Stable	19-10-20	CRISIL AA-/Stable	--
			--	07-02-23	CRISIL AA-/Stable	05-08-22	CRISIL AA-/Stable	03-05-21	CRISIL AA-/Stable	25-06-20	CRISIL AA-/Stable	--
			--	20-01-23	CRISIL AA-/Stable	04-08-22	CRISIL AA-/Stable	23-03-21	CRISIL AA-/Stable	29-05-20	CRISIL AA-/Stable	--
			--		--	08-06-22	CRISIL AA-/Stable		--		--	--
			--		--	15-03-22	CRISIL AA-/Stable		--		--	--
			--		--	27-01-22	CRISIL AA-/Stable		--		--	--
Subordinated Debt	LT	135.0	CRISIL AA-/Positive	09-10-23	CRISIL AA-/Positive	12-12-22	CRISIL AA-/Stable		--		--	--
			--	27-04-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable		--		--	--
			--	24-02-23	CRISIL AA-/Stable	18-10-22	CRISIL AA-/Stable		--		--	--
			--	07-02-23	CRISIL AA-/Stable	05-08-22	CRISIL AA-/Stable		--		--	--
			--	20-01-23	CRISIL AA-/Stable		--		--		--	--
Long Term Principal Protected Market Linked Debentures	LT	205.0	CRISIL PPMLD AA-/Positive	09-10-23	CRISIL PPMLD AA-/Positive	12-12-22	CRISIL PPMLD AA- r /Stable	29-09-21	CRISIL PPMLD AA- r /Stable		--	--
			--	27-04-23	CRISIL PPMLD AA-/Stable	19-10-22	CRISIL PPMLD AA- r /Stable	16-06-21	CRISIL PPMLD AA- r /Stable		--	--
			--	24-02-23	CRISIL PPMLD AA-/Stable	18-10-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--	07-02-23	CRISIL PPMLD AA-/Stable	05-08-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--	20-01-23	CRISIL PPMLD AA- r /Stable	04-08-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	08-06-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	15-03-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	27-01-22	CRISIL PPMLD AA- r /Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility^	**0.9**	**Not Applicable**	**CRISIL AA-/Positive**
Proposed Long Term Bank Loan Facility^	**265.52**	**Not Applicable**	**CRISIL AA-/Positive**
Term Loan@	**40.88**	**IndusInd Bank Limited**	**CRISIL AA-/Positive**
Term Loan@	**71.86**	**Bank of Maharashtra**	**CRISIL AA-/Positive**
Term Loan@	**125.69**	**State Bank of India**	**CRISIL AA-/Positive**
Term Loan@	**50**	**AU Small Finance Bank Limited**	**CRISIL AA-/Positive**

Term Loan@	83.34	Canara Bank	CRISIL AA-/Positive
Term Loan@	45	DCB Bank Limited	CRISIL AA-/Positive
Term Loan@	37.5	Bandhan Bank Limited	CRISIL AA-/Positive
Term Loan@	41.25	HDFC Bank Limited	CRISIL AA-/Positive
Term Loan@	18	IDFC FIRST Bank Limited	CRISIL AA-/Positive
Term Loan@	216.64	Bank of Baroda	CRISIL AA-/Positive
Term Loan@	94.73	Indian Bank	CRISIL AA-/Positive
Term Loan@	29.15	Union Bank of India	CRISIL AA-/Positive
Term Loan@	161.38	Tata Capital Financial Services Limited	CRISIL AA-/Positive
Term Loan@	20.83	Bajaj Finance Limited	CRISIL AA-/Positive
Term Loan@	96.27	Aditya Birla Finance Limited	CRISIL AA-/Positive
Term Loan@	43.94	Axis Bank Limited	CRISIL AA-/Positive
Term Loan@	78.13	Kotak Mahindra Bank Limited	CRISIL AA-/Positive
Term Loan@	30.08	The Karnataka Bank Limited	CRISIL AA-/Positive
Term Loan@	134.48	IndusInd Bank Limited	CRISIL AA-/Positive
Term Loan@	50	Small Industries Development Bank of India	CRISIL AA-/Positive
Term Loan@	50	YES Bank Limited	CRISIL AA-/Positive
Term Loan@	54.58	The Federal Bank Limited	CRISIL AA-/Positive
Term Loan@	125.75	ICICI Bank Limited	CRISIL AA-/Positive
Term Loan@	95.8	Punjab National Bank	CRISIL AA-/Positive
Term Loan@	91.67	Indian Overseas Bank	CRISIL AA-/Positive
Term Loan@	33.17	Punjab and Sind Bank	CRISIL AA-/Positive
Term Loan@	47.46	Utkarsh Small Finance Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	10	Kotak Mahindra Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	5	The Federal Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	10	IDFC FIRST Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	1	Bandhan Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	25	IndusInd Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	25	ICICI Bank Limited	CRISIL AA-/Positive

@Term loan facility is as per outstanding as on March 31, 2023
^Interchangeable with short term bank loan facility; includes undrawn bank line from Bajaj Finance Limited
#Working capital facility is based on sanctioned amount

Criteria Details

Links to related criteria
[CRISILs Bank Loan Ratings - process, scale and default recognition]()
[Rating Criteria for Finance Companies]()
[Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support]()

CRISILs Criteria for rating short term debt

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com **Prakruti Jani** Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Ajit Velonie Senior Director **CRISIL Ratings Limited** B:+91 22 3342 3000 ajit.velonie@crisil.com Subha Sri Narayanan Director **CRISIL Ratings Limited** B:+91 22 3342 3000 subhasri.narayanan@crisil.com Bharat Nagda Management Trainee **CRISIL Ratings Limited** B:+91 22 3342 3000 Bharat.Nagda@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

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CONFIDENTIAL

RL/ARFILI/328628/NCD/1023/71227/138232675
October 09, 2023

Mr. Amit Gupta
Chief Financial Officer
ARKA Fincap Limited
One Indiabulls Centre,
Tower 2B, Floor 12B,
Senapati Bapat Marg,
Mumbai City - 400013
9619475839

Dear Mr. Amit Gupta,

Re: Review of CRISIL Rating on the Rs.500 Crore Non Convertible Debentures& of ARKA Fincap Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed the CRISIL AA- (pronounced as CRISIL double A minus rating) rating for the captioned Debt Instrument, and revised the outlook to Positive from Stable. Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Ajit Velonie	Nivedita Shibu
Senior Director - CRISIL Ratings	Associate Director - CRISIL Ratings

&For public issuance

CRISIL Ratings

Rating Rationale

October 09, 2023 | Mumbai

ARKA Fincap Limited

Rating outlook revised to 'Positive'; Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.2310 Crore**
Long Term Rating	**CRISIL AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**

Rs.300 Crore Non Convertible Debentures	**CRISIL AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.60 Crore Subordinated Debt	**CRISIL AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.200 Crore Non Convertible Debentures	**CRISIL AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.500 Crore Non Convertible Debentures&	**CRISIL AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Rs.250 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Long Term Principal Protected Market Linked Debentures Aggregating Rs.250 Crore (Reduced from Rs.325 Crore)	**CRISIL PPMLD AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**
Non Convertible Debentures Aggregating Rs.395.5 Crore (Reduced from Rs.502 Crore)	**CRISIL AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)**

&For public issuance
Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has revised its outlook on the bank facilities and long term debt instruments of ARKA Fincap Limited (Arka) to '**Positive**' from 'Stable' while reaffirming its ratings at 'CRISIL AA-/CRISIL PPMLD AA-'. The commercial paper has been reaffirmed at 'CRISIL A1+'.

CRISIL Ratings has also **withdrawn** its rating on the Rs.106.5 crore non-convertible debentures and Rs.75 crore of Long Term Principal Protected Market Linked Debentures, (see the 'Annexure – Details of Rating Withdrawn' for details) on receipt of independent confirmation that these instruments are fully redeemed and at the request of the company, in line with its withdrawal policy.

The revision in the outlook is driven by expected strengthening of the credit risk profile of Kirloskar Oil Engines Ltd (KOEL). It also factors steady scale up in operations of Arka, as seen in the growth in the AUM. Consolidated operating income of KOEL grew by 22% to Rs 4,649 crore during fiscal 2023 with Earnings before interest, tax, depreciation and amortisation (EBITDA) margin improving to 9.6% as compared to 7.1% during fiscal 2022. The healthy traction in operating performance continued in the first quarter of fiscal 2024 with operating income growing 27% y/y to Rs 1,415 crore with EBITDA margin improving to Rs 168 crore at 11.9% margin with support from pre-buy of sunset CPCB 2 engines. Operating performance improvement was broad based with growth across segments and end-user industries, increased exports and lagged- impact of price increases taken since last fiscal as well as moderating raw material prices this fiscal. Margins were impacted in fiscal 2022 owing to substantial increase in raw material prices which the company was only able to pass-on partially to customers primarily in price conscious small pumps business of its subsidiary, La Gajjar Machineries Pvt Ltd (LGMPL; 'CRISIL A+/Positive/CRISIL A1').

The company (KOEL) has undertaken '2X3Y' strategic plan implemented since August-2022 to double its standalone revenue from fiscal 2022 levels while maintaining double digits EBITDA margins over the next three years. CRISIL Ratings expects revenue growth to be healthy at 15-20% during this fiscal while EBITDA margin is expected to remain at double-digits. Sustenance of healthy revenue growth while maintaining double-digit EBITDA margins over the medium term, remains a key monitorable. Furthermore, the financial risk profile remains robust, supported by strong capital structure with low debt, strong debt protection metrics and healthy liquidity.

For the first three months of fiscal 2024, on a consolidated basis (including ARKA), net profit was Rs 125 crore on operating income of Rs 1,543 crore, against Rs 82 crore and Rs 1,197 crore, respectively, in the corresponding period of the previous fiscal.

CRISIL Ratings' ratings on the bank facilities and debt instruments of Arka continue to factor in the expectation of strong support from the ultimate parent, Kirloskar Oil Engines Ltd (KOEL; rated 'CRISIL AA/Positive/CRISIL A1+'), because of strategic importance and strong moral obligations. The ratings also factor in adequate capitalisation for the initial stages of operations. These strengths are partially offset by the nascent stage of operations.

As KOEL aims to expand into other financial services businesses, it had formed a holding company, Arka Financial Holdings Pvt Ltd (AFHPL) which is the holding company for all financial services businesses of KOEL. KOEL has transferred 100% of its stake in Arka to AFHPL. KOEL, nevertheless, will continue to ultimately hold 100% stake in Arka and will remain the majority shareholder over the medium term. KOEL has infused around Rs 1000 crore in ARKA till date.

Analytical Approach
For arriving at the ratings, CRISIL Ratings has assessed the standalone credit risk profile of Arka, and factored in the support expected from ultimate parent, KOEL, given the strategic importance of Arka to the former, 100% ultimate shareholding, and the strong moral and financial obligations to support it.

Key Rating Drivers & Detailed Description
Strengths:
Strategic importance to, and expectation of strong support from, KOEL
Arka derives strong support from its ultimate parent, KOEL, in the form of high strategic importance and strong moral obligations, being its step-down subsidiary. The financial services entity has been identified as a focus area for the parent's overall diversification plans. KOEL has already infused around Rs 1000 crores till date (Rs 125 crore and Rs 130 crore were infused in fiscal 2021 and fiscal 2022 respectively; Rs 149 crore were infused in fiscal 2023), depicting strong financial support towards its subsidiary. KOEL wholly owns Arka and is expected to remain the majority shareholder over the medium term. Moreover, 3 out of 7 directors on Arka's board are also on KOEL's board. Promoters of KOEL also have representation in most of the key committees of Arka, viz., credit, asset liability, IT steering, risk management, etc. Arka is expected to benefit from the Kirloskar group's expertise, especially in small and medium enterprise (SME) lending.

The rating also factors in the strong support from the ultimate parent KOEL, demonstrated by the articulation of its intention to support Arka by way of: (i) its intention to maintain majority shareholding in Arka in the foreseeable future, (ii) Arka, being core to overall business strategy of growth of which diversification into financial services is an integral part, and, (iii) KOEL, making it best efforts to conduct Arka's business in line with Kirloskar group's philosophy, so that it meet its obligations on a timely basis.

Adequate capitalisation for initial stages of operations
Arka benefits from funding support from the ultimate parent and has adequate capitalisation for initial stages of operations. KOEL has already infused around Rs. 1000 crore till date. Capital support from the parent, is expected to keep capitalisation of Arka adequate (Net worth of Rs 1049 crore and Capital Adequacy ratio of 25.5% as on March 31, 2023, and Rs 837 crore and 30.9% as on March 31, 2022), with low gearing of 3 times as on March 31, 2023 (2.1 times as on March 31, 2022) in the initial stages of operation.

Weakness:
Nascent stage of operations
As operations have only commenced in April 2019, they are still in the initial stage. The total loan book stood at Rs 3,961 crore as on March 31, 2023 (Rs 2,380 crore as on March 31, 2022, and Rs 1,124 crore as on March 31, 2021) with a mix of corporate (40%), real estate (30%) and SME/micro-SME exposure (30%). Going ahead, Arka plans to build a loan book with a healthy mix of corporate, real estate and MSME segments. The company's ability to scale up operations with a healthy loan book, while maintaining its asset quality over the medium term would be a key monitorable

Liquidity: Strong
Arka had overall borrowings of Rs 3116 crore as on March 31, 2023 (Rs 2,877 crore as on June 30, 2023) which was Rs 1,734 crore as on March 31, 2022. The company's liquidity is adequate with around Rs 710 crore of cash and cash equivalents (Rs 203 crore) and liquid investments (Rs 507 crore) as on August 31, 2023. Against this, outflow on account of debt repayments in next six months (Oct'23-Mar'24) is ~ Rs 637 crore. Liquidity is further supported by expectation of financial assistance from parent, in case of any requirement.

Outlook: Positive
CRISIL Ratings believes Arka will remain strategically important to KOEL and will continue to benefit from its strong support and high moral obligations from the ultimate parent over the medium term.

Rating Sensitivity Factors
Upward Factor:
- Upward revision in the rating of its ultimate parent, KOEL, by 1 notch
- Ability to significantly scale up the loan book while maintaining asset quality, and improvement in earnings profile on a sustained basis

Downward Factor:

- Downward revision in the rating of its ultimate parent, KOEL, by 1 notch or any material change in the shareholding or support philosophy of KOEL for Arka; and/or
- Deterioration in the asset quality (GNPA >5%), on a sustained basis, thereby also impacting its profitability

About the Company

Arka is a non-deposit taking systemically important non-banking financial company (NBFC). It is promoted by the Kirloskar group and is a step-down subsidiary of KOEL. Arka was originally incorporated as Kirloskar Capital Ltd, however, the name was subsequently changed to Arka Fincap Ltd in August 2019. In January 2022, KOEL transferred its 99.41% stake in Arka to AFHPL (wholly owned subsidiary of KOEL) and the remaining stake was transferred in March 2022. Arka commenced its operations from April 2019. It has senior leadership and experienced management team on board and has also put in place various policies for smooth operations of its business. Arka aims to build a loan book with a mix of corporate, real estate and SME/MSME segment.

About the Group

KOEL, one of the flagship companies of the Kirloskar group, manufactures and services diesel engines (primarily between 2.5-740 horsepower) and diesel generator sets (mainly between 2-1,010 kilo-volt-ampere). The company also makes diesel-, petrol-, and kerosene-based pump sets. It has manufacturing units in Pune, Kagal, and Nashik (all in Maharashtra). KOEL caters to the agriculture, power generation, and industrial sectors. On August 01, 2017, it acquired 76% stake in La-Gajjar Machineris Pvt Ltd and is likely to acquire the balance stake in the next five years, in line with the share purchase agreement. KOEL has set up an NBFC business through ARKA, with equity infusion of Rs 1000 crore till date.

Key Financial Indicators

For the year /period ended	Unit	Jun-23	2023	2022
Total assets	Rs crore	4191	4338	2,627
Total income	Rs crore	129	373	203
PAT	Rs crore	16	61	33
Gross stage 3	%	0.02	0.01	Nil
Return on assets	%	1.5	1.8	1.6
Gearing	Times	2.6	3.0	2.1

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument/lenders	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crores)	Complexity level	Rating Assigned with outlook
INE03W107082	Non-convertible debentures	26-Nov-21	8.4	26-Nov-2024	75	Simple	CRISIL AA-/Positive
INE03W107090	Non-convertible debentures	9-Feb-22	8.3	09-Feb-2025	100	Simple	CRISIL AA-/Positive
INE03W107124	Non-convertible debentures	06-Sep-22	8.2	06-Mar-2024	50	Simple	CRISIL AA-/Positive
INE03W107140	Non-convertible debentures	29-Sep-22	8.75	29-Sep-2025	50	Simple	CRISIL AA-/Positive
INE03W107173	Non-convertible debentures	30-Jan-23	9.35	31-Mar-2025	200	Simple	CRISIL AA-/Positive
INE03W107199	Non-convertible debentures	23-Mar-23	9.35	17-Mar-2025	50	Simple	CRISIL AA-/Positive
INE03W107181	Non-convertible debentures	23-Mar-23	9.35	17-Sep-2026	250	Simple	CRISIL AA-/Positive
INE03W107207	Non-convertible debentures	28-Mar-23	9.3	28-Jun-26	50	Simple	CRISIL AA-/Positive
NA	Non-convertible debentures*	NA	NA	NA	70.5	Simple	CRISIL AA-/Positive
NA	Non-convertible debentures (for Public issuance)*	NA	NA	NA	500	Simple	CRISIL AA-/Positive
INE03W107132	Long term principal protected market linked debentures	09-Sep-22	Linked to 10-year government security	06-Dec-2024	25	Highly Complex	CRISIL PPMLD AA-/Positive

INE03W107157	Long term principal protected market linked debentures	23-Sep-22	Linked to 10-year government security	23-Oct-2024	30	Highly Complex	CRISIL PPMLD AA-/Positive
INE03W107108	Long term principal protected market linked debentures	22-Mar-22	Linked to 10-year government security	19-Mar-2025	50	Highly Complex	CRISIL PPMLD AA-/Positive
INE03W107116	Long term principal protected market linked debentures	27-Jun-22	Linked to 10-year government security	27-Jun-2024	25	Highly Complex	CRISIL PPMLD AA-/Positive
INE03W107165	Long term principal protected market linked debentures	06-Jan-23	Linked to 10-year government security	05-Feb-2026	75	Highly Complex	CRISIL PPMLD AA-/Positive
NA	Long term principal protected market linked debentures*	NA	NA	NA	45	Highly Complex	CRISIL PPMLD AA-/Positive
INE03W108015	Subordinated debt	25-Aug-22	10.25	25-Feb-2028	60	Complex	CRISIL AA-/Positive
NA	Term loan@	NA	NA	28-Jun-2024	10	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	28-Jun-2024	12.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	29-Mar-2026	42.86	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	27-Dec-2026	110	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	04-Sep-2023	18.75	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	22-May-2025	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	20-Mar-2026	57	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-2023	7.33	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Mar-2025	33.94	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Apr-2026	55	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Nov-2024	65.63	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	26-Jul-2023	12.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-2026	42	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	05-Sep-2026	22.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Nov-2026	46.88	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Nov-2023	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	31-Dec-2023	8.75	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Aug-2025	45.83	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	03-Apr-2024	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	04-Mar-2024	7.27	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-2025	36.67	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Mar-2024	18.17	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-2026	7.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Dec-2026	7.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	15-Feb-2024	11.46	NA	CRISIL AA-/Positive

NA	Term loan@	NA	NA	25-Mar-2023	36	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	21-Oct-2023	5.83	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	29-Sep-2024	15	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	09-Jul-2024	18	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-May-2024	11.35	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-2025	18.73	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	26-Sep-2025	31.24	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-2026	40.62	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	31-Aug-2025	41.67	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	16-Feb-2026	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jan-2024	35.69	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Jul-2025	90	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	21-Dec-2023	7.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jul-2024	33.75	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	31-Dec-2024	29.15	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Nov-2025	45.81	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	20-Dec-2026	49.99	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	02-Mar-2025	33.33	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Sep-2025	83.31	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	29-Mar-2026	100	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Mar-2025	33.34	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	24-Mar-2026	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Jun-2025	45	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	01-Jul-2024	37.5	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	30-Aug-2027	94.73	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	23-Mar-2026	50	NA	CRISIL AA-/Positive
NA	Term loan@	NA	NA	10-Mar-2025	50	NA	CRISIL AA-/Positive
NA	Working capital facility#	NA	NA	NA	76.00	NA	CRISIL AA-/Positive
NA	Proposed long term bank loan facility^	NA	NA	NA	266.42	NA	CRISIL AA-/Positive
NA	Commercial Paper	NA	NA	7 to 365 Days	250	Simple	CRISIL A1+

@Term loan facility is as per outstanding as on March 31, 2023
^Interchangeable with short term bank loan facility; includes undrawn bank line from Bajaj Finance Limited
#Working capital facility is based on sanctioned amount
**Yet to be issued*

Annexure - Details of Rating withdrawn

ISIN	Name of the instrument/lenders	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crores)	Complexity level	Rating Assigned with outlook
INE03W107017	Non-convertible debentures	03-Jun-20	9.878	03-Jun-2023	30	Simple	Withdrawn

INE03W107025	Non-convertible debentures	09-Jun-20	9.876	09-Jun-2023	25	Simple	Withdrawn
INE03W107033	Non-convertible debentures	19-Jun-20	9.88	19-Jun-2023	50	Simple	Withdrawn
INE03W107058	Non-convertible debentures	03-Jul-20	9.75	03-Jul-2023	1.5	Simple	Withdrawn
INE03W107074	Long term principal protected market linked debentures	04-Aug-21	Linked to 10-year government security	04-Aug-2023	75	Highly Complex	Withdrawn

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT	2310.0	CRISIL AA-/Positive	27-04-23	CRISIL AA-/Stable	12-12-22	CRISIL AA-/Stable	29-09-21	CRISIL AA-/Stable	23-12-20	CRISIL AA-/Stable	CRISIL A1+ / CRISIL AA-/Stable
			--	24-02-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable	16-06-21	CRISIL AA-/Stable	29-10-20	CRISIL AA-/Stable	--
			--	07-02-23	CRISIL AA-/Stable	18-10-22	CRISIL AA-/Stable	29-05-21	CRISIL AA-/Stable	19-10-20	CRISIL AA-/Stable	--
			--	20-01-23	CRISIL AA-/Stable	05-08-22	CRISIL AA-/Stable	03-05-21	CRISIL AA-/Stable	25-06-20	CRISIL A1+ / CRISIL AA-/Stable	--
			--		--	04-08-22	CRISIL AA-/Stable	23-03-21	CRISIL AA-/Stable	29-05-20	CRISIL A1+ / CRISIL AA-/Stable	--
			--		--	08-06-22	CRISIL AA-/Stable		--		--	--
			--		--	15-03-22	CRISIL AA-/Stable		--		--	--
			--		--	27-01-22	CRISIL AA-/Stable		--		--	--
Commercial Paper	ST	250.0	CRISIL A1+	27-04-23	CRISIL A1+	12-12-22	CRISIL A1+	29-09-21	CRISIL A1+	23-12-20	CRISIL A1+	CRISIL A1+
			--	24-02-23	CRISIL A1+	19-10-22	CRISIL A1+	16-06-21	CRISIL A1+	29-10-20	CRISIL A1+	--
			--	07-02-23	CRISIL A1+	18-10-22	CRISIL A1+	29-05-21	CRISIL A1+	19-10-20	CRISIL A1+	--
			--	20-01-23	CRISIL A1+	05-08-22	CRISIL A1+	03-05-21	CRISIL A1+	25-06-20	CRISIL A1+	--
			--		--	04-08-22	CRISIL A1+	23-03-21	CRISIL A1+	29-05-20	CRISIL A1+	--
			--		--	08-06-22	CRISIL A1+		--		--	--
			--		--	15-03-22	CRISIL A1+		--		--	--
			--		--	27-01-22	CRISIL A1+		--		--	--
Non Convertible Debentures	LT	1395.5	CRISIL AA-/Positive	27-04-23	CRISIL AA-/Stable	12-12-22	CRISIL AA-/Stable	29-09-21	CRISIL AA-/Stable	23-12-20	CRISIL AA-/Stable	--
			--	24-02-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable	16-06-21	CRISIL AA-/Stable	29-10-20	CRISIL AA-/Stable	--
			--	07-02-23	CRISIL AA-/Stable	18-10-22	CRISIL AA-/Stable	29-05-21	CRISIL AA-/Stable	19-10-20	CRISIL AA-/Stable	--
			--	20-01-23	CRISIL AA-/Stable	05-08-22	CRISIL AA-/Stable	03-05-21	CRISIL AA-/Stable	25-06-20	CRISIL AA-/Stable	--
			--		--	04-08-22	CRISIL AA-/Stable	23-03-21	CRISIL AA-/Stable	29-05-20	CRISIL AA-/Stable	--
			--		--	08-06-22	CRISIL AA-/Stable		--		--	--
			--		--	15-03-22	CRISIL AA-/Stable		--		--	--
			--		--	27-01-22	CRISIL AA-/Stable		--		--	--
Subordinated Debt	LT	60.0	CRISIL AA-/Positive	27-04-23	CRISIL AA-/Stable	12-12-22	CRISIL AA-/Stable		--		--	--
			--	24-02-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable		--		--	--
			--	07-02-23	CRISIL AA-/Stable	18-10-22	CRISIL AA-/Stable		--		--	--

			--	20-01-23	CRISIL AA-/Stable	05-08-22	CRISIL AA-/Stable		--		--	--
Long Term Principal Protected Market Linked Debentures	LT	250.0	CRISIL PPMLD AA-/Positive	27-04-23	CRISIL PPMLD AA-/Stable	12-12-22	CRISIL PPMLD AA- r /Stable	29-09-21	CRISIL PPMLD AA- r /Stable		--	--
			--	24-02-23	CRISIL PPMLD AA-/Stable	19-10-22	CRISIL PPMLD AA- r /Stable	16-06-21	CRISIL PPMLD AA- r /Stable		--	--
			--	07-02-23	CRISIL PPMLD AA-/Stable	18-10-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--	20-01-23	CRISIL PPMLD AA- r /Stable	05-08-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	04-08-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	08-06-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	15-03-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	27-01-22	CRISIL PPMLD AA- r /Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility^	265.52	Not Applicable	CRISIL AA-/Positive
Proposed Long Term Bank Loan Facility^	0.9	Not Applicable	CRISIL AA-/Positive
Term Loan@	41.25	HDFC Bank Limited	CRISIL AA-/Positive
Term Loan@	18	IDFC FIRST Bank Limited	CRISIL AA-/Positive
Term Loan@	216.64	Bank of Baroda	CRISIL AA-/Positive
Term Loan@	94.73	Indian Bank	CRISIL AA-/Positive
Term Loan@	29.15	Union Bank of India	CRISIL AA-/Positive
Term Loan@	161.38	Tata Capital Financial Services Limited	CRISIL AA-/Positive
Term Loan@	91.67	Indian Overseas Bank	CRISIL AA-/Positive
Term Loan@	33.17	Punjab and Sind Bank	CRISIL AA-/Positive
Term Loan@	47.46	Utkarsh Small Finance Bank Limited	CRISIL AA-/Positive
Term Loan@	20.83	Bajaj Finance Limited	CRISIL AA-/Positive
Term Loan@	96.27	Aditya Birla Finance Limited	CRISIL AA-/Positive
Term Loan@	43.94	Axis Bank Limited	CRISIL AA-/Positive
Term Loan@	78.13	Kotak Mahindra Bank Limited	CRISIL AA-/Positive
Term Loan@	30.08	The Karnataka Bank Limited	CRISIL AA-/Positive
Term Loan@	134.48	IndusInd Bank Limited	CRISIL AA-/Positive
Term Loan@	50	Small Industries Development Bank of India	CRISIL AA-/Positive
Term Loan@	50	YES Bank Limited	CRISIL AA-/Positive
Term Loan@	54.58	The Federal Bank Limited	CRISIL AA-/Positive
Term Loan@	45	DCB Bank Limited	CRISIL AA-/Positive

Term Loan@	37.5	Bandhan Bank Limited	CRISIL AA-/Positive
Term Loan@	40.88	IndusInd Bank Limited	CRISIL AA-/Positive
Term Loan@	71.86	Bank of Maharashtra	CRISIL AA-/Positive
Term Loan@	125.69	State Bank of India	CRISIL AA-/Positive
Term Loan@	50	AU Small Finance Bank Limited	CRISIL AA-/Positive
Term Loan@	83.34	Canara Bank	CRISIL AA-/Positive
Term Loan@	125.75	ICICI Bank Limited	CRISIL AA-/Positive
Term Loan@	95.8	Punjab National Bank	CRISIL AA-/Positive
Working Capital Facility#	25	IndusInd Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	25	ICICI Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	5	The Federal Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	10	IDFC FIRST Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	1	Bandhan Bank Limited	CRISIL AA-/Positive
Working Capital Facility#	10	Kotak Mahindra Bank Limited	CRISIL AA-/Positive

@Term loan facility is as per outstanding as on March 31, 2023
^Interchangeable with short term bank loan facility; includes undrawn bank line from Bajaj Finance Limited
#Working capital facility is based on sanctioned amount

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support
CRISILs Criteria for rating short term debt

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com **Prakruti Jani** Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Ajit Velonie Senior Director **CRISIL Ratings Limited** B:+91 22 3342 3000 ajit.velonie@crisil.com Subha Sri Narayanan Director **CRISIL Ratings Limited** B:+91 22 3342 3000 subhasri.narayanan@crisil.com Bharat Nagda Management Trainee **CRISIL Ratings Limited** B:+91 22 3342 3000 Bharat.Nagda@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

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CRISIL Ratings

CONFIDENTIAL

RL/ARFILI/312743/NCD/0223/53315/138232675
February 24, 2023

Mr. Amit Gupta
Chief Financial Officer
ARKA Fincap Limited
One Indiabulls Centre,
Tower 2B, Floor 12B,
Senapati Bapat Marg,
Mumbai City - 400013
9619475839

Dear Mr. Amit Gupta,

Re: Review of CRISIL Rating on the Rs.500 Crore Non Convertible Debentures& of ARKA Fincap Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL AA-/Stable (pronounced as CRISIL double A minus rating with Stable outlook) rating on the captioned debt instrument. Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subhasri Narayanan	Nivedita Shibu
Director - CRISIL Ratings	Associate Director - CRISIL Ratings

& For public issuance

Ratings

CRISIL

CONFIDENTIAL

RL/ARFILI/310006/NCD/0123/51052/138232675
January 20, 2023

Mr. Amit Gupta
Chief Financial Officer
ARKA Fincap Limited
One Indiabulls Centre,
Tower 2B, Floor 12B,
Senapati Bapat Marg,
Mumbai City - 400013
9619475839

Dear Mr. Amit Gupta,

Re: CRISIL Rating on the Rs. 500 Crore Non Convertible Debentures[&] of ARKA Fincap Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, assigned a CRISIL AA-/Stable (pronounced as CRISIL double A minus rating with Stable outlook) rating to the captioned Debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Further, in view of your decision to accept the CRISIL Ratings, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subhasri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

& For public issuance

Ratings

CRISIL

An S&P Global Company

Details of the Rs. 500 Crore Non Convertible Debentures of ARKA Fincap Limited

	1st tranche		*2nd tranche*		*3rd tranche*	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

CRISIL Ratings

Rating Rationale

February 24, 2023 | Mumbai

ARKA Fincap Limited

'CRISIL AA- / Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.1810 Crore**
Long Term Rating	**CRISIL AA-/Stable (Reaffirmed)**

Rs.300 Crore Non Convertible Debentures	**CRISIL AA-/Stable (Assigned)**
Rs.200 Crore Non Convertible Debentures	**CRISIL AA-/Stable (Reaffirmed)**
Rs.500 Crore Non Convertible Debentures&	**CRISIL AA-/Stable (Reaffirmed)**
Rs.60 Crore Subordinated Debt	**CRISIL AA-/Stable (Reaffirmed)**
Rs.250 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Non Convertible Debentures Aggregating Rs.502 Crore	**CRISIL AA-/Stable (Reaffirmed)**
Long Term Principal Protected Market Linked Debentures Aggregating Rs.325 Crore	**CRISIL PPMLD AA-/Stable (Reaffirmed)**

& For public issuance
Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL AA-/Stable'** rating to the Rs 300 crore Non-convertible debenture of ARKA Fincap Limited (Arka) while reaffirming the ratings on outstanding debt instruments and bank facilities at 'CRISIL AA-/CRISIL PPMLD AA-/Stable/CRISIL A1+'.

CRISIL Ratings on the bank facilities and debt instruments of Arka continue to factor in the expectation of strong support from the ultimate parent, Kirloskar Oil Engines Ltd (KOEL; rated 'CRISIL AA/Stable/CRISIL A1+'), because of strategic importance and strong moral obligations. The ratings also factor in adequate capitalisation for the initial stages of operations. These strengths are partially offset by the nascent stage of operations.

As KOEL aims to expand into other financial services business, it has formed a holding company, Arka Financial Holdings Pvt Ltd (AFHPL) which will be the holding company for all financial services businesses of KOEL. KOEL has transferred 100% of its stake in Arka to AFHPL. KOEL, nevertheless, will continue to ultimately holds 100% stake in Arka and will remain the majority shareholder over the medium term. KOEL has infused around Rs 930 crore in ARKA till date.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has assessed the standalone credit risk profile of Arka, and factored in the support expected from ultimate parent, KOEL, given the strategic importance of Arka to the former, 100% ultimate shareholding, and the strong moral and financial obligations to support it.

Key Rating Drivers & Detailed Description

Strengths:

- **Strategic importance to, and expectation of strong support from, KOEL**
  Arka derives strong support from its ultimate parent, KOEL, in the form of high strategic importance and strong moral obligations, being its step-down subsidiary. The financial services entity has been identified as a focus area for the parent's overall diversification plans. KOEL has already infused around Rs 930 crores till date (Rs 125 crore and Rs 130 crore were infused in fiscal 2021 and fiscal 2022 respectively; Rs 149 crore were infused in fiscal 2023 till date), depicting strong financial support towards its subsidiary. KOEL wholly owns Arka and is expected to remain the majority shareholder over the medium term. Moreover, 3 out of 7 directors on Arka's board are also on KOEL's board. Promoters of KOEL also have representation in most of the key committees of Arka, viz., credit, asset liability, IT steering, risk management, etc. Arka is expected to benefit from the Kirloskar group's expertise, especially in small and medium enterprise (SME) lending.

  The rating also factors in the strong support from the ultimate parent KOEL, demonstrated by the articulation of its intention to support Arka by way of: (i) its intention to maintain majority shareholding in Arka in the foreseeable future, (ii) Arka, being core to overall business strategy of growth of which diversification into financial services is an integral part, and, (iii) KOEL, making it best efforts to conduct Arka's business in line with Kirloskar group's philosophy, so that it meet its obligations on a timely basis.

- **Adequate capitalisation for initial stages of operations**
  Arka benefits from funding support from the ultimate parent and has adequate capitalisation for initial stages of operations. KOEL has already infused around Rs. 930 crore till date. Capital support from the parent, is expected to keep capitalisation of Arka adequate (Net worth of Rs 1,036 crore and Capital Adequacy ratio of 29.8% as on December 31, 2022 and Rs 837 crore and 30.9% as on March 31, 2022), with low gearing of 2.4 times as on December 31, 2022 (2.1 times as on March 31, 2022) in the initial stages of operation.

Weakness:

- **Nascent stage of operations**
  As operations have only commenced in April 2019, they are still in the initial stage. The total loan book stood at Rs 3,390 crore as on December 31, 2022 (Rs 2,380 crore as on March 31, 2022 and Rs 1,124 crore as on March 31, 2021) with a mix of corporate (45%), real estate (32%) and SME/micro-SME exposure (23%). Going ahead, Arka plans to build a loan book with a healthy mix of corporate, real estate and MSME segments. The company's ability to scale up operations with a healthy loan book, while maintaining its asset quality over the medium term would be a key monitorable.

Liquidity : Adequate
Arka had overall borrowings of Rs 2,441 crore as on December 31, 2022 (Rs 1,734 crore as on March 31, 2022). The company's liquidity is adequate with around Rs 379 crore of cash/cash equivalents and liquid investments as on January 31, 2023. Against this, outflow on account of debt repayments in next four months (February'23 till May'23) is ~Rs 384 crore. Liquidity is further supported by expectation of financial assistance from ultimate parent, in case of any requirement.

Outlook Stable
CRISIL Ratings believes Arka will remain strategically important to KOEL and will continue to benefit from its strong support and high moral obligations from the ultimate parent over the medium term.

Rating Sensitivity factors
Upward factors:

- Upward revision in the rating of its ultimate parent, KOEL, by 1 notch
- Ability to significantly scale up the loan book while maintaining asset quality, and improvement in earnings profile on a sustained basis

Downward factors:

- Downward revision in the rating of its ultimate parent, KOEL, by 1 notch or any material change in the shareholding or support philosophy of KOEL for Arka; and/or
- Deterioration in the asset quality (GNPA >5%), on a sustained basis, thereby also impacting its profitability

About the Company
Arka is a non-deposit taking systemically important non-banking financial company (NBFC). It is promoted by the Kirloskar group and is a step-down subsidiary of KOEL. Arka was originally incorporated as Kirloskar Capital Ltd, however, the name was subsequently changed to Arka Fincap Ltd in August 2019. In January 2022, KOEL transferred its 99.41% stake in Arka to AFHPL (wholly owned subsidiary of KOEL) and the remaining stake was transferred in March 2022. Arka commenced its operations from April 2019. It has senior leadership and experienced management team on board and has also put in place various policies for smooth operations of its business. Arka aims to build a loan book with a mix of corporate, real estate and SME/MSME segment.

About the KOEL
KOEL, one of the flagship companies of the Kirloskar group, manufactures and services diesel engines (primarily between 2.5-740 horsepower) and diesel generator sets (mainly between 2-1,010 kilo-volt-ampere). The company also makes diesel-, petrol-, and kerosene-based pump sets. It has manufacturing units in Pune, Kagal, and Nashik (all in Maharashtra). KOEL caters to the agriculture, power generation, and industrial sectors. On August 01, 2017, it acquired 76% stake in La-Gajjar Machineris Pvt Ltd and is likely to acquire the balance stake in the next five years, in line with the share purchase agreement. KOEL has set up an NBFC business through ARKA, with equity infusion of Rs 880 crore till date.

For fiscal 2022, on a standalone basis, net profit was Rs 208 crores on revenue of Rs 3,300 crores, against Rs 170 crores and Rs 2,694 crores, respectively, in the previous fiscal.

Key Financial Indicators

For the year ended March 31,	Unit	2022	2021
Total assets	Rs crore	2,627	1,366
Total income	Rs crore	203	103
PAT	Rs crore	33	17
Gross stage 3	%	Nil	Nil
Return on assets	%	1.6	1.7
Gearing	Times	2.1	1.0

For the nine months ended December 31,	Unit	2022	2021
Total assets	Rs crore	3,613	2,157
Total income	Rs crore	259	139
PAT	Rs crore	49	26

Gross stage 3	**%**	**0.004**	**Nil**
Return on assets (annualized)	**%**	**2.1**	**2.0**
Gearing	**Times**	**2.4**	**1.5**

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument/lenders	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crores)	Complexity level	Rating Assigned with outlook
INE03W107017	Non-convertible debentures	03-Jun-20	9.878	03-Jun-23	30	Simple	CRISIL AA-/Stable
INE03W107025	Non-convertible debentures	09-Jun-20	9.876	09-Jun-23	25	Simple	CRISIL AA-/Stable
INE03W107033	Non-convertible debentures	19-Jun-20	9.88	19-Jun-23	50	Simple	CRISIL AA-/Stable
INE03W107058	Non-convertible debentures	03-Jul-20	9.75	03-Jul-23	1.5	Simple	CRISIL AA-/Stable
INE03W107082	Non-convertible debentures	26-Nov-21	8.4	26-Nov-24	75	Simple	CRISIL AA-/Stable
INE03W107090	Non-convertible debentures	09-Feb-22	8.3	09-Feb-25	100	Simple	CRISIL AA-/Stable
INE03W107124	Non-convertible debentures	06-Sep-22	8.2	06-Mar-24	50	Simple	CRISIL AA-/Stable
INE03W107140	Non-convertible debentures	29-Sep-22	8.75	29-Sep-25	50	Simple	CRISIL AA-/Stable
INE03W107173	Non-convertible debentures	30-Jan-23	9.35	31-Mar-25	200	Simple	CRISIL AA-/Stable
NA	Non-convertible debentures*	NA	NA	NA	120.5	Simple	CRISIL AA-/Stable
NA	Non-convertible debentures*	NA	NA	NA	300	Simple	CRISIL AA-/Stable
NA	Non-convertible debentures (for Public issuance)*	NA	NA	NA	500	Simple	CRISIL AA-/Stable
INE03W107132	Long term principal protected market linked debentures	09-Sep-22	Linked to 10-year government security	06-Dec-24	26	Highly Complex	CRISIL PPMLD AA-/Stable
INE03W107157	Long term principal protected market linked debentures	23-Sep-22	Linked to 10-year government security	23-Oct-24	30	Highly Complex	CRISIL PPMLD AA-/Stable
INE03W107074	Long term principal protected market linked debentures	04-Aug-21	Linked to 10-year government security	04-Aug-23	75	Highly Complex	CRISIL PPMLD AA-/Stable
INE03W107108	Long term principal protected market linked debentures	22-Mar-22	Linked to 10-year government security	19-Mar-25	50	Highly Complex	CRISIL PPMLD AA-/Stable
INE03W107116	Long term principal protected market linked debentures	27-Jun-22	Linked to 10-year government security	27-Jun-24	25	Highly Complex	CRISIL PPMLD AA-/Stable
INE03W107165	Long term principal protected market linked debentures	06-Jan-23	Linked to 10-year government security	05-Feb-26	75	Highly Complex	CRISIL PPMLD AA-/Stable

NA	Long term principal protected market linked debentures*	NA	NA	NA	44	Highly Complex	CRISIL PPMLD AA-/Stable
INE03W108015	Subordinated debt	25-Aug-22	10.25	25-Feb-28	60	Complex	CRISIL AA-/Stable
NA	Term loan@	NA	NA	02-Jan-23	7.5	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	28-Jun-24	12.5	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	28-Jun-24	15	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	29-Mar-26	46.4	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	27-Dec-26	110	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	04-Sep-23	28.1	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	22-May-25	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Jun-23	7.3	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	01-Mar-25	38.2	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Nov-24	75	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	26-Jul-23	18.8	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	15-Dec-26	23.3	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	05-Sep-26	45	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	15-Nov-26	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	15-Nov-23	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	31-Dec-23	11.7	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Aug-25	50.4	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	03-Apr-24	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	04-Mar-24	9.1	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	15-Dec-25	40	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Mar-24	22.7	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	15-Feb-24	14.6	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	21-Oct-23	8.3	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	29-Sep-24	18.3	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	09-Jul-24	21	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-May-24	13.6	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Jun-25	20.8	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	26-Sep-25	34.4	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Jun-26	43.7	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	31-Aug-25	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	16-Feb-26	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Jan-24	50	NA	CRISIL AA-/Stable

NA	Term loan@	NA	NA	01-Jul-25	100	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	21-Dec-23	10	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Jul-24	39.4	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	31-Dec-24	33.3	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Nov-25	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	20-Dec-26	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	02-Mar-25	37.5	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Sep-25	91.7	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Mar-25	41.7	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Jun-25	50	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	01-Jul-24	43.8	NA	CRISIL AA-/Stable
NA	Term loan@	NA	NA	30-Aug-27	100	NA	CRISIL AA-/Stable
NA	Working capital facility#	NA	NA	NA	76	NA	CRISIL AA-/Stable
NA	Proposed long term bank loan facility^	NA	NA	NA	0.9	NA	CRISIL AA-/Stable
NA	Commercial Paper	NA	NA	7 to 365 Days	250	Simple	CRISIL A1+

@Term loan facility is as per outstanding as on December 31, 2022
^Interchangeable with short term bank loan facility
#Working capital facility is based on sanctioned amount
**Yet to be issued*

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT	1810.0	CRISIL AA-/Stable	07-02-23	CRISIL AA-/Stable	12-12-22	CRISIL AA-/Stable	29-09-21	CRISIL AA-/Stable	23-12-20	CRISIL AA-/Stable	CRISIL A1+ / CRISIL AA-/Stable
			--	20-01-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable	16-06-21	CRISIL AA-/Stable	29-10-20	CRISIL AA-/Stable	--
			--		--	18-10-22	CRISIL AA-/Stable	29-05-21	CRISIL AA-/Stable	19-10-20	CRISIL AA-/Stable	--
			--		--	05-08-22	CRISIL AA-/Stable	03-05-21	CRISIL AA-/Stable	25-06-20	CRISIL A1+ / CRISIL AA-/Stable	--
			--		--	04-08-22	CRISIL AA-/Stable	23-03-21	CRISIL AA-/Stable	29-05-20	CRISIL A1+ / CRISIL AA-/Stable	--
			--		--	08-06-22	CRISIL AA-/Stable		--		--	--
			--		--	15-03-22	CRISIL AA-/Stable		--		--	--
			--		--	27-01-22	CRISIL AA-/Stable		--		--	--
Commercial Paper	ST	250.0	CRISIL A1+	07-02-23	CRISIL A1+	12-12-22	CRISIL A1+	29-09-21	CRISIL A1+	23-12-20	CRISIL A1+	CRISIL A1+
			--	20-01-23	CRISIL A1+	19-10-22	CRISIL A1+	16-06-21	CRISIL A1+	29-10-20	CRISIL A1+	--
			--		--	18-10-22	CRISIL A1+	29-05-21	CRISIL A1+	19-10-20	CRISIL A1+	--
			--		--	05-08-22	CRISIL A1+	03-05-21	CRISIL A1+	25-06-20	CRISIL A1+	--
			--		--	04-08-22	CRISIL A1+	23-03-21	CRISIL A1+	29-05-20	CRISIL A1+	--
			--		--	08-06-22	CRISIL A1+		--		--	--

			--		--	15-03-22	CRISIL A1+		--		--	--
			--		--	27-01-22	CRISIL A1+		--		--	--
Non Convertible Debentures	LT	1502.0	CRISIL AA-/Stable	07-02-23	CRISIL AA-/Stable	12-12-22	CRISIL AA-/Stable	29-09-21	CRISIL AA-/Stable	23-12-20	CRISIL AA-/Stable	--
			--	20-01-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable	16-06-21	CRISIL AA-/Stable	29-10-20	CRISIL AA-/Stable	--
			--		--	18-10-22	CRISIL AA-/Stable	29-05-21	CRISIL AA-/Stable	19-10-20	CRISIL AA-/Stable	--
			--		--	05-08-22	CRISIL AA-/Stable	03-05-21	CRISIL AA-/Stable	25-06-20	CRISIL AA-/Stable	--
			--		--	04-08-22	CRISIL AA-/Stable	23-03-21	CRISIL AA-/Stable	29-05-20	CRISIL AA-/Stable	--
			--		--	08-06-22	CRISIL AA-/Stable		--		--	--
			--		--	15-03-22	CRISIL AA-/Stable		--		--	--
			--		--	27-01-22	CRISIL AA-/Stable		--		--	--
Subordinated Debt	LT	60.0	CRISIL AA-/Stable	07-02-23	CRISIL AA-/Stable	12-12-22	CRISIL AA-/Stable		--		--	--
			--	20-01-23	CRISIL AA-/Stable	19-10-22	CRISIL AA-/Stable		--		--	--
			--		--	18-10-22	CRISIL AA-/Stable		--		--	--
			--		--	05-08-22	CRISIL AA-/Stable		--		--	--
Long Term Principal Protected Market Linked Debentures	LT	325.0	CRISIL PPMLD AA-/Stable	07-02-23	CRISIL PPMLD AA-/Stable	12-12-22	CRISIL PPMLD AA- r /Stable	29-09-21	CRISIL PPMLD AA- r /Stable		--	--
			--	20-01-23	CRISIL PPMLD AA- r /Stable	19-10-22	CRISIL PPMLD AA- r /Stable	16-06-21	CRISIL PPMLD AA- r /Stable		--	--
			--		--	18-10-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	05-08-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	04-08-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	08-06-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	15-03-22	CRISIL PPMLD AA- r /Stable		--		--	--
			--		--	27-01-22	CRISIL PPMLD AA- r /Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility&	**0.9**	**Not Applicable**	**CRISIL AA-/Stable**
Term Loan^	**78.13**	**ICICI Bank Limited**	**CRISIL AA-/Stable**
Term Loan^	**93.75**	**Kotak Mahindra Bank Limited**	**CRISIL AA-/Stable**
Term Loan^	**45.51**	**Aditya Birla Finance Limited**	**CRISIL AA-/Stable**
Term Loan^	**49.09**	**Axis Bank Limited**	**CRISIL AA-/Stable**

Term Loan^	41.67	Canara Bank	CRISIL AA-/Stable
Term Loan^	129.18	Bank of Baroda	CRISIL AA-/Stable
Term Loan^	50	DCB Bank Limited	CRISIL AA-/Stable
Term Loan^	43.75	Bandhan Bank Limited	CRISIL AA-/Stable
Term Loan^	100	Indian Bank	CRISIL AA-/Stable
Term Loan^	50	AU Small Finance Bank Limited	CRISIL AA-/Stable
Term Loan^	78.12	Bank of Maharashtra	CRISIL AA-/Stable
Term Loan^	149.98	State Bank of India	CRISIL AA-/Stable
Term Loan^	49.38	HDFC Bank Limited	CRISIL AA-/Stable
Term Loan^	33.32	Union Bank of India	CRISIL AA-/Stable
Term Loan^	99.98	Punjab National Bank	CRISIL AA-/Stable
Term Loan^	108.33	Tata Capital Financial Services Limited	CRISIL AA-/Stable
Term Loan^	21	IDFC FIRST Bank Limited	CRISIL AA-/Stable
Term Loan^	100	Indian Overseas Bank	CRISIL AA-/Stable
Term Loan^	34.44	The Karnataka Bank Limited	CRISIL AA-/Stable
Term Loan^	62.09	The Federal Bank Limited	CRISIL AA-/Stable
Term Loan^	60	Tata Capital Financial Services Limited	CRISIL AA-/Stable
Term Loan^	22.71	Punjab and Sind Bank	CRISIL AA-/Stable
Term Loan^	14.58	Utkarsh Small Finance Bank Limited	CRISIL AA-/Stable
Term Loan^	26.66	Bajaj Finance Limited	CRISIL AA-/Stable
Term Loan^	191.43	IndusInd Bank Limited	CRISIL AA-/Stable
Working Capital Facility@	10	Kotak Mahindra Bank Limited	CRISIL AA-/Stable
Working Capital Facility@	25	ICICI Bank Limited	CRISIL AA-/Stable
Working Capital Facility@	1	Bandhan Bank Limited	CRISIL AA-/Stable
Working Capital Facility@	5	The Federal Bank Limited	CRISIL AA-/Stable
Working Capital Facility@	10	IDFC FIRST Bank Limited	CRISIL AA-/Stable
Working Capital Facility@	25	IndusInd Bank Limited	CRISIL AA-/Stable

This Annexure has been updated on 24-Feb-23 in line with the lender-wise facility details as on 15-Mar-22 received from the rated entity

& - Interchangeable with short term bank loan facility
^ - Term loan facility is as per outstanding as on December 31, 2022
@ - Working capital facility is based on sanctioned amount

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com	Krishnan Sitaraman Senior Director and Deputy Chief Ratings Officer **CRISIL Ratings Limited** D:+91 22 3342 8070 krishnan.sitaraman@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com

Prakruti Jani Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Subhasri Narayanan Director **CRISIL Ratings Limited** D:+91 22 3342 3403 subhasri.narayanan@crisil.com AMLAN JYOTI BADU Senior Rating Analyst **CRISIL Ratings Limited** B:+91 22 3342 3000 AMLAN.BADU@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com

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ANNEXURE B – DEBENTURE TRUSTEE CONSENT LETTER

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CTL/MUM/22-23/7379 20th February 2023

Arka Fincap Limited,
Regd, & Corp Office: One World Center, 1202B,
Tower 2B, Floor 12B, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400013

Dear Ma'am/Sir

Sub: Proposed public issue by Arka Fincap Limited ("Company" or "Issuer") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000/- each ("NCDs") for an amount aggregating up to ₹ 500,00,00,000 ("Issue").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in (i) the draft shelf prospectus ("**Draft Shelf Prospectus**") to be filed with the BSE Limited ("**BSE**") for the purpose of receiving public comments and to be submitted with the Securities and Exchange Board of India ("**SEBI**") for record purposes; (ii) the shelf prospectus proposed to be filed with the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") and to be submitted with SEBI and BSE in relation to the Issue (" **Shelf Prospectus**"); (iii) the relevant tranche prospectuses proposed to be filed with the RoC and to be submitted with SEBI and BSE in relation to the Issue ("**Tranche Prospectuses**"); (iv) the abridged prospectuses; and (v) all advertisements/documents and communications in connection with the Issue ("**Issue Related Material**").

The following details with respect to us may be disclosed Draft Shelf prospectus, Shelf prospectus, Tranche Prospectuses, abridged prospectuses and/or Issue Related Material:

CATALYST
Catalyst Trusteeship Limited

Logo:	
Name:	Catalyst Trusteeship Limited
Address:	GDA House', Plot No. 85, Bhusari Colony (Right), Kothrud, Pune – 411038, Maharashtra
Tel:	022 4922 0555
Fax:	022 4922 0505
Email:	ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance email:	grievance@ctltrustee.com
Website:	www.catalysttrustee.com
Contact Person:	Mr. Umesh Salvi
Compliance Officer:	Ms. Rakhi Kulkarni
SEBI Registration No:	IND000000034
CIN:	U74999PN1997PLC110262

We confirm that we are registered with the SEBI as a debenture trustee and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI or any other regulatory/statutory authority from acting as an intermediary in capital market issues. We also confirm that we have not been debarred from functioning as Debenture Trustee by any regulatory/statutory authority, court or tribunal.

We further confirm that no enquiry/investigation is presently being conducted by SEBI on us.
We confirm that the information in relation to us in this letter together with the annexures is true, correct and complete in all respect and may be disclosed in the Draft Shelf Prospectus, Shelf Prospectus, Tranche Prospectus, abridged prospectuses and/or Issue Related Material.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 and Section 31 of the Companies Act, 2013, as amended, the SEBI, the BSE and any other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed Issue is publicly announced by the Company (i) the nature and scope of the Issue; and (ii) our knowledge of the proposed Issue.

We confirm that we will immediately inform the Company and the Lead Managers of any change, in writing, to the above information until the date when the proposed Public Issue of NCDs commence trading on the BSE. In the absence of any such communication from us, the above information should be taken as accurate and updated information until the NCDs commence trading on the BSE.

This letter may be relied upon by you, the Lead Managers and the legal advisor to the Issue in respect of the Issue.

Sincerely

For **Catalyst Trusteeship Limited**

Authorised Signatory
Name: **Ramanujam Y**
Designation: **Manager**

CC:

Lead Managers
JM Financial Limited
7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025
Maharashtra, India

Edelweiss Financial Services Limited
Edelweiss House, Off. C.S.T Road,
Kalina, Mumbai 400098

Khaitan & Co
One World Centre
10th & 13th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

Annexure A

डिबेंचर न्यासी | प्ररूप ख FORM-B | DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000 28 2

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा 12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

Catalyst Trusteeship Limited
GDA House, First Floor, Plot No. 85,
S. No. 94 & 95, Bhusari Colony (Right), Kothrud,
Pune- 411038, Maharashtra

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र एतद्द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है
2) Registration Code for the debenture trustee is IND000000034

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।
3) Unless renewed, the certificate of registration is valid from to

This Certificate of Registration shall be valid from 13/04/2022 for permanent, unless suspended or cancelled by the Board

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : Mumbai
तारीख Date : April 18, 2022

DINESH JOSHI
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

Annexure B

[Date]

Arka Fincap Limited,
Regd, & Corp Office: One World Center, 1202B,
Tower 2B, Floor 12B, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400013

Dear Ma'am/Sir

Sub: Proposed public issue by Arka Fincap Limited ("Company" or "Issuer") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000/- each ("NCDs") for an amount aggregating up to ₹ 500,00,00,000 ("Issue").

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000034
2.	Date of registration/ Renewal of registration	April 18, 2022
3.	Date of expiry of registration	Permanent Registration
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
6.	Any enquiry/ investigation being conducted by SEBI	NIL
7.	Period up to which registration/ renewal fees has been paid:	March 28, 2027
8.	Details of any penalty imposed by SEBI	NIL

For **Catalyst Trusteeship Limited**

Authorised Signatory
Name: **Ramanujam** Y
Designation: **Manager**

ANNEXURE C – FINANCIAL STATEMENTS

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P G BHAGWAT LLP
Chartered Accountants | Since 1938
LLPIN: AAT 9949

HEAD OFFICE
Suite 102, 'Orchard',
Dr. Pai Marg, Baner,
Pune - 411045.
Tel.: 020 - 27290771 / 1772 / 1773
Email : pgb@pgbhagwatca.com
Web : www.pgbhagwatca.com

Limited Review Report for unaudited quarterly and year to date results pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To The Board of Directors of

Arka Fincap Limited

One World Center, Tower 2B,

Floor 12B, Senapati Bapat Marg,

Mumbai 400013, India.

Introduction

We have reviewed the accompanying Statement of unaudited financial results of Arka Fincap Limited ("the Company") for the quarter ended 30 September 2023 and year-to-date results for the period from 01 April 2023 to 30 September 2023 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'). This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.

Scope of Review

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus, provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For P G BHAGWAT LLP
Chartered Accountants
Firm's Registration Number: 101118W/W100682

DEO NACHIKET RATNAKAR
Digitally signed by DEO NACHIKET RATNAKAR
Date: 2023.10.25 18:17:35 +05'30'

Nachiket Deo
Partner
Membership No. 117695
UDIN: 23117695BGXKUS1281
Place: Pune
Date: 25th October 2023

Arka Fincap Limited

Regd. Office: 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India
Tel: +91 22 40471000 **CIN**: U65993MH2018PLC308329
Website: www.arkafincap.com **E-mail**: arkasecretarialandcompliance@arkafincap.com

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

(₹ in Lakhs)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Revenue from operations**						
	(a) Interest income	11,474.30	11,560.11	7,723.85	23,034.41	15,155.74	35,074.05
	(b) Fees and commission income	220.13	232.03	210.50	452.16	435.00	810.25
	(c) Gain on derecognition of financial assets measured at amortised cost	371.35	409.96	-	781.31	-	-
	(d) Net gain on sale of investments	684.60	520.10	437.11	1,204.70	520.55	1,182.01
	(e) Net gain on fair value changes of investments	(79.99)	80.04	-	0.05	-	-
	Total revenue from operations	**12,670.39**	**12,802.24**	**8,371.46**	**25,472.63**	**16,111.29**	**37,066.31**
2	**Other income**	281.73	93.44	68.22	375.17	74.93	222.57
3	**Total income (1+2)**	**12,952.12**	**12,895.68**	**8,439.68**	**25,847.80**	**16,186.22**	**37,288.88**
4	**Expenses**						
	(a) Finance costs	7,090.87	7,353.91	4,321.04	14,444.78	8,152.96	19,617.28
	(b) Net loss on fair value changes	-	-	91.86	-	51.22	76.10
	(c) Impairment on financial instruments	548.57	1,157.09	31.49	1,705.66	176.77	598.76
	(d) Employee benefit expenses	1,847.25	1,302.38	1,204.66	3,149.63	2,479.78	6,311.95
	(e) Depreciation and amortisation expenses	207.20	197.98	98.17	405.18	193.56	393.60
	(f) Other expenses	707.82	656.50	437.82	1,364.32	805.15	2,010.72
	Total expenses	**10,401.71**	**10,667.86**	**6,185.04**	**21,069.57**	**11,859.44**	**29,008.41**
5	**Profit before tax (3-4)**	**2,550.41**	**2,227.82**	**2,254.64**	**4,778.23**	**4,326.78**	**8,280.47**
6	**Tax expense**						
	(a) Current tax	635.67	168.14	659.98	803.81	1,296.53	2,450.07
	(b) (Excess)/Short provision related to earlier years	-	-	333.12	-	333.12	333.12
	(c) Deferred tax	29.52	413.23	(269.29)	442.75	(371.76)	(639.18)
	Total tax expenses	**665.19**	**581.37**	**723.81**	**1,246.56**	**1,257.89**	**2,144.01**
7	**Profit after tax (5-6)**	**1,885.22**	**1,646.45**	**1,530.83**	**3,531.67**	**3,068.89**	**6,136.46**
8	**Other comprehensive income, net of tax**						
	(a) Items that will not be reclassified to profit and loss	-	-	-	-	-	(2.75)
	(b) Items that will be reclassified to profit and loss	-	-	-	-	-	-
	Total other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**-**	**(2.75)**
9	**Total comprehensive income (7+8)**	**1,885.22**	**1,646.45**	**1,530.83**	**3,531.67**	**3,068.89**	**6,133.71**
10	**Paid-up equity share capital (Face value of ₹ 10/- each)**	92,872.81	92,872.81	88,402.23	92,872.81	88,402.23	88,402.23
11	**Other equity**	21,322.04	19,375.44	13,281.71	21,322.04	13,281.71	16,450.73
12	**Earning per share (In ₹)**						
	(a) Basic (Not Annualised)	0.21	0.18	0.18	0.39	0.37	0.72
	(b) Diluted (Not Annualised)	0.20	0.18	0.18	0.38	0.37	0.71

Notes:

1 **Statement of assets and liabilities (Balance Sheet):**

(₹ in Lakhs)

Particulars	As at 30 September 2023	As at 31 March 2023
	Unaudited	Audited
ASSETS		
(I) Financial assets		
(a) Cash and cash equivalents	34,005.50	21,438.88
(b) Bank balances other than cash and cash equivalents	1,027.47	1,022.19
(c)Trade receivables	60.75	-
(d) Loans	3,94,535.11	3,68,572.88
(e) Investments	14,476.28	39,101.78
(f) Other financial assets	2,335.91	1,100.73
	4,46,441.02	**4,31,236.46**
(II) Non-financial assets		
(a) Current tax assets (net)	1,575.16	445.86
(b) Deferred tax assets (net)	850.08	1,292.82
(c) Property, plant and equipment	1,275.87	313.71
(d) Intangible assets	261.47	256.15
(e) Capital work-in-progress	502.35	-
(e) Other non-financial assets	315.26	264.44
	4,780.19	**2,572.98**
TOTAL ASSETS (I+II)	**4,51,221.21**	**4,33,809.44**
LIABILITIES AND EQUITY		
(III) Financial liabilities		
(a) Trade payables		
(i) Outstanding to micro enterprises and small enterprises	-	17.73
(ii) Outstanding dues of creditors other than micro and small enterprises	327.45	144.48
(b) Debt securities	92,709.18	1,09,742.15
(c) Borrowings (other than debt securities)	2,16,642.92	1,95,521.88
(d) Subordinated Debt	6,016.39	6,317.82
(e) Other financial liabilities	16,436.39	12,673.11
	3,32,132.33	**3,24,417.17**
(IV) Non-financial liabilities		
(a) Current tax liabilities (net)	-	-
(b) Provisions	463.30	466.70
(c) Other non-financial liabilities	4,430.73	4,072.61
	4,894.03	**4,539.31**
(V) Equity		
(a) Equity share capital	92,872.81	88,402.23
(b) Other equity	21,322.04	16,450.73
	1,14,194.85	**1,04,852.96**
TOTAL LIABILITIES AND EQUITY (III+IV+V)	**4,51,221.21**	**4,33,809.44**

VIMAL BHANDARI Digitally signed by VIMAL BHANDARI Date: 2023.10.25 17:32:13 +05'30'

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2 **Statement of Cash Flows:**

(₹ in Lakhs)

Particulars	Half Year Ended 30 September 2023 Unaudited	Half Year Ended 30 September 2022 Unaudited
A Cash Flow from Operating Activities		
Net profit before tax	**4,778.23**	**4,326.78**
Adjustments for:		
Add:		
Depreciation and amortisation	405.18	193.56
Loss on sale of Property, Plant and Equipment	2.08	0.19
Provision for expected credit loss	1,705.66	176.77
Provision for share based payments	110.18	32.58
Fair value loss / (gain) on investments	(0.05)	51.22
Gain on derecognition of financial assets measured at amortised cost	(761.88)	-
Finance cost	14,444.78	8,152.96
	15,905.95	**8,607.28**
Less:		
Interest received on fixed deposits	444.85	99.05
Profit on sale of investments	1,204.70	520.55
Interest received on debt instrument	1,007.77	490.38
Interest income on security deposit	21.30	11.90
Amortised discount income on commercial paper	-	0.34
	2,678.62	**1,122.22**
Operating profit before working capital changes	**18,005.56**	**11,811.84**
Adjustments:		
(Increase)/Decrease in loans and advances	(27,757.53)	(42,032.93)
(Increase) / Decrease in trade receivables	(60.75)	43.74
(Increase) / Decrease in security deposits	30.77	(11.79)
(Increase) / Decrease in Prepaid expenses	15.96	(48.21)
(Increase) / Decrease in Other financial assets	(299.32)	(28.16)
(Increase) / Decrease in Other non-financial assets	(66.77)	24.91
Increase / (Decrease) in provisions	(1,084.68)	(365.22)
Increase/(Decrease) in trade payable	165.23	(46.94)
Increase/(Decrease) in Other financial liabilities	3,840.72	1,832.78
Increase/(Decrease) in Other non-financial liabilities	358.13	169.35
	(6,852.68)	**(28,650.63)**
Direct taxes paid	(1,933.10)	(1,358.07)
Net cash used in operating activities (A)	**(8,785.78)**	**(30,008.70)**
B Cash flows from investing activities		
Add:		
Interest received on fixed deposits	444.85	92.64
Receipt on sale of Investments	2,27,446.55	1,69,016.63
Interest received on debt instrument	1,007.77	490.38
	2,28,899.17	**1,69,599.65**
Less:		
Increase in other bank balance	5.28	-
Payments on purchase of investment	2,01,559.58	1,89,653.41
Payments for Purchase of Property, Plant and Equipment	1,825.95	46.95
Payments for Purchase of Other Intangible assets	51.17	-
Payments for Purchase of Intangible assets under development	-	2.25
	2,03,441.98	**1,89,702.61**
Net cash generated from / (used in) investing activities (B)	**25,457.19**	**(20,102.96)**
C Cash Flow from Financing Activities		
Proceeds from issue of equity share capital (including securities premium)	5,699.99	14,899.97
Proceeds from Bank and NBFCs Borrowings (net)	20,937.61	31,638.83
Proceeds from issuance of Non-Convertible Debentures (net)	(18,465.93)	23,935.08
Proceeds from issuance of Commercial Papers (net)	1,131.52	(3,877.76)
Finance cost paid	(14,388.45)	(6,842.14)
Lease liability paid	980.47	(90.87)
Net cash generated from / (used in) financing activities (C)	**(4,104.79)**	**59,663.11**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**12,566.62**	**9,551.45**
Cash and Cash Equivalents at the beginning of the year	**21,438.88**	**13,170.32**
Cash and Cash Equivalents at the end of the year	**34,005.50**	**22,721.77**

3 Arka Fincap Limited ("the Company") is a Systemically Important Non-Deposit Taking Non-Banking Financial Company registered with the Reserve Bank of India.

4 The financial results of the Company have been prepared in accordance with the Indian Accounting Standard ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

5 This financial results have been prepared in compliance with Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and SEBI Operational Circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated 29 July 2022, inter alia, applicable to listed Companies whose non-convertible securities are listed on recognised stock exchanges.

6 During the half year ended 30 September 2023, the Company has issued and allotted 4,47,05,842 equity shares of face value of ₹ 10 per equity share at a premium of ₹ 2.75 per equity share amounting to ₹ 5,699.99 Lakhs, on rights basis.

7 The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

8 The Secured Non-Convertible Debentures of the Company as on 30 September 2023 are secured by first pari-passu charge over the receivables, including cash and cash equivalent and liquid investments of the Company. The security cover to the minimum extent of 100% or such higher cover as per the offer documents read with Debenture Trust Deeds executed for each of the series/tranches has been maintained by the Company.

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VIMAL BHANDARI Digitally signed by VIMAL BHANDARI Date: 2023.10.25 17:32:29 +05'30'

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9 Details of loans transferred / acquired during the half year ended 30 September 2023 under the Master Directions - RBI (Transfer of Loan Exposures) Directions, 2021 vide circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 are given below:

(i) Details of loans not in default acquired through assignments:

Aggregate amount of loans acquired (in Lakhs)	12,346.80
Weighted average residual maturity (in years)	1.65
Weighted average holding period by originator (in years)	0.85
Retention of beneficial economic interest by the originator	10%
Coverage Tangible security coverage	30%
Rating-wise distribution of loans	Unrated

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

Number of loans	3
Aggregate amount of loans transferred (in Lakhs)	4,414.56
Weighted average remaining maturity (in years)	3.17
Weighted average holding period after origination (in years)	0.22
Retention of beneficial economic interest	Nil
Coverage Tangible security coverage	100%
Rating-wise distribution of loans	NA
Number of transactions where transferror has agreed to replace the transferred loans	Nil
Number of transferred loans replaced	Nil

(iii) Details of loans not in default transferred by way of Assignment:

Number of loans	294
Aggregate amount of loans transferred (in Lakhs)	10,722.32
Weighted average remaining maturity (in years)	9.21
Weighted average holding period after origination (in years)	0.95
Retention of beneficial economic interest	12%
Coverage Tangible security coverage	89%
Rating-wise distribution of loans	NA
Number of transactions where transferror has agreed to replace the transferred loans	Nil
Number of transferred loans replaced	Nil

(iv) During the half year ended 30 September 2023, the company has not transferred / acquired loans in default.

10 The above financial results of the Company for the quarter and half year ended 30 September 2023 have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors, at their respective meeting held on 25 October 2023.

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

12 The Disclosures as required under Regulation 52(4) have been given in Annexure A.

13 The Disclosures as required under Regulation 54(3) have been given in Annexure B.

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

VIMAL BHANDARI Digitally signed by VIMAL BHANDARI Date: 2023.10.25 17:31:12 +05'30'

Place: Mumbai
Date: 25 October 2023

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318

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Annexure A

Disclosures in accordance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

(₹ in Lakhs)

Sr no.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	**Debt-equity ratio**[1]	2.79 : 1	2.59 : 1	2.24 : 1	2.79 : 1	2.24 : 1	3.02 : 1
(b)	**Debt service coverage ratio**[2]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(c)	**Interest service coverage ratio**[2]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(d)	**Outstanding redeemable preference shares (quantity and value)**	Nil	Nil	Nil	Nil	Nil	Nil
(e)	**Capital redemption reserve**	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(f)	**Debenture redemption reserve**[3]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(g)	**Net worth**[4]	1,13,083.30	1,11,122.30	1,00,362.89	1,13,083.30	1,00,362.89	1,03,303.99
(h)	**Net profit after tax**	1,885.22	1,646.45	1,530.83	3,531.67	3,068.89	6,136.46
(i)	**Earning per share (In ₹)**						
	(a) Basic (Not Annualised)	0.21	0.18	0.18	0.39	0.37	0.72
	(b) Diluted (Not Annualised)	0.20	0.18	0.18	0.38	0.37	0.71
(j)	**Current ratio**[5]	1.19 : 1	1.41 : 1	1.44 : 1	1.19 : 1	1.44 : 1	1.29 : 1
(k)	**Long term debt to working capital**[6]	6.23 : 1	3.02 : 1	2.69 : 1	6.23 : 1	2.69 : 1	4.25 : 1
(l)	**Bad debts to Account receivable ratio**	0.31%	0.33%	Nil	0.31%	Nil	0.01%
(m)	**Current liability ratio**[7]	0.45 : 1	0.44 : 1	0.46 : 1	0.45 : 1	0.46 : 1	0.45 : 1
(n)	**Total debts to total assets**[8]	0.75 : 1	0.73 : 1	0.7 : 1	0.75 : 1	0.7 : 1	0.76 : 1
(o)	**Debtors turnover**[9]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(p)	**Inventory turnover**[9]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(q)	**Operating margin (%)**[9]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(r)	**Net profit margin (%)**[9]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(s)	**Gross NPA (%)**	0.19%	0.02%	0.00%	0.19%	0.00%	0.01%
(t)	**Net NPA (%)**	0.05%	Nil	0.00%	0.05%	0.00%	Nil
(u)	**Capital adequacy ratio (CRAR)**	27.59%	28.94%	33.43%	27.59%	33.43%	25.48%
(v)	There is no material deviation in the use of proceeds from the issue of Non-Convertible Debentures.						

Notes:

(1) Debt = Debt Securities + Borrowings (other than debt securities) + Subordinated Debt.

(2) The Company being a Non-Banking Financial Company registered with the Reserve Bank of India, these ratios are not applicable

(3) The Company being a Non-Banking Financial Company is not required to create Debenture Redemption Reserve in terms of Rule 18 of Companies (Share Capital and Debenture) Rules, 2014.

(4) Net worth/ Equity = Equity Share Capital + Other Equity – Deferred Tax Assets – Intangible assets

(5) Current ratio = Current assets / Current liabilities.

(6) (a) Long term debt = debt repayable after 12 months. (b) working capital = current assets - current liability

(7) Current Liability Ratio = Current Liabilities / Total Liabilities.

(8) Total debt = Total Liabilities

(9) The Company is not a manufacturing and trading Company hence, Debtors turnover ratio, Inventory turnover ratio, Operating margin, Net profit margin are not applicable to it.

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Annexure B (As required under Regulation 54(3))- Asset Cover Certificate

Column A	Column B	Column C i	Column D ii	Column E iii	Column F iv	Column G v	Column H vi	Column I vii	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as security	Elemination (Amount in Negative)	(Total C to H)	Related to only those items covered by this certificate				
	Description of asset for which this certificate relate	Debt for which this certificate is being used	Other secured debt	Debt for which this certificate is being used	Assets shared by Pari Passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge)	Other debt on which there is pari-passu charge (excluding items covered in column F)		debt amount considered more than once (due to exclusive plus pari passu charge)		Market value for assets charged on exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable(For eg. Bank Balance, DSRA market value is not applicable)	Market value for pari-passu charge assets viii	Carrying/book value for pari-passu charge assets where market value is not ascertainable or applicable(For eg. Bank Balance, DSRA market value is not applicable)	Total Value=(K+L+M+N)
												Relating to Column F		
		Book Value	Book Value	Yes/No	Book Value	Book Value								
ASSETS														
Property, Plant & Equipment							2.68		2.68					
Capital Work-in-progress							5.02		5.02					
Right of Use assets							10.08		10.08					
Goodwill							-		-					
Intangible Assets							2.61		2.61					
Intangible Assets Under Development							-		-					
Investments					60.02		15.70		75.72			60.02		60.02
Loans					4,014.36		0.03		4,014.39				4,014.36	4,014.36
Inventories					-		-		-					
Trade Receivables					-		0.61		0.61					
Cash & Cash Equivalents					340.06		-		340.06				340.06	340.06
Bank Balances other than Cash & Cash Equivalents					10.27		-		10.27				10.27	10.27
Others							50.76		50.76					
TOTAL					**4,424.71**		**87.50**		**4,512.21**			**60.02**	**4,364.69**	**4,424.71**
LIABILITIES														
Debt securities to which this certificate pertains				Yes	799.30				799.30				799.30	799.30
Other debt sharing pari-passu charge with above debt	not to be filled			Yes	2,166.43				2,166.43				2,166.43	2,166.43
Other debt									-					
Subordinated debt							60.16		60.16					
Borrowings														
Bank														
Debt securities							127.79		127.79					
Others														
Trade Payables							3.27		3.27					
Lease liabilities							11.32		11.32					
Provisions							4.63		4.63					
Others							197.35		197.35					
TOTAL					**2,965.73**		**404.53**		**3,370.26**				**2,965.73**	**2,965.73**
Cover on Book Value														
Cover on Market Value ix														
		Exclusive Security Cover Ratio			**Pari-Passu Security Cover Ratio**	**1.49**								

Notes to Annexure:

1) Loans amount is considered net of ECL provision and includes investments in CPs, NCDs and PTCs
2) Other Assets (Column H) include Other Financial Assets, Other Non-financial Assets, Current tax assets and Deferred tax (assets)
3) Debt securities for which this certificate is given includes interest accrued but not due on the same
4) Other Debt - Debt Securities (Column H) includes unsecured commercial papers
5) The Company has maintained the Security Cover as per the respective covenant mentioned in the disclosure document
6) The numbers filled in the annexure are according to the unaudited financials prepared as per IND-AS regulations

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DEO NACHIKET RATNAKAR Digitally signed by DEO NACHIKET RATNAKAR Date: 2023.10.25 18:27:58 +05'30'

P G BHAGWAT LLP
Chartered Accountants
LLPIN AAT - 9949

HEAD OFFICE
Suite 102, 'Orchard',
Dr. Pai Marg, Baner,
Pune - 411045
Tel.: 020 - 27290771 / 1772 / 1773
Email : pgb@pgbhagwatca.com
Web : www.pgbhagwatca.com

INDEPENDENT AUDITORS' REPORT

To the Members of Arka Fincap Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Arka Fincap Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), 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 Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

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 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 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.

Other Information

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 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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment of loans and advances, including off-balance sheet elements

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates.

Refer to the accounting policies in "Note 2.06A(iv) to the Financial Statements: Impairment of Financial Assets", "Note 2.22 to the Financial Statements: Significant Accounting Policies - Critical Accounting Estimates" and "Note 3.04 and 3.05 to the Financial Statements: Loans and Investments respectively".

Charge for the year: INR 572.67 lakhs

Provision as on 31st March 2023: INR 1,493.91 lakhs

We have considered the impairment of loans and advances as Key audit Matter considering significant judgement, higher estimation uncertainty, limited historical data and potential range of reasonable outcomes greater than the our materiality.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are data inputs, model estimations which involves determining Probabilities of Default (PD) and Loss given Default (LGD) based on historical data and determining impact of forward looking economic scenarios.

Our audit methodology included the following:

- Evaluated the design and implementation of key internal controls over loan impairment process
- Evaluated the appropriateness of the impairment principles based on the requirements of IND AS
- Validating completeness and accuracy of the data and reasonableness of assumptions used in the model
- Evaluating the appropriateness of Management's Judgements applied in the model
- Performed Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
- Ensuring the compliance w.r.t. provisioning requirements as per RBI Master Directions

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- Ensured presentation and disclosure

Responsibilities of Management and Those Charged with Governance for the 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 Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- 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 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.

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, 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 as at 31 March 2023.

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

(iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, 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) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that

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has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.

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

(vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility, as prescribed under rule 3(1) of the Companies (Accounts) Rules, 2014, is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2023.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership Number:
UDIN: 23117695-BGXKOI5565

Place: Pune
Date: 28 April, 2023

Annexure A to Independent Auditors' Report (CARO)

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

(i)	(a)	(A)	The Company is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
		(B)	The Company is maintaining proper records showing full particulars of intangible assets.
	(b)		The Property, Plant & Equipment of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
	(c)		The Company does not own any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 3.09 on Property, Plant & Equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
	(d)		The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly provisions of Clause 3(i)(d) of the said Order are not applicable to the Company.
	(e)		According to the information and explanations provided to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Therefore reporting under clause 3(i)(e) of the order is not applicable.
(ii)	(a)		The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii)(a) of the said Order are not applicable to the Company.
	(b)		We have observed differences in the quarterly returns or statements filed by the Company with such banks or financial institutions as compared to the books of account maintained by the Company. However, we have not carried out a specific audit of such statements. The reasons for such differences are given in note no. 3.14 of the financial statements of the Company.
(iii)	(a)		The company's principal business is to give loans hence the provisions of Clause 3(iii)(a) of the said order are not applicable.

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	(b)	In terms of the information and explanations given to us and the books of account and records examined by us, investments made, loans provided, security given and the terms and conditions of the grant of all aforesaid loans and advances in the nature of loans during the year are not prejudicial to the Company's interest.
	(c)	In respect of loans, advances and investments in the nature of loans (together referred to as 'loan assets'), the schedule of repayment of principal and payment of interest has been stipulated. Note no. 2.06(A)(iv) to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balance as at 31 March 2023, aggregating ₹ 34.54 lakhs were categorised as credit impaired ('Stage 3') and ₹ 194.82 lakhs were categorised as those where the credit risk has increased significantly since initial recognition ('Stage 2'). Disclosures in respect of such loans have been provided in note no. 6.04 to the financial statements. In all other cases, the repayment of principal and interest is generally regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.
	(d)	The total amount overdue for more than ninety days, in respect of the loans and advances in the nature of loans, as at the year-end is Rs. 25.41 lakhs. Reasonable steps are being taken by the Company for recovery of the principal and interest.
	(e)	The company's principal business is to give loans hence the provisions of Clause 3(iii)(e) of the said order are not applicable.
	(f)	The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.
(iv)		According to the information and explanations given to us, the Company has not granted any loans or made investments, or provided guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
(v)		In our opinion and according to information and explanation given to us, the Company has not accepted public deposits or amounts which are deemed to be deposits, hence the directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

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(vi)		The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.
(vii)	(a)	According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, income tax, and other material statutory dues, as applicable, with the appropriate authorities. As explained to us, the Company does not have any dues on account of employees' state insurance, sales tax, duty of customs or duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Goods and services tax and provident fund and other material statutory dues, as applicable were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
	(b)	According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
(viii)		In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Therefore reporting under clause 3(viii) of the order is not applicable.
(ix)	(a)	According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date.
	(b)	According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
	(c)	In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

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	(d)	On the basis of the maturity profile of assets and liabilities provided in the Note no. 5.11 to the financial statements, financial liabilities maturing within the 12 months following the reporting date (i.e. 31 March 2023) are less than expected recoveries from financial assets during that period. Further, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
	(e)	The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) of the order is not applicable.
	(f)	The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) of the order is not applicable.
(x)	(a)	In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
	(b)	The Company has not made preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year under review and hence reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.
(xi)	(a)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.
	(b)	No report under section 143(12) of the Companies Act, 2013, has been filed in form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.
	(c)	According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.
(xii)		In our opinion, the company is not a Nidhi company. Accordingly, the provisions specified in Paragraph 3(xii)(a), 3(xii)(b) and 3(xii)(c) of Companies (Auditor's Report) order, 2020 are not applicable to the company.
(xiii)		In our opinion, the Company is in compliance with section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc., as required by the applicable accounting standards.

P G BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS

(xiv)	(a)	In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
	(b)	We have considered the internal audit reports of the company issued till date, for the period under audit in determining the nature, timing and extent of our audit procedures.
(xv)		According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
(xvi)	(a)	The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate dated 29 October 2018).
	(b)	According to the information and explanations given to us and procedures performed by us, the Company has conducted Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
	(c)	According to the information and explanations given to us and procedures performed by us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.
	(d)	Based on information and explanation given to us and as represented by the management, the Group has one Core Investment Companies (CIC)s as part of the Group which is Holding Company of the reporting entity.
(xvii)		The Company has not incurred cash losses during current financial year and had not incurred cash losses during immediately preceding financial year.
(xviii)		There has been no resignation by statutory auditors during the year hence 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.

P G BHAGWAT LLP CHARTERED ACCOUNTANTS PUNE

P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT - 9949

(xx)	(a)	There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
	(b)	There are no unspent amounts towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership No: 117695
UDIN: 23117695BGXKOI5375
Place: Pune
Date: 28 April 2023

Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls with reference to 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 Financial Statements of ARKA FINCAP LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the 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 controls over financial reporting criteria established by the Company 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the 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, 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 with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Financial Statements.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Meaning of Internal Financial controls with reference to the Financial Statements

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

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

Because of the inherent limitations of internal financial controls with reference to the Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the Financial Statements and such internal financial controls with reference to the Financial Statements were operating effectively as at March 31, 2023, based on the internal controls over financial reporting criteria established by the Company 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.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership Number: 117695
UDIN: 23117695BGXKOS3575

Place: Pune
Date: 28 April 2023

ARKA FINCAP LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	21,438.88	13,170.32
Bank balances other than cash and cash equivalents	3.02	1,022.19	1,015.42
Trade receivables	3.03	-	43.74
Loans	3.04	3,68,572.88	2,29,908.39
Investments	3.05	39,101.78	16,184.30
Other financial assets	3.06	1,100.73	276.79
		4,31,236.46	**2,60,598.96**
Non-financial assets			
Current tax assets (net)	3.07	445.86	370.17
Deferred tax assets (net)	3.08	1,292.82	652.72
Property, plant and equipment	3.09	313.71	523.49
Intangible assets	3.10	256.15	337.01
Other non-financial assets	3.11	264.44	217.37
		2,572.98	**2,100.76**
TOTAL ASSETS		**4,33,809.44**	**2,62,699.72**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	3.12		
(i) total outstanding to micro enterprises and small enterprises		17.73	9.72
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		144.48	124.37
Debt securities	3.13	1,09,742.15	57,425.47
Borrowings (other than debt securities)	3.14	1,95,521.88	1,16,968.08
Subordinated Debt	3.15	6,317.82	-
Other financial liabilities	3.16	12,673.11	2,300.36
		3,24,417.17	**1,76,828.00**
Non-financial liabilities			
Provisions	3.17	466.70	512.65
Other non-financial liabilities	3.18	4,072.61	1,676.57
		4,539.31	**2,189.22**
TOTAL LIABILITIES		**3,28,956.48**	**1,79,017.22**
Equity			
Equity share capital	3.19	88,402.23	75,985.58
Other equity	3.20	16,450.73	7,696.92
TOTAL EQUITY		**1,04,852.96**	**83,682.50**
TOTAL LIABILITIES AND EQUITY		**4,33,809.44**	**2,62,699.72**
Significant Accounting Policies	2		

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

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

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318
Place: Mumbai

Mahesh Chhabria
Non Executive Director
DIN: 00166049
Place: Pune

Amit Kumar Gupta
Chief Financial Officer
Place: Mumbai

Niki Mehta
Company Secretary
Place: Mumbai

Place: Pune

Date: 28 April 2023

Date: 28 April 2023

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	4.01		
Interest income		35,074.05	19,210.33
Fees and commission income		810.25	503.40
Net gain on sale of investments		1,182.01	380.25
Net gain on fair value changes of investments		-	78.76
Total revenue from operations		**37,066.31**	**20,172.74**
Other income	4.02	222.57	136.66
Total income		**37,288.88**	**20,309.40**
Expenses			
Finance costs	4.03	19,617.28	9,173.74
Net loss on fair value changes	4.04	76.10	-
Impairment on financial instruments	4.05	598.76	557.61
Employee benefit expenses	4.06	6,311.95	4,676.27
Depreciation and amortisation expenses	4.07	393.60	365.34
Other expenses	4.08	2,010.72	1,127.82
Total expenses		**29,008.41**	**15,900.78**
Profit before tax		**8,280.47**	**4,408.62**
Tax expense:	4.09		
1. Current tax		2,450.07	1,535.13
2. (Excess)/Short provision related to earlier years		333.12	-
3. Deferred tax expense /(income)		(639.18)	(378.17)
Total tax expenses		**2,144.01**	**1,156.96**
Profit after tax		**6,136.46**	**3,251.66**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(3.68)	0.22
- Income tax relating to items that will not be reclassified to profit or loss		0.93	(0.06)
Other comprehensive income for the year, net of tax		**(2.75)**	**0.16**
Total comprehensive income for the period		**6,133.71**	**3,251.82**
Earnings per equity share	5.01		
Basic earnings per share (₹)		0.72	0.45
Diluted earnings per share (₹)		0.71	0.45
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

Nachiket Deo
Partner
Membership No. 117695

Place: Pune

Date: 28 April 2023

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

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318
Place: Mumbai

Mahesh Chhabria
Non Executive Director
DIN: 00166049
Place: Pune

Amit Kumar Gupta
Chief Financial Officer
Place: Mumbai

Niki Mehta
Company Secretary
Place: Mumbai

Date: 28 April 2023

ARKA FINCAP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash Flow from Operating Activities		
Net profit before tax	8,280.47	4,408.62
Adjustments for :		
Add:		
Depreciation and amortisation	393.60	365.34
Loss on sale of Property, Plant and Equipment	0.38	-
Provision for expected credit loss	598.76	557.61
Provision for share based payments	136.78	94.25
Fair value loss / (gain) on investments	76.10	(78.76)
Finance cost	19,617.28	9,173.74
	20,822.90	**10,112.18**
Less:		
Interest received on fixed deposits	285.75	260.09
Profit on sale of investments	1,182.01	380.25
Gain on derecognition of ROU asset	5.45	-
Interest received on debt instrument	1,574.33	468.30
Interest income on security deposit	24.45	22.06
Amortised discount income on commercial paper	-	303.98
	3,071.99	**1,434.68**
Operating profit before working capital changes	**26,031.38**	**13,086.12**
Adjustments:		
(Increase)/Decrease in loans and advances	(1,39,270.06)	(1,39,666.31)
(Increase)/Decrease in trade receivables	43.74	(43.74)
(Increase) / Decrease in security deposits	(273.64)	(15.75)
(Increase) / Decrease in Prepaid expenses	(52.82)	(46.63)
(Increase) / Decrease in Other financial assets	(158.32)	(35.56)
(Increase) / Decrease in Other non-financial assets	5.76	(8.15)
Increase/(Decrease) in provisions	1,350.18	1,170.13
Increase/(Decrease) in trade payable	28.12	67.50
Increase/(Decrease) in Other financial liabilities	9,330.44	273.79
Increase/(Decrease) in Other non-financial liabilities	2,396.04	1,013.45
Cash used in operating activities	**(1,00,569.18)**	**(1,24,205.15)**
Direct taxes paid	(2,858.88)	(1,820.51)
Net cash used in operating activities (A)	**(1,03,428.06)**	**(1,26,025.66)**
B Cash flows from investing activities		
Add:		
Interest received on fixed deposits	285.75	245.67
Receipt on sale / redemption of Investments	3,20,978.15	28,564.81
Interest received on debt instrument	1,574.33	-
	3,22,838.23	**28,810.48**
Less:		
Increase in other bank balance	6.77	1,001.00
Payments on purchase of investment	3,42,872.12	22,003.53
Payments for Purchase of Property, Plant and Equipment	132.50	57.43
Payments for Purchase of Other Intangible assets	4.50	139.19
Payments for Purchase of Intangible assets under development	-	(2.00)
	3,43,015.89	**23,199.15**
Net cash generated from investing activities (B)	**(20,177.66)**	**5,611.33**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C Cash Flow from Financing Activities		
Proceeds from issue of equity share capital (including securities premium)	14,899.97	13,001.26
Proceeds from Bank and NBFCs Borrowings (net)	72,972.91	72,408.46
Proceeds from issuance of Non-Convertible Debentures (net)	63,938.42	24,923.16
Proceeds from issuance of Commercial Papers (net)	(162.21)	9,450.15
Finance cost paid	(19,593.96)	(8,639.67)
Lease liability paid	(180.85)	(184.17)
Net cash generated from financing activities (C)	**1,31,874.28**	**1,10,959.19**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**8,268.56**	**(9,455.14)**
Cash and Cash Equivalents at the beginning of the year	**13,170.32**	**22,625.46**
Cash and Cash Equivalents at the end of the year	**21,438.88**	**13,170.32**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	6,932.45	3,367.93
Deposits with original maturity of less than three months	14,506.43	9,802.39
Total	**21,438.88**	**13,170.32**

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

Nachiket Deo
Partner
Membership No. 117695

Place: Pune

Date: 28 April 2023

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

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318
Place: Mumbai

Mahesh Chhabria
Non Executive Director
DIN: 00166049
Place: Pune

Amit Kumar Gupta
Chief Financial Officer
Place: Mumbai

Niki Mehta
Company Secretary
Place: Mumbai

Date: 28 April 2023

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

(a) Equity Share Capital (Refer Note 3.19)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 31 March 2021	**63,99,69,828**	**63,996.98**
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 31 March 2021	**63,99,69,828**	**63,996.98**
Shares issued during the year	11,98,86,007	11,988.60
Balance as at 31 March 2022	**75,98,55,835**	**75,985.58**
Balance at 1 April, 2022	75,98,55,835	75,985.58
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 1 April 2022	**75,98,55,835**	**75,985.58**
Shares issued during the year	12,41,66,431	12,416.65
Balance as at 31 March 2023	**88,40,22,266**	**88,402.23**

(b) Other equity (Refer Note 3.20)

Particulars	Reserves and surplus					Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Impairment Reserve	Retained Earnings	
Balance at 31 March 2021	**459.55**	**699.48**	**1,134.70**	**-**	**1,044.44**	**3,338.17**
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 31 March 2021	**459.55**	**699.48**	**1,134.70**	**-**	**1,044.44**	**3,338.17**
Profit for the year	-	-	-	-	3,251.66	3,251.66
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	0.16	0.16
Total	**459.55**	**699.48**	**1,134.70**	**-**	**4,296.26**	**6,589.99**
Transferred from Retained earnings	650.31	-	-	-	(650.31)	-
Share based payment expense (net*)	-	93.70	-	-	-	93.70
Shares issued during the year	-	-	1,013.22	-	-	1,013.22
Balance as at 31 March 2022	**1,109.86**	**793.18**	**2,147.92**	**-**	**3,645.95**	**7,696.91**
Balance at 1 April 2022	**1,109.86**	**793.18**	**2,147.92**	**-**	**3,645.95**	**7,696.91**
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 1 April 2022	**1,109.86**	**793.18**	**2,147.92**	**-**	**3,645.95**	**7,696.91**
Profit for the year	-	-	-	-	6,136.46	6,136.46
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	(2.75)	(2.75)
Total	**1,109.86**	**793.18**	**2,147.92**	**-**	**9,779.66**	**13,830.62**
Transferred from Retained earnings	1,227.29	-	-	-	(1,227.29)	-
Transferred to Retained earnings	-	(2.75)	-	-	2.75	-
Shares issued during the year	-	-	2,483.33	-	-	2,483.33
Share based payment expense	-	136.78	-	-	-	136.78
Balance as at 31 March 2023	**2,337.15**	**927.21**	**4,631.25**	**-**	**8,555.12**	**16,450.73**

* The share based payment expenses are net of Rs 0.55 lacs transferred to securities premium account on account of exercise of ESOPs during the previous year ended 31 March 2022

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

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

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318
Place: Mumbai

Mahesh Chhabria
Non Executive Director
DIN: 00166049
Place: Pune

Amit Kumar Gupta
Chief Financial Officer
Place: Mumbai

Niki Mehta
Company Secretary
Place: Mumbai

Place: Pune

Date: 28 April 2023

Date: 28 April 2023

1. Corporate Information

Arka Fincap Limited (Formerly known as Kirloskar Capital Limited) (the 'Company') was incorporated on 20 April 2018. The Company is registered with the Reserve Bank of India (RBI) as a non-banking financial Company vide certificate no. N-13.02282 dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate no. N-13.02282 dated 29 October 2018) in pursuance of Section 45-IA of the 'RBI' Act, 1934. The Company is wholly owned subsidiary of. Arka Financial Holdings Private Limited ("AFHPL"). The Company is primarily engaged in lending activities.

2 Significant accounting policies

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 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 2023, 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 significant accounting policies 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") 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 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.

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).

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.

2 *Significant accounting policies (Continued)*

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.

iv) Impairment of financial assets

iv. 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.

iv. Expected Credit Loss (ECL) principles

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

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

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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

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

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

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

2 ***Significant accounting policies (Continued)***

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 Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

b). Derecognition of financial liabilities

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

2.06.D Offsetting of financial instruments

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

2.06.E Fair value measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability.

Or

• In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

2 *Significant accounting policies (Continued)*

2.06.E Fair value measurement *(Continued)*

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.06.F Modification of financial assets and financial liabilities

Financial Assets

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

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

Financial liabilities

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

2.07 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 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.

Depreciation

c. The Company follows Straight Line Method ('SLM') of depreciation which is computed based on useful lives of assets as provided in Part "C" of Schedule II of the Companies Act 2013. Depreciation is charged on the basis of useful life of assets on straight line method which are follows:

Particulars	Estimated useful life by the Company
Office Equipment	5 years
Office Equipment (Mobile)	2 years
Furniture & Fixtures	10 years
Motor vehicles	5 years
Computer Equipment	
-Desktop/laptop	3 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 Company and the cost of the asset can be measured reliably.

The amortisation period and amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired.

Asset Category	No. of years
Computer Software	5 Years
LOS Software	5 Years
LMS Software	8 Years
Supply Chain Software	4 Years

Intangible assets under development

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.

2 *Significant accounting policies (Continued)*

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.

2.12 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.

2.13 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 Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.15 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 Company 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 Company's contribution paid/payable during the year towards Provident and other funds is charged to statement of profit and loss in the year in which employee renders the related service.

b) Defined Benefit Plan

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

Details of the unfunded defined benefit plans for its employees are given in note 5.09 which is as certified by the actuary using projected unit credit method.

iv) Compensated Absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date.

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.

2 *Significant accounting policies (Continued)*

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 Company as a lessee

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using incremental borrowing rates of the Company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liabilities are remeasured at fair value at the balance sheet date with the corresponding impact considered in the statement of profit and loss as interest charge/ income.

Lease liability and ROU asset have been separately presented in the Balance Sheet..

2.18 Employee Share Based Plan

Share-based compensation benefits are provided to the employees through the Employee Stock Option Scheme 2019 ("Plan"). The fair value of options determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to share options outstanding reserve, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

2.19 Segment Reporting

The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

2.20 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 impaired financial assets. (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated applying the EIR to the amortised cost of the credit-impaired financial asset (i.e. the gross carrying amount less the allowances for ECLs).

Fee income

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

• The Company 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 Company 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.

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 ***Significant accounting policies (Continued)***

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 Company are segregated.

2.22 Critical Accounting Estimates and Judgements

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

2.22 Critical Accounting Estimates and Judgements *(Continued)*

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.

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 Company 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.

Further details about defined benefit obligations are provided in Note 5.09

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

The Company 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.

2.22 ***Critical Accounting Estimates and Judgements (Continued)***

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 Company 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks		
- in current accounts	6,932.45	3,367.93
- Deposits with original maturity of less than three months	14,506.43	9,802.39
	21,438.88	**13,170.32**

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Deposits with original maturity of more than three months	1,022.19	1,015.42
	1,022.19	**1,015.42**

NOTE 3.03 : Trade receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables (Unsecured - considered good)	-	43.74
	-	**43.74**

Refer Note 6.06 for ageing schedule

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

NOTE 3.04 : Loans (At amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
(A)		
Business Loan	3,69,842.26	2,30,590.06
Employee Loan	7.80	16.03
Total - Gross	**3,69,850.06**	**2,30,606.09**
Less: Provision for expected credit loss	(1,277.18)	(697.70)
Total - Net	**3,68,572.88**	**2,29,908.39**
(B)		
Secured by tangible assets	3,41,094.27	2,25,074.06
Unsecured	28,755.79	5,532.03
Total - Gross	**3,69,850.06**	**2,30,606.09**
Less: Provision for expected credit loss	(1,277.18)	(697.70)
Total - Net	**3,68,572.88**	**2,29,908.39**
(C)		
(i) Loans in India		
Public sector	-	-
Others	3,69,850.06	2,30,606.09
Total - Gross	**3,69,850.06**	**2,30,606.09**
Less: Provision for expected credit loss	(1,277.18)	(697.70)
Total - Net	**3,68,572.88**	**2,29,908.39**
(ii) Loans outside India	-	-
Total - Net C (i)+(ii)	**3,68,572.88**	**2,29,908.39**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.05 : Investments

Particulars	As at 31 March 2023	As at 31 March 2022
Mutual funds (At fair value through P&L)	13,002.02	8,789.03
Debt securities - Non convertiable debentures (At amortised cost)	21,975.60	2,791.29
Debt securities - Commercial papers (At amortised cost)	1,488.92	-
Debt securities - Pass through certificates (At amortised cost)	2,720.22	4,606.56
Total - Gross	**39,186.76**	**16,186.88**
Investments in India	39,186.76	16,186.88
Investments outside India	-	-
Total - Gross	**39,186.76**	**16,186.88**
Long term investments	9,203.81	7,397.85
Short term investments	29,982.95	8,789.03
Total - Gross	**39,186.76**	**16,186.88**
Less: Provision for expected credit loss	(84.98)	(2.58)
Total - Net	**39,101.78**	**16,184.30**

NOTE 3.06 : Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposit	540.21	241.23
Sundry Receivables (considered good)	193.88	35.56
Advance to lenders	366.64	-
	1,100.73	**276.79**

NOTE 3.07 : Current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance Tax (net of provision for tax)	445.86	370.17
	445.86	**370.17**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.08 : Deferred tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Assets		
Disallowances u/s 43 B of Income Tax Act	970.05	73.42
Provision for expected credit loss	375.99	231.86
Preliminary Expenses u/s 35D of Income tax Act, 1961	-	6.80
Fair value of Employee Loan	0.36	0.20
Fair value of Security deposit	4.02	10.40
Fair value of Lease Liability	24.01	74.37
Fair value of Loan given	390.82	351.59
Fair value of Investment in Debt instruments (CP+NCDs)	50.56	0.44
Total (A)	**1,815.81**	**749.08**
Deferred tax liability		
Depreciation on fixed assets	10.52	76.54
Fair value of investment in mutual funds	0.67	19.82
Fair value of borrowings	511.80	-
Total (B)	**522.99**	**96.36**
Net deferred tax asset (A-B)	**1,292.82**	**652.72**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.09 : Properly plant and equipment

Particulars	Right of use Building	Leasehold Improvements	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Cost as at 31 March 2021	**780.30**	**344.65**	**2.89**	**105.67**	**16.36**	**42.08**	**1,291.95**
Additions	51.83	-	1.59	-	6.31	49.53	109.26
Disposals	(71.86)	-	-	-	-	-	(71.86)
Cost as at 31 March 2022	**760.27**	**344.65**	**4.48**	**105.67**	**22.67**	**91.61**	**1,329.35**
Additions	-	1.00	6.32	-	18.43	106.76	132.51
Disposals	(51.83)	-	(0.42)	-	(0.61)	(0.03)	(52.89)
Cost as at 31 March 2023	**708.44**	**345.65**	**10.38**	**105.67**	**40.49**	**198.34**	**1,408.97**
Accumulated depreciation as at 31 March 2021	**324.71**	**160.38**	**0.65**	**31.72**	**5.48**	**16.77**	**539.70**
Depreciation charged during the year	165.94	71.31	0.30	23.55	4.08	20.13	285.31
Disposals	(19.16)	-	-	-	-	-	(19.16)
Accumulated depreciation as at 31 March 2022	**471.49**	**231.69**	**0.95**	**55.27**	**9.56**	**36.90**	**805.85**
Depreciation charged during the year	164.93	71.50	0.80	23.55	5.88	41.58	308.24
Disposals	(18.14)	-	(0.14)	-	(0.52)	(0.03)	(18.83)
Accumulated depreciation as at 31 March 2023	**618.28**	**303.19**	**1.61**	**78.82**	**14.91**	**78.45**	**1,095.26**
Net carrying amount as at 31 March 2021	**455.59**	**184.27**	**2.24**	**73.95**	**10.89**	**25.31**	**752.25**
Net carrying amount as at 31 March 2022	**288.78**	**112.96**	**3.53**	**50.40**	**13.11**	**54.71**	**523.49**
Net carrying amount as at 31 March 2023	**90.16**	**42.46**	**8.77**	**26.85**	**25.58**	**119.89**	**313.71**

1. For Depreciation policy refer accounting policy no. 2.09

2. Title deeds of Immovable Properties not held in name of the Company:
There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deed is not held in the name of the company.

3. CWIP ageing and Completion schedule:
The Company does not have any CWIP as at 31 March, 2023 and 31 March, 2022 and hence disclosure of CWIP ageing schedule and CWIP completion schedule is not applicable.

4. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.10 : Intangible assets

Particulars	Softwares	Total
Cost as at 31 March 2021	**415.17**	**415.17**
Additions	46.62	46.62
Disposals	-	-
Cost as at 31 March 2022	**461.79**	**461.79**
Additions	4.50	4.50
Disposals	-	-
Cost as at 31 March 2023	**466.29**	**466.29**
Accumulated amortisation as at 31 March 2021	**44.75**	**44.75**
Amortisation recognised for the year	80.03	80.03
Disposals	-	-
Accumulated amortisation as at 31 March 2022	**124.78**	**124.78**
Amortisation recognised for the year	85.36	85.36
Disposals	-	-
Accumulated amortisation as at 31 March 2023	**210.14**	**210.14**
Net carrying amount as at 31 March 2021	**370.42**	**370.42**
Net carrying amount as at 31 March 2022	**337.01**	**337.01**
Net carrying amount as at 31 March 2023	**256.15**	**256.15**

1. For amortisation policy refer accounting policy no. 2.10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.11 : Other non-financial assets

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Prepaid expenses	226.01	173.17
Advance to suppliers	18.76	7.27
GST receivable (net)	19.67	36.93
	264.44	**217.37**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.12 : Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Dues to Micro, small and medium enterprises	17.73	9.72
Dues to Others	144.48	124.37
	162.21	**134.09**

Refer note 5.08 relating to dues to Micro, Small and Medium enterprises

Refer note 6.07 for ageing schedule

NOTE 3.13 : Debt securities

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Redeemable non convertible debentures[$] (Refer note (a) below)	98,094.98	45,616.09
Commercial paper (net of unamortised discount) repayable within next twelve months	11,647.17	11,809.38
Total	**1,09,742.15**	**57,425.47**
Debt securities in India	1,09,742.15	57,425.47
Debt securities outside India	-	-
Total	**1,09,742.15**	**57,425.47**
Secured	98,094.98	45,616.09
Unsecured	11,647.17	11,809.38
Total	**1,09,742.15**	**57,425.47**

[$] include interest accrued but not due Rs.3,130.19 Lakhs (Previous Year Rs.848.22 Lakhs)

Funds borrowed have been utilised for the purposes for which they were borrowed

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures (NCDs)

Terms of repayment

Redeemable within	As at 31 March 2023 Rate of interest >= 8.00% < 9.88% Amount	As at 31 March 2022 Rate of interest >= 8.00% < 9.88% Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	7,500.00	-
24-36 Months	9,327.35	22,440.46
12-24 Months	50,992.45	18,399.78
0-12 Months	30,275.18	4,775.85
Total	**98,094.98**	**45,616.09**

Nature of Security:

Security is created in favour of the Debenture Trustee, as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.14 : Borrowings (other than debt securities)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Term loans		
Term loans from banks[$] (Refer note (a) below)	1,67,733.95	91,107.16
Term loans from NBFCs[#] (Refer note (b) below)	27,787.93	24,860.93
Loans repayable on demand		
Bank overdrafts	-	-
Working capital demand loans from banks	-	999.99
Total	**1,95,521.88**	**1,16,968.08**
Borrowings in India	1,95,521.88	1,16,968.08
Borrowings outside India	-	-
Total	**1,95,521.88**	**1,16,968.08**
Secured borrowings	1,95,521.88	1,16,968.08
Unsecured borrowings	-	-
Total	**1,95,521.88**	**1,16,968.08**

[$] include interest accrued but not due Rs.154.66 Lakhs (Previous Year Rs.120.37 Lakhs)

[#] include interest accrued but not due Rs.77.66 Lakhs (Previous Year Rs.74.40 Lakhs)

(a) Term loan from banks (TL):
Terms of repayment

Repayment within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>7.56% <= 10.88%	>7.25% <= 9.25%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	984.95	-
36-48 Months	5,851.22	4,439.19
24-36 Months	29,274.97	14,175.24
12-24 Months	55,931.26	29,725.05
0-12 Months	75,691.55	42,767.68
Total	**1,67,733.95**	**91,107.16**

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 NBFCs (TL):
Terms of repayment

Repayment within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>9.25% <= 10.65%	>8.00% <= 9.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	920.19
36-48 Months	2,332.10	1,800.00
24-36 Months	4,883.33	3,717.00
12-24 Months	7,151.09	5,082.67
0-12 Months	13,421.41	13,341.07
Total	**27,787.93**	**24,860.93**

Nature of Security:

Security against term loan from NBFCs :
Secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.

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

(d) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts except to the extent of following adjustments:
(i) EIR adjustment as per Ind AS regulations
(ii) adjustments made during the course of audit (including limited review) post submission of the return

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.15 : Subordinated Debt (Unsecured)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Subordinated (Tier II) redeemable non convertible debentures[$] (Refer note (a) below)	6,317.82	-
Total	**6,317.82**	**-**
Debt securities in India	6,317.82	-
Debt securities outside India	-	-
Total	**6,317.82**	**-**
Secured	-	-
Unsecured	6,317.82	-
Total	**6,317.82**	**-**

[$] include interest accrued but not due Rs.369.00 Lakhs (Previous Year Nil)

(a) Privately placed subordinated (Tier II) redeemable non convertible debentures (NCDs)
Terms of repayment

Redeemable within	As at 31 March 2023 Rate of interest 10.25% Amount	As at 31 March 2022 Rate of interest Amount
Above 60 Months	-	-
48-60 Months	5,948.82	-
36-48 Months	-	-
24-36 Months	-	-
12-24 Months	-	-
0-12 Months	369.00	-
Total	**6,317.82**	**-**
	-	

NOTE 3.16 : Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Book overdraft	9,330.43	-
Employee benefits payable	3,042.55	1,731.93
Lease obligation	95.40	291.18
Security deposit taken	204.73	277.25
	12,673.11	**2,300.36**

NOTE 3.17 : Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits:		
- Gratuity	79.86	45.04
- Leave encashment	59.45	51.03
- Long term benefits	195.65	195.65
Others:		
- Expected credit loss on undrawn loan commitments	131.74	220.93
	466.70	**512.65**

NOTE 3.18 : Other non-financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	149.32	183.68
Advances from Customers	3,923.29	1,492.89
	4,072.61	**1,676.57**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.19 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	88,40,22,266	88,402.23	75,98,55,835	75,985.58
Total	**88,40,22,266**	**88,402.23**	**75,98,55,835**	**75,985.58**

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	75,98,55,835	75,985.58	63,99,69,828	63,996.98
Add: Shares issued during the year	12,41,66,431	12,416.65	11,98,86,007	11,988.60
Less: Shares bought back during the year	-	-	-	-
Total	**88,40,22,266**	**88,402.23**	**75,98,55,835**	**75,985.58**

c. Particulars of shares held by holding Company

Name of Shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Arka Financial Holdings Private Limited*	Holding Company	**88,40,04,815**	**99.998%**	**75,98,40,835**	**99.998%**

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

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

Name of Shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Arka Financial Holdings Private Limited*	Holding Company	88,40,04,815	99.998%	75,98,40,835	99.998%

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

e. Particulars of shares held by promoters

	As at 31 March 2023			As at 31 March 2022		
Promoter name	No. of Shares	%of total shares	% Change during the year	No. of Shares	%of total shares	% Change during the year
Arka Financial Holdings Private Limited*	88,40,04,815	99.998%	16.34%	**75,98,40,835**	99.998%	100.00%

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

f. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

g. Objective for managing capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 3.20 : Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory reserves u/s 45-IC of The RBI Act, 1934	2,337.15	1,109.86
Securities premium reserve	4,631.25	2,147.92
Share options outstanding account	927.21	793.18
Retained earnings	8,555.12	3,645.96
	16,450.73	**7,696.92**

3.20.A Other equity movement

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	1,109.86	459.55
Add : Transferred from retained earnings	1,227.29	650.31
Closing Balance	**2,337.15**	**1,109.86**
Securities premium reserve		
Opening Balance	2,147.92	1,134.70
Add : Premium collected on share allotment	2,483.33	1,013.22
Closing Balance	**4,631.25**	**2,147.92**
Share options outstanding account		
Opening Balance	793.18	699.48
Less : Transferred to Retained Ernings	(2.75)	
Add/(Less) : Movement during the year	136.78	93.70
Closing Balance	**927.21**	**793.18**
Retained earnings		
Opening Balance	3,645.96	1,044.45
Add: Profit / (Loss) for the year	6,136.46	3,251.66
Add: Other Comprehensive income	(2.76)	0.16
Add: ESOP reserves	2.75	-
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(1,227.29)	(650.31)
Closing Balance	**8,555.12**	**3,645.96**

1. Pursuant to the provision of section 45(IC) of Reserve Bank of India Act, 1934, the Company has transferred ₹ 1,227.29 Lakhs (Previous Year : ₹ 650.31 Lakhs) towards statutory reserve fund.

2. During the year ended 31 March 2023, the Company has issued 12,41,66,431 equity shares of face value of ₹ 10 per equity share at a premium of ₹ 2 per equity share amounting to ₹ 14,899.97 lakhs to its holding company 'Arka Financial Holdings Private Limited' on rights basis.

3. Refer note no. 5.10 for disclosure on Employee Stock option Plan (ESOP).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Financing business	33,188.01	18,153.44
- Employee loan	1.51	2.46
Interest on investments		
- Debentures/bonds and Pass through certificates	1,368.21	468.30
- Commercial papers / Certificate of Deposits	206.12	303.98
Interest on Deposits		
- Deposits with banks	285.75	260.09
- Security deposits	24.45	22.06
Total	**35,074.05**	**19,210.33**
Fees and commission income		
- Syndication, advisory & other fees	810.25	503.40
Total	**810.25**	**503.40**
Net gain on sale of investments		
- Net gain on sale of investments	1,182.01	380.25
Total	**1,182.01**	**380.25**
Net gain on fair value changes of investments		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investment in mutual funds	-	78.76
Total	**-**	**78.76**
Fair value changes		
- Realised	-	(7.94)
- Unrealised	-	86.70
Total	**-**	**78.76**

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Miscellaneous income		
- Other income	222.57	136.66
	222.57	**136.66**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Interest on term loan from banks and NBFCs	12,579.37	5,781.86
Interest on overdraft facility from banks	13.85	9.04
Interest on lease liability	23.32	39.87
Interest expense on debt securities		
Debentures	4,941.34	2,193.28
Commercial papers	891.81	679.96
Interest expense on subordinated debt	369.00	-
Other interest expense		
Bank charges & other related costs	798.59	469.73
	19,617.28	**9,173.74**

NOTE 4.04 : Net loss on fair value changes

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net loss on fair value changes	76.10	-
	76.10	**-**

NOTE 4.05 : Impairment on financial instruments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on financial instruments at amortised cost:		
Impairment on loans		
Provision for expected credit loss	579.47	416.81
Write offs (net of recovery)	26.09	-
Impairment on investments		
Provision for expected credit loss	82.39	(34.34)
Impairment on others		
Undrawn loan commitments	(89.19)	175.14
	598.76	**557.61**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 4.06 : Employee benefit expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, other allowances and bonus	5,976.09	4,434.42
Gratuity expenses	32.70	20.97
Leave encashment	15.95	26.45
Contribution to provident and other funds	115.61	80.05
Share based payment expense	136.78	94.25
Staff welfare expenses	34.82	20.13
	6,311.95	**4,676.27**

NOTE 4.07 : Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property, plant and equipment	308.24	285.31
Amortisation of intangible assets	85.36	80.03
	393.60	**365.34**

NOTE 4.08 : Other expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Rent	78.07	3.10
Insurance	105.44	51.82
Other repairs and maintenance	45.51	41.77
Travelling and conveyance	146.05	52.68
Communication expenses	8.14	6.63
Printing and stationery	14.83	4.92
Professional charges	690.67	339.72
Membership and subscription	33.50	14.44
Auditor's remuneration	19.71	21.10
Technology expenses	243.57	253.85
Custodian charges	0.83	1.80
Directors' sitting fees	28.25	17.20
Electricity charges	12.56	9.55
Office expenses	50.97	29.18
Postage and courier	7.11	2.55
ROC Expenses	0.26	0.43
GST expenses	394.71	210.33
Stamp duty	27.83	13.19
Housekeeping and security charges	29.98	25.00
Corporate social responsibilities expenses	70.93	28.56
Loss on Disposal of Fixed Asset	0.38	-
Branding and advertisement expenses	1.42	-
	2,010.72	**1,127.82**

Payment to auditor includes:		
a) as statutory auditors	17.20	17.00
b) for certification related matters	1.98	4.10
c) for other services	0.53	-
Total	**19.71**	**21.10**

Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	70.93	28.55
b) Amount spent during the year:		
- Expenses paid in cash	70.93	28.56
- Expenses yet to be paid for	-	-
Total	**70.93**	**28.56**
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.	70.93	28.56
Total	**70.93**	**28.56**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 4.09 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax expense		
Current income tax	2,450.07	1,535.13
(Excess)/short provision related to earlier years	333.12	-
	2,783.19	**1,535.13**
Deferred tax expense		
Origination and reversal of temporary differences	(639.18)	(378.17)
	(639.18)	**(378.17)**
Tax expense reported in the statement of profit and loss	**2,144.01**	**1,156.96**

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	(0.93)	0.05
Deferred tax charged to OCI	**(0.93)**	**0.05**

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Accounting profit before income tax expense	8,280.47	4,408.62
Tax @ 25.168% (31 March 2022 : 25.168%)	**2,084.03**	**1,109.56**
Difference in tax rate due to:		
- Effect of non-deductible expenses	59.28	40.59
- Excess/ short provision related to earlier years and Others	0.70	6.80
Total Tax Expenses	**2,144.01**	**1,156.95**
Effective tax rate	**25.89%**	**26.24%**

The Company does not have unused tax losses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 5.01 : Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

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

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
I.	**Profit attributable to equity holders (A)**		
	Profit attributable to equity holders for basic and diluted EPS	6,136.46	3,251.66
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	85,53,83,033	72,46,33,323
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	86,36,11,131	73,06,89,663
IV.	**Basic earnings per share (₹)**	0.72	0.45
V.	**Diluted earnings per share (₹)**	0.71	0.45

(Currency : Indian Rupees in Lakhs)

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 2023							
	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	13,002.02	-	-	13,002.02	13,002.02	-	-	13,002.02
(b) Investments in Debentures	-	-	21,975.60	21,975.60	21,975.60	-	-	21,975.60
(c) Investments in Commercial papers	-	-	1,488.92	1,488.92	-	-	1,488.92	1,488.92
(d) Investments in Pass through certificates (PTCs)	-	-	2,720.22	2,720.22		-	2,720.22	2,720.22
Total	**13,002.02**	**-**	**26,184.74**	**39,186.76**	**34,977.62**	**-**	**4,209.14**	**39,186.76**

Particulars	As at 31 March 2022							
	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	8,789.03	-	-	8,789.03	8,789.03	-	-	8,789.03
(b) Investments in Debentures	-	-	2,791.29	2,791.29	2,791.29	-	-	2,791.29
(c) Investments in Commercial papers	-	-	-	-	-	-	-	-
(c) Investments in Pass through certificates (PTCs)	-	-	4,606.56	4,606.56		-	4,606.56	4,606.56
Total	**8,789.03**	**-**	**7,397.85**	**16,186.88**	**11,580.32**	**-**	**4,606.56**	**16,186.88**

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.

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

(A) Regulatory Risk;
(B) Credit Risk;
(C) Liquidity Risk;
(D) Operational Risk;
(E) Reputation Risk; and
(F) Strategic Risk

(A) Regulatory Risk;

The company being an NBFC shall have exposure to risk related to non-compliance to regulatory guidelines, laws as applicable. Such non-compliance may result in levy of heavy penalties and fines by the regulator, as well as, reputational loss to the company. The risk can arise due to non-compliance to applicable guidelines and/or lack of monitoring and follow-up on the implementation of applicable laws.

Mitigation:

• The compliance and legal / secretarial department shall submit a compliance certificate post ensuring adherence to applicable laws on quarterly basis to the Risk Committee.
• The Board shall take note of the compliance certificate and Compliance officer shall report to Board in case of any material non-compliance.
• The Board shall do a regular review of risk and identify gaps if any and take corrective actions.

(B) Credit Risk;

The company is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue for the company.

Mitigation:

• The company has formed a Credit procedures and policy to address the risk.
• Continuous monitoring mechanism is developed by adopting various checks and controls in the process.
• The Company has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Company in terms of its charter as approved by the Board if the Company.

(C) Liquidity Risk;

The risk arises due to asset liability mismatch. The inadequacy of the company in increasing its asset base, managing any unplanned changes in funding sources and meeting the financial commitments when required may result in non-liquidity.

Mitigation:

• The company has Asset Liability Management Policy in line with the RBI guidelines.
• The Asset Liability Management Committee (ALCO) is responsible for managing the risk arising out of exposures to interest rate changes and mismatches between assets and liabilities.

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

(D) Operational Risk;

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

Mitigation:

• The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

(E) Reputation Risk;

The company being an NBFC is subject to reputational loss arising due to various other risks such as Regulatory non-compliance, Operational breakdown or Borrower Dissatisfaction.

Mitigation:

• Company has formed HR Policy in order to address any concerns of the employees internally.
• Company has created Fair Practice Code which sets out the Grievance Redressal Mechanism in order to address customer concerns.
• The fair practice code also ensures that the company does not rely upon any coercive activities in order to recover the money from borrowers.

(F) Strategic Risk;

The risk arising out of non-responsiveness of business in adapting to internal as well as external environment. Such risk arises when the business strategies are not flexible to factor in the macro factors.

Mitigation:

• The Board and Risk Committee are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
• The Risk/ALCO committee are given responsibility of recommending the changes in the risk appetite of the company.

NOTE 5.04 : Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Board of directors reviews the capital position on a regular basis.

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR – Tier I capital (%)	24.04%	30.57%
CRAR – Tier II capital (%)	1.44%	0.34%
CRAR (%)	25.48%	30.92%
Amount of subordinated debt raised as Tier-II capital (₹ Lakhs)	6,000.00	Nil
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

Liquidity Coverage Ratio (LCR) is not applicable to the Company as per RBI Master Directions 2016

(Currency : Indian Rupees in Lakhs)

NOTE 5.05(A) : Related Party Disclosure as per Ind AS regulations

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

A. Related Parties Relationship

(i) Name of the Related party and nature of relationship where control exists:

Sr. No.	Related Party Category	Company Name
1	Ultimate Holding Company	Kirloskar Oil Engines Limited (w.e.f. 5 January 2022)
2	Holding Company	Arka Financial Holdings Private LImited (w.e.f. 5 January 2022)
3	Subsidiary Company of Holding Company	Arka Investment Advisory Services Private Limited (w.e.f. 30 March 2022)
4	Subsidiary Company of Ultimate Holding Company	La-Gajjar Machineries Private Limited
		Optiqua Pipes and Electricals Private Limited
		Kirloskar Americas Corp. USA
5	Entity under common group	Arka Credit Fund I

(ii) Key Management Personnel and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Vimal Bhandari (Executive Vice Chairman & CEO)	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

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

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Atul C. Kirloskar (Executive Chairman)	Arti A. Kirloskar	Wife
		Gauri A. Kirloskar (Kolenaty)	Daughter
		Aditi A. Kirloskar (Sahni)	Daughter
		Rahul C. Kirloskar	Brother
		Suman C. Kirloskar	Mother
2	Gauri Kirloskar (w.e.f. 20 May 2022)	Arti A. Kirloskar	Mother
		Atul C. Kirloskar	Father
		Aditi A. Kirloskar (Sahni)	Sister
		Christopher Kolenaty	Husband
		Maya Kolenaty	Daughter
		Pia Kolenaty	Daughter

(Currency : Indian Rupees in Lakhs)

NOTE 5.05(A) : Related Party Disclosures *(Continued)*

B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	2022-23		2021-22	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Capital Contribution received from**				
	Holding Company	14,899.68		12,999.76	
	Kirloskar Oil Engines Limited (Upto 4 Jan 2022)		-		4,999.76
	Arka Financial Holdings Private Limited (w.e.f. 5 Jan 2022)		14,899.68		8,000.00
	Total	**14,899.68**	**14,899.68**	**12,999.76**	**12,999.76**
2	**Loan given to**				
	Subsidiary Company of Ultimate Holding Company	321.23		-	
	Optiqua Pipes and Electricals Private Limited		321.23		-
	Total	**321.23**	**321.23**	**-**	**-**
3	**Loan repayment from**				
	Subsidiary Company of Ultimate Holding Company	321.23		-	
	Optiqua Pipes and Electricals Private Limited		321.23		-
	Total	**321.23**	**321.23**	**-**	**-**
4	**Interest & fees received on loan given**				
	Subsidiary Company of Ultimate Holding Company	6.10		-	
	Optiqua Pipes and Electricals Private Limited		6.10		-
	Total	**6.10**	**6.10**	**-**	**-**
5	**Interest expenses on NCD issued to**				
	Key Management Personnel	13.16		14.44	
	Vimal Bhandari		13.16		14.44
	Total	**13.16**	**13.16**	**14.44**	**14.44**
6	**Expenses incurred on behalf of holding company**	73.48		17.48	
	Arka Financial Holdings Private Limited		73.48		17.48
	Total	**73.48**	**73.48**	**17.48**	**17.48**
7	**Expenses incurred on behalf subsidiary company of holding company**	32.37		-	
	Arka Investment Advisory Services Private Limited		32.37		-
	Total	**32.37**	**32.37**	**-**	**-**
8	**Reimbursement of Expenses from holding company**	15.01		8.26	
	Arka Financial Holdings Private Limited		15.01		8.26
	Total	**15.01**	**15.01**	**8.26**	**8.26**
9	**Managerial Remunerations:**				
	Key Management Personnel	585.34		530.85	
	Vimal Bhandari		585.34		530.85
	Total	**585.34**	**585.34**	**530.85**	**530.85**
Balances with related parties					
1	**Non convertible debentures issued**	150.00		150.00	
	Vimal Bhandari		150.00		150.00
	Total	**150.00**	**150.00**	**150.00**	**150.00**
2	**Receivable from holding company**	114.22		25.73	
	Arka Financial Holdings Private Limited		114.22		25.73
	Total	**114.22**	**114.22**	**25.73**	**25.73**
3	**Subsidiary Company of Holding Company**	32.37		-	
	Arka Investment Advisory Services Private Limited		32.37		-
	Total	**32.37**	**32.37**	**-**	**-**

Notes

1. As on 31st March 2023, the Company has approved in its Board Meeting, ₹ 5,000.00 Lakhs towards investments in Arka Credit Fund I
2. The above compensation of the Company’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.
3. The amounts are inclusive of GST wherever applicable.

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.

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

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary (Subsidiary of Holding Company)		Fellow Subsidiary (Subsidiary of Ultimate Holding Company)		Private Company in which a director is a director		Entity under common group		Key Management Personnel		Key Management Personnel	
	Kirloskar Oil Engines Limited (w.e.f. 5 January 2022)		Arka Financial Holdings Pvt Ltd (w.e.f. 5 January 2022)		Arka Investment Advisory Services Private Limited		Optiqua Pipes and Electricals Private Limited		Kirloskar Management Services Private Limited (w.e.f. 9 March 2023)		Arka Credit Fund I		Non-Executive Directors		Other than Non-Executive Directors [1]	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Borrowings																
Outstanding at year end	-	-	-	-	-	-	-	-		-	-	-	-	-	150.00	150.00
Maximum outstanding during the year	-	-	-	-	-	-	-	-		-	-	-	-	-	150.00	150.00
Deposits	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Advances																
Outstanding at year end	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Maximum outstanding during the year	-	-	-	-	-	-	194.51	-		-	-	-	-	-	-	-
Other Receivables																
Outstanding at year end	-	-	114.22	25.73	32.37	-	-	-	28.32	-	-	-	-	-	-	-
Maximum outstanding during the year	-	-	114.22	25.73	32.37	-	-	-	28.32	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-		-	-[2]	-	-	-	-	-
Purchase of Fixed / Other Assets	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Sale of Fixed / Other Assets	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	-		-	-	-	-	-	13.16	14.44
Interest & processing fees received	-	-	-	-	-	-	6.10	-		-	-	-	-	-	-	-
Others																
Capital Contribution received	-	4,999.76	14,899.68	8,000.00	-	-	-	-		-	-	-	-	-	-	-
Payments done on behalf	-	-	73.48	17.48	32.37	-	-	-		-	-	-	-	-	-	-
Reimbursement of Expenses from	-	-	15.01	8.26	-	-	-	-	5.43	-	-	-	-	-	-	-
Services availed	-	-	-	-	-	-	-	-	1.90	-	-	-	-	-	-	-
Remuneration [3]	-	-	-	-	-	-	-	-	-	-	-	-	28.25	17.20	821.57	713.20

Notes

1. Key Management Personnel (other than directors) include following persons:
   (a) Mr. Vimal Bhandari - Excecutive Vice Chairman and CEO
   (b) Mr. Amit Kumar Gupta - CFO
   (c) Ms. Niki Mehta - Company Secretary (w.e.f. 22 July 2022)
   (d) Mr. Amit Bondre - Company Secretary (upto 26 April 2022)
2. As on 31st March 2023, the Company has approved in its Board Meeting, ₹ 5,000.00 Lakhs towards investments in Arka Credit Fund I
3. Remuneration to Non-Executive Directors represents sitting fees for attending board meetings
4. The Company does not have any subsidiary companies or Associates / Joint Ventures as on reporting date or as on previous year.
5. The Company does not have any transactions with relatives of Key Management Personnel during current year or previous year.

(Currency : Indian Rupees in Lakhs)

NOTE 5.06 : Contingent liabilities and Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities	Nil	Nil
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	21.24	-
Loans sanctioned not yet disbursed	39,827.94	45,589.97
Investment in Arka Credit Fund I	5,000.00	-

NOTE 5.07 : Leases

Where the Company is a lessee

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

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

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

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

(A) Lease liability movement

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liability at begnning of the year	291.18	439.82
Add: Interest on lease liability	23.32	39.87
Add: Lease liability recognised during the year	-	50.59
Less: Lease rental payments	(180.85)	(184.17)
Less: Lease liability de-recognised during the year	(38.26)	(54.92)
Lease liability at the end of the year	95.40	291.18

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2023	As at 31 March 2022
Minimum Lease Payments:		
Not later than one year	98.84	181.90
Later than one year but not later than five years	-	143.70
Later than five years	-	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liability:		
Less than 12 months	95.40	158.24
More than 12 months	-	132.95

NOTE 5.08 : Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Particulars	As at 31 March 2023	As at 31 March 2022
a. Principal and interest amount remaining unpaid (not due)	17.73	9.72
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	-	-

(Currency : Indian Rupees in Lakhs)

NOTE 5.09 : Disclosure pursuant to Employee benefits

Defined contribution plan (Provident fund):

The Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The provident fund payment recognised as expenses and included in Employee benefit expenses during the current year ₹.115.61 Lakhs (March 2022: ₹ 80.05 Lakhs).

Defined benefit plans: The Company has following Defined benefit plans:

A Gratuity

B Compensated Absences

C Long term incentive plan (LTIP) (upto March 31, 2022)

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

		Particulars	As at 31 March 2023	As at 31 March 2022
A	(i)	**Gratuity:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	79.86	45.04
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**79.86**	**45.04**
	(ii)	**Compensated Absences:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	59.45	51.03
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**59.45**	**51.03**
	(iii)	**Long term incentive plan:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	195.65	195.65
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	195.65	195.65
B	(i)	**Gratuity:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	45.04	24.28
		Current service cost	28.30	19.44
		Past service cost	-	-
		Interest cost	2.84	1.53
		Benefits paid	-	-
		Actuarial (gain) / loss on obligation	3.68	(0.22)
		Projected benefit obligation at the end of the year	**79.86**	**45.04**
	(ii)	**Compensated Absences:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	51.03	33.97
		Current service cost	23.43	20.88
		Past service cost	-	-
		Interest cost	3.22	2.14
		Benefits paid	-	-
		Remeasurements on obligation - (Gain) / Loss	(18.23)	(5.96)
		Projected benefit obligation at the end of the year	**59.45**	**51.03**
C	(i)	**Gratuity:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	28.30	19.44
		Past service cost and loss/(gain) on curtailments and settlement	-	-
		Net interest cost	2.84	1.53
		Expenses recognised in the statement of profit and loss	**31.14**	**20.97**
	(ii)	**Compensated Absences:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	23.43	20.88
		Remeasurements on obligation - (Gain) / Loss	(18.23)	(5.96)
		Net interest cost	3.22	2.14
		Expenses recognised in the statement of profit and loss	**8.42**	**17.06**
	(iii)	**Long term incentive plan**		
		Amount recognised in the statement of profit and loss		
		Current service cost	-	195.65
		Remeasurements on obligation - (Gain) / Loss	-	-
		Net interest cost	-	-
		Expenses recognised in the statement of profit and loss	**-**	**195.65**

(Currency : Indian Rupees in Lakhs)

NOTE 5.09 : Disclosure pursuant to Employee benefits *(Continued)*

Particulars	As at 31 March 2023	As at 31 March 2022
D (i) Gratuity:		
Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	4.06	-
- change in demographic assumption	(2.62)	(0.99)
- experience variation	2.24	0.77
Amount recognised in other comprehensive income	**3.68**	**(0.22)**
E Assumptions used		
Discount rate (gratuity and compensated absences)	7.30%	6.30%
Discount rate (Long term incentive plan)	NA	4.60%
Rate of increase in compensation levels	8.00%	4.00%
Expected average remaining working lives of employees (in years)	3.26	4.72
Retirement Age	60 years 63 years	60 years 63 years
Withdrawal Rate	30.00%	20.00%

F Sensitivity analysis - Gratuity

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	77.66	82.20	43.31	46.91
Salary growth rate (1% movement)	81.48	78.28	46.56	43.61
Withdrawal rate (1% movement)	75.47	75.70	44.82	45.26

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 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	57.98	61.01	49.45	52.75
Salary growth rate (1% movement)	60.51	58.43	52.35	49.79
Withdrawal rate (1% movement)	61.98	56.80	54.61	47.24

H Sensitivity analysis - Long term incentive plan

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 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	-	-	197.41	193.92
Salary growth rate (1% movement)	-	-	197.53	193.77
Withdrawal rate (1% movement)	-	-	197.92	193.37

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 5.55 years for Gratuity and 2.37 years for Compensated Absences.
3. The expected payment expected to be paid in next year Rs 0.24 Lakhs for Gratuity and Rs. 24.46 Lakhs for Compensated Absences.

(Currency : Indian Rupees in Lakhs)

NOTE 5.10 : Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company. The relevant details of the schemes and the grant are as below.

Description of share-based payment arrangements:

As at 31 March 2023, the Company has the following share-based payment arrangements:

Share option plans (equity settled):

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

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

I. Details of the ESOP:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4
ESOP Plan/ Scheme	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022
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 2023:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4
No. of Options Outstanding at the beginning of the year	2,06,50,000	12,50,000	10,75,000	-
Options Granted during the year	-	-	-	1,00,00,000
Options Forfeited / Lapsed during the year	-	-	7,50,000	50,000
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
Number of Options exercisable at the end of the year	2,06,30,000	7,50,000	97,500	-
The weighted average share price of shares exercised during the year ended 31 March 2023	NA	NA	NA	NA

Option Movement during the year ended Mar 2022:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4
No. of Options Outstanding at the beginning of the year	2,06,50,000	13,00,000	10,75,000	NA
Options Granted during the year	-	-	-	NA
Options Forfeited / Lapsed during the year	-	35,000	-	NA
Options Exercised during the year	-	15,000	-	NA
Number of options Outstanding at the end of the year	2,06,50,000	12,50,000	10,75,000	NA
Number of Options exercisable at the end of the year	1,95,75,000	3,75,000	1,07,500	NA
The weighted average share price of shares exercised during the year ended 31 March 2022	NA	10	NA	NA

III. Weighted Average remaining contractual life:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4
Range of Exercise Price (₹ per share)	10	10	11	12
No. of Options Outstanding as on 31 March 2023	2,06,50,000	12,50,000	3,25,000	99,50,000
Contractual Life: Granted but not vested (in years)	0.01	0.27	0.98	1.76

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

The fair value has 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
Risk Free Interest Rate	7.40%	6.60%	5.80%	7.17%
Weighted average expected life (in years)	6	7	7	5
Expected Volatility	1.00%	1.00%	1.00%	19.45%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00	12.00

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

Particulars	31 March 2023	31 March 2022
Employee share based expense	136.78	94.25
Total ESOP reserve outstanding at the end of the year	927.21	793.18

(Currency : Indian Rupees in Lakhs)

NOTE 5.11 : Maturity pattern of Assets and Liabilities

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

Particulars	Note	As at 31 March 2023			As at 31 March 2022		
		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	21,438.88	-	21,438.88	13,170.32	-	13,170.32
Bank balances other than cash and cash equivalents	3.02	1,022.19	-	1,022.19	1,015.42	-	1,015.42
Trade receivable	3.03	-	-	-	43.74	-	43.74
Loans	3.04	1,36,815.55	2,31,757.33	3,68,572.88	95,696.39	1,34,212.00	2,29,908.39
Investments	3.05	29,927.23	9,174.55	39,101.78	8,786.45	7,397.85	16,184.30
Other financial assets	3.06	827.51	273.22	1,100.73	35.79	241.00	276.79
Non-financial assets							
Current tax assets (net)	3.07	445.86	-	445.86	370.17	-	370.17
Deferred tax assets (net)	3.08	-	1,292.82	1,292.82	-	652.72	652.72
Property, plant and equipment	3.09	-	313.71	313.71	-	523.49	523.49
Intangible assets	3.10	-	256.15	256.15	-	337.01	337.01
Other non-financial assets	3.11	242.71	21.73	264.44	203.37	14.00	217.37
TOTAL ASSETS		**1,90,719.93**	**2,43,089.51**	**4,33,809.44**	**1,19,321.65**	**1,43,378.07**	**2,62,699.72**

Particulars		As at 31 March 2023			As at 31 March 2022		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	3.12	162.21	-	162.21	134.09	-	134.09
Debt securities	3.13	41,922.35	67,819.80	1,09,742.15	16,951.09	40,474.38	57,425.47
Borrowings (other than debt securities)	3.14	89,112.96	1,06,408.92	1,95,521.88	57,108.75	59,859.33	1,16,968.08
Subordinated Debt	3.15	369.00	5,948.82	6,317.82	-	-	-
Other financial liabilities	3.16	12,673.11	-	12,673.11	2,167.41	132.95	2,300.36
Non-financial liabilities							
Provisions	3.17	26.54	440.16	466.70	20.18	492.47	512.65
Other non-financial liabilities	3.18	4,072.61	-	4,072.61	1,676.57	-	1,676.57
TOTAL LIABILITIES		**1,48,338.78**	**1,80,617.70**	**3,28,956.48**	**78,058.10**	**1,00,959.12**	**1,79,017.22**

(Currency : Indian Rupees in Lakhs)

NOTE 5.12 : Asset liability management

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
LIABILITIES										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	753.41	300.00	1,501.26	4,327.13	10,779.49	21,936.01	36,094.26	85,206.23	6,836.16	-
Market borrowings	395.44	-	3,610.63	5,213.37	15,032.07	13,364.05	18,097.20	72,354.22	15,780.92	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-
ASSETS										
Loans & advances	2,498.47	6,479.15	8,191.80	9,158.17	8,680.62	39,816.42	60,170.21	1,46,991.80	19,826.21	68,029.43
Investments	-	2,334.71	6,531.74	113.43	13,117.34	8,581.52	928.30	7,579.72	-	-
Foreign Currency assets	-			-	-	-	-	-	-	-

The above disclosure is made as per RBI Guidelines on Liquidity Risk Management Framework

In addition to the investments shown in the table above, the Company also has cash & equivalents and undrawn funding lines as under:

- Cash & Cash Equivalents (refer note 3.01)	21,438.88
- Undrawn funding lines	12,600.00
Total	**34,038.88**

NOTE 5.13 : Exposure to Real Estate Sector

Particulars	As at 31 March 2023	As at 31 March 2022
i) Direct exposure		
a) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	58,263.93	59,413.23
b) Commercial Real Estate		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	1,46,455.29	21,143.58
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	1,829.54	2,791.29
- Commercial Real Estate	908.50	-
ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	5,916.41	1,874.40
Total Exposure to Real Estate Sector	**2,12,465.16**	**85,222.49**

NOTE 5.14 : Exposure to Capital Market

Particulars	As at 31 March 2023	As at 31 March 2022
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	31,594.75	23,992.44
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	8,905.63
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	5,019.73
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) Bridge loans to companies against expected equity flows / issues;	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:	-	-
(i) Category I	-	-
(ii) Category II	5,000.00	-
(iii) Category III	-	-
Total Exposure to Capital Market	**36,594.75**	**37,917.80**

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 : Disclosures Pursuant to Annex XVI to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

I. Significant accounting policies

Significant accounting policies have been given in Note No 2 of the financial statements.

II. Capital

The disclosure related to capital has been given in Note No 5.04 in the financial statements.

III. Investments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	39,186.76	16,186.88
(b) Outside India	-	-
(ii) Provision for Depreciation*		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	39,186.76	16,186.88
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	-	-

* ECL Provision on investments are not considered here.

IV. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year-end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

V. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

The disclosure on Asset Liability Management Maturity pattern has been given in Note No 5.12 of the financial statements

VI. Exposure to Real Estate Sector

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

VII. Exposure to Capital Market

The disclosure on exposure to capital market has been given in Note No 5.14 of the financial statements

VIII. Details of financing of parent Company products : None

IX. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC:

The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financial year.

X. Unsecured Advances against intangible securities : None

XI. Registration obtained from other financial sector regulators : None

XII. Disclosure of penalties imposed by RBI and other regulators : None

XVI. Related Party Transactions :

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

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 *(Continued)*

XVII. Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr No	Instrument		For the year ended 31 March 2023	For the year ended 31 March 2022
1	Bank Loan Facilities	CRISIL	AA-	AA-
2	Commercial Paper	CRISIL	A1+	A1+
		INDIA RATINGS	A1+	A1+
3	Market Linked Debentures (MLD)	CRISIL	PPMLD AA-	PPMLD AA-
4	NCD	CRISIL	AA-	AA-
		INFOMERICS	-	AA-

XVIII. Remuneration of Directors :

Sr No	Instrument	For the year ended 31 March 2023	For the year ended 31 March 2022
1	**Transactions with the Non-Executive Directors**		
	Payment of Director Sitting fees	28.25	17.20

XIX. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items impacting current year's profit and loss exceept tax provision which is disclosed separately in the statement of profit and loss. There are no changes in accounting policies during current year.

XX. Revenue Recognition

There is no postponement of revenue due to pending resolution of significant uncertainties.

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

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	104.65	-
3	Provision made towards Income tax	2,450.07	1,535.13
4	Other Provision and Contingencies	-	-
5	Provision for Standard Assets	468.02	557.61

XXII. Draw down from reserves : None

XXIII. Concentration of Advances

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
1	Total Advances to twenty largest borrowers	1,45,904.39	1,22,288.38
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	39.45%	53.03%

XXIV. Concentration of Exposures

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
1	Total Exposures to twenty largest borrowers	1,54,357.19	1,37,848.16
2	Percentage of Exposures to twenty largest borrowers to Total Exposures of the Company	35.41%	49.91%

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 *(Continued)*

XXV. Concentration of NPA

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
1	Total Exposure to top four NPA accounts	31.70	-

XXVI. Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	0.00%	-
5	Unsecured personal loans	1.23%	-
6	Auto loans	-	-
7	Other personal loans	0.22%	-

XXV. Movement of NPAs

Particulars			For the year ended 31 March 2023	For the year ended 31 March 2022
1	Net NPAs to Net Advances (%)		-	-
2	Movement of NPAs (Gross)			
	(a)	Opening balance	-	-
	(b)	Additions during the year	116.27	-
	(c)	Reductions during the year	81.73	-
	(d)	Closing balance	34.54	-
3	Movement of Net NPAs			
	(a)	Opening balance	-	-
	(b)	Additions during the year	-	-
	(c)	Reductions during the year	-	-
	(d)	Closing balance	-	-
4	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	-	-
	(b)	Additions during the year	104.65	-
	(c)	Reductions during the year	-	-
	(d)	Closing balance	104.65	-

XVIII. Overseas Assets (for those with joint ventures and Subsidiaries abroad):

There are no Overseas Assets.

XIX. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

XX. Customer Complaints

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
1	No. of complaints pending at the beginning of the period	-	-
2	No. of complaints received during the period	13	-
3	No. of complaints redressed during the period	13	-
4	No. of complaints pending at the end of the period	-	-

XXI. Loan against security of single product - Gold Jewellery

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Percentage of Loan against security of single product - Gold Jewellery to Total Assets	0.48%	Nil

No auctions have been conducted by the Company during the current year and previous year.

(Currency : Indian Rupees in Lakhs)

NOTE 6.02 (A) : Additional disclosures Pursuant to RBI Circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.2018/2022-23 - Disclosures in Financial Statements- Notes to Accounts of NBFCs

I. Sectoral Exposure

	Sectors	Current Year			Previous Year		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	**Agriculture and Allied Activities**	-	-	0.00%	-	-	0.00%
2	**Industry**						
i	Micro and Small	28,054.67	-	0.00%	7,550.44	-	0.00%
ii	Medium	1,733.51	-	0.00%	-	-	0.00%
iii	Large	2,70,794.08	-	0.00%	2,25,719.25	-	0.00%
iv	Others	38,115.13	80.29	0.21%	-	-	0.00%
Total of Industry (i+ii+iii+Others)		**3,38,697.39**	**80.29**	**0.02%**	**2,33,269.69**	**-**	0.00%
3	**Services**						
i	NBFCs	21,319.11	-	0.00%	12,649.73	-	0.00%
ii	Retail Trade	14,245.05	0.90	0.01%	19,105.31	-	0.00%
iii	Wholesale Trade (other than Food Procurement)	11,219.21	-	0.00%	-	-	0.00%
	Others	47,994.38	-	0.00%	17,967.75	-	0.00%
Total of Services (i+ii+iii+Others)		**94,777.75**	**0.90**	**0.00%**	**49,722.79**	**-**	0.00%
4	**Personal Loans**						
i	Education Loans	1,768.14	4.18	0.24%	-	-	0.00%
ii	Others	698.66	30.90	4.42%	585.39	-	0.00%
Total of Personal Loans (i+ii)		**2,466.80**	**35.08**	**1.42%**	**585.39**	**-**	0.00%
5. Others, if any (please specify)		-	-	0.00%	-	-	0.00%

II. Intra-group exposures

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i) Total amount of intra-group exposure	500.00	Nil
ii) Total amount of top 20 intra-group exposures	Nil	Nil
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.11%	Nil

III. Unhedged Foreign Currency Exposure

The Company does not have any unhedged foreign currency exposure for the year ended March 31, 2023 (Previous year : Rs Nil).

IV. Disclosure of complaints

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

Sr. No.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
	Complaints received by the Company from its Customers		
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	13	-
3	Number of complaints disposed during the year	13	-
3.1	Of which, number of complaints rejected by the Company	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the Company from Office of Ombudsman		
5	Number of maintainable complaints received by the Company from Office of Ombudsman	2	-
5.1	Of 5, number of complaints resolved in favour of the Company by Office of Ombudsman	2	-
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

(Currency : Indian Rupees in Lakhs)

NOTE 6.02 (A) : Additional disclosures Pursuant to RBI Circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.2018/2022-23 - Disclosures in Financial Statements- Notes to Accounts of NBFCs *(Continued)*

2) Top grounds of complaints received by the Company from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
			Current Year		
Loans and advances	-	4	100	-	-
Non receipt of documents	-	1	100	-	-
Reporting	-	8	100	-	-
Others	-	-	-	-	-
Total	**-**	**13**	**100**	**-**	**-**
			Previous Year		
Loans and advances	-	-	-	-	-
Non receipt of documents	-	-	-	-	-
Reporting	-	-	-	-	-
Others	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

V. Breach of Covenant

There are no instances of breach of covenants of loans availed or debt securities issued during the current year ended March 31, 2023 and previous year ended March 31, 2022.

NOTE 6.02 (B) : Disclosures Pursuant to RBI Circular No. RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 - Loans and Advances – Regulatory Restrictions - NBFCs

Loans sanctioned to Directors, Senior Officers and relatives of Directors

Sr. No.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	Directors and their relatives	-	-
2	Entities associated with directors and their relatives	500.00	-
3	Senior Officers and their relatives	-	-

(Currency : Indian Rupees in Lakhs)

NOTE 6.03 (A) : Disclosures pursuant to Master Directions - RBI (Transfer of Loan Exposures) Directions, 2021 vide circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22

(i) Details of loans not in default acquired through assignments:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Aggregrate amount of loans acquired	18,826.24	5,939.48
Weighted average residual maturity (in years)	3.50	7.22
Weighted average holding period by originator (in years)	0.92	1.18
Retention of beneficial economic interest by the originator	10%	11%
Tangible security coverage	46%	80%
Rating-wise distribution of loans	Unrated	Unrated

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Number of loans	3	1
Aggregrate amount of loans transferred	5,303.00	2,400.00
Weighted average reamining maturity (in years)	2.70	2.25
Weighted average holding period after origination (in years)	0.82	2.25
Retention of beneficial economic interest	Nil	Nil
Coverage Tangible security coverage	100%	100%
Rating-wise distribution of loans	NA	NA
Number of transactions where transferror has agreed to replace the transferred loans	Nil	Nil
Number of transferred loans replaced	Nil	Nil

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

NOTE 6.03 (B) : Disclosures pursuant to Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 vide circular RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22

The Company has not sold any of its assets during the current year and previous year by way of securitisation. Therefore, disclosure pertaining to securitisation is not applicable.

(Currency : Indian Rupees in Lakhs)

NOTE 6.04 : Disclosures pursuant to RBI Notification No. RBI/2019-20/170 DOR(NBFC). CC.PD.No.109/22.10106/2019-20

As per the said RBI notification, a comparison (as shown in below Appendix) between provisions required under IRACP and impairment allowances made under Ind AS 109 should be disclosed by NBFC in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses.

As per the said notification, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFC shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

Appendix

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	3,95,797.64	1,256.95	3,94,540.69	1,481.61	(224.66)
	Stage 2	194.82	0.57	194.25	0.77	(0.20)
Subtotal		**3,95,992.46**	**1,257.52**	**3,94,734.94**	**1,482.38**	**(224.86)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	34.54	104.65	(70.11)	11.53	93.12
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		34.54	104.65	(70.11)	11.53	93.12
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	39,827.94	131.74	-	-	131.74
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**39,827.94**	**131.74**	**-**	**-**	**131.74**
TOTAL	Stage 1	4,35,625.58	1,388.69	3,94,540.69	1,481.61	(92.92)
	Stage 2	194.82	0.57	194.25	0.77	(0.20)
	Stage 3	34.54	104.65	(70.11)	11.53	93.12
	Total	**4,35,854.94**	**1,493.91**	**3,94,664.83**	**1,493.91**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

(Currency : Indian Rupees in Lakhs)

NOTE 6.05 : Disclosures pursuant to Annex IV to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Particulars			As at March 31, 2023		As at March 31, 2022	
LIABILITIES SIDE			**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**					
	(a)	Debenture : Secured	**98,094.98**	-	45,616.09	-
		: Unsecured	**6,317.82**	-	-	-
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	**1,95,521.88**	-	1,15,968.08	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial Paper	**11,647.17**	-	11,809.38	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans - Working capital demand loans from bank	-		1,000.00	
	(g)	Overdraft	-	-	-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**					
	(a)	In the form of Unsecured debentures	-	-	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c)	Other public deposits	-	-	-	-

ASSETS SIDE				As at March 31, 2023	As at March 31, 2022
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**				
	(a)	Secured		**3,41,094.27**	2,25,074.06
	(b)	Unsecured		**28,755.79**	5,532.03
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**				
	(i)	Lease assets including lease rentals under sundry debtors:			
		(a)	Financial lease	-	-
		(b)	Operating lease	-	-
	(ii)	Stock on hire including hire charges under sundry debtors:			
		(a)	Assets on hire	-	-
		(b)	Repossessed Assets	-	-
	(iii)	Other loans counting towards asset financing activities			
		(a)	Loans where assets have been repossessed	-	-
		(b)	Loans other than (a) above	-	-
(5)	**Break-up of Investments**				
	Current Investments				
	1.	Quoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds		-
		(iii)	Units of mutual funds	**13,002.02**	8,789.03
		(iv)	Government Securities	-	-
		(v)	Others (please specify)	-	-
	2.	Unquoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	**15,492.02**	-
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Commercial paper	**1,488.92**	-
		(vi)	Others - Pass through certificates	-	-

(Currency : Indian Rupees in Lakhs)

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

	Long Term investments				
	1.	Quoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	**6,483.59**	2,791.29
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Others (please specify)	-	-
	2.	Unquoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	-	-
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Others - Pass through certificates	**2,720.22**	4,606.56

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**			**As at March 31, 2023**			As at March 31, 2022		
	Category			**Amount (net of provisions)**					
				Secured	**Unsecured**	**Total**	Secured	Unsecured	Total
	1.	Related Parties							
		(i)	Subsidiaries	-	-	-	-	-	-
		(ii)	Companies in the same group	-	-	-	-	-	-
		(iii)	Other related parties	-	-	-	-	-	-
	2.	Other than related parties		**3,41,094.27**	**28,755.79**	**3,69,850.06**	2,25,074.06	5,532.03	2,30,606.09

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**			**As at March 31, 2023**		As at March 31, 2022	
	Category			**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	Related Parties					
		(i)	Subsidiaries	-	-	-	-
		(ii)	Companies in the same group	-	-	-	-
		(iii)	Other related parties	-	-	-	-
	2.	Other than related parties		**39,186.76**	**39,099.11**	16,186.87	16,184.29

(8)	**Other information**				
	Particulars			**As at March 31, 2023**	As at March 31, 2022
	(i)	Gross Non-Performing Assets			
		(a)	Related parties	-	-
		(b)	Other than related parties	**34.54**	-
	(ii)	Net Non-Performing Assets			
		(a)	Related parties	-	-
		(b)	Other than related parties	-	-
	(iii)	Assets acquired in satisfaction of debt		-	-

(Currency : Indian Rupees in Lakhs)

Note 6.06: Trade receivables aging schedule - 31 March 2023

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

Trade receivables aging schedule - 31 March 2022

Particulars	Outstanding for following periods from due date of payment					
	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	43.74	-	-	-	-	43.74
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables—considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-

Note 6.07: Trade Payables aging schedule - 31 March 2023

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*	17.73	-	-	-	-	17.73
(ii) Others*	144.48	-	-	-	-	144.48
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

* The amount includes provision of Rs. 157.31 lacs which were unbilled as on 31 March 2023.

Trade Payables aging schedule - 31 March 2022

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	9.72	-	-	-	-	9.72
(ii) Others*	124.37	-	-	-	-	124.37
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-

* The amount includes provision of Rs. 43.83 lacs which were unbilled as on 31 March 2022.

(Currency : Indian Rupees in Lakhs)

Note 6.08: Other notes

6.08 (i): Accounting Ratios

Ratios	As at 31 March 2023	As at 31 March 2022
Debt-equity ratio [1]	3.02 : 1	2.1 : 1
Current ratio [2]	1.29 : 1	1.53 : 1
Long term debt to working capital [3]	4.25 : 1	2.43 : 1
Bad debts to Account receivable ratio	0.01%	Nil
Current liability ratio [4]	0.45 : 1	0.44 : 1
Total debts to total assets [5]	0.76 : 1	0.68 : 1
Gross NPA (%)	0.01%	Nil
Net NPA (%)	Nil	Nil
Capital adequacy ratio (CRAR)	25.48%	30.92%

[1] Debt = Debt Securities + Borrowings (other than debt securities) + Subordinated Debt.

[2] Current ratio = Current assets / Current liabilities.

[3] (a) Long term debt = debt repayable after 12 months.
(b) working capital = current assets - current liability

[4] Current Liability Ratio = Current Liabilities / Total Liabilities.

[5] Total debt = Total Liabilities

6.08 (ii): Relationship with struck off companies

The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

6.08 (iii): Registration of charges

For the year ended 31 March 2023

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2023

For the year ended 31 March 2022

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2022

6.08 (iv): Satisfaction of charges

For the year ended 31 March 2023

Satisfaction of charges were performed as per the terms of sanction within due date during the year ended 31 March 2023

For the year ended 31 March 2022

Satisfaction of charges were performed as per the terms of sanction within due date during the year ended 31 March 2022

6.08 (v): Utilization of borrowed funds

(i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Standards Issued but not yet Effective

Ministry of Corporate Affairs (MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Particulars	Explanation
Ind AS 1-Presentation of Financial Statements	This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.
Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors	This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.
Ind AS 12- Income Taxes	This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

(Currency : Indian Rupees in Lakhs)

NOTE 6.09 : Disclosure as per RBI Guidelines on liquidity framework

1 **Funding Concentration based on significant counterparty**

No. of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
30	2,74,797.00 *	N.A.	83.54%

* excluding EIR adjustments as per Ind AS

i) A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC- NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

ii) Total Liabilities have been computed as Total Assets less Equity share capital less Other Equity.

2 **Top 20 large deposits**

N.A., since Arka Fincap is a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, and does not accept public deposits.

3 **Top 10 borrowings**

Amount	% of Total Borrowings
1,57,054.00 *	50.41%

* excluding EIR adjustments as per Ind AS

4 **Funding Concentration based on significant instrument / product**

Name of the product	Amount	% of Total Liabilities
Commercial Papers	11,647.17	3.74%
Private NCD	1,04,412.80	33.51%
Term Loan	1,95,521.88	62.75%
Cash credit (CC)	-	-
Working capital demand loan (WCDL)	-	-
Total	**3,11,581.85**	**100.00%**

5 **Stock ratios**

Stock Ratio	%
Commercial papers as a % of total public funds	3.74%
Commercial papers as a % of total liabilities	3.54%
Commercial papers as a % of total assets	2.68%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	-
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	-
Non-convertible debentures (original maturity of less than one year) as a % of total assets	-
Other short-term liabilities as a % of total public funds	5.43%
Other short-term liabilities as a % of total liabilities	5.14%
Other short-term liabilities as a % of total assets	3.90%

i) Total Public Funds is defined as total borrowings

6 **Institutional set-up for Liquidity Risk Management:**

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

The company's liquidity and funding approach documented through its various plans and policies including the Assets Liability Management policy, Treasury Deployment policy is to ensure that funding is available to meet all market related stress situations.

The company's liquidity management set up is assessed periodically to align same with regulatory changes int the economic landscape or business needs.

NOTE 7.01 : 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 P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

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

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318
Place : Mumbai

Mahesh Chhabria
Non Executive Director
DIN: 00166049
Place: Pune

Amit Kumar Gupta
Chief Financial Officer
Place : Mumbai
Date: 28 April 2023

Niki Mehta
Company Secretary
Place : Mumbai
Date: 28 April 2023

Place: Pune
Date: 28 April 2023

P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT - 9949

HEAD OFFICE
Suite 102, 'Orchard',
Dr. Pai Marg, Baner,
Pune - 411045.
Tel.: 020 - 27290771 / 1772 / 1773
Email : pgb@pgbhagwatca.com
Web : www.pgbhagwatca.com

INDEPENDENT AUDITORS' REPORT

To the Members of Arka Fincap Limited (formerly Kirloskar Capital Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Arka Fincap Limited (formerly Kirloskar Capital Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), 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 Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

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 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 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.

Other Information

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.

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

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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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment of loans and advances, including off-balance sheet elements

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates.

Refer to the accounting policies in "Note 2.06A(iv) to the Financial Statements: Impairment of Financial Assets", "Note 2.22 to the Financial Statements: Significant Accounting Policies - Critical Accounting Estimates" and "Note 3.04 and 3.05 to the Financial Statements: Loans and Investments respectively".

Charge for the year: INR 557.61 lakhs

Provision as on 31st March 2022: INR 921.23 lakhs

We have considered the impairment of loans and advances as Key audit Matter considering significant judgement, higher estimation uncertainty, limited historical data and potential range of reasonable outcomes greater than the our materiality.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are data inputs, model estimations which involves determining Probabilities of Default (PD) and Loss given Default (LGD) based on historical data and determining impact of forward looking economic scenarios.

Our audit methodology included the following:

- Evaluated the design and implementation of key internal controls over loan impairment process
- Evaluated the appropriateness of the impairment principles based on the requirements of IND AS
- Validating completeness and accuracy of the data and reasonableness of assumptions used in the model
- Evaluating the appropriateness of Management's Judgements applied in the model

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- Performed Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
- Ensuring the compliance w.r.t. provisioning requirements as per RBI Master Directions
- Ensured presentation and disclosure

Responsibilities of Management and Those Charged with Governance for the 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 Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

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evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements 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.

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Other Matter/s

The financial statements of the Company for the financial year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on these statements on 28th April, 2021

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is 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 Auditors) Rules, 2014, 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

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(ii) The Company did not have any long-term contracts including derivative contracts as at 31 March 2022

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

(iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, 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) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.

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

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership Number: 117695
UDIN: 22117695AHVQSY4832
Pune
Date: 26 April 2022

Annexure A to Independent Auditors' Report (CARO)

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

(i)	(a)	(A)	The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
		(B)	The Company is maintaining proper records showing full particulars of intangible assets
	(b)		The Company has a regular program of physical verification to cover all the items of fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets were not physically verified by management during the year.
	(c)		The Company does not own any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 3.09 on Property, Plant & Equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
	(d)		The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly provisions of Clause 3(i)(d) of the said Order are not applicable to the Company.
	(e)		According to the information and explanations provided to us there are no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Therefore reporting under clause 3(i)(e) of the order is not applicable.
(ii)	(a)		The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii)(a) of the said Order are not applicable to the Company.
	(b)		According to the information and explanations provided to us, the company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets. The

		management of the company has provided us with the quarterly returns or statements, which they have represented to us have been filed by the company with their banks or financial institutions. In our opinion, these quarterly returns or statements are in agreement with the books of account of the Company.
(iii)	(a)	The company's principal business is to give loans hence the provisions of Clause 3(iii)(a) of the said order are not applicable.
	(b)	In terms of the information and explanations given to us and the books of account and records examined by us, investments made, loans provided, security given and the terms and conditions of the grant of all aforesaid loans and advances in the nature of loans during the year are not prejudicial to the Company's interest.
	(c)	In respect of the aforesaid loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated, and the repayment of principal amounts and receipts of interest are generally been regular as per stipulation.
	(d)	In respect of the aforesaid loans and advances in the nature of loans, there is no amount which is overdue for more than ninety days.
	(e)	The company's principal business is to give loans hence the provisions of Clause 3(iii)(e) of the said order are not applicable.
	(f)	The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.
(iv)		According to the information and explanations given to us, the Company has not granted any loans or made investments, or provided guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
(v)		In our opinion and according to information and explanation given to us, the Company has not accepted public deposits or amounts which are deemed to be deposits, hence the directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

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(vi)		The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.
(vii)	(a)	According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, income tax, and other material statutory dues, as applicable, with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, duty of customs or duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Goods and services tax and provident fund and other material statutory dues, as applicable were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
	(b)	According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
(viii)		In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Therefore reporting under clause 3(viii) of the order is not applicable.
(ix)	(a)	According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date.
	(b)	According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
	(c)	In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

	(d)	According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that funds raised on short-term basis have, prima facie, not been used for long-term purposes by the company during the year.
	(e)	The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) of the order is not applicable.
	(f)	The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) of the order is not applicable.
(x)	(a)	In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
	(b)	The Company has made a preferential allotment of shares during the year, in compliance with the requirements of Section 42 and/or Section 62 of the Act. The amounts raised have been used for the purpose for which funds were raised.
(xi)	(a)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.
	(b)	According to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.
	(c)	According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.
(xii)		In our opinion, the company is not a Nidhi company. Accordingly, the provisions specified in Paragraph 3(xii)(a), 3(xii)(b) and 3(xii)(c) of Companies (Auditor's Report) order, 2020 are not applicable to the company.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

(xiii)		The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
(xiv)	(a)	In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
	(b)	We have considered the internal audit reports of the company issued till date, for the period under audit.
(xv)		According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
(xvi)	(a)	The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate dated 29 October 2018).
	(b)	According to the information and explanations given to us and procedures performed by us, the Company has conducted Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
	(c)	According to the information and explanations given to us and procedures performed by us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.
	(d)	Based on information and explanation given to us and as represented by the management, the Group has one Core Investment Companies (CIC)s as part of the Group which is Holding Company of the reporting entity.
(xvii)		The Company has not incurred cash losses during current financial year and had not incurred cash losses during immediately preceding financial year.
(xviii)		During the period under Audit the previous statutory auditors have resigned pursuant to RBI Circular regarding the rotation of Auditors and we have taken into consideration the issues, objections or concerns, raised by the outgoing auditors.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

(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.
(xx)	(a)	There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
	(b)	There are no unspent amounts towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership No: 117695
UDIN: 22117695AHVQSY4832
Pune
Date: 26 April 2022

Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls with reference to 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 Financial Statements of Arka Fincap Limited (formerly Kirloskar Capital Limited) ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 controls over financial reporting criteria established by the Company 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. 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 prepar tion of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the 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, 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 with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Financial Statements.

Meaning of Internal Financial controls with reference to the Financial Statements

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

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

Because of the inherent limitations of internal financial controls with reference to the Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the Financial Statements and such internal financial controls with reference to the Financial Statements were operating effectively as at March 31, 2022, based on the internal controls over financial reporting criteria established by the Company 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.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership Number: 117695
UDIN: 22117695AHVQSY4832
Pune
Date: 26th April 2022

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

BALANCE SHEET

AS AT 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3.01	13,167.93	22,608.09
Bank balances other than cash and cash equivalents	3.02	1,001.00	-
Trade receivables	3.03	43.74	-
Loans	3.04	2,29,908.39	90,658.90
Investments	3.05	16,184.30	21,479.95
Other financial assets	3.06	293.60	220.79
		2,60,598.96	**1,34,967.73**
Non-financial assets			
Current tax assets (net)	3.07	370.17	84.79
Deferred tax assets (net)	3.08	652.72	274.60
Property, plant and equipment	3.09	523.49	752.24
Intangible assets	3.10	337.01	370.42
Intangible assets under development	3.11	-	2.00
Other non-financial assets	3.12	217.37	162.60
		2,100.76	**1,646.65**
TOTAL ASSETS		**2,62,699.72**	**1,36,614.38**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	3.13		
(i) total outstanding to micro enterprises and small enterprises		9.72	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		124.37	66.59
Debt securities	3.14	56,577.25	22,203.94
Borrowings (other than debt securities)	3.15	1,16,773.31	44,364.85
Other financial liabilities	3.16	3,343.35	1,876.66
		1,76,828.00	**68,512.04**
Non-financial liabilities			
Current tax liabilities (net)	3.17	-	-
Provisions	3.18	512.65	104.06
Other non-financial liabilities	3.19	1,676.57	663.12
		2,189.22	**767.18**
TOTAL LIABILITIES		**1,79,017.22**	**69,279.22**
Equity			
Equity share capital	3.20	75,985.58	63,996.98
Other equity	3.21	7,696.92	3,338.18
TOTAL EQUITY		**83,682.50**	**67,335.16**
TOTAL LIABILITIES AND EQUITY		**2,62,699.72**	**1,36,614.38**

Significant Accounting Policies 2

As per our report of even date attached

For **P G BHAGWAT LLP**
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318

Mahesh Chhabria
Non Executive Director
DIN: 00166049

Amit Kumar Gupta
Chief Financial Officer

Amit Bondre
Deputy Company Secretary

Place: Pune
Date: 26 April 2022

Place: Mumbai
Date: 26 April 2022

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	4.01		
Interest income		19,210.33	9,788.32
Fees and commission income		503.40	179.87
Net gain on sale of investments		380.25	228.26
Net gain on fair value changes of investments		78.76	(7.94)
Total revenue from operations		**20,172.74**	**10,188.51**
Other income	4.02	136.66	104.03
Total income		**20,309.40**	**10,292.54**
Expenses			
Finance costs	4.03	9,173.74	3,768.91
Net loss on fair value changes	4.04	-	0.27
Impairment on financial instruments	4.05	557.61	220.99
Employee benefit expenses	4.06	4,676.27	3,050.32
Depreciation and amortisation expenses	4.07	365.34	315.27
Other expenses	4.08	1,127.82	609.23
Total expenses		**15,900.78**	**7,964.99**
Profit before tax		**4,408.63**	**2,327.55**
Tax expense:	4.09		
1. Current tax		1,535.13	790.28
2. Deferred tax expense /(income)		(378.17)	(151.07)
Total tax expenses		**1,156.96**	**639.21**
Profit after tax		**3,251.67**	**1,688.34**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		0.22	11.52
- Income tax relating to items that will not be reclassified to profit or loss		(0.06)	(2.90)
Other comprehensive income for the year, net of tax		**0.16**	**8.62**
Total comprehensive income for the period		**3,251.83**	**1,696.96**
Earnings per equity share	5.01		
Basic earnings per share (₹)		0.45	0.30
Diluted earnings per share (₹)		0.45	0.30
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318

Mahesh Chhabria
Non Executive Director
DIN: 00166049

Amit Kumar Gupta
Chief Financial Officer

Amit Bondre
Deputy Company Secretary

Place: Pune
Date: 26 April 2022

Place: Mumbai
Date: 26 April 2022

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash Flow from Operating Activities		
Net profit before tax	4,408.63	2,327.56
Adjustments for :		
Add:		
Depreciation and amortisation	365.34	315.27
Provision for expected credit loss	557.61	220.99
Provision for share based payments	94.25	227.43
Loss on fair value of employee loan	-	0.27
Finance cost	9,173.74	3,768.91
	10,190.94	**4,532.87**
Less:		
Interest received on fixed deposits	260.09	520.89
Profit on sale of investments	380.25	228.26
Fair value (loss)/ gain on investments	78.76	(7.94)
Interest received on debt instrument	468.30	1,973.76
Interest income on security deposit	22.06	20.09
Amortised discount income on commercial paper	303.98	496.04
	1,513.44	**3,231.10**
Operating profit before working capital changes	**13,086.13**	**3,629.33**
Adjustments:		
(Increase)/Decrease in loans and advances	(1,39,666.31)	(54,258.02)
Trade receivables	(43.74)	
(Increase) / Decrease in security deposits	(15.75)	(4.91)
(Increase) / Decrease in Prepaid expenses	(46.63)	(672.42)
(Increase) / Decrease in Other financial assets	(35.56)	-
(Increase) / Decrease in Other non-financial assets	(8.15)	46.78
Increase/(Decrease) in provisions	233.68	37.18
Employee benefits paid	936.45	184.41
Increase/(Decrease) in trade payable	67.50	44.81
Increase/(Decrease) in Other financial liabilities	273.79	641.36
Increase/(Decrease) in Other non-financial liabilities	1,013.45	580.86
Cash used in operating activities	**(1,24,205.14)**	**(49,770.62)**
Direct taxes paid	(1,820.51)	(857.66)
Net cash used in operating activities (A)	**(1,26,025.65)**	**(50,628.28)**
B Cash flows from investing activities		
Add:		
Interest received on fixed deposits	260.65	509.92
Receipt on sale of Investments	28,564.81	92,768.39
Interest received on debt instrument	-	-
	28,825.46	**93,278.31**
Less:		
Increase in other bank balance	1,001.00	-
Payments on purchase of investment	22,003.53	1,00,269.95
Payments for Purchase of Property, Plant and Equipment	57.43	60.81
Payments for Purchase of Other Intangible assets	139.19	186.00
Payments for Purchase of Intangible assets under development	(2.00)	2.00
	23,199.15	**1,00,518.76**
Net cash generated from investing activities (B)	**5,626.31**	**(7,240.45)**
C Cash Flow from Financing Activities		
Proceeds from issue of equity share capital (including securities premium)	13,001.26	12,481.68

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Proceeds from Bank and NBFCs Borrowings (net)	72,408.46	37,258.36
Proceeds from issuance of Non-Convertible Debentures (net)	24,923.16	19,950.00
Proceeds from issuance of Commercial Papers (net)	9,450.15	2,359.22
Finance cost paid	(8,639.67)	(3,713.92)
Lease liability paid	(184.17)	(185.20)
Net cash generated from financing activities (C)	**1,10,959.18**	**68,150.14**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**(9,440.16)**	**10,281.41**
Cash and Cash Equivalents at the beginning of the year	**22,608.09**	**12,326.68**
Cash and Cash Equivalents at the end of the year	**13,167.93**	**22,608.09**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	3,367.93	5,108.09
Deposits with original maturity of less than three months	9,800.00	17,500.00
Total	**13,167.93**	**22,608.09**

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318

Mahesh Chhabria
Non Executive Director
DIN: 00166049

Amit Kumar Gupta
Chief Financial Officer

Amit Bondre
Deputy Company Secretar

Place: Pune
Date: 26 April 2022

Place: Mumbai
Date: 26 April 2022

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

(a) Equity Share Capital (Note 3.20)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 31 March 2020	**52,65,00,000**	**52,650.00**
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 31 March 2020	**52,65,00,000**	**52,650.00**
Shares issued during the year	11,34,69,828	11,346.98
Balance as at 31 March 2021	**63,99,69,828**	**63,996.98**
Balance at 1 April, 2021	63,99,69,828	63,996.98
Changes in equity share capital due to prior period errors	-	-
Restated balance as at 1 April 2021	**63,99,69,828**	**63,996.98**
Shares issued during the period	11,98,86,007	11,988.60
Balance as at 31 March 2022	**75,98,55,835**	**75,985.58**

(b) Other equity (Note 3.21)

Particulars	Reserves and surplus					Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Impairment Reserve	Retained Earnings	
Balance at 31 March 2020	**121.88**	**472.05**	**-**	**-**	**(314.85)**	**279.08**
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 31 March 2020	**121.88**	**472.05**	**-**	**-**	**(314.85)**	**279.08**
Profit for the year	-	-	-	-	1,688.34	1,688.34
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	8.62	8.62
Total	**121.88**	**472.05**	**-**	**-**	**1,382.11**	**1,976.04**
Transferred from Retained earnings	337.67	-	-	-	(337.67)	-
Share based payment expense	-	227.43	-	-	-	227.43
Shares issued during the year	-	-	1,134.70	-	-	1,134.70
Balance at 31 March 2021	**459.55**	**699.48**	**1,134.70**	**-**	**1,044.44**	**3,338.17**
Balance at 1 April 2021	**459.55**	**699.48**	**1,134.70**	**-**	**1,044.44**	**3,338.17**
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 1 April 2021	**459.55**	**699.48**	**1,134.70**	**-**	**1,044.44**	**3,338.17**
Profit for the year	-	-	-	-	3,251.67	3,251.67
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	0.16	0.16
Total	**459.55**	**699.48**	**1,134.70**	**-**	**4,296.27**	**6,590.00**
Transferred from Retained earnings	650.31	-	-	-	(650.31)	-
Shares issued during the year	-	-	1,013.22	-	-	1,013.22
Share based payment expense (net*)	-	93.70	-	-	-	93.70
Balance at 31 March 2022	**1,109.86**	**793.18**	**2,147.92**	**-**	**3,645.96**	**7,696.92**

* The share based payment expenses are net of Rs 0.55 lacs transferred to securities premium account on account of exercise of ESOPs during the year ended 31 March 2022

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

For and on behalf of the Board of Directors of
Arka Fincap Limited
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Nachiket Deo
Partner
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Vimal Bhandari
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Non Executive Director
DIN: 00166049

Amit Kumar Gupta
Chief Financial Officer

Amit Bondre
Deputy Company Secretary

Place: Pune
Date: 26 April 2022

Place: Mumbai
Date: 26 April 2022

(Currency : Indian Rupees in lakhs)

1. Corporate Information

Arka Fincap Limited (Formerly known as Kirloskar Capital Limited) (the 'Company') was incorporated on 20 April 2018. The Company is registered with the Reserve Bank of India (RBI) as a non-banking financial Company vide certificate no. N-13.02282 dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate no. N-13.02282 dated 29 October 2018) in pursuance of Section 45-IA of the 'RBI' Act, 1934. The Company is wholly owned subsidiary of.Arka FInancial Holdings Private Limited ("AFHPL"). The Company is primarily engaged in lending activities.

2 Significant accounting policies

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 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.

~~The financial statements for the year ended March 31, 2021 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2019.~~

~~The financial statements upto the year ended March 31, 2020, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2020 have now been restated under Ind AS to provide comparability. Refer Note 5.12 for the details of first-time adoption exemptions availed by the Company.~~

2.02 Basis of preparation

The financial statement comprises of the Balance sheet as at March 31 2022, 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 significant accounting policies 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") 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 *Significant accounting policies (Continued)*

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.

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).

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.

2 ***Significant accounting policies (Continued)***

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.

iv) Impairment of financial assets

iv. 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.

2 ***Significant accounting policies (Continued)***

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.

iv. Expected Credit Loss (ECL) principles

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

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

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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

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

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

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

2.06.B Financial liabilities

i) Initial recognition and measurement

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

2 ***Significant accounting policies (Continued)***

ii) Subsequent measurement

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

ii.a) Financial liabilities at amortised cost

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

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

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

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

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

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

2.06.C De-recognition

a) Derecognition of financial assets

A financial asset is derecognized when:

- the contractual rights to the cash flows from the financial asset expire,

Or

- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

b). Derecognition of financial liabilities

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

2.06.D Offsetting of financial instruments

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

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

2.06.E Fair value measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability.
Or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

2.06.E Fair value measurement *(Continued)*

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.

2 ***Significant accounting policies (Continued)***

Financial liabilities

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

2.07 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 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.

<u>Depreciation</u>

c. The Company follows Straight Line Method ('SLM') of depreciation which is computed based on useful lives of assets as provided in Part "C" of Schedule II of the Companies Act 2013. Depreciation is charged on the basis of useful life of assets on straight line method which are follows:

Particulars	Estimated useful life by the Company
Office Equipment	5 years
Office Equipment (Mobile)	2 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 ***Significant accounting policies (Continued)***

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 Company and the cost of the asset can be measured reliably.

The amortisation period and amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired.

Asset Cateory	No. of years
Computer Software	5 Years
LOS Software	5 Years
LMS Software	8 Years
Supply Chain Software	4 Years

Intangible assets under development

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

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.

2.12 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.

2.13 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.

(Currency : Indian Rupees in lakhs)

2 ***Significant accounting policies (Continued)***

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

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.

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 Company 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 Company's contribution paid/payable during the year towards Provident and other funds is charged to statement of profit and loss in the year in which employee renders the related service.

b) Defined Benefit Plan

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

Details of the unfunded defined benefit plans for its employees are given in note 5.09 which is as certified by the actuary using projected unit credit method.

iv) Compensated Absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date.

(Currency : Indian Rupees in lakhs)

2 ***Significant accounting policies (Continued)***

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 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.

2 *Significant accounting policies (Continued)*

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..

The Company as a lessor

Leases for which the Company 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.

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

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

2.18 Employee Share Based Plan

Share-based compensation benefits are provided to the employees through the Employee Stock Option Scheme 2019 (“Plan”). The fair value of options determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to share options outstanding reserve, based on the Company’s estimate of the shares that will eventually vest and adjusted for the effect of service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

2.19 Segment Reporting

The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

2.20 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).

2 ***Significant accounting policies (Continued)***

Fee income

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

• The Company 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 Company 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.

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.

2.21 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 Company are segregated.

2.22 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.

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 Company 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.

2 ***Significant accounting policies (Continued)***

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.

Further details about defined benefit obligations are provided in Note 5.09

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

The Company 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 Company 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 Company 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

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- in current accounts	3,367.93	5,108.09
- Deposits with original maturity of less than three months	9,800.00	17,500.00
	13,167.93	**22,608.09**

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Deposits with original maturity of more than three months	1,001.00	-
	1,001.00	**-**

NOTE 3.03 : Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables (Unsecured - considered good)	43.74	-
	43.74	**-**

Refer Note 6.04 for ageing schedule

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

NOTE 3.04 : Loans (At amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
(A)		
Business Loan	2,30,590.06	90,916.48
Employee Loan	16.03	23.31
Total - Gross	**2,30,606.09**	**90,939.79**
Less: Provision for expected credit loss	(697.70)	(280.89)
Total - Net	**2,29,908.39**	**90,658.90**
(B)		
Secured by tangible assets	2,25,074.06	89,387.40
Unsecured	5,532.03	1,552.39
Total - Gross	**2,30,606.09**	**90,939.79**
Less: Provision for expected credit loss	(697.70)	(280.89)
Total - Net	**2,29,908.39**	**90,658.90**
(C)		
(i) Loans in India		
Public sector	-	-
Others	2,30,606.09	90,939.79
Total - Gross	**2,30,606.09**	**90,939.79**
Less: Provision for expected credit loss	(697.70)	(280.89)
Total - Net	**2,29,908.39**	**90,658.90**
(ii) Loans outside India	-	-
Total - Net C (i)+(ii)	**2,29,908.39**	**90,658.90**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.05 : Investments

Particulars	As at 31 March 2022	As at 31 March 2021
Mutual funds (At fair value through P&L)	8,789.03	-
Debt securities - Non convertiable debentures (At amortised cost)	2,791.29	5,108.70
Debt securities - Commercial papers (At amortised cost)	-	13,792.68
Debt securities - Pass through certificates (At amortised cost)	4,606.56	2,615.49
Total - Gross	**16,186.88**	**21,516.87**
Investments in India	16,186.88	21,516.87
Investments outside India	-	-
Total - Gross	**16,186.88**	**21,516.87**
Long term investments	7,397.85	4,739.97
Short term investments	8,789.03	16,776.90
Total - Gross	**16,186.88**	**21,516.87**
Less: Provision for expected credit loss	(2.58)	(36.92)
Total - Net	**16,184.30**	**21,479.95**

NOTE 3.06 : Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposit	241.23	203.42
Sundry Receivables (considered good)	35.56	-
Accrued interest on fixed deposits	16.81	17.37
	293.60	**220.79**

NOTE 3.07 : Current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance Tax (net of provision for tax)	370.17	84.79
	370.17	**84.79**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.08 : Deferred tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred Tax Assets		
Disallowances u/s 43 B of Income Tax Act	73.42	14.66
Provision for expected credit loss	231.86	11.53
Preliminary Expenses u/s 35D of Income tax Act, 1961	6.80	13.59
Fair value of Employee Loan	0.20	0.45
Fair value of Security deposit	10.40	16.12
Fair value of Lease Liability	74.37	110.69
Fair value of Loan given	351.59	223.18
Fair value of Investment in Debt instruments (CP+NCDs)	0.44	3.33
Total (A)	**749.08**	**393.55**
Deferred tax liability		
Depreciation on fixed assets	76.54	123.13
Fair value of Investment in Debt instruments (CP+NCDs)	-	(4.18)
Fair value of investment in mutual funds	19.82	-
Total (B)	**96.36**	**118.95**
Net deferred tax asset (A-B)	**652.72**	**274.60**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.09 : Properly plant and equipment

Particulars	Right of use Building	Leasehold Improvements	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Cost as at 31 March 2020	**780.30**	**344.65**	**2.89**	**70.03**	**11.24**	**22.03**	**1,231.14**
Additions	-	-	-	35.64	5.12	20.06	60.82
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2021	**780.30**	**344.65**	**2.89**	**105.67**	**16.36**	**42.09**	**1,291.96**
Additions	51.83	-	1.59	-	6.31	49.53	109.26
Disposals	(71.86)	-	-	-	-	-	(71.86)
Cost as at 31 March 2022	**760.27**	**344.65**	**4.48**	**105.67**	**22.67**	**91.62**	**1,329.36**
Accumulated depreciation as at 31 March 2020	**155.77**	**89.08**	**0.36**	**13.79**	**2.33**	**6.16**	**267.49**
Depreciation charged during the year	168.94	71.31	0.29	17.93	3.15	10.61	272.23
Disposals	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2021	**324.71**	**160.39**	**0.65**	**31.72**	**5.48**	**16.77**	**539.72**
Depreciation charged during the year	165.94	71.31	0.30	23.55	4.08	20.13	285.31
Disposals	(19.16)	-	-	-	-	-	(19.16)
Accumulated depreciation as at 31 March 2022	**471.49**	**231.70**	**0.95**	**55.27**	**9.56**	**36.90**	**805.87**
Net carrying amount as at 31 March 2020	**624.53**	**255.57**	**2.53**	**56.24**	**8.91**	**15.87**	**963.65**
Net carrying amount as at 31 March 2021	**455.59**	**184.26**	**2.24**	**73.95**	**10.88**	**25.32**	**752.24**
Net carrying amount as at 31 March 2022	**288.78**	**112.95**	**3.53**	**50.40**	**13.11**	**54.72**	**523.49**

1. For Depreciation policy refer accounting policy no. 2.09

2. Title deeds of Immovable Properties not held in name of the Company:
There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deed is not held in the name of the company.

3. CWIP ageing and Completion schedule:
The Company does not have any CWIP as at 31 March, 2022 and 31 March, 2021 and hence disclosure of CWIP ageing schedule and CWIP completion schedule is not applicable.

4. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.10 : Intangible assets

Particulars	Softwares	Total
Cost as at 31 March 2020	**10.62**	**10.62**
Additions	404.55	404.55
Disposals	-	-
Cost as at 31 March 2021	**415.17**	**415.17**
Additions	46.62	46.62
Disposals	-	-
Cost as at 31 March 2022	**461.79**	**461.79**
Accumulated amortisation as at 31 March 2020	**1.70**	**1.70**
Amortisation recognised for the year	43.05	43.05
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**44.75**	**44.75**
Amortisation recognised for the year	80.03	80.03
Disposals	-	-
Accumulated amortisation as at 31 March 2022	**124.78**	**124.78**
Net carrying amount as at 31 March 2020	**8.92**	**8.92**
Net carrying amount as at 31 March 2021	**370.42**	**370.42**
Net carrying amount as at 31 March 2022	**337.01**	**337.01**

1. For amortisation policy refer accounting policy no. 2.10

(Currency : Indian Rupees in Lakhs)

NOTE 3.11 : Intangible assets under development

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Intangible assets under development	-	2.00
Dashboard	-	2.00
	-	**2.00**

Refer note 6.06 for ageing schedule

NOTE 3.12 : Other non-financial assets

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Prepaid expenses	173.17	126.55
Advance to suppliers	7.27	2.23
GST receivable (net)	36.93	33.82
	217.37	**162.60**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.13 : Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Dues to Micro, small and medium enterprises	9.72	-
Dues to Others	124.37	66.59
	134.09	**66.59**

Refer note 5.08 relating to dues to Micro, Small and Medium enterprises

Refer note 6.05 for ageing schedule

NOTE 3.14 : Debt securities

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost	-	-
Redeemable non convertible debentures (Refer note (a) below)	44,767.87	19,844.72
Commercial paper (net of unamortised discount) repayable within next twelve months	11,809.38	2,359.22
Total	**56,577.25**	**22,203.94**
Debt securities in India	56,577.25	22,203.94
Debt securities outside India	-	-
Total	**56,577.25**	**22,203.94**
Secured	44,767.87	19,844.72
Unsecured	11,809.38	2,359.22
Total	**56,577.25**	**22,203.94**

Funds borrowed have been utilised for the purposes for which they were borrowed

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each

Terms of repayment

Redeemable within	As at 31 March 2022 Rate of interest >= 8.00% < 9.88% Amount	As at 31 March 2021 Rate of interest >= 8.50% < 10.00% Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	-	-
24-36 Months	22,429.67	15,577.34
12-24 Months	18,044.71	4,267.38
0-12 Months	4,293.49	-
Total	**44,767.87**	**19,844.72**

Nature of Security:

Security is created in favour of the Debenture Trustee, as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 3.15 : Borrowings (other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Term loans		
Term loans from banks (Refer note (a) below)	90,986.79	32,080.49
Term loans from NBFCs (Refer note (b) below)	24,786.52	7,288.79
Loans repayable on demand		
Bank overdrafts	-	-
Working capital demand loans from banks	1,000.00	4,995.57
Total	**1,16,773.31**	**44,364.85**
Borrowings in India	1,16,773.31	44,364.85
Borrowings outside India	-	-
Total	**1,16,773.31**	**44,364.85**
Secured borrowings	1,16,773.31	44,364.85
Unsecured borrowings	-	-
Total	**1,16,773.31**	**44,364.85**

(a) Term loan from banks (TL):
Terms of repayment

Repayment within	As at 31 March 2022 Rate of interest >7.25% <= 9.25% Amount	As at 31 March 2021 Rate of interest >7.25% <= 10% Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	4,439.19	-
24-36 Months	14,175.24	5,876.32
12-24 Months	29,725.05	13,370.30
0-12 Months	42,647.31	12,833.87
Total	**90,986.79**	**32,080.49**
	-	-

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 NBFCs (TL):
Terms of repayment

Repayment within	As at 31 March 2022 Rate of interest >8.00% <= 9.40% Amount	As at 31 March 2021 Rate of interest >9.50% <= 11% Amount
Above 60 Months	-	-
48-60 Months	920.19	-
36-48 Months	1,800.00	-
24-36 Months	3,717.00	726.74
12-24 Months	5,082.67	1,466.67
0-12 Months	13,266.67	5,095.38
Total	**24,786.53**	**7,288.79**

Nature of Security:

Security against term loan from NBFCs :

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

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

(d) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

(Currency : Indian Rupees in Lakhs)

NOTE 3.16 : Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	1,042.99	548.79
Employee benefits payable	1,731.93	795.48
Lease obligation	291.18	439.82
Provision for capital expenditure	-	92.57
Security deposit taken	277.25	-
	3,343.35	**1,876.66**

NOTE 3.17 : Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for tax (net of advance tax)	-	-
	-	**-**

NOTE 3.18 : Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits:		
- Gratuity	45.04	24.28
- Leave encashment	51.03	33.97
- Long term benefits	195.65	
Others:		
- Expected credit loss on undrawn loan commitments	220.93	45.81
	512.65	**104.06**

NOTE 3.19 : Other non-financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	**183.68**	87.73
Advances from Customers	**1,492.89**	575.39
	1,676.57	**663.12**

(Currency : Indian Rupees in Lakhs)

NOTE 3.20 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Authorised capital				
Equity shares of ₹10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	75,98,55,835	75,985.58	63,99,69,828	63,996.98
Total	**75,98,55,835**	**75,985.58**	**63,99,69,828**	**63,996.98**

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	63,99,69,828	63,996.98	52,65,00,000	52,650.00
Add: Shares issued during the year	11,98,86,007	11,988.60	11,34,69,828	11,346.98
Less: Shares bought back during the year	-	-	-	-
Total	**75,98,55,835**	**75,985.58**	**63,99,69,828**	**63,996.98**

c. Particulars of shares held by holding Company

Name of Shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company (Upto 4 Jan 2022)	**-**	**-**	**63,99,69,828**	**100%**
Arka Financial Holdings Private Limited*	Holding Company (From 5 Jan 2022)	**75,98,40,835**	**100%**	**-**	**-**

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

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

Name of Shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company	-	-	63,99,69,828	100%
Arka Financial Holdings Private Limited*	Holding Company	75,98,40,835	100%	-	-

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

e. Particulars of shares held by promoters

Promoter name	As at 31 March 2022			As at 31 March 2021		
	No. of Shares	%of total shares	% Change during the year	No. of Shares	%of total shares	% Change during the year
Kirloskar Oil Engines Limited	-	-	-	**63,99,69,828**	100%	-
Arka Financial Holdings Private Limited*	75,98,40,835	100%	100%			

* Number of shares include 6 shares held by nominee shareholders on behalf of Arka Financial Holdings Private Limited

f. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

g. Objective for managing capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

NOTE 3.21 : Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory reserves u/s 45-IC of The RBI Act, 1934	1,109.86	459.55
Securities premium reserve	2,147.92	1,134.70
Share options outstanding account	793.18	699.48
Retained earnings	3,645.96	1,044.45
	7,696.92	**3,338.18**

3.21.A Other equity movement

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	459.55	121.88
Add : Transferred from retained earnings	650.31	337.67
Closing Balance	**1,109.86**	**459.55**
Securities premium reserve		
Opening Balance	1,134.70	-
Add : Premium collected on share allotment	1,013.22	1,134.70
Closing Balance	**2,147.92**	**1,134.70**
Share options outstanding account		
Opening Balance	699.48	472.05
Add/(Less) : Movement during the year	93.70	227.43
Closing Balance	**793.18**	**699.48**
Retained earnings		
Opening Balance	1,044.45	(314.85)
Add: Profit / (Loss) for the year	3,251.67	1,688.34
Add: Other Comprehensive income	0.16	8.62
Add: ESOP reserves	-	-
Less: Stamp duty paid on equity issue	-	-
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(650.31)	(337.67)
Less: Transfer to Impairment reserve	-	-
Closing Balance	**3,645.96**	**1,044.45**

1. Pursuant to the provision of section 45(IC) of Reserve Bank of India Act, 1934, the Company has transferred ₹ 650.31 Lakhs (Previous Year : ₹ 337.67 Lakhs) towards statutory reserve fund.

2. During the year ended 31 March 2022, the Company has issued 4,54,52,403 right equity shares of ₹ 10 per shares at a premium of ₹ 1 per share amounting to ₹ 4,999.76 Lakhs to its ultimate holding comapny 'Kirloskar Oil Engines Limited' and 7,44,18,604 equity shares of ₹ 10 per share at a premium of ₹ 0.75 per share amounting to ₹ 7,999.99 Lakhs to its holding company 'Arka FInancial Holdings Private Limited' on preferential basis..

3. Refer note no. 5.10 for disclosure on Employee Stock option Plan (ESOP).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Financing business	18,153.44	6,772.66
- Employee loan	2.46	4.88
Interest on investments		
- Debentures/bonds and Pass through certificates	468.30	1,973.76
- Commercial papers	303.98	496.04
Interest on Deposits		
- Deposits with banks	260.09	520.89
- Security deposits	22.06	20.09
Interest on Others		
- Others	-	-
Total	**19,210.33**	**9,788.32**
Fees and commission income		
- Syndication, advisory & other fees	503.40	179.87
Total	**503.40**	**179.87**
Net gain on sale of investments		
- Net gain on sale of investments	380.25	228.26
Total	**380.25**	**228.26**
Net gain on fair value changes of investments		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investment in mutual funds	78.76	(7.94)
Total	**78.76**	**(7.94)**
Fair value changes		
- Realised	-	(7.94)
- Unrealised	78.76	-
Total	**78.76**	**(7.94)**

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Miscellaneous income		
- Other income	136.66	104.03
	136.66	**104.03**

(Currency : Indian Rupees in Lakhs)

NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Interest on term loan from banks and NBFCs	5,781.86	1,926.10
Interest on overdraft facility from banks	9.04	11.08
Interest on loan from holding company	-	35.18
Interest on lease liability	39.87	54.98
Interest expense on debt securities		
Debentures	2,193.28	1,303.15
Commercial papers	679.96	229.42
Other interest expense		
Bank charges & other related costs	469.73	208.14
Interest on shortfall in payment of advance income tax	-	0.86
	9,173.74	**3,768.91**

NOTE 4.04 : Net loss on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Loss on fair value of employee loan	-	0.27
	-	**0.27**

NOTE 4.05 : Impairment on financial instruments

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost:		
Impairment on loans		
Provision for expected credit loss	416.81	155.43
Impairment on investments		
Provision for expected credit loss	(34.34)	19.75
Impairment on others		
Undrawn loan commitments	175.14	45.81
	557.61	**220.99**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 4.06 : Employee benefit expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, other allowances and bonus	4,434.42	2,729.78
Gratuity expenses	20.97	17.62
Leave encashment	26.45	19.79
Contribution to provident and other funds	80.05	53.18
Share based payment expense	94.25	227.43
Staff welfare expenses	20.13	2.52
	4,676.27	**3,050.32**

NOTE 4.07 : Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment	285.31	272.22
Amortisation of intangible assets	80.03	43.05
	365.34	**315.27**

NOTE 4.08 : Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent	3.10	-
Rates and taxes	-	0.03
Insurance	51.82	25.85
Other repairs and maintenance	41.77	20.73
Travelling and conveyance	52.68	25.05
Communication expenses	6.63	5.91
Printing and stationery	4.92	2.23
Professional charges	339.72	169.51
Membership and subscription	14.44	10.46
Auditor's remuneration	21.10	16.05
Technology expenses	253.85	149.02
Custodian charges	1.80	0.75
Directors' sitting fees	17.20	16.10
Electricity charges	9.55	5.94
Office expenses	29.18	15.96
Postage and courier	2.55	0.63
ROC Expenses	0.43	0.24
GST expenses	210.33	109.16
Stamp duty	13.19	7.22
Housekeeping and security charges	24.99	22.99
Corporate social responsibilities expenses	28.56	5.40
	1,127.81	**609.23**

Payment to auditor includes:		
a) as statutory auditors	17.00	15.75
b) for certification related matters	4.10	0.30
c) for other services	-	-
Total	**21.10**	**16.05**

Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	28.55	5.38
b) Amount spent during the year:		
- Expenses paid in cash	28.56	5.40
- Expenses yet to be paid for	-	-
Total	**28.56**	**5.40**
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, liabrary subscriptions, books etc.	28.56	5.40
Total	**28.56**	**5.40**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 4.09 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current income tax	1,535.13	790.28
	1,535.13	**790.28**
Deferred tax expense		
Origination and reversal of temporary differences	(378.17)	(151.07)
	(378.17)	**(151.07)**
Tax expense reported in the statement of profit and loss	**1,156.96**	**639.21**

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	0.06	2.90
Deferred tax charged to OCI	**0.06**	**2.90**

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Accounting profit before income tax expense	4,408.63	2,327.55
Tax @ 25.168% (31 March 2021 : 25.168%)	**1,109.56**	**585.80**
Difference in tax rate due to:		
- Effect of non-deductible expenses	40.60	58.98
- Others	6.80	(5.57)
Total Tax Expenses	**1,156.96**	**639.21**
Effective tax rate	**26.24%**	**27.46%**

The Company does not have unused tax losses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 5.01 : Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

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

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
I.	**Profit attributable to equity holders (A)**		
	Profit attributable to equity holders for basic and diluted EPS	3,251.67	1,688.35
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	72,46,33,323	56,12,87,051
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	73,06,89,663	56,73,56,894
IV.	**Basic earnings per share (₹)**	0.45	0.30
V.	**Diluted earnings per share (₹)**	0.45	0.30

(Currency : Indian Rupees in Lakhs)

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 2022							
	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	8,789.03	-	-	8,789.03	8,789.03	-	-	8,789.03
(b) Investments in Debentures	-	-	2,791.29	2,791.29	2,791.29	-	-	2,791.29
(c) Investments in Commercial papers	-	-	-	-	-	-	-	-
(d) Investments in Pass through certificates (PTCs)	-	-	4,606.56	4,606.56		-	4,606.56	4,606.56
Total	**8,789.03**	**-**	**7,397.85**	**16,186.88**	**11,580.32**	**-**	**4,606.56**	**16,186.88**

Particulars	As at 31 March 2021							
	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 Debentures	-	-	5,108.70	5,108.70	5,108.70	-	-	5,108.70
(b) Investments in Commercial papers	-	-	13,792.68	13,792.68	-	-	13,792.68	13,792.68
(c) Investments in Pass through certificates (PTCs)	-	-	2,615.49	2,615.49	-	-	2,615.49	2,615.49
Total	**-**	**-**	**21,516.87**	**21,516.87**	**5,108.70**	**-**	**16,408.17**	**21,516.87**

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.

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 Company has exposure to the following risks from financial instruments:
(A) Regulatory Risk;
(B) Credit Risk;
(C) Liquidity Risk;
(D) Operational Risk;
(E) Reputation Risk; and
(F) Strategic Risk

(A) Regulatory Risk;

The company being an NBFC shall have exposure to risk related to non-compliance to regulatory guidelines, laws as applicable. Such non-compliance may result in levy of heavy penalties and fines by the regulator, as well as, reputational loss to the company. The risk can arise due to non-compliance to applicable guidelines and/or lack of monitoring and follow-up on the implementation of applicable laws.

Mitigation:
• The compliance and legal / secretarial department shall submit a compliance certificate post ensuring adherence to applicable laws on quarterly basis to the Risk Committee.
• The Board shall take note of the compliance certificate and Compliance officer shall report to Board in case of any material non-compliance.
• The Board shall do a regular review of risk and identify gaps if any and take corrective actions.

(B) Credit Risk;

The company is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue for the company.

Mitigation:
• The company has formed a Credit procedures and policy to address the risk.
• Continuous monitoring mechanism is developed by adopting various checks and controls in the process.
• The Company has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Company in terms of its charter as approved by the Board if the Company.

(C) Liquidity Risk;

The risk arises due to asset liability mismatch. The inadequacy of the company in increasing its asset base, managing any unplanned changes in funding sources and meeting the financial commitments when required may result in non-liquidity.

Mitigation:
• The company has Asset Liability Management Policy in line with the RBI guidelines.
• The Asset Liability Management Committee (ALCO) is responsible for managing the risk arising out of exposures to interest rate changes and mismatches between assets and liabilities.

(Currency : Indian Rupees in Lakhs)

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

(D) Operational Risk;

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

Mitigation:

• The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

(E) Reputation Risk;

The company being an NBFC is subject to reputational loss arising due to various other risks such as Regulatory non-compliance, Operational breakdown or Borrower Dissatisfaction.

Mitigation:

• Company has formed HR Policy in order to address any concerns of the employees internally.
• Company has created Fair Practice Code which sets out the Grievance Redressal Mechanism in order to address customer concerns.
• The fair practice code also ensures that the company does not rely upon any coercive activities in order to recover the money from borrowers.

(F) Strategic Risk;

The risk arising out of non-responsiveness of business in adapting to internal as well as external environment. Such risk arises when the business strategies are not flexible to factor in the macro factors.

Mitigation:

• The Board and Risk Committee are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
• The Risk/ALCO committee are given responsibility of recommending the changes in the risk appetite of the company.

NOTE 5.04 : Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Board of directors reviews the capital position on a regular basis.

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR – Tier I capital (%)	30.57%	57.54%
CRAR – Tier II capital (%)	0.34%	0.31%
CRAR (%)	30.92%	57.85%

Liquidity Coverage Rario (LCR) is not applicable to the Company as per RBI Master Directions 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 5.05 : 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	Ultimate Holding Company	Kirloskar Oil Engines Limited (w.e.f. 5 January 2022)
2	Holding Company	Arka Financial Holdings Private LImited (w.e.f. 5 January 2022)
3	Subsidiary Company of Holding Company	Arka Investment Advisory Services Private Limited (w.e.f. 30 March 2022)

(ii) Key Management Personnel and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Vimal Bhandari (Executive Vice Chairman & CEO)	Vibha V. Bhandari	Wife
		Vatsal V Bhandari	Son
		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

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

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Atul C. Kirloskar (Executive Chairman)	Arti A. Kirloskar	Wife
		Gauri A. Kirloskar (Kolenaty)	Daughter
		Aditi A. Kirloskar (Sahni)	Daughter
		Rahul C. Kirloskar	Brother
		Suman C. Kirloskar	Mother
2	Sanjeev Nimkar (Managing Director) (upto 27th January 2022)	Ashiwini Nimkar	Wife
		Ishita Nimkar	Daughter
		Sakshi Nimkar	Daughter

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 5.05 : Related Party Disclosures *(Continued)*

B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	2021-22		2020-21	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Capital Contribution received from**				
	Holding Company	12,999.76		12,481.68	
	Kirloskar Oil Engines Limited (Upto 4 Jan 2022)		4,999.76		12,481.68
	Arka Financial Holdings Private Limited (w.e.f. 5 Jan 2022)		8,000.00		
	Total	**12,999.76**	**12,999.76**	**12,481.68**	**12,481.68**
2	**Short term loan from**				
	Holding Company	0.00		4,000.00	
	Kirloskar Oil Engines Limited (Upto 4 Jan 2022)		0.00		4,000.00
	Total	**0.00**	**0.00**	**4,000.00**	**4,000.00**
3	**Short term loan repayment to**				
	Holding Company	0.00		4,000.00	
	Kirloskar Oil Engines Limited (Upto 4 Jan 2022)		0.00		4,000.00
	Total	**0.00**	**0.00**	**4,000.00**	**4,000.00**
4	**Interest expenses on short term loan**				
	Holding Company	0.00		35.18	
	Kirloskar Oil Engines Limited (upto 4 Jan 2022)		0.00		35.18
	Total	**0.00**	**0.00**	**35.18**	**35.18**
5	**Non convertible debentures 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	**14.44**		**0.00**	
	Vimal Bhandari		**14.44**		**0.00**
	Total	**14.44**	**14.44**	**0.00**	**0.00**
7	**Expenses incurred on behalf of holding company**	17.48		0.00	
	Arka Financial Holdings Private Limited (w.e.f. 5 Jan 2022)		17.48		0.00
	Total	**17.48**	**17.48**	**0.00**	**0.00**
8	**Reimbursement of Expenses from holding company**	**8.26**		0.00	
	Arka Financial Holdings Private Limited (w.e.f. 5 Jan 2022)		**8.26**		0.00
	Total	**8.26**	**8.26**	**0.00**	**0.00**
9	**Managerial Remunerations:**				
	Key Management Personnel	530.85		500.93	
	Vimal Bhandari		530.85		500.93
	Total	**530.85**	**530.85**	**500.93**	**500.93**
Balances with related parties					
1	**Non convertible debentures issued**	150.00		150.00	
	Vimal Bhandari		150.00		150.00
	Total	**150.00**	**150.00**	**150.00**	**150.00**
2	**Receivable from holding company**	25.73		0.00	
	Arka Financial Holdings Private Limited		25.73		0.00
	Total	**25.73**	**25.73**	**0.00**	**0.00**

The above compensation of the Company'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.

All amounts are net of TDS and/or GST as applicable.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 5.06 : Contingent liabilities and Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities	Nil	Nil
Capital commitments:		
Estimated amount of contracts remaining to be executedon capital account	-	-
Loans sanctioned not yet disbursed	45,589.97	6,997.55

NOTE 5.07 : Leases

Where the Company is a lessee

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

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

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

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

(A) Lease liability movement

Particulars	As at 31 March 2021	As at 31 March 2020
Lease liability at begnning of the year	439.82	570.02
Add: Interest on lease liability	39.87	54.99
Add: Lease liability recognised during the year	50.59	-
Less: Lease rental payments	(184.17)	(185.20)
Less: Lease liability de-recognised during the year	(54.92)	-
Lease liability at the end of the year	291.18	439.82

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2022	As at 31 March 2021
Minimum Lease Payments:		
Not later than one year	181.90	184.93
Later than one year but not later than five years	143.70	268.29
Later than five years	-	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability:		
Less than 12 months	158.24	146.73
More than 12 months	132.95	293.09

(Currency : Indian Rupees in Lakhs)

NOTE 5.08 : Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Particulars		As at 31 March 2022	As at 31 March 2021
a.	Principal and interest amount remaining unpaid (not due)	9.72	-
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	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 5.09 : Disclosure pursuant to Employee benefits

Defined contribution plan (Provident fund):

The Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The provident fund payment recognised as expenses and included in Employee benefit expenses during the current year ₹.80.05 Lakhs (March 2021: ₹ 53.18 Lakhs).

Defined benefit plans: The Company has following Defined benefit plans:

A Gratuity
B Compensated Absences
C Long term incentive plan (LTIP)

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 2022	As at 31 March 2021
A	**(i)**	**Gratuity:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	45.04	24.28
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**45.04**	**24.28**
	(ii)	**Compensated Absences:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	51.03	33.97
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	**51.03**	**33.97**
	(iii)	**Long term incentive plan:**		
		Amount recognised in the balance sheet		
		Present value of the obligation as at the end of the year	195.65	-
		Fair value of plan assets as at the end of the year	-	-
		Net (asset) / liability to be recognised in the balance sheet	195.65	-
B	**(i)**	**Gratuity:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	24.28	18.17
		Current service cost	19.44	16.46
		Past service cost	-	-
		Interest cost	1.53	1.16
		Benefits paid	-	-
		Actuarial (gain) / loss on obligation	(0.22)	(11.51)
		Projected benefit obligation at the end of the year	**45.04**	**24.28**
	(ii)	**Compensated Absences:**		
		Change in projected benefit obligation		
		Projected benefit of obligation at the beginning of the year	33.97	14.41
		Current service cost	20.88	13.28
		Past service cost	-	-
		Interest cost	2.14	0.91
		Benefits paid	-	(0.23)
		Remeasurements on obligation - (Gain) / Loss	(5.96)	5.60
		Projected benefit obligation at the end of the year	**51.03**	**33.97**
C	**(i)**	**Gratuity:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	19.44	16.46
		Past service cost and loss/(gain) on curtailments and settlement	-	-
		Net interest cost	1.53	1.16
		Expenses recognised in the statement of profit and loss	**20.97**	**17.62**
	(ii)	**Compensated Absences:**		
		Amount recognised in the statement of profit and loss		
		Current service cost	20.88	13.28
		Remeasurements on obligation - (Gain) / Loss	(5.96)	5.60
		Net interest cost	2.14	0.91
		Expenses recognised in the statement of profit and loss	**17.06**	**19.79**

Particulars			As at 31 March 2022	As at 31 March 2021
	(iii)	**Long term incentive plan**		
		Amount recognised in the statement of profit and loss		
		Current service cost	195.65	-
		Remeasurements on obligation - (Gain) / Loss	-	-
		Net interest cost	-	-
		Expenses recognised in the statement of profit and loss	**195.65**	**-**
D	(i)	**Gratuity:**		
		Amount recognised in other comprehensive income		
		Actuarial (gains) / loss		
		- change in financial assumption	-	(5.36)
		- change in demographic assumption	-	-
		- experience variation	(0.22)	(6.15)
		Amount recognised in other comprehensive income	**(0.22)**	**(11.51)**

NOTE 5.09 : Disclosure pursuant to Employee benefits *(Continued)*

Particulars		As at 31 March 2022	As at 31 March 2021
E	**Assumptions used**		
	Discount rate (gratuity and compensated absences)	6.30%	6.30%
	Discount rate (Long term incentive plan)	4.60%	-
	Rate of increase in compensation levels	4.00%	4.00%
	Expected average remaining working lives of employees (in years)	4.72	5.91
	Retirement Age	60 years 63 years	60 years 63 years
	Withdrawal Rate	20.00%	15.00%

F Sensitivity analysis - Gratuity

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	43.31	46.91	23.04	25.64
Salary growth rate (1% movement)	46.56	43.61	25.45	23.20
Withdrawal rate (1% movement)	44.82	45.26	24.08	24.47

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 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	49.45	52.75	32.72	35.34
Salary growth rate (1% movement)	52.35	49.79	35.08	32.94
Withdrawal rate (1% movement)	54.61	47.24	37.01	30.70

H Sensitivity analysis - Long term incentive plan

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 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	197.41	193.92	-	-
Salary growth rate (1% movement)	197.53	193.77	-	-
Withdrawal rate (1% movement)	197.92	193.37	-	-

H 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 7.56 years for Gratuity and 3.13 years for Compensated Absences.
3. The expected payment expected to be paid in next year Rs 0.16 Lakhs for Gratuity and RS. 18.37 for Compensated Absences.

(Currency : Indian Rupees in Lakhs)

NOTE 5.10 : Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company. The relevant details of the schemes and the grant are as below.

Description of share-based payment arrangements:

As at 31 March 2022, the Company has the following share-based payment arrangements:

Share option plans (equity settled):

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

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

I. Details of the ESOP:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
ESOP Plan/ Scheme	ESOP - 2019	ESOP - 2019	ESOP - 2019
Date of Grants	06 May 2019	01 November 2019	02 November 2020
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and		
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 2022:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
No. of Options Outstanding at the beginning of the year	2,06,50,000	13,00,000	10,75,000.00
Options Granted during the year	-	-	-
Options Forfeited / Lapsed during the year	-	35,000	-
Options Exercised during the year	-	15,000	-
Number of options Outstanding at the end of the year	2,06,50,000	12,50,000	10,75,000
Number of Options exercisable at the end of the year	1,95,75,000	3,75,000	1,07,500
The weighted average share price of shares exercised during the year ended 31 March 2022	NA	10	NA

Option Movement during the year ended Mar 2021:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
No. of Options Outstanding at the beginning of the year	2,06,50,000	13,00,000	-
Options Granted during the year	-	-	10,75,000
Options Forfeited / Lapsed during the year	-	-	-
Options Exercised during the year	-	-	-
Number of options Outstanding at the end of the year	2,06,50,000	13,00,000	10,75,000
Number of Options exercisable at the end of the year	1,35,35,000	1,30,000	-
The weighted average share price of shares exercised during the year ended 31 March 2020	NA	NA	NA

III. Weighted Average remaining contractual life:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
Range of Exercise Price (₹ per share)	10	10	11
No. of Options Outstanding as on 31 March 2022	2,06,50,000	12,50,000	10,75,000
Contractual Life: Granted but not vested (in years)	0.87	0.86	1.46

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

The fair value has 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
Risk Free Interest Rate	7.40%	6.60%	5.80%
Weighted average expected life (in years)	6	7	7
Expected Volatility	1.00%	1.00%	1.00%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00

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

Particulars	31 March 2022	31 March 2021
Employee share based expense (₹)	94.25	227.43
Total ESOP reserve outstanding at the end of the year (₹)	793.18	699.48

(Currency : Indian Rupees in Lakhs)

NOTE 5.11 : Maturity pattern of Assets and Liabilities

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

Particulars	Note	As at 31 March 2022			As at 31 March 2021		
		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	13,167.93	-	13,167.93	22,608.09	-	22,608.09
Bank balances other than cash and cash equivalents	3.02	1,001.00		1,001.00	-		-
Trade receivable	3.03	43.74		43.74			
Loans	3.04	95,696.39	1,34,212.00	2,29,908.39	29,193.90	61,465.00	90,658.90
Investments	3.05	8,786.45	7,397.85	16,184.30	16,743.95	4,736.00	21,479.95
Other financial assets	3.06	52.60	241.00	293.60	17.79	203.00	220.79
Non-financial assets							
Current tax assets (net)	3.07	370.17	-	370.17	84.79	-	84.79
Deferred tax assets (net)	3.08	-	652.72	652.72	-	274.60	274.60
Property, plant and equipment	3.09	-	523.49	523.49	-	752.24	752.24
Intangible assets	3.10	-	337.01	337.01	-	370.42	370.42
Intangible assets under development	3.11	-	-	-	-	2.00	2.00
Other non-financial assets	3.12	203.37	14.00	217.37	143.60	19.00	162.60
TOTAL ASSETS		**1,19,321.65**	**1,43,378.07**	**2,62,699.72**	**68,792.12**	**67,822.26**	**1,36,614.38**

Particulars	Note	As at 31 March 2022			As at 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	3.13	134.09	-	134.09	66.59	-	66.59
Debt securities	3.14	16,102.87	40,474.38	56,577.25	2,359.22	19,844.72	22,203.94
Borrowings (other than debt securities)	3.15	56,913.98	59,859.33	1,16,773.31	22,924.82	21,440.03	44,364.85
Other financial liabilities	3.16	3,210.40	132.95	3,343.35	1,583.57	293.09	1,876.66
Non-financial liabilities							
Provisions	3.18	20.18	492.47	512.65	12.43	91.63	104.06
Other non-financial liabilities	3.19	1,676.57	-	1,676.57	663.12	-	663.12
TOTAL LIABILITIES		**78,058.10**	**1,00,959.12**	**1,79,017.22**	**27,609.75**	**41,669.47**	**69,279.22**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 5.12 : Asset liability management

Particulars	**1 to 7 days**	**8 to 14 days**	**15 to 30/31 days**	**Over one month to 2 months**	**Over 2 months upto 3 months**	**Over 3 months upto 6 months**	**Over 6 months to 1 year**	**Over 1 year to 3 years**	**Over 3 years to 5 years**	**Over 5 years**
LIABILITIES										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	3,550.00	-	931.21	1,322.18	9,427.44	12,704.16	24,354.90	65,837.07	5,977.68	-
Market borrowings	-	-	5,063.62	166.67	5,953.58	6,450.00	7,420.24	21,429.73	2,762.04	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-
ASSETS										
Loans & advances	281.97	1,000.37	4,640.10	976.54	5,691.01	28,768.32	49,403.37	1,05,203.14	15,622.90	19,002.34
Investments	-	-	1,753.95	570.26	7,413.26	911.36	1,583.33	3,508.51	433.91	12.28
Foreign Currency assets	-			-	-	-	-	-	-	-

In addition to the investments shown in the table above, the Company also has cash & equivalents and undrawn funding lines as under:

- Cash & Cash Equivalents (refer note 3.01)	13,167.93
- Undrawn funding lines	7,000.00
Total	**20,167.93**

NOTE 5.13 : Exposure to real Estate Sector

		Particulars	**As at 31 March 2022**	**As at 31 March 2021**
A	**Direct exposure**			
	I.	**Residential Mortgages**		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakhs may be shown separately)	59,413.23	-
	II.	**Commercial Real Estate**		
		Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	21,143.58	38,080.62
	III.	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**	2,791.29	
		- Residential	-	-
		- Commercial Real Estate	-	-
B	**Indirect Exposure**			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,874.40	2,674.00

NOTE 5.14 : Exposure to capital market

	Particulars	**As at 31 March 2022**	**As at 31 March 2021**
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	23,992.44	7,451.71
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	8,905.63	7,075.30
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	5,019.73	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 : Other Disclosures Pursuant to the RBI Master Directions, 2016

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

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	-	-
3	Provision made towards Income tax	1,535.13	790.28
4	Other Provision and Contingencies	-	-
5	Provision for Standard Assets	557.61	220.99

II. Concentration of Advances

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Total Advances to twenty largest borrowers	1,22,288.38	84,432.01
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	53.03%	92.87%

III. Concentration of Exposures

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Total Exposures to twenty largest borrowers	1,37,848.16	84,432.01
2	Percentage of Exposures to twenty largest borrowers to Total Exposures of the Company	49.91%	92.87%

IV. Movement of NPAs

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Net NPAs to Net Advances (%)	-	-
2	Movement of NPAs (Gross)	-	-
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-
3	Movement of Net NPAs	-	-
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-
4	Movement of provisions for NPAs (excluding provisions on standard assets)	-	-
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-

V. Concentration of NPA

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Concentration of NPA	0.00%	0%

VI. Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 : Other Disclosures Pursuant to the RBI Master Directions, 2016 *(Continued)*

VII. Customer Complaints

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	No. of complaints pending at the beginning of the period	-	-
2	No. of complaints received during the period	-	-
3	No. of complaints redressed during the period	-	-
4	No. of complaints pending at the end of the period	-	-

VIII. Investments

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
1	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	16,186.88	21,516.87
	(b) Outside India	-	-
	(ii) Provision for Depreciation*		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	16,186.88	21,516.87
	(b) Outside India	-	-
2	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off/ write-back of excess provision during the year	-	-
	(iv) Closing balance	-	-

* ECL Provision on investments are not considered here.

IX. Registration obtained from other financial sector regulators : None

X. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC:

The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financial year.

XI. Details of financing of parent Company products : None

XII. Disclosure of penalties imposed by RBI and other regulators : None

XIII. Draw down from reserves : None

XIV. Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr No	Instrument		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Bank Loan Facilities	CRISIL	AA-	AA-
2	Commercial Paper	CRISIL	A1+	A1+
		INDIA RATINGS	A1+	-
3	NCD	CRISIL	AA-	-
		INFOMERICS	AA-	-

XV. Unsecured Advances against intangible securities : None

XVI. Related Party Transactions :

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

XVII. Remuneration of Directors :

Sr No	Instrument	For the year ended 31 March 2022	For the year ended 31 March 2021
	Transactions with the Non-Executive Directors		
	Payment of Director Sitting fees	17.20	16.10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 : Other Disclosures Pursuant to the RBI Master Directions, 2016 *(Continued)*

XVIII. Overseas Assets (for those with joint ventures and Subsidiaries abroad):

There are no Overseas Assets.

XIX. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

XX. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year-end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

XXI. Disclosures relating to Securitisation

(i) The Company has not sold any of its assets during the current year and previous year by way of securitisation. Therefore, disclosure pertaining to Securitisation are not applicable.

(ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction: During the current and previous year, the Company has not entered into any sale of financial assets to any securitisation/ reconstruction company for assets reconstruction. Therefore, disclosures pertaining to it are not applicable.

(iii) Details of Assignment transactions undertaken by applicable NBFCs: During the current and previous year, the Company has not entered into any sale of financial assets by way of assignment. Therefore, disclosures pertaining to it are not applicable.

(iv) Details of non-performing financial assets purchased / sold: During the current and previous year, the Company has not entered into any purchase /sale of any non-performing financial assets. Therefore, disclosures pertaining to it are not applicable.

XXII. Revenue Recognition

There is no postponement of revenue due to pending resolution of significant uncertainties.

(Currency : Indian Rupees in Lakhs)

NOTE 6.02 : Disclosures pursuant to RBI Notification No. RBI/2019-20/170 DOR(NBFC). CC.PD.No.109/22.10106/2019-20

As per the said RBI notification, a comparison (as shown in below Appendix) between provisions required under IRACP and impairment allowances made under Ind AS 109 should be disclosed by NBFC in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses.

As per the said notification, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFC shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

Appendix

Asset Classification as per RBI Norms	Asset classifica tion as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	2,37,987.90	700.28	2,37,287.62	921.23	(220.95)
	Stage 2	-	-	-	-	-
Subtotal		**2,37,987.90**	**700.28**	**2,37,287.62**	**921.23**	**(220.95)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	45,589.97	220.95	-	-	220.95
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**45,589.97**	**220.95**	-	-	**220.95**
TOTAL	Stage 1	**2,83,577.87**	**921.23**	**2,37,287.62**	**921.23**	**(0.00)**
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	**2,83,577.87**	**921.23**	**2,37,287.62**	**921.23**	**(0.00)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 6.03 : Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Particulars			As at March 31, 2022		As at March 31, 2021	
LIABILITIES SIDE			**Amount outstanding**	**Amount overdue**	Amount outstanding	Amount overdue
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**					
	(a)	Debenture : Secured	**45,616.09**	-	20,363.54	-
		: Unsecured	-	-	-	-
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	**1,15,968.08**	-	39,399.24	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial Paper	**11,809.38**	-	2,359.22	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans - Working capital demand loans from bank	**1,000.00**			
	(g)	Overdraft	-	-	4,995.58	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**					
	(a)	In the form of Unsecured debentures	-	-	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c)	Other public deposits	-	-	-	-

ASSETS SIDE				**As at March 31, 2022**	As at March 31, 2021
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**				
	(a)	Secured		**2,25,074.06**	89,387.40
	(b)	Unsecured		**5,532.03**	1,552.39
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**			**As at March 31, 2022**	As at March 31, 2021
	(i)	Lease assets including lease rentals under sundry debtors:			
		(a)	Financial lease	-	-
		(b)	Operating lease	-	-
	(ii)	Stock on hire including hire charges under sundry debtors:			
		(a)	Assets on hire	-	-
		(b)	Repossessed Assets	-	-
	(iii)	Other loans counting towards asset financing activities			
		(a)	Loans where assets have been repossessed	-	-
		(b)	Loans other than (a) above	-	-
(5)	**Break-up of Investments**				
	Current Investments				
	1.	Quoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds		2,589.35
		(iii)	Units of mutual funds	**8,789.03**	-
		(iv)	Government Securities	-	-
		(v)	Others (please specify)	-	-
	2.	Unquoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	-	-
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Commercial paper		13,792.68
		(vi)	Others - Pass through certificates	**0.00**	394.87

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

NOTE 6.03 : Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 *(Continued)*

	Long Term investments				
	1.	Quoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	**2,791.29**	2,519.35
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Others (please specify)	-	-
	2.	Unquoted			
		(i)	Shares: (a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	-	-
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Others - Pass through certificates	**4,606.56**	2,220.61

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**			**As at March 31, 2022**		As at March 31, 2021	
	Category			**Amount (net of provisions)**		**Amount (net of provisions)**	
				Secured	**Unsecured**	Secured	Unsecured
	1.	Related Parties					
		(i)	Subsidiaries	-	-	-	-
		(ii)	Companies in the same group	-	-	-	-
		(iii)	Other related parties	-	-	-	-
	2.	Other than related parties		**2,25,074.07**	**5,532.03**	89,387.40	1,552.39

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**			**As at March 31, 2022**		As at March 31, 2021	
	Category			**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	Related Parties					
		(i)	Subsidiaries	-	-	-	-
		(ii)	Companies in the same group	-	-	-	-
		(iii)	Other related parties	-	-	-	-
	2.	Other than related parties		**16,186.87**	**16,184.29**	21,516.87	21,479.95

(8)	**Other information**						
	Particulars			**As at March 31, 2022**		As at March 31, 2021	
	(i)	Gross Non-Performing Assets					
		(a)	Related parties	-	-	-	-
		(b)	Other than related parties	-	-	-	-
	(ii)	Net Non-Performing Assets					
		(a)	Related parties	-	-	-	-
		(b)	Other than related parties	-	-	-	-
	(iii)	Assets acquired in satisfaction of debt		-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022
(Currency : Indian Rupees in Lakhs)

Note 6.04: Trade receivables aging schedule - 31 March 2022

Particulars	Outstanding for following periods from due date of payment#					
	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	43.74	-	-	-	-	43.74
(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 2021

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Currency : Indian Rupees in Lakhs)

Note 6.05: Trade Payables aging schedule - 31 March 2022

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	9.72					-
(ii) Others	124.37					-
(iii) Disputed dues – MSME						-
(iv)Disputed dues - Others						-

* The amount includes provision of Rs. 43.83 lacs which were unbilled as on 31 March 2022.

Trade Payables aging schedule - 31 March 2021

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						-
(ii) Others*	66.59					-
(iii) Disputed dues – MSME						-
(iv)Disputed dues - Others						-

* The amount includes provision of Rs. 12.00 lacs which were unbilled as on 31 March 2021.

Note 6.06: Intangible assets under development - ageing schedule

	As on 31 March 2022				Total*
Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-				-
Projects temporarily suspended					-

	As on 31 March 2021				Total*
Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.00				2.00
Projects temporarily suspended					-

There are no Intangible assets under development whose completion is overdue or has exceeded its cost compared to its orignal plan

(Currency : Indian Rupees in Lakhs)

Note 6.07: Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/220 DOR.NO.BP.BC.63/21.04.048/

Particulars	As at 31 March 2021
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	NIL
Respective amount where asset classification benefits is extended	NIL
Provisions made in terms of paragraph 5 of RBI Circular *	NIL
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 and reversal	NIL
The residual provisions in terms of paragraph 6 of RBI Circular	NIL

Above details pertain to financial year ended 31 March 2021 which were required to be provided in audited financial statements for the year ended 31 March 2021

Note 6.08: Other notes

6.08 (i): Relatinship with struck off companies

The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

6.08 (ii): Registration of charges

For the year ended 31 March 2022

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2022

For the year ended 31 March 2021

Registration of charges were performed as per the terms of sanction within the due dates during the year ended 31 March 2021

6.08 (iii): Satisfaction of charges

For the year ended 31 March 2022

Satisfation of charges were performed as per the terms of sanction within due date during the year ended 31 March 2022

For the year ended 31 March 2021

Satisfation of charges were performed as per the terms of sanction within due date during the year ended 31 March 2021

6.08 (iii): Utilization of borrowed funds

(i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Standards Issued but not yet Effective

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).
The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.
The amendments to Ind AS are intended to keep the Ind AS aligned with the amendments made in IFRS.

Particulars	**Explanation**
Amendments to Ind AS 16, “Property, Plant and Equipment”	The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management
Amendments to Ind AS 37, “Provisions, Contingent Liabilities and Contingent Assets”	The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous
Amendments to 41, “Agriculture”	The amendments to Ind AS 41 issued by the Ministry of Corporate Affairs amends provisions to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS’s.
Amendments to 101, “First-time Adoption of Indian Accounting Standards”	The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 103, "Business Combination"	The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to: - substitute the word ‘Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)’ with the words ‘Conceptual Framework of Financial Reporting in Ind AS’. - add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37 , an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination - add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
Ind AS 109, "Financial Instruments"	The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability

(Currency : Indian Rupees in Lakhs)

NOTE 6.09 : Disclosure as per RBI Guidelines on liquidity framework

1 Funding Concentration based on significant counterparty

No. of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
28	1,66,083.00	N.A.	95.13%

2 Top 10 borrowings

Amount	% of Total Borrowings
1,03,674.00	59.38%

3 **Funding Concentration based on significant instrument / product**

`

Name of the product	Amount	% of Total Liabilities
Commercial Papers	12,000.00	6.87%
Private NCD	44,950.00	25.75%
Term Loan	1,16,640.00	66.81%
Cash credit (CC)	-	0.00%
Working capital demand loan (WCDL)	1,000.00	0.57%
Total	1,74,590.00	**98.39%**

4 **Stock ratios**

Stock Ratio	%
Commercial papers as a % of total liabilities	6.60%
Commercial papers as a % of total assets	4.50%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	-
Non-convertible debentures (original maturity of less than one year) as a % of total assets	-
Other short-term liabilities as a % of total liabilities	31.79%
Other short-term liabilities as a % of total assets	21.66%

5 **Institutional set-up for Liquidity Risk Management:**

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

The company’s liquidity and funding approach documented through its various plans and policies including the Assets Liability Management policy, Treasury Deployment policy is to ensure that funding is available to meet all market related stress situations.

The company’s liquidity management set up is assessed periodically to align same with regulatory changes int the economic landscape or business needs.

(Currency : Indian Rupees in Lakhs)

NOTE 7.01 : Coronavirus (COVID-19) impact on financial reporting:

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Indian government announced a strict lockdown across the country to contain the spread of virus.

(a) Impact of COVID-19 on Company business:

The Company has made an assessment of its liquidity position and assessment of solvency at year end and found both at comfortable level. Company capital adequacy is 57.85% which is much higher than minimum required by the RBI. In addition, the Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements. The Company has further assessed the recoverability and carrying value of its assets comprising Loans and advances, Property, Plant and Equipment and Intangible assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

(b) Regulatory Measures:

In accordance with RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has granted moratorium to its customers as per its Board approved policy. The moratorium period ended on 31 August 2020 and the customers who availed benefits of moratorium have been making repayments as per the revised schedule and as of 31 March 2021, all payments have been received in full and on timely basis.

NOTE 7.02 : Unhedged Foreign Currency Exposure

The Company does not have any unhedged foreign currency exposure for the year ended March 31, 2022 (Previous year : Rs Nil).

NOTE 7.03 : Regrouping and / or reclassification

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

As per our report of even date attached
For P G BHAGWAT LLP
Chartered Accountants
ICAI Firm Registration No.: 101118W/W100682

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Nachiket Deo
Partner
Membership No. 117695

Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318

Mahesh Chhabria
Non Executive Director
DIN: 00166049

Amit Kumar Gupta
Chief Financial Officer

Amit Bondre
Deputy Company Secretary

Place: Pune
Date: 26 April 2022

Place: Pune
Date: 26 April 2022

B S R & Co. LLP
Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai – 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditor's Report

To the Members of Arka Fincap Limited

(formerly Kirloskar Capital Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arka Fincap Limited (formerly Kirloskar Capital Limited) ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), 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 the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 on the financial statements.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

VS

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Independent Auditor's Report *(Continued)*

Arka Fincap Limited

Key Audit Matter *(Continued)*

Description of Key Audit Matter

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances, including off-balance sheet elements

Charge: INR 220.99 lakhs for year ended 31 March 2021
Provision: INR 363.62 lakhs at 31 March 2021</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note 2.06A(iv) to the Financial Statements: Impairment of Financial Assets", "Note 2.22 to the Financial Statements: Significant Accounting Policies - Critical Accounting Estimates" and "Note 3.03 and 3.04 to the Financial Statements: Loans and advances and Investments respectively"</td></tr>
<tr><td>Subjective estimate

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:

• Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In the case of the Company, historical data is limited, and reasonable alternatives have been applied to allow calculations to be performed.

• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. Considering the historical data is limited, the Company has applied use of proxy PDs and LGDs. Management has also assessed impact of increased uncertainty on account of COVID-19.

• Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the impact of forward-looking economic scenarios especially when considering the current uncertain economic environment arising from COVID-19.</td><td>Our key audit procedures included:

Design / controls

We performed end to end process walkthroughs to identify the controls applied in the ECL process. We tested the relevant manual (including spreadsheet controls), used in the ECL process.

Key aspects of our controls testing involved the following:

• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

• Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with the RBI guidance.

• Testing the design and operating effectiveness of the key controls over the application of the staging criteria.

• Testing management's controls over authorisation and calculation of post model adjustments and management overlays.

• Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.

Test of details

Key aspects of our testing included:

• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and model assumptions applied.</td></tr>
</table>

Independent Auditor's Report *(Continued)*

Arka Fincap Limited

Key Audit Matter *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, including off balance sheet elements, has a relatively high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Disclosures The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Assessing disclosures - We assessed whether appropriate disclosures are made in line with requirements of Ind AS 109.

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

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon. The other information 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 other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and the Board of Directors' Responsibility for the Financial Statements

The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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Management's and the Board of Directors' Responsibility for the Financial Statements *(Continued)*

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by management and the Board of Directors.

- Conclude on the appropriateness of management and the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Independent Auditor's Report *(Continued)*

Arka Fincap Limited

Auditor's Responsibilities for the Audit of the Financial Statements ***(Continued)***

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 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The balance sheet, the statement of profit and loss (including other comprehensive income), 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 financial statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) 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, 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;

VS

Independent Auditor's Report *(Continued)*

Arka Fincap Limited

Report on Other Legal and Regulatory Requirements ***(Continued)***

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

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

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Vaibhav

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 21117377AAAABD9220

Mumbai
28 April 2021

Arka Fincap Limited

Annexure A to the Independent Auditor's Report on the financial statements of Arka Fincap Limited (formerly known as Kirloskar Capital Limited)

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

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular program of physical verification to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets were not physically verified by management during the year.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable property.

(ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Sections 185 and 186 of the Act. Accordingly, the provision of clause 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.

(vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other material statutory dues have generally regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, duty of customs or duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and goods and service tax were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the Company did not have any dues on account of income tax, goods and service tax, duty of customs or duty of excise which have not been deposited on account of dispute.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks or debenture holders during the year. During the year, the Company did not have any loans or borrowings from Government.

VS

Arka Fincap Limited

Annexure A to the Independent Auditor's Report on the financial statements of Arka Fincap Limited (formerly known as Kirloskar Capital Limited) *(Continued)*

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has applied money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised any money by way of initial public offer or follow public offer including debt instruments during the year ended 31 March 2021. .

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate dated 29 October 2018).

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vaibhav

Vaibhav Shah
Partner
Membership No: 117377
UDIN: 21117377AAAABD9220

Mumbai
28 April 2021

Arka Fincap Limited

Annexure B to the Independent Auditor's report on the financial statements of Arka Fincap Limited (formerly Kirloskar Capital Limited) for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Arka Fincap Limited (formerly Kirloskar Capital Limited) ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with 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 financial statements. 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 financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Arka Fincap Limited

Annexure B to the Independent Auditor's report on the financial statements of Arka Fincap Limited (formerly Kirloskar Capital Limited) for the year ended 31 March 2021 *(Continued)*

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Vaibhav

Vaibhav Shah
Partner
Membership No. 117377
UDIN: 21117377AAAABD9220

Mumbai
28 April 2021

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

BALANCE SHEET

AS AT 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
I. ASSETS				
Financial assets				
Cash and cash equivalents	3.01	22,608.09	12,326.68	1,023.07
Bank balances other than cash and cash equivalents	3.02	-	-	-
Loans	3.03	90,658.90	36,233.56	34.35
Investments	3.04	21,479.95	11,308.01	-
Other financial assets	3.05	220.79	184.82	162.81
		1,34,967.73	**60,053.07**	**1,220.23**
Non-financial assets				
Current tax assets (net)	3.06	84.79	17.41	3.40
Deferred tax assets (net)	3.07	274.60	126.43	239.68
Property, plant and equipment	3.08	752.24	963.65	412.63
Intangible assets	3.09	370.42	8.92	2.10
Intangible assets under development	3.10	2.00	218.55	-
Other non-financial assets	3.11	162.60	358.77	155.64
		1,646.65	**1,693.73**	**813.45**
TOTAL ASSETS		**1,36,614.38**	**61,746.80**	**2,033.68**
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables	3.12			
(i) total outstanding to micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		66.59	21.78	16.87
Debt securities	3.13	22,203.94	-	-
Borrowings (other than debt securities)	3.14	44,364.85	7,500.00	-
Other financial liabilities	3.15	1,876.66	1,181.09	-
		68,512.04	**8,702.87**	**16.87**
Non-financial liabilities				
Current tax liabilities (net)	3.16	-	-	-
Provisions	3.17	104.06	32.58	7.48
Other non-financial liabilities	3.18	663.12	82.27	59.67
		767.18	**114.85**	**67.15**
TOTAL LIABILITIES		**69,279.22**	**8,817.72**	**84.02**
Equity				
Equity share capital	3.19	63,996.98	52,650.00	2,700.00
Other equity	3.20	3,338.18	279.08	(750.34)
TOTAL EQUITY		**67,335.16**	**52,929.08**	**1,949.66**
TOTAL LIABILITIES AND EQUITY		**1,36,614.38**	**61,746.80**	**2,033.68**
Significant Accounting Policies	2			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vaibhav Shah
Partner
Membership No. 117377

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Vimal Bhandari
Executive Vice Chairman and CEO

Mahesh Chhabria
Non Executive Director

Ritesh Jhanwar
Financial Controller

Amit Bondre
Deputy Company Secretary

Place: Mumbai
Date: 28 April 2021

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2021
(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	4.01		
Interest income		9,788.32	4,051.08
Fees and commission income		179.87	-
Net gain on sale of investments		228.26	783.66
Net gain on fair value changes of investments		(7.94)	7.94
Total revenue from operations		**10,188.51**	**4,842.68**
Other income	4.02	104.03	-
Total income		**10,292.54**	**4,842.68**
Expenses			
Finance costs	4.03	3,768.91	265.93
Net loss on fair value changes	4.04	0.27	0.84
Impairment on financial instruments	4.05	220.99	142.63
Employee benefit expenses	4.06	3,050.32	2,593.06
Depreciation and amortisation expenses	4.07	315.27	245.60
Other expenses	4.08	609.23	577.80
Total expenses		**7,964.99**	**3,825.86**
Profit before tax		**2,327.55**	**1,016.82**
Tax expense:	4.09		
1. Current tax		790.28	293.47
2. Deferred tax expense /(income)		(151.07)	113.95
Total tax expenses		**639.21**	**407.42**
Profit after tax		**1,688.34**	**609.40**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		11.52	(2.79)
- Income tax relating to items that will not be reclassified to profit or loss		(2.90)	0.70
Other comprehensive income for the year, net of tax		**8.62**	**(2.09)**
Total comprehensive income for the year		**1,696.96**	**607.31**
Earnings per equity share	30		
Basic earnings per share (₹)		0.30	0.12
Diluted earnings per share (₹)		0.30	0.12
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vaibhav Shah
Partner
Membership No. 117377

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
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Vimal Bhandari
Executive Vice Chairman and CEO

Mahesh Chhabria
Non Executive Director

Ritesh Jhanwar
Financial Controller

Amit Bondre
Deputy Company Secretary

Place: Mumbai
Date: 28 April 2021

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A Cash Flow from Operating Activities		
Net profit before tax	2,327.56	1,016.84
Adjustments for :		
Add:		
Depreciation and amortisation	315.27	245.59
Provision for gratuity	17.62	12.33
Provision for lease encashment	19.56	9.98
Provision for expected credit loss	220.99	142.63
Provision for bonus	800.00	610.00
Provision for share based payments	227.43	472.05
Loss on fair value of employee loan	0.27	0.84
Prepaid expenses amortised	323.03	66.70
Finance cost	3,768.91	265.94
	5,693.08	**1,826.06**
Less:		
Interest received on fixed deposits	520.89	696.60
Profit on sale of investments	228.26	783.66
Fair value (loss)/ gain on investments	(7.94)	7.94
Interest received on debt instrument	1,973.76	540.17
Interest income on security deposit	20.09	17.62
Rent paid for office premise	185.20	171.46
Amortised discount income on commercial paper	496.04	741.84
	3,416.30	**2,959.29**
Operating profit before working capital changes	**4,604.34**	**(116.39)**
Adjustments:		
(Increase)/Decrease in loans and advances	(54,581.04)	(36,325.51)
(Increase) / Decrease in security deposits	(4.91)	(7.95)
(Increase) / Decrease in Prepaid expenses	(672.43)	(321.69)
(Increase) / Decrease in Other financial assets	-	0.33
(Increase) / Decrease in Other non-financial assets	46.78	(45.48)
Employee benefits paid	(615.59)	-
Increase/(Decrease) in trade payable	44.81	4.91
Increase/(Decrease) in Other financial liabilities	641.36	1.07
Increase/(Decrease) in Other non-financial liabilities	580.86	22.60
Cash used in operating activities	**(49,955.82)**	**(36,788.11)**
Direct taxes paid	(857.66)	(307.48)
Net cash used in operating activities (A)	**(50,813.48)**	**(37,095.59)**
B Cash flows from investing activities		
Add:		
Interest received on fixed deposits	509.92	696.60
Receipt on sale of Investments	90,998.24	3,43,012.82
Interest received on debt instrument	1,770.15	540.65
	93,278.31	**3,44,250.07**
Less:		
Payments on purchase of investment	1,00,269.95	3,52,805.04
Payments for Purchase of Property, Plant and Equipment	60.81	14.70
Payments for Purchase of Other Intangible assets	186.00	8.44

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Payments for Purchase of Intangible assets under development	2.00	218.56
	1,00,518.76	**3,53,046.74**
Net cash generated from investing activities (B)	**(7,240.45)**	**(8,796.67)**
C Cash Flow from Financing Activities		
Proceeds from issue of equity share capital (including securities premium)	12,481.68	49,950.00
Stamp duty paid on issue of equity shares	-	(49.95)
Proceeds from Bank and NBFCs Borrowings (net)	37,258.36	7,500.00
Proceeds from issuance of Non-Convertiable Debentures	19,950.00	-
Proceeds from issuance of Commercial Papers (net)	2,359.22	-
Finance cost paid	(3,713.92)	(204.18)
Net cash generated from financing activities (C)	**68,335.34**	**57,195.87**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**10,281.41**	**11,303.61**
Cash and Cash Equivalents at the beginning of the year	**12,326.68**	**1,023.07**
Cash and Cash Equivalents at the end of the year	**22,608.09**	**12,326.68**
Reconciliation of cash and cash equivalents with the balance sheet		
Balances with banks		
- in current accounts	5,108.09	7,326.68
Deposits with original maturity of less than three months	17,500.00	5,000.00
Total	**22,608.09**	**12,326.68**

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Vaibhav Shah
Partner
Membership No. 117377

Vimal Bhandari
Executive Vice Chairman and CEO

Mahesh Chhabria
Non Executive Director

Ritesh Jhanwar
Financial Controller

Amit Bondre
Deputy Company Secretary

Place: Mumbai
Date: 28 April 2021

Place: Mumbai
Date: 28 April 2021

ARKA FINCAP LIMITED
(FORMERLY KNOWN AS KIRLOSKAR CAPITAL LIMITED)

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

(a) Equity Share Capital (Note 3.19)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
Balance as at 1 April 2019	**2,70,00,000**	**2,700.00**
Shares issued during the year	49,95,00,000	49,950.00
Balance as at 31 March 2020	**52,65,00,000**	**52,650.00**
Balance at 1 April, 2020	52,65,00,000	52,650.00
Shares issued during the period	11,34,69,828	11,346.98
Balance as at 31 March 2021	**63,99,69,828**	**63,996.98**

(b) Other equity (Note 3.20)

Particulars	Reserves and surplus					Total
	Statutory Reserve U/s 45IC	Share options outstanding account	Securities Premium account	Impairment Reserve	Retained Earnings	
Balance at 1 April 2019	**-**	**-**	**-**	**-**	**(750.34)**	**(750.34)**
Profit for the year	-	-	-	-	609.41	609.41
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	(2.09)	(2.09)
Total	**-**	**-**	**-**	**-**	**(143.02)**	**(143.02)**
Transferred from Retained earnings	121.88	-	-	-	(121.88)	-
Stamp duty paid on equity issue	-	-	-	-	(49.95)	(49.95)
Share based payment expense	-	472.05	-	-	-	472.05
Balance at 31 March 2020	**121.88**	**472.05**	**-**	**-**	**(314.85)**	**279.08**
Balance at 1 April, 2020	**121.88**	**472.05**	**-**	**-**	**(314.85)**	**279.08**
Profit for the year	-	-	-	-	1,688.35	1,688.35
Other comprehensive income for the year (Actuarial gain on defined benefit plan, net of tax)	-	-	-	-	8.62	8.62
Total	**121.88**	**472.05**	**-**	**-**	**1,382.12**	**1,976.05**
Transferred from Retained earnings	337.67	-	-	-	(337.67)	-
Shares issued during the year	-	-	1,134.70	-	-	1,134.70
Stamp duty paid on equity issue	-	-	-	-	-	-
Share based payment expense	-	227.43	-	-	-	227.43
Balance at 31 March 2021	**459.55**	**699.48**	**1,134.70**	**-**	**1,044.45**	**3,338.18**

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vaibhav Shah
Partner
Membership No. 117377

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Vimal Bhandari
Executive Vice Chairman and CEO

Mahesh Chhabria
Non Executive Director

Ritesh Jhanwar
Financial Controller

Amit Bondre
Deputy Company Secretary

Place: Mumbai
Date: 28 April 2021

(Currency : Indian Rupees in lakhs)

1. Corporate Information

Arka Fincap Limited (Formerly known as Kirloskar Capital Limited) (the 'Company') was incorporated on 20 April 2018. The Company is registered with the Reserve Bank of India (RBI) as a non-banking financial Company vide certificate no. N-13.02282 dated 25 July 2019 (previously issued in the name of Kirloskar Capital Limited vide certificate no. N-13.02282 dated 29 October 2018) in pursuance of Section 45-IA of the 'RBI' Act, 1934. The Company is wholly owned subsidiary of Kirloskar Oil Engines Limited ('KOEL'). The Company is primarily engaged in lending activities.

2 Significant accounting policies

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 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.

The financial statements for the year ended March 31, 2021 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2019.

The financial statements upto the year ended March 31, 2020, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2020 have now been restated under Ind AS to provide comparability. Refer Note 47 for the details of first-time adoption exemptions availed by the Company.

2.02 Basis of preparation

The financial statement comprises of the Balance sheet as at March 31 2021, 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 significant accounting policies 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. These are the Company's first Ind AS financial statements.

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 *Significant accounting policies (Continued)*

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 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.

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).

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.

2 ***Significant accounting policies (Continued)***

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.

2 ***Significant accounting policies (Continued)***

iv) Impairment of financial assets

iv. 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.

2 ***Significant accounting policies (Continued)***

iv. Expected Credit Loss (ECL) principles

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

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

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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

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

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

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

2.06.B Financial liabilities

i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities. 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 ***Significant accounting policies (Continued)***

2.06.C De-recognition

a) Derecognition of financial assets

A financial asset is derecognized when:

- the contractual rights to the cash flows from the financial asset expire,

Or

- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

b). Derecognition of financial liabilities

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

2.06.D Offsetting of financial instruments

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

2.06.E Fair value measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability.

Or

• In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

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:

2 *Significant accounting policies (Continued)*

2.06.E Fair value measurement *(Continued)*

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.06.F Modification of financial assets and financial liabilities

Financial Assets

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

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

Financial liabilities

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

2.07 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.

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

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.

Depreciation

c. The Company follows Straight Line Method ('SLM') of depreciation which is computed based on useful lives of assets as provided in Part "C" of Schedule II of the Companies Act 2013. Depreciation is charged on the basis of useful life of assets on straight line method which are follows:

Particulars	**Estimated useful life by the Company**
Office Equipment	5 years
Office Equipment (Mobile)	2 years
Furniture & Fixtures	10 years
Motor vehicles	5 years
Computer Equipment	
-Desktop/laptop	3 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 Company and the cost of the asset can be measured reliably.

The amortisation period and amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired.

Asset Cateory	**No. of years**
Computer Software	5 Years
LOS Software	5 Years
LMS Software	8 Years
Supply Chain Software	4 Years

Intangible assets under development

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

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

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.

2.12 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.

2.13 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 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.

(Currency : Indian Rupees in lakhs)

2 ***Significant accounting policies (Continued)***

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.

2.15 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 Company measures Accumulated leaves based on the actuarial valuation using the projected unit credit method at the year-end.

a) Defined Contribution Plan

The Company's contribution paid/payable during the year towards Provident and other funds is charged to statement of profit and loss in the year in which employee renders the related service.

b) Defined Benefit Plan

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

Details of the unfunded defined benefit plans for its employees are given in note 5.09 which is as certified by the actuary using projected unit credit method.

iv) Compensated Absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date.

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.

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

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 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.

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

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..

2.18 Employee Share Based Plan

Share-based compensation benefits are provided to the employees through the Employee Stock Option Scheme 2019 (“Plan”). The fair value of options determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to share options outstanding reserve, based on the Company’s estimate of the shares that will eventually vest and adjusted for the effect of service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

2.19 Segment Reporting

The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

2.20 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.

2 ***Significant accounting policies (Continued)***

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

• The Company 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 Company 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.

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.

2.21 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 Company are segregated.

2.22 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.

2 ***Significant accounting policies (Continued)***

2.22 Critical Accounting Estimates and Judgements *(Continued)*

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.

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 Company 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.

Further details about defined benefit obligations are provided in Note 5.09

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

The Company 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.

(Currency : Indian Rupees in lakhs)

2 *Significant accounting policies (Continued)*

2.22 *Critical Accounting Estimates and Judgements (Continued)*

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 Company 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 Company 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

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.01 : Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Cash on hand	-	-	-
Balances with banks			
- in current accounts	5,108.09	7,326.68	123.07
Deposits with original maturity of less than three months	17,500.00	5,000.00	900.00
	22,608.09	**12,326.68**	**1,023.07**

NOTE 3.02 : Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Deposits with original maturity of more than three months	-	-	-
Earmarked deposits with banks	-	-	-
	-	**-**	**-**

NOTE 3.03 : Loans (At amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
(A)			
Business Loan	90,916.48	36,313.88	-
Employee Loan	23.31	45.14	34.35
Total - Gross	**90,939.79**	**36,359.02**	**34.35**
Less: Provision for expected credit loss	(280.89)	(125.46)	-
Total - Net	**90,658.90**	**36,233.56**	**34.35**
(B)			
Secured by tangible assets	89,387.40	36,313.88	-
Unsecured	1,552.39	45.14	34.35
Total - Gross	**90,939.79**	**36,359.02**	**34.35**
Less: Provision for expected credit loss	(280.89)	(125.46)	-
Total - Net	**90,658.90**	**36,233.56**	**34.35**
(C)			
(i) Loans in India			
Public sector	-	-	-
Others	90,939.79	36,359.02	34.35
Total - Gross	**90,939.79**	**36,359.02**	**34.35**
Less: Provision for expected credit loss	(280.89)	(125.46)	-
Total - Net	**90,658.90**	**36,233.56**	**34.35**
(ii) Loans outside India	-	-	-
Total - Net C (i)+(ii)	**90,658.90**	**36,233.56**	**34.35**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.04 : Investments

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Mutual funds (At fair value through P&L)	-	1,907.94	-
Debt securities - Non convertiable debentures (At amortised cost)	5,108.70	9,417.24	-
Debt securities - Commercial papers (At amortised cost)	13,792.68	-	-
Debt securities - Pass through certificates (At amortised cost)	2,615.49	-	-
Equity Instruments	-	-	-
Total - Gross	**21,516.87**	**11,325.18**	**-**
Investments in India	21,516.87	11,325.18	-
Investments outside India	-	-	-
Total - Gross	**21,516.87**	**11,325.18**	**-**
Less: Provision for expected credit loss	(36.92)	(17.17)	-
Total - Net	**21,479.95**	**11,308.01**	**-**

NOTE 3.05 : Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Security deposit	203.42	178.42	156.08
Accrued interest on fixed deposits	17.37	6.40	6.73
Accrued interest on loans given	-	-	-
	220.79	**184.82**	**162.81**

NOTE 3.06 : Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Advance Tax (net of provision for taxes Rs 791.53 Lakhs ; Previous year Rs 294.16 Lakhs)	84.79	17.41	3.40
	84.79	**17.41**	**3.40**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.07 : Deferred tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Deferred Tax Assets			
Disallowances u/s 43 B of Income Tax Act	14.66	8.20	2.18
Provision for expected credit loss	11.53	-	-
Preliminary Expenses u/s 35D of Income tax Act, 1961	13.59	20.39	31.45
Business losses carried forward	-	-	206.57
Fair value of Employee Loan	0.45	0.81	1.32
Fair value of Security deposit	16.12	21.18	28.69
Fair value of Lease Liability	110.69	143.46	-
Fair value of Loan given	223.18	77.10	-
Fair value of Investment in CPs	3.33	-	-
Total (A)	**393.55**	**271.14**	**270.21**
Deferred tax liability			
Depreciation on fixed assets	123.13	150.07	2.18
Fair value of Prepaid Rent	-	-	28.35
Fair value of investment in debentures	(4.18)	(7.36)	-
Fair value of investment in mutual funds	-	2.00	-
Total (B)	**118.95**	**144.71**	**30.53**
Net deferred tax asset (A-B)	**274.60**	**126.43**	**239.68**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.08 : Properly plant and equipment

Particulars	Right of use Building	Leasehold Improvements	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Cost as at 1 April 2019	**-**	**344.65**	**2.78**	**70.03**	**7.59**	**11.09**	**436.14**
Additions	780.30	-	0.11	-	3.65	10.94	795.00
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2020	**780.30**	**344.65**	**2.89**	**70.03**	**11.24**	**22.03**	**1,231.14**
Additions	-	-	-	35.64	5.12	20.06	60.82
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2021	**780.30**	**344.65**	**2.89**	**105.67**	**16.36**	**42.09**	**1,291.96**
Accumulated depreciation as at 1 April 2019	**-**	**17.58**	**0.08**	**5.01**	**0.14**	**0.70**	**23.51**
Depreciation charged during the year	155.77	71.50	0.28	8.78	2.19	5.46	243.98
Disposals	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2020	**155.77**	**89.08**	**0.36**	**13.79**	**2.33**	**6.16**	**267.49**
Depreciation charged during the year	168.94	71.31	0.29	17.93	3.15	10.61	272.23
Disposals	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2021	**324.71**	**160.39**	**0.65**	**31.72**	**5.48**	**16.77**	**539.72**
Net carrying amount as at 1 April, 2019	**-**	**327.07**	**2.70**	**65.02**	**7.45**	**10.39**	**412.63**
Net carrying amount as at 31 March 2020	**624.53**	**255.57**	**2.53**	**56.24**	**8.91**	**15.87**	**963.65**
Net carrying amount as at 31 March 2021	**455.59**	**184.26**	**2.24**	**73.95**	**10.88**	**25.32**	**752.24**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021
(Currency : Indian Rupees in Lakhs)

NOTE 3.09 : Intangible assets

Particulars	Softwares	Total
Cost as at 1 April 2019	**2.18**	**2.18**
Additions	8.44	8.44
Disposals	-	-
Cost as at 31 March 2020	**10.62**	**10.62**
Additions	404.55	404.55
Disposals	-	-
Cost as at 31 March 2021	**415.17**	**415.17**
Accumulated amortisation as at 1 April 2019	**0.08**	**0.08**
Amortisation recognised for the year	1.62	1.62
Disposals	-	-
Accumulated amortisation as at 31 March 2020	**1.70**	**1.70**
Amortisation recognised for the year	43.05	43.05
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**44.75**	**44.75**
Net carrying amount as at 1 April, 2019	**2.10**	**2.10**
Net carrying amount as at 31 March 2020	**8.92**	**8.92**
Net carrying amount as at 31 March 2021	**370.42**	**370.42**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.10 : Intangible assets under development

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Intangible assets under development	2.00	218.55	-
	2.00	**218.55**	**-**

NOTE 3.11 : Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Prepaid expenses	126.55	275.94	118.29
Advance to suppliers	2.23	0.95	1.01
GST receivable (net)	33.82	81.88	36.33
Advances recoverable in cash or in kind or for value to be received	-	-	0.01
	162.60	**358.77**	**155.64**

(Currency : Indian Rupees in Lakhs)

NOTE 3.12 : Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Dues to Micro, small and medium enterprises	-	-	-
Dues to Others	66.59	21.78	16.87
	66.59	**21.78**	**16.87**

NOTE 3.13 : Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
At amortised cost	-	-	-
Redeemable non convertible debentures (Refer note (a) below)	19,844.72	-	-
Commercial paper (net of unamortised discount) repayable within next twelve months	2,359.22	-	-
Total	**22,203.94**	**-**	**-**
Debt securities in India	22,203.94	-	-
Debt securities outside India	-	-	-
Total	**22,203.94**	**-**	**-**
Secured	19,844.72	-	-
Unsecured	2,359.22	-	-
Total	**22,203.94**	**-**	**-**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each

Terms of repayment

Redeemable within	As at 31 March 2021 Rate of interest >= 8.50% < 10.00% Amount	As at 31 March 2020 Rate of interest Amount	As at 1 April 2019 Rate of interest Amount
Above 60 Months	-	-	-
48-60 Months	-	-	-
36-48 Months	-	-	-
24-36 Months	15,577.34	-	-
12-24 Months	4,267.38	-	-
0-12 Months	-	-	-
Total	**19,844.72**	**-**	**-**

Nature of Security:

Security is created in favour of the Debenture Trustee, as follows:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of ₹ 90,916.48 Lakhs (31 March 2020: ₹ 36,313.88 Lakhs; 1 April 2019: ₹ Nil Lakhs).

(Currency : Indian Rupees in Lakhs)

NOTE 3.14 : Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
At amortised cost			
Term loans			
Term loans from banks (Refer note (a) below)	32,080.49	7,500.00	-
Term loans from NBFCs (Refer note (b) below)	7,288.79	-	-
Loans repayable on demand			
Working capital demand loans from banks	4,995.57	-	-
Total	**44,364.85**	**7,500.00**	**-**
Borrowings in India	44,364.85	7,500.00	-
Borrowings outside India	-	-	-
Total	**44,364.85**	**7,500.00**	**-**
Secured borrowings	44,364.85	7,500.00	-
Unsecured borrowings	-	-	-
Total	**44,364.85**	**7,500.00**	**-**

(a) Term loan from banks (TL):
Terms of repayment

Repayment within	As at 31 March 2021 Rate of interest >7.25% <= 10% Amount	As at 31 March 2020 Rate of interest >7.25% <= 10% Amount	As at 1 April 2019 Rate of interest >7.25% <= 10% Amount
Above 60 Months	-	-	-
48-60 Months	-	-	-
36-48 Months	-	-	-
24-36 Months	5,876.32	2,250.00	-
12-24 Months	13,370.30	3,000.00	-
0-12 Months	12,833.87	2,250.00	-
Total	**32,080.49**	**7,500.00**	**-**

-

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 NBFCs (TL):
Terms of repayment

Repayment within	As at 31 March 2021 Rate of interest >9.50% <= 11% Amount	As at 31 March 2020 Rate of interest >9.50% <= 11% Amount	As at 1 April 2019 Rate of interest >9.50% <= 11% Amount
Above 60 Months	-	-	-
48-60 Months	-	-	-
36-48 Months	-	-	-
24-36 Months	726.74	-	-
12-24 Months	1,466.67	-	-
0-12 Months	5,095.38	-	-
Total	**7,288.79**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.15 : Other financial liabilities

Particulars	**As at 31 March 2021**	**As at 31 March 2020**	**As at 1 April 2019**
Interest accrued but not due on borrowings	548.79	-	-
Employee benefits payable	795.48	611.07	-
Lease obligation (refer note no. 5.07)	439.82	570.02	-
Provision for capital expenditure	92.57	-	-
	1,876.66	**1,181.09**	**-**

NOTE 3.16 : Current tax liabilities (net)

Particulars	**As at 31 March 2021**	**As at 31 March 2020**	**As at 1 April 2019**
Provision for tax (net of advance tax)	-	-	-
	-	**-**	**-**

NOTE 3.17 : Provisions

Particulars	**As at 31 March 2021**	**As at 31 March 2020**	**As at 1 April 2019**
Provision for employee benefits:			
- Gratuity	24.28	18.17	3.05
- Leave encashment	33.97	14.41	4.43
Others:			
- Expected credit loss on undrawn loan commitments	45.81	-	-
	104.06	**32.58**	**7.48**

NOTE 3.18 : Other non-financial liabilities

Particulars	**As at 31 March 2021**	**As at 31 March 2020**	**As at 1 April 2019**
Statutory dues payable	87.73	82.27	59.67
Advances from Customers	575.39	-	-
	663.12	**82.27**	**59.67**

(Currency : Indian Rupees in Lakhs)

NOTE 3.19 : Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2021		As at 31 March 2020		As at 1 April 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised capital						
Equity shares of ₹10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
Issued, subscribed and fully paid up						
Equity shares of ₹10/- each fully paid	63,99,69,828	63,996.98	52,65,00,000	52,650.00	2,70,00,000	2,700.00
Total	**63,99,69,828**	**63,996.98**	**52,65,00,000**	**52,650.00**	**2,70,00,000**	**2,700.00**

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

Particulars	As at 31 March 2021		As at 31 March 2020		As at 1 April 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	52,65,00,000	52,650.00	2,70,00,000	2,700.00	-	-
Add: Shares issued during the year	11,34,69,828	11,346.98	49,95,00,000	49,950.00	2,70,00,000	2,700.00
Less: Shares bought back during the year	-	-	-	-	-	-
Total	**63,99,69,828**	**63,996.98**	**52,65,00,000**	**52,650.00**	**2,70,00,000**	**2,700.00**

c. Particulars of shares held by holding Company

Name of Shareholder	Relationship	As at 31 March 2021		As at 31 March 2020		As at 1 April 2019	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company	**63,99,69,828**	**100%**	**52,65,00,000**	**100%**	**2,70,00,000**	**100%**

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

Name of Shareholder	Relationship	As at 31 March 2021		As at 31 March 2020		As at 1 April 2019	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Kirloskar Oil Engines Limited	Holding Company	63,99,69,828	100%	52,65,00,000	100%	2,70,00,000	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

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 3.20 : Other equity

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Statutory reserves u/s 45-IC of The RBI Act, 1934 (note 1 below)	459.55	121.88	-
Securities premium reserve (note 2 below)	1,134.70	-	-
Share options outstanding account (note 3 below)	699.48	472.05	-
Retained earnings	1,044.45	(314.85)	(750.34)
	3,338.18	**279.08**	**(750.34)**

3.20.A Other equity movement

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Statutory reserves u/s 45-IC of The RBI Act, 1934			
Opening Balance	121.88	-	-
Add : Transferred from retained earnings (note 1 below)	337.67	121.88	-
Closing Balance	**459.55**	**121.88**	**-**
Securities premium reserve			
Opening Balance	-	-	-
Add : Premium collected on share allotment (note 2 below)	1,134.70	-	-
Closing Balance	**1,134.70**	**-**	**-**
Share options outstanding account (note 3 below)			
Opening Balance	472.05	-	-
Add/(Less) : Movement during the year	227.43	472.05	-
Closing Balance	**699.48**	**472.05**	**-**
Retained earnings			
Opening Balance	(314.85)	(750.34)	-
Add: Profit / (Loss) for the year	1,688.35	609.41	(750.51)
Add: Other Comprehensive income	8.62	(2.09)	0.17
Less: Stamp duty paid on equity issue	-	(49.95)	-
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(337.67)	(121.88)	-
Closing Balance	**1,044.45**	**(314.85)**	**(750.34)**

1. Pursuant to the provision of section 45(IC) of Reserve Bank of India Act, 1934, the Company has transferred ₹ 337.67 Lakhs (Previous Year : ₹ 121.88 Lakhs) towards statutory reserve fund.

2. During the year ended 31 March 2021, the Company has issued 11,34,69,828 right equity shares of ₹ 10 per shares at a premium of ₹ 1 per share amounting to ₹ 12,481.68 Lakhs to its holding comapny 'Kirloskar Oil Engines Limited'.

3. Refer note no. 5.10 for disclosure on Employee Stock option Plan (ESOP).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 4.01 : Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Financing business (refer note 1 below)	6,772.66	2,049.15
- Employee loan	4.88	5.52
Interest on investments		
- Debentures/bonds and Pass through certificates	1,973.76	540.17
- Commercial papers	496.04	741.84
Interest on Deposits		
- Deposits with banks	520.89	696.60
- Security deposits	20.09	17.62
Interest on Others		
- Others	-	0.18
Total	**9,788.32**	**4,051.08**
Fees and commission income		
- Syndication, advisory & other fees	179.87	-
Total	**179.87**	**-**
Net gain on sale of investments		
- Net gain on sale of investments	228.26	783.66
Total	**228.26**	**783.66**
Net gain on fair value changes of investments		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investment in mutual funds	(7.94)	7.94
Total	**(7.94)**	**7.94**
Fair value changes		
- Realised	(7.94)	-
- Unrealised	-	7.94
Total	**(7.94)**	**7.94**

Note 1: The Interest on loan from financing business includes reversal of interest income of Rs 25.38 Lakhs charged to clients who opted for moratorium in line with the judgment passed by the Supreme Court.

NOTE 4.02 : Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Miscellaneous income		
- Penal charges	104.03	-
	104.03	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 4.03 : Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Interest on term loan from banks and NBFCs	1,926.10	152.69
Interest on overdraft facility from banks	11.08	25.93
Interest on loan from holding company	35.18	-
Interest on lease liability	54.98	61.75
Interest expense on debt securities		
Debentures	1,303.15	-
Commercial papers	229.42	-
Other interest expense		
Bank charges & other related costs	208.14	24.88
Interest on shortfall in payment of advance income tax	0.86	0.68
	3,768.91	**265.93**

NOTE 4.04 : Net loss on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loss on fair value of employee loan	0.27	0.84
	0.27	**0.84**

NOTE 4.05 : Impairment on financial instruments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Impairment on financial instruments at amortised cost:		
Impairment on loans		
Provision for expected credit loss	155.43	125.46
Impairment on investments		
Provision for expected credit loss	19.75	17.17
Impairment on others		
Undrawn loan commitments	45.81	-
	220.99	**142.63**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 4.06 : Employee benefit expenses

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Salaries, other allowances and bonus	2,729.78	2,067.81
Gratuity expenses	17.62	12.33
Leave encashment	19.79	9.98
Contribution to provident and other funds	53.18	24.55
Share based payment expense	227.43	472.05
Staff welfare expenses	2.52	6.34
	3,050.32	**2,593.06**

NOTE 4.07 : Depreciation and amortisation expenses

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Depreciation of property, plant and equipment	272.22	243.98
Amortisation of intangible assets	43.05	1.62
	315.27	**245.60**

NOTE 4.08 : Other expenses

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Rates and taxes	0.03	0.80
Insurance	25.85	12.22
Other repairs and maintenance	20.73	18.63
Travelling and conveyance	25.05	26.09
Communication expenses	5.91	6.97
Printing and stationery	2.23	3.55
Professional charges	169.51	309.70
Membership and subscription	10.46	14.38
Auditor's remuneration (refer note below)	16.05	16.74
Technology expenses	149.02	8.80
Custodian charges	0.75	-
Directors' sitting fees	16.10	11.10
Electricity charges	5.94	7.70
Office expenses	15.96	15.06
Postage and courier	0.63	0.42
ROC Expenses	0.24	0.45
GST expenses	109.16	99.41
Stamp duty	7.22	3.39
Housekeeping and security charges	22.99	22.39
Corporate social responsibilities expenses (refer note below)	5.40	-
	609.23	**577.80**

Payment to auditor includes:		
a) as statutory auditors	15.75	15.00
b) for certification related matters	0.30	1.00
c) for other services	-	0.74
Total	**16.05**	**16.74**

Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	5.38	-
b) Amount spent during the year:		
- Expenses paid in cash	5.40	-
- Expenses yet to be paid for	-	-
Total	**5.40**	-
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	5.40	-
Total	**5.40**	-

(Currency : Indian Rupees in Lakhs)

NOTE 4.09 : Income Tax

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax expense		
Current income tax	790.28	293.47
	790.28	**293.47**
Deferred tax expense		
Origination and reversal of temporary differences	(151.07)	113.95
	(151.07)	**113.95**
Tax expense reported in the statement of profit and loss	**639.21**	**407.42**

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	2.90	(0.70)
Deferred tax charged to OCI	**2.90**	**(0.70)**

(c) Reconciliation of tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Accounting profit before income tax expense	2,327.56	1,016.84
Tax @ 25.168% (31 March 2020 : 25.168%)	**585.80**	**255.92**
Difference in tax rate due to:		
- Effect of non-deductible expenses	58.98	118.97
- Others	(5.56)	32.53
Total Tax Expenses	**639.22**	**407.42**
Effective tax rate	**27.46%**	**40.07%**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 5.01 : Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

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

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
I.	**Profit attributable to equity holders (A)**		
	Profit attributable to equity holders for basic and diluted EPS	1,688.35	609.41
II.	**Weighted average number of equity shares for calculating Basic EPS (B)**	56,12,87,051	51,28,52,459
III.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	56,73,56,894	51,86,53,336
IV.	**Basic earnings per share (₹)**	0.30	0.12
V.	**Diluted earnings per share (₹)**	0.30	0.12

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

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:

Particulars	As at 31 March 2021							
	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 Debentures	-	-	5,108.70	5,108.70	5,108.70	-	-	5,108.70
(b) Investments in Commercial papers	-	-	13,792.68	13,792.68	-	-	13,792.68	13,792.68
(c) Investments in Pass through certificates (PTCs)	-	-	2,615.49	2,615.49	-	-	2,615.49	2,615.49
Total	**-**	**-**	**21,516.87**	**21,516.87**	**5,108.70**	**-**	**16,408.17**	**21,516.87**

Particulars	As at 31 March 2020							
	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	1,907.94	-	-	1,907.94	-	1,907.94	-	1,907.94
(b) Investments in Debentures	-	-	9,417.24	9,417.24	9,417.24	-	-	9,417.24
Total								

Particulars	As at 1 April 2019							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	-	-	-	-	-	-	-	-
(b) Investments in Debentures	-	-	-	-	-	-	-	-
Total								

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.

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 Company has exposure to the following risks from financial instruments:
(A) Regulatory Risk;
(B) Credit Risk;
(C) Liquidity Risk;
(D) Operational Risk;
(E) Reputation Risk; and
(F) Strategic Risk

(A) Regulatory Risk;

The company being an NBFC shall have exposure to risk related to non-compliance to regulatory guidelines, laws as applicable. Such non-compliance may result in levy of heavy penalties and fines by the regulator, as well as, reputational loss to the company. The risk can arise due to non-compliance to applicable guidelines and/or lack of monitoring and follow-up on the implementation of applicable laws.

Mitigation:
• The compliance and legal / secretarial department shall submit a compliance certificate post ensuring adherence to applicable laws on quarterly basis to the Risk Committee.
• The Board shall take note of the compliance certificate and Compliance officer shall report to Board in case of any material non-compliance.
• The Board shall do a regular review of risk and identify gaps if any and take corrective actions.

(B) Credit Risk;

The company is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue for the company.

Mitigation:
• The company has formed a Credit procedures and policy to address the risk.
• Continuous monitoring mechanism is developed by adopting various checks and controls in the process.
• The Company has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Company in terms of its charter as approved by the Board if the Company.

(C) Liquidity Risk;

The risk arises due to asset liability mismatch. The inadequacy of the company in increasing its asset base, managing any unplanned changes in funding sources and meeting the financial commitments when required may result in non-liquidity.

Mitigation:
• The company has Asset Liability Management Policy in line with the RBI guidelines.
• The Asset Liability Management Committee (ALCO) is responsible for managing the risk arising out of exposures to interest rate changes and mismatches between assets and liabilities.

(Currency : Indian Rupees in Lakhs)

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

(D) Operational Risk;

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

Mitigation:

• The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

(E) Reputation Risk;

The company being an NBFC is subject to reputational loss arising due to various other risks such as Regulatory non-compliance, Operational breakdown or Borrower Dissatisfaction.

Mitigation:

• Company has formed HR Policy in order to address any concerns of the employees internally.
• Company has created Fair Practice Code which sets out the Grievance Redressal Mechanism in order to address customer concerns.
• The fair practice code also ensures that the company does not rely upon any coercive activities in order to recover the money from borrowers.

(F) Strategic Risk;

The risk arising out of non-responsiveness of business in adapting to internal as well as external environment. Such risk arises when the business strategies are not flexible to factor in the macro factors.

Mitigation:

• The Board and Risk Committee are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
• The Risk/ALCO committee are given responsibility of recommending the changes in the risk appetite of the company.

NOTE 5.04 : Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Board of directors reviews the capital position on a regular basis.

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
CRAR – Tier I capital (%)	57.54%	108.26%	NA
CRAR – Tier II capital (%)	0.31%	0.29%	NA
CRAR (%)	57.85%	108.55%	NA

(Currency : Indian Rupees in Lakhs)

NOTE 5.05 : 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 (w.e.f. 20 April 2018)
2	Subsidiary Company of Holding Company	KOEL Americas Corp.USA
		La-Gajjar Machineries Private Limited
		Optiqua Pipes and Electricals Private Limited (w.e.f. 19 February 2021) step down subsidiary
3	Entity controlled by Key Managerial Personnel of Holding Company	Expert Quality Cloud Information Technology Private Limited (upto 28th April 2020)
		Kirloskar Energen Private Limited
		Kirloskar Solar Technologies Private Limited
		Kloudq Technologies Limited (Formerly known as Kloudworks Consulting Services Ltd.) (upto 28th April 2020)
		Lakeland Universal Limited BVI
		Navsai Investments Private Limited
4	Entity controlled by Close Member of Key Managerial Personnel of Holding Company	Achyut & Neeta Holdings & Finance Pvt. Ltd. (upto 28 April 2020)
		Expert Quality Cloud Information Technology Private Limited (upto 28th April 2020)
		Alpak Investment Private Limited
		Snow Leopard Technology Ventures LLP
		Kirloskar Energen Private Limited
		Kirloskar Solar Technologies Private Limited
		Beluga Whale Capital Management Pte. Ltd.

(ii) Key Management Personnel and their relatives:

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Vimal Bhandari (Executive Vice Chairman & CEO)	Vibha V. Bhandari	Wife
		Vatsal V Bhandari	Son
		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

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

Sr. No.	Name of KMPs	Name of Relatives of KMPs	Relationship
1	Atul C. Kirloskar (Executive Chairman)	Arti A. Kirloskar	Wife
		Gauri A. Kirloskar (Kolenaty)	Daughter
		Aditi A. Kirloskar (Sahni)	Daughter
		Rahul C. Kirloskar	Brother
		Suman C. Kirloskar	Mother
2	Nihal G. Kulkarni (Managing Director) (upto 28th April 2020)	Shruti N. Kulkarni	Wife
		Ambar G. Kulkarni	Brother
		Jyotsna G. Kulkarni	Mother
3	Sanjeev Nimkar (Managing Director) w.e.f. 29th April 2020	Ashiwini Nimkar	Wife
		Ishita Nimkar	Daughter
		Sakshi Nimkar	Daughter
4	Rajendra R. Deshpande (Managing Director and CEO) (Up to 28 April 2020)	Veena R. Deshpande	Wife
		Kaustubh R. Deshpande	Son
		Sourabh R. Deshpande	Son

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 5.05 : Related Party Disclosures *(Continued)*

B. Transactions with Related Parties

Sr. No.	Nature of the transaction / relationship / major parties	2020-21		2019-20	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Capital Contribution received from**				
	Holding Company	12,481.68		49,950.00	
	Kirloskar Oil Engines Limited		12,481.68		49,950.00
	Total	**12,481.68**	**12,481.68**	**49,950.00**	**49,950.00**
2	**Short term loan from**				
	Holding Company	4,000.00		0.00	
	Kirloskar Oil Engines Limited		4,000.00		0.00
	Total	**4,000.00**	**4,000.00**	**0.00**	**0.00**
3	**Short term loan repayment to**				
	Holding Company	4,000.00		0.00	
	Kirloskar Oil Engines Limited		4,000.00		0.00
	Total	**4,000.00**	**4,000.00**	**0.00**	**0.00**
4	**Interest expenses on short term loan**				
	Holding Company	35.18		0.00	
	Kirloskar Oil Engines Limited		35.18		0.00
	Total	**35.18**	**35.18**	**0.00**	**0.00**
5	**Non convertible debentures issued to**				
	Key Management Personnel	150.00		0.00	
	Vimal Bhandari		150.00		0.00
	Total	**150.00**	**150.00**	**0.00**	**0.00**
6	**Managerial Remunerations:**				
	Key Management Personnel	500.93		302.00	
	Vimal Bhandari		500.93		302.00
	Total	**500.93**	**500.93**	**302.00**	**302.00**
Balances with related parties					
1	**Non convertible debentures issued**	150.00		0.00	
	Vimal Bhandari		150.00		0.00
	Total	**150.00**	**150.00**	**0.00**	**0.00**
2	**Employee benefits payable**	-		1.29	
	Vimal Bhandari		-		1.29
	Total	**-**	**-**	**1.29**	**1.29**

The above compensation of the Company’s’ key managerial personnel do 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 5.06 : Contingent liabilities and Commitments

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Contingent liabilities	Nil	Nil	Nil
Capital commitments:			
Estimated amount of contracts remaining to be executedon capital account	-	181.50	-
Loans sanctioned not yet disbursed	6,997.55	-	-

NOTE 5.07 : Leases

Where the Company is a lessee

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

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

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

Initial measurement of lease liability:

As on 1 April 2019, Company have measured the lease liability at the present value of the lease payments that are not paid at that date. these lease payments have been discounted by incremental borrowing rate of the Company.

Initial measurement of Right-of-use assets:

As on 1 April 2019, Company have measured the Right-of-use assets equal to the initial measurement of lease liability.

Subsequent measurement of lease liability:

After initial measurement, Company measures lease liability by increasing the carrying amount to reflect interest on lease liability and reducing the carrying amount to reflect the lease payments made.

Subsequent measurement of Right-of-use assets:

After initial measurement, Company measures Right-of-use assets at cost less any accumulated depreciation and any adjustment for remeasurement of lease liability, if any.

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

(A) Lease liability movement

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Lease liability at begnning of the year	570.02	679.73	NA
Add: Interest on lease liability	54.99	61.04	NA
Less: Lease rental payments	(185.20)	(170.75)	NA
Lease liability at the end of the year	439.82	570.02	NA

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Minimum Lease Payments:			
Not later than one year	184.93	185.20	169.45
Later than one year but not later than five years	268.29	453.22	607.19
Later than five years	-	-	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Lease liability:			
Less than 12 months	146.73	130.20	NA
More than 12 months	293.09	439.82	NA

(Currency : Indian Rupees in Lakhs)

NOTE 5.08 : 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 2021	As at 31 March 2020	As at 1 April 2019
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 5.09 : Disclosure pursuant to Employee benefits

Defined contribution plan (Provident fund):

The Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The provident fund payment recognised as expenses and included in Employee benefit expenses during the current year Rs.53.18 Lakhs (March 2020: ₹ 24.55 Lakhs).

Defined benefit plans: The Company has following Defined benefit plans:

A Gratuity
B Compensated Absences

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 2021	As at 31 March 2020	As at 1 April 2019
A	(i)	**Gratuity:**			
		Amount recognised in the balance sheet			
		Present value of the obligation as at the end of the year	24.28	18.17	3.05
		Fair value of plan assets as at the end of the year	-	-	-
		Net (asset) / liability to be recognised in the balance sheet	**24.28**	**18.17**	**3.05**
	(ii)	**Compensated Absences:**			
		Amount recognised in the balance sheet			
		Present value of the obligation as at the end of the year	33.97	14.41	4.43
		Fair value of plan assets as at the end of the year	-	-	-
		Net (asset) / liability to be recognised in the balance sheet	**33.97**	**14.41**	**4.43**
B	(i)	**Gratuity:**			
		Change in projected benefit obligation			
		Projected benefit of obligation at the beginning of the year	18.17	3.05	-
		Current service cost	16.46	12.09	3.28
		Past service cost	-	-	-
		Interest cost	1.16	0.23	-
		Benefits paid	-	-	-
		Actuarial (gain) / loss on obligation	(11.51)	2.79	(0.23)
		Projected benefit obligation at the end of the year	**24.28**	**18.17**	**3.05**
	(ii)	**Compensated Absences:**			
		Change in projected benefit obligation			
		Projected benefit of obligation at the beginning of the year	14.41	4.43	-
		Current service cost	13.28	9.98	4.43
		Past service cost	-	-	-
		Interest cost	0.91	-	-
		Benefits paid	(0.23)	-	-
		Remeasurements on obligation - (Gain) / Loss	5.60	-	-
		Projected benefit obligation at the end of the year	**33.97**	**14.41**	**4.43**
C	(i)	**Gratuity:**			
		Amount recognised in the statement of profit and loss			
		Current service cost	16.46	12.09	3.28
		Past service cost and loss/(gain) on curtailments and settlement	-	-	-
		Net interest cost	1.16	0.23	-
		Expenses recognised in the statement of profit and loss	**17.62**	**12.33**	**3.28**
	(ii)	**Compensated Absences:**			
		Amount recognised in the statement of profit and loss			
		Current service cost	13.28	9.98	4.43
		Remeasurements on obligation - (Gain) / Loss	5.60	-	-
		Net interest cost	0.91	-	-
		Expenses recognised in the statement of profit and loss	**19.79**	**9.98**	**4.43**
D	(i)	**Gratuity:**			
		Amount recognised in other comprehensive income			
		Actuarial (gains) / loss			
		- change in financial assumption	(5.36)	0.94	-
		- change in demographic assumption	-	0.07	-
		- experience variation	(6.15)	1.78	(0.23)
		Amount recognised in other comprehensive income	**(11.51)**	**2.79**	**(0.23)**

NOTE 5.09 : Disclosure pursuant to Employee benefits *(Continued)*

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
E Assumptions used			
Discount rate	6.30%	6.40%	7.70%
Rate of increase in compensation levels	4.00%	8.00%	8.00%
Expected average remaining working lives of employees (in years)	5.91	5.59	11.88
Retirement Age	60 years 63 years	60 years	65 years
Withdrawal Rate	15.00%	15.00%	5.00%

F Sensitivity analysis - Gratuity

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	23.04	25.64	17.44	18.98
Salary growth rate (1% movement)	25.45	23.20	18.83	17.56
Withdrawal rate (1% movement)	24.08	24.47	18.11	18.23

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 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	32.72	35.34	13.90	14.97
Salary growth rate (1% movement)	35.08	32.94	14.85	14.00
Withdrawal rate (1% movement)	37.01	30.70	15.09	13.67

H 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 9.01 years for Gratuity and 4.56 years for Compensated Absences.
3. The expected payment expected to be paid in next year Rs 0.10 Lakhs for Gratuity and RS. 0.11 for Compensated Absences.

(Currency : Indian Rupees in Lakhs)

NOTE 5.10 : Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company. The relevant details of the schemes and the grant are as below.

Description of share-based payment arrangements:

As at 31 March 2021, the Company has the following share-based payment arrangements:

Share option plans (equity settled):

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

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

I. Details of the ESOP:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
ESOP Plan/ Scheme	ESOP - 2019	ESOP - 2019	ESOP - 2019
Date of Grants	06 May 2019	01 November 2019	02 November 2020
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 2021:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
No. of Options Outstanding at the beginning of the year	2,06,50,000	13,00,000	-
Options Granted during the year	-	-	10,75,000
Options Forfeited / Lapsed during the year	-	-	-
Options Exercised during the year	-	-	-
Number of options Outstanding at the end of the year	2,06,50,000	13,00,000	10,75,000
Number of Options exercisable at the end of the year	1,35,35,000	1,30,000	-
The weighted average share price of shares exercised during the year ended 31 March 2021	NA	NA	NA

Option Movement during the year ended Mar 2020:

Particulars	ESOP Grant 1	ESOP Grant 2
No. of Options Outstanding at the beginning of the year	-	-
Options Granted during the year	2,06,50,000	13,00,000
Options Forfeited / Lapsed during the year	-	-
Options Exercised during the year	-	-
Number of options Outstanding at the end of the year	2,06,50,000	13,00,000
Number of Options exercisable at the end of the year	-	-
The weighted average share price of shares exercised during the year ended 31 March 2020	NA	NA

III. Weighted Average remaining contractual life:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
Range of Exercise Price (₹ per share)	10	10	11
No. of Options Outstanding as on 31 March 2021	2,06,50,000	13,00,000	10,75,000
Contractual Life: Granted but not vested (in years)	0.86	1.51	2.28

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

The fair value has 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
Risk Free Interest Rate	7.40%	6.60%	5.80%
Weighted average expected life (in years)	6	7	7
Expected Volatility	1.00%	1.00%	1.00%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00

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

Particulars	31 March 2021	31 March 2020
Employee share based expense (₹)	227.43	472.05
Total ESOP reserve outstanding at the end of the year (₹)	699.48	472.05

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 5.11 : Maturity pattern of Assets and Liabilities

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

Particulars	Note	As at 31 March 2021			As at 31 March 2020			As at 1 April 2019		
		Within 12 months	More than 12 months	Total	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	22,608.09	-	22,608.09	12,326.68	-	12,326.68	1,023.07	-	1,023.07
Loans	3.03	90,044.25	614.65	90,658.90	18,097.56	18,136.00	36,233.56	5.52	28.83	34.35
Investments	3.04	16,744.45	4,735.50	21,479.95	3,925.01	7,383.00	11,308.01	-	-	-
Other financial assets	3.05	17.79	203.00	220.79	6.82	178.00	184.82	6.73	156.08	162.81
Non-financial assets										
Current tax assets (net)	3.06	84.79	-	84.79	17.41	-	17.41	3.40	-	3.40
Deferred tax assets (net)	3.07	-	274.60	274.60	-	126.43	126.43	-	239.68	239.68
Property, plant and equipment	3.08	-	752.24	752.24	-	963.65	963.65	-	412.63	412.63
Intangible assets	3.09	-	370.42	370.42	-	8.92	8.92	-	2.10	2.10
Intangible assets under	3.10	-	2.00	2.00	-	218.55	218.55	-	-	-
Other non-financial assets	3.11	143.60	19.00	162.60	226.77	132.00	358.77	79.54	76.10	155.64
TOTAL ASSETS		**1,29,642.97**	**6,971.41**	**1,36,614.38**	**34,600.25**	**27,146.55**	**61,746.80**	**1,118.26**	**915.42**	**2,033.68**

Particulars		As at 31 March 2021			As at 31 March 2020			As at 1 April 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES										
Financial liabilities										
Trade payables	3.12	66.59	-	66.59	21.78	-	21.78	16.87	-	16.87
Debt securities	3.13	2,359.22	19,844.72	22,203.94	-	-	-	-	-	-
Borrowings (other than debt securities)	3.14	22,924.82	21,440.03	44,364.85	2,250.00	5,250.00	7,500.00	-	-	-
Other financial liabilities	3.15	1,583.57	293.09	1,876.66	741.09	440.00	1,181.09	-	-	-
Non-financial liabilities										
Provisions	3.17	12.43	91.63	104.06	5.58	27.00	32.58	0.50	6.98	7.48
Other non-financial liabilities	3.18	663.12	-	663.12	82.27	-	82.27	59.67	-	59.67
TOTAL LIABILITIES		**27,609.75**	**41,669.47**	**69,279.22**	**3,100.72**	**5,717.00**	**8,817.72**	**77.04**	**6.98**	**84.02**

(Currency : Indian Rupees in Lakhs)

NOTE 5.12 : Explanation of transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2020, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The financial statements for the current year have been prepared under Ind AS.

The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended 31 March 2021 including the comparative information and in the preparation of an opening Ind AS balance sheet at 1 April 2019 (the "transition date").

In preparing opening Ind AS balance sheet and in presenting the comparative information, the Company has adjusted amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Optional exemptions availed and mandatory exceptions

In preparing the first Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A Optional exemptions availed

1. Property, plant and equipment and Intangible assets

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1 April 2019).

B Mandatory Exceptions

1. Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost.
- Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

As permitted under Ind AS 101, Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Reconciliation of net worth as per previous GAAP and that computed under Ind AS

Particulars	As on 1 April 2019	As on 31 March 2020
Net worth under previous GAAP	1,953.72	53,091.90
Summary of Ind AS adjustments		
1 Lease and Security deposit Discounting	(1.20)	(29.35)
2 Fair valuation of employee loans	(4.53)	(3.21)
3 Fair valuation of Investments	-	(4.12)
4 Fair valuation of Loans	-	(180.90)
5 Tax effect on above adjustments	1.67	54.76
Total Ind AS adjustments	**(4.06)**	**(162.82)**
Net worth/ Total Equity under Ind AS	**1,949.66**	**52,929.08**

Reconciliation of total comprehensive income as per previous GAAP and that computed under Ind AS

Particulars	As on 31 March 2020
Profits as per previous GAAP	1,188.18
Summary of Ind AS adjustments	
1 Lease and Security deposit Discounting	(28.15)
2 Fair valuation of employee loans	1.32
3 Fair valuation of Investments	(4.12)
4 Fair valuation of Loans	(180.90)
5 Fair valuation of employee stock options	(472.05)
6 Stamp duty paid on equity issue	49.95
7 Tax effect on above adjustments	53.08
Total Ind AS adjustments	**(580.87)**
Total comprehensive income as per Ind AS	**607.31**

NOTE 5.12 : Explanation of transition to Ind AS *(Continued)*

Material adjustments on adoption of Ind AS are explained below:

1 **Interest income measured using effective interest method**
Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method.

2 **Impairment Allowance for expected credit loss**
Under Previous GAAP, the provisioning on loans was as per minimum provision required as per Master Direction- Non Banking Financial Company - Systematically Important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

3 **Reclassification of actuarial loss / (gain), arising out of employee benefit schemes, to Other Comprehensive Income (OCI)**
Actuarial gain and losses are recognised in other comprehensive income under Ind AS. Under Previous GAAP, these were recognised in Statement of profit and loss.

4 **Net gain on fair value changes**
Under Previous GAAP, investment in Mutual Funds was carried at lower of cost or net realisable value. Under Ind AS, these investments are measured at FVTPL.

5 **Employee stock option scheme**
Under Previous GAAP, the cost of Employee Stock Options was recognised at intrinsic value. Under Ind AS, the same is recognised on the basis of fair value.

6 **Deferred tax adjustments**
Deferred tax effect of all adjustments has been recognised on transition date (1 April 2019) and previous year ended 31 March 2020.

NOTE 5.13 : Asset liability management

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
LIABILITIES										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	750.00	-	119.05	119.05	1,036.05	7,656.08	10,055.23	39,394.54	-	-
Market borrowings	-	-	-	-	366.67	4,362.05	733.33	1,976.74	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-
ASSETS										
Loans & advances	922.07	333.12	1,172.36	1,248.07	1,705.72	9,912.08	15,573.97	51,896.57	7,328.36	824.16
Investments	2,519.35	204.25	46.93	7,638.77	6,440.09	2,740.21	328.93	1,598.34	-	-
Foreign Currency assets	-			-	-	-	-	-	-	-

In addition to the investments shown in the table above, the Company also has cash & equivalents and undrawn funding lines as under:

- Cash & Cash Equivalents (refer note 3.01)	22,608.09
- Undrawn funding lines	9,500.00
Total	**32,108.09**

NOTE 5.14 : Exposure to real Estate Sector

Particulars			As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
A	**Direct exposure**				
	I.	**Residential Mortgages**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakhs may be shown separately)	-	-	-
	II.	**Commercial Real Estate**			
		Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	38,080.62	15,545.70	-
	III.	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**			
		- Residential	-	-	-
		- Commercial Real Estate	-	-	-
B	**Indirect Exposure**				
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	2,674.00	-	-

NOTE 5.15 : Exposure to capital market

Particulars		As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-	-
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	7,451.71	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	7,075.30	2,945.90	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 : Other Disclosures Pursuant to the RBI Master Directions, 2016

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

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	-	-
3	Provision made towards Income tax	790.28	293.47
4	Other Provision and Contingencies	-	-
5	Provision for Standard Assets	220.99	142.63

II. Concentration of Advances

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
1	Total Advances to twenty largest borrowers	84,432.01	36,313.88
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	92.87%	100%

III. Concentration of Exposures

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
1	Total Exposures to twenty largest borrowers	84,432.01	36,313.88
2	Percentage of Exposures to twenty largest borrowers to Total Exposures of the Company	92.87%	100%

IV. Movement of NPAs

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
1	Net NPAs to Net Advances (%)	-	-
2	Movement of NPAs (Gross)	-	-
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-
3	Movement of Net NPAs	-	-
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-
4	Movement of provisions for NPAs (excluding provisions on standard assets)	-	-
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-

V. Concentration of NPA

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
1	Concentration of NPA	0.00%	0%

VI. Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

(Currency : Indian Rupees in Lakhs)

NOTE 6.01 : Other Disclosures Pursuant to the RBI Master Directions, 2016 *(Continued)*

VII. Customer Complaints

Particulars		**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
1	No. of complaints pending at the beginning of the period	-	-
2	No. of complaints received during the period	-	-
3	No. of complaints redressed during the period	-	-
4	No. of complaints pending at the end of the period	-	-

VIII. Investments

Particulars		**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
1	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	21,516.87	11,325.18
	(b) Outside India	-	-
	(ii) Provision for Depreciation*		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	21,516.87	11,325.18
	(b) Outside India	-	-
2	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off/ write-back of excess provision during the year	-	-
	(iv) Closing balance	-	-

* ECL Provision on investments are not considered here.

IX. Registration obtained from other financial sector regulators : None

X. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC:
The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financial year.

XI. Details of financing of parent Company products : None

XII. Disclosure of penalties imposed by RBI and other regulators : None

XIII. Draw down from reserves : None

XIV. Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr No	**Instrument**		**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
1	Bank Loan Facilities	CRISIL	AA-	AA-
2	Commercial Paper	CRISIL	A1+	A1+
3	NCD	CRISIL	AA-	-
		INFOMERICS	AA-	-

XV. Unsecured Advances against intangible securities : None

XVI. Related Party Transactions :
Details of all material transactions with related parties has been given in Notes No 5.05 of the financial statements.

XVII. Remuneration of Directors :

Sr No	**Instrument**	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
	Transactions with the Non-Executive Directors		
	Payment of Director Sitting fees	16.10	11.10

NOTE 6.01 : Other Disclosures Pursuant to the RBI Master Directions, 2016 *(Continued)*

XVIII. Overseas Assets (for those with joint ventures and Subsidiaries abroad):
There are no Overseas Assets.

XIX. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms):
There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

XX. Derivatives
During the current and previous year, the Company has not entered into any derivative contract and at the year-end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

XXI. Disclosures relating to Securitisation
(i) The Company has not sold any of its assets during the current year and previous year by way of securitisation. Therefore, disclosure pertaining to Securitisation are not applicable.

(ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction: During the current and previous year, the Company has not entered into any sale of financial assets to any securitisation/ reconstruction company for assets reconstruction. Therefore, disclosures pertaining to it are not applicable.

(iii) Details of Assignment transactions undertaken by applicable NBFCs: During the current and previous year, the Company has not entered into any sale of financial assets by way of assignment. Therefore, disclosures pertaining to it are not applicable.

(iv) Details of non-performing financial assets purchased / sold: During the current and previous year, the Company has not entered into any purchase /sale of any non-performing financial assets. Therefore, disclosures pertaining to it are not applicable.

XXII. Revenue Recognition
There is no postponement of revenue due to pending resolution of significant uncertainties.

(Currency : Indian Rupees in Lakhs)

NOTE 6.02 : Disclosures pursuant to RBI Notification No. RBI/2019-20/170 DOR(NBFC). CC.PD.No.109/22.10106/2019-20

As per the said RBI notification, a comparison (as shown in below Appendix) between provisions required under IRACP and impairment allowances made under Ind AS 109 should be disclosed by NBFC in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses.

As per the said notification, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFC shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

Appendix

Asset Classification as per RBI Norms	Asset classifica tion as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	1,12,433.33	317.81	1,12,115.51	363.62	(45.81)
	Stage 2	-	-	-	-	-
Subtotal		**1,12,433.33**	**317.81**	**1,12,115.51**	**363.62**	**(45.81)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	6,997.55	45.81	-	-	45.81
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**6,997.55**	**45.81**	**-**	**-**	**45.81**
TOTAL	Stage 1	**1,19,430.88**	**363.62**	**1,12,115.51**	**363.62**	**0.00**
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	**1,19,430.88**	**363.62**	**1,12,115.51**	**363.62**	**0.00**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian Rupees in Lakhs)

NOTE 6.03 : Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Particulars				**As at March 31, 2021**		As at March 31, 2020	
LIABILITIES SIDE				**Amount outstanding**	**Amount overdue**	Amount outstanding	Amount overdue
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**						
	(a)	Debenture : Secured		**20,363.54**	-	-	-
		: Unsecured		-	-	-	-
	(b)	Deferred Credits		-	-	-	-
	(c)	Term Loans		**39,399.24**	-	7,500.00	-
	(d)	Inter-corporate loans and borrowing		-	-	-	-
	(e)	Commercial Paper		**2,359.22**	-	-	-
	(f)	Public Deposits		-	-	-	-
	(g)	Other Loans - Working capital demand loans from bank		**4,995.58**	-	-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**						
	(a)	In the form of Unsecured debentures		-	-	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		-	-	-	-
	(c)	Other public deposits		-	-	-	-
ASSETS SIDE				**As at March 31, 2021**		As at March 31, 2020	
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**						
	(a)	Secured		**89,387.40**		36,313.88	
	(b)	Unsecured		**1,552.39**		45.14	
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**						
	(i)	Lease assets including lease rentals under sundry debtors:					
		(a)	Financial lease	-		-	
		(b)	Operating lease	-		-	
	(ii)	Stock on hire including hire charges under sundry debtors:					
		(a)	Assets on hire	-		-	
		(b)	Repossessed Assets	-		-	
	(iii)	Other loans counting towards asset financing activities					
		(a)	Loans where assets have been repossessed	-		-	
		(b)	Loans other than (a) above	-		-	
(5)	**Break-up of Investments**						
	Current Investments						
	1.	Quoted					
		(i)	Shares: (a) Equity	-		-	
			(b) Preference	-		-	
		(ii)	Debentures and Bonds	**2,589.35**		2,021.91	
		(iii)	Units of mutual funds	-		-	
		(iv)	Government Securities	-		-	
		(v)	Others (please specify)	-		-	
	2.	Unquoted					
		(i)	Shares: (a) Equity	-		-	
			(b) Preference	-		-	
		(ii)	Debentures and Bonds	-		-	
		(iii)	Units of mutual funds	-		1,907.94	
		(iv)	Government Securities	-		-	
		(v)	Commercial paper	**13,792.68**		-	
		(vi)	Others - Pass through certificates	**394.87**		-	

(Currency : Indian Rupees in Lakhs)

NOTE 6.03 : Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ***(Continued)***

	Long Term investments						
	1.	Quoted					
		(i)	Shares: (a) Equity	-		-	
			(b) Preference	-		-	
		(ii)	Debentures and Bonds	**2,519.35**		7,395.33	
		(iii)	Units of mutual funds	-		-	
		(iv)	Government Securities	-		-	
		(v)	Others (please specify)	-		-	
	2.	Unquoted					
		(i)	Shares: (a) Equity	-		-	
			(b) Preference	-		-	
		(ii)	Debentures and Bonds	-		-	
		(iii)	Units of mutual funds	-		-	
		(iv)	Government Securities	-		-	
		(v)	Others - Pass through certificates	**2,220.61**		-	
(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**			**As at March 31, 2021**		As at March 31, 2020	
	Category			**Amount (net of provisions)**			
				Secured	**Unsecured**	Secured	Unsecured
	1.	Related Parties					
		(i)	Subsidiaries	-	-	-	-
		(ii)	Companies in the same group	-	-	-	-
		(iii)	Other related parties	-	-	-	-
	2.	Other than related parties		**89,387.40**	**1,552.39**	36,313.88	45.14
(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**			**As at March 31, 2021**		As at March 31, 2020	
	Category			**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	Related Parties					
		(i)	Subsidiaries	-	-	-	-
		(ii)	Companies in the same group	-	-	-	-
		(iii)	Other related parties	-	-	-	-
	2.	Other than related parties		**21,516.87**	**21,479.95**	11,325.18	11,308.01
(8)	**Other information**						
	Particulars			**As at March 31, 2021**		As at March 31, 2020	
	(i)	Gross Non-Performing Assets					
		(a)	Related parties	-	-	-	-
		(b)	Other than related parties	-	-	-	-
	(ii)	Net Non-Performing Assets					
		(a)	Related parties	-	-	-	-
		(b)	Other than related parties	-	-	-	-
	(iii)	Assets acquired in satisfaction of debt		-	-	-	-

NOTE 7.01 : Coronavirus (COVID-19) impact on financial reporting:

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Indian government announced a strict lockdown across the country to contain the spread of virus.

(a) Impact of COVID-19 on Company business:

The Company has made an assessment of its liquidity position and assessment of solvency at year end and found both at comfortable level. Company capital adequacy is 57.85% which is much higher than minimum required by the RBI. In addition, the Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements. The Company has further assessed the recoverability and carrying value of its assets comprising Loans and advances, Property, Plant and Equipment and Intangible assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

(b) Regulatory Measures:

In accordance with RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has granted moratorium to its customers as per its Board approved policy. The moratorium period ended on 31 August 2020 and the customers who availed benefits of moratorium have been making repayments as per the revised schedule and as of 31 March 2021, all payments have been received in full and on timely basis.

Further, in accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust ‘interest on interest’ to borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks’ Association. The Company is in the process of suitably implementing this methodology. At 31 March 2021, the Company has created a liability towards estimated interest relief and reduced the same from the interest income.

NOTE 7.02 : Unhedged Foreign Currency Exposure

The Company does not have any unhedged foreign currency exposure for the year ended March 31, 2021 (Previous year : Rs Nil).

NOTE 7.03 : Regrouping and / or reclassification

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

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)

Vaibhav Shah
Partner
Membership No. 117377

Vimal Bhandari
Executive Vice Chairman and CEO

Mahesh Chhabria
Non Executive Director

Ritesh Jhanwar
Financial Controller

Amit Bondre
Deputy Company Secretary

Place: Mumbai
Date: 28 April 2021

Place: Mumbai
Date: 28 April 2021