

October 25, 2023

The Sr. General Manager  
Department of Corporate Services,  
BSE Limited,  
1<sup>st</sup> Floor, PJ Towers, Dalal Street,  
Mumbai 400 001

Dear Sirs/Madam,

**Sub: Outcome of the Board Meeting and other intimation under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI LODR”)**

**Ref.: Arka Fincap Limited**

Pursuant to SEBI LODR, we wish to inform that the Board of Directors of Arka Fincap Limited (“the Company”) at its meeting held today i.e., Wednesday, October 25, 2023 has *inter alia*, considered and approved the following:

- i. Unaudited Financial Results for the second quarter and half year ended September 30, 2023 prepared pursuant to Regulation 52 of SEBI LODR;
- ii. Based on the recommendation of the Nomination & Remuneration Committee, appointment of Mr. R Gurumurthy (DIN: 10366010) as an Additional Independent Director of the Company with effect from October 25, 2023 for a term of 5 (five) consecutive years commencing from October 25, 2023 upto October 24, 2028, subject to the approval of the shareholders of the Company;

In above context, please find enclosed herewith the following as **Annexure I**:

- i. Unaudited Financial Results for the second quarter and half year ended September 30, 2023; and
- ii. Limited Review Report by P G Bhagwat LLP, Chartered Accountants, (“P G Bhagwat”) on the aforesaid financial results.

Further, please find enclosed certificate issued by P G Bhagwat at **Annexure II** required under Regulation 54 of SEBI LODR

We wish to further state that no non-convertible debentures were issued by the Company during the quarter ended September 30, 2023. Accordingly, pursuant to Regulation 52(7) of the SEBI LODR, a statement of “NIL” utilisation of the issue proceeds of Non-Convertible Debentures is enclosed at **Annexure III**.

The Board Meeting commenced at 3.15 p.m. (IST) and concluded at 7.20 p.m. (IST).

Request you to kindly take the above on record and disseminate the same on your website.

Thank You.

Yours faithfully,

**For Arka Fincap Limited**

**Niki Mehta**  
**Company Secretary**  
**Membership No.: A47286**  
Encl: as above

**ARKA FINCAP LIMITED**

**REGD Office:** 2504, 2505, 2506, 25<sup>th</sup> Floor, One Lodha Place, Lodha World  
Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013  
(Formerly known as Kirloskar Capital Limited)

GST No. 27AAHCK0936B1ZU  
CIN U65993MH2018PLC308329  
T +91 22 40471000, F +91 22 40471010  
contactus@arkafincap.com  
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**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.

## **P G BHAGWAT LLP**

Chartered Accountants | Since 1938

LLPIN: AAT 9949

### **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

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Nachiket Deo

Partner

Membership No. 117695

UDIN: 23117695BGXKUS1281

Place: Pune

Date: 25<sup>th</sup> 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          |
| <b>1</b>  | <b>Revenue from operations</b>   |                   |                  |                   |                   |                   |                  |
|           | (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              | -                 | -                |
|           | <b>Total revenue from operations</b>                                     | <b>12,670.39</b>  | <b>12,802.24</b> | <b>8,371.46</b>   | <b>25,472.63</b>  | <b>16,111.29</b>  | <b>37,066.31</b> |
| <b>2</b>  | <b>Other income</b>  | <b>281.73</b>     | <b>93.44</b>     | <b>68.22</b>      | <b>375.17</b>     | <b>74.93</b>      | <b>222.57</b>    |
| <b>3</b>  | <b>Total income (1+2)</b>  | <b>12,952.12</b>  | <b>12,895.68</b> | <b>8,439.68</b>   | <b>25,847.80</b>  | <b>16,186.22</b>  | <b>37,288.88</b> |
| <b>4</b>  | <b>Expenses</b>  |                   |                  |                   |                   |                   |                  |
|           | (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         |
|           | <b>Total expenses</b>  | <b>10,401.71</b>  | <b>10,667.86</b> | <b>6,185.04</b>   | <b>21,069.57</b>  | <b>11,859.44</b>  | <b>29,008.41</b> |
| <b>5</b>  | <b>Profit before tax (3-4)</b>   | <b>2,550.41</b>   | <b>2,227.82</b>  | <b>2,254.64</b>   | <b>4,778.23</b>   | <b>4,326.78</b>   | <b>8,280.47</b>  |
| <b>6</b>  | <b>Tax expense</b>   |                   |                  |                   |                   |                   |                  |
|           | (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)         |
|           | <b>Total tax expenses</b>  | <b>665.19</b>     | <b>581.37</b>    | <b>723.81</b>     | <b>1,246.56</b>   | <b>1,257.89</b>   | <b>2,144.01</b>  |
| <b>7</b>  | <b>Profit after tax (5-6)</b>  | <b>1,885.22</b>   | <b>1,646.45</b>  | <b>1,530.83</b>   | <b>3,531.67</b>   | <b>3,068.89</b>   | <b>6,136.46</b>  |
| <b>8</b>  | <b>Other comprehensive income, net of tax</b>                            |                   |                  |                   |                   |                   |                  |
|           | (a) Items that will not be reclassified to profit and loss               | -                 | -                | -                 | -                 | -                 | (2.75)           |
|           | (b) Items that will be reclassified to profit and loss                   | -                 | -                | -                 | -                 | -                 | -                |
|           | <b>Total other comprehensive income, net of tax</b>                      | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>(2.75)</b>    |
| <b>9</b>  | <b>Total comprehensive income (7+8)</b>                                  | <b>1,885.22</b>   | <b>1,646.45</b>  | <b>1,530.83</b>   | <b>3,531.67</b>   | <b>3,068.89</b>   | <b>6,133.71</b>  |
| <b>10</b> | <b>Paid-up equity share capital (Face value of ₹ 10/- each)</b>          | <b>92,872.81</b>  | <b>92,872.81</b> | <b>88,402.23</b>  | <b>92,872.81</b>  | <b>88,402.23</b>  | <b>88,402.23</b> |
| <b>11</b> | <b>Other equity</b>  | <b>21,322.04</b>  | <b>19,375.44</b> | <b>13,281.71</b>  | <b>21,322.04</b>  | <b>13,281.71</b>  | <b>16,450.73</b> |
| <b>12</b> | <b>Earning per share (In ₹)</b>  |                   |                  |                   |                   |                   |                  |
|           | (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  | 31 March 2023      |
|   | Unaudited          | Audited            |
| <b>ASSETS</b>   |                    |                    |
| <b>(I) Financial assets</b>   |                    |                    |
| (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           |
|   | <b>4,46,441.02</b> | <b>4,31,236.46</b> |
| <b>(II) Non-financial assets</b>  |                    |                    |
| (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             |
|   | <b>4,780.19</b>    | <b>2,572.98</b>    |
| <b>TOTAL ASSETS (I+II)</b>  | <b>4,51,221.21</b> | <b>4,33,809.44</b> |
| <b>LIABILITIES AND EQUITY</b>   |                    |                    |
| <b>(III) Financial liabilities</b>  |                    |                    |
| (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          |
|   | <b>3,32,132.33</b> | <b>3,24,417.17</b> |
| <b>(IV) Non-financial liabilities</b>                                     |                    |                    |
| (a) Current tax liabilities (net)   | -                  | -                  |
| (b) Provisions  | 463.30             | 466.70             |
| (c) Other non-financial liabilities                                       | 4,430.73           | 4,072.61           |
|   | <b>4,894.03</b>    | <b>4,539.31</b>    |
| <b>(V) Equity</b>   |                    |                    |
| (a) Equity share capital  | 92,872.81          | 88,402.23          |
| (b) Other equity  | 21,322.04          | 16,450.73          |
|   | <b>1,14,194.85</b> | <b>1,04,852.96</b> |
| <b>TOTAL LIABILITIES AND EQUITY (III+IV+V)</b>                            | <b>4,51,221.21</b> | <b>4,33,809.44</b> |

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## 2 Statement of Cash Flows:

| Particulars  | ₹ in Lakhs         |                    |
|--|--------------------|--------------------|
|  | Half Year Ended 30 | Half Year Ended 30 |
|  | September 2023     | September 2022     |
|  | Unaudited          | Unaudited          |
| <b>A Cash Flow from Operating Activities</b>                               |                    |                    |
| Net profit before tax  | 4,778.23           | 4,326.78           |
| <b>Adjustments for:</b>  |                    |                    |
| <b>Add:</b>  |                    |                    |
| 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           |
|  | <b>15,905.95</b>   | <b>8,607.28</b>    |
| <b>Less:</b>   |                    |                    |
| 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               |
|  | <b>2,678.62</b>    | <b>1,122.22</b>    |
| <b>Operating profit before working capital changes</b>                     | <b>18,005.56</b>   | <b>11,811.84</b>   |
| <b>Adjustments:</b>  |                    |                    |
| (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             |
|  | <b>(6,852.68)</b>  | <b>(28,650.63)</b> |
| Direct taxes paid  | (1,933.10)         | (1,358.07)         |
| <b>Net cash used in operating activities (A)</b>                           | <b>(8,785.78)</b>  | <b>(30,008.70)</b> |
| <b>B Cash flows from investing activities</b>                              |                    |                    |
| <b>Add:</b>  |                    |                    |
| 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             |
|  | <b>2,28,899.17</b> | <b>1,69,599.65</b> |
| <b>Less:</b>   |                    |                    |
| 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               |
|  | <b>2,03,441.98</b> | <b>1,89,702.61</b> |
| <b>Net cash generated from / (used in) investing activities (B)</b>        | <b>25,457.19</b>   | <b>(20,102.96)</b> |
| <b>C Cash Flow from Financing Activities</b>                               |                    |                    |
| 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)            |
| <b>Net cash generated from / (used in) financing activities (C)</b>        | <b>(4,104.79)</b>  | <b>59,663.11</b>   |
| <b>Net Increase in cash and cash equivalents (A) + (B) + (C)</b>           | <b>12,566.62</b>   | <b>9,551.45</b>    |
| <b>Cash and Cash Equivalents at the beginning of the year</b>              | <b>21,438.88</b>   | <b>13,170.32</b>   |
| <b>Cash and Cash Equivalents at the end of the year</b>                    | <b>34,005.50</b>   | <b>22,721.77</b>   |

- 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/2022/000000103 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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- 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

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**Vimal Bhandari**  
Executive Vice Chairman and CEO  
DIN: 00001318

Place: Mumbai  
Date: 25 October 2023

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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").

| Sr no. | Particulars   | Quarter Ended     |                |                   | Half Year Ended   |                   | (₹ in Lakhs)                |
|--------|---|-------------------|----------------|-------------------|-------------------|-------------------|-----------------------------|
|        |   | 30 September 2023 | 30 June 2023   | 30 September 2022 | 30 September 2023 | 30 September 2022 | Year Ended<br>31 March 2023 |
|        |   | Unaudited         | Unaudited      | Unaudited         | Unaudited         | Unaudited         | Audited                     |
| (a)    | Debt-equity ratio <sup>1</sup>  | 2.79 : 1          | 2.59 : 1       | 2.24 : 1          | 2.79 : 1          | 2.24 : 1          | 3.02 : 1                    |
| (b)    | Debt service coverage ratio <sup>2</sup>  | Not Applicable    | Not Applicable | Not Applicable    | Not Applicable    | Not Applicable    | Not Applicable              |
| (c)    | Interest service coverage ratio <sup>2</sup>  | 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 <sup>3</sup>   | Not Applicable    | Not Applicable | Not Applicable    | Not Applicable    | Not Applicable    | Not Applicable              |
| (g)    | Net worth <sup>4</sup>  | 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 <sup>5</sup>  | 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 <sup>6</sup>  | 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 <sup>7</sup>  | 0.45 : 1          | 0.44 : 1       | 0.46 : 1          | 0.45 : 1          | 0.46 : 1          | 0.45 : 1                    |
| (n)    | Total debts to total assets <sup>8</sup>  | 0.75 : 1          | 0.73 : 1       | 0.7 : 1           | 0.75 : 1          | 0.7 : 1           | 0.76 : 1                    |
| (o)    | Debtors turnover <sup>9</sup>   | Not Applicable    | Not Applicable | Not Applicable    | Not Applicable    | Not Applicable    | Not Applicable              |
| (p)    | Inventory turnover <sup>9</sup>   | Not Applicable    | Not Applicable | Not Applicable    | Not Applicable    | Not Applicable    | Not Applicable              |
| (q)    | Operating margin (%) <sup>9</sup>   | Not Applicable    | Not Applicable | Not Applicable    | Not Applicable    | Not Applicable    | Not Applicable              |
| (r)    | Net profit margin (%) <sup>9</sup>  | 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:

- Debt = Debt Securities + Borrowings (other than debt securities) + Subordinated Debt.
- The Company being a Non-Banking Financial Company registered with the Reserve Bank of India, these ratios are not applicable.
- 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.
- Net worth/ Equity = Equity Share Capital + Other Equity – Deferred Tax Assets – Intangible assets
- Current ratio = Current assets / Current liabilities.
- (a) Long term debt = debt repayable after 12 months. (b) working capital = current assets - current liability
- Current Liability Ratio = Current Liabilities / Total Liabilities.
- Total debt = Total Liabilities
- 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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To,  
The Board of Directors  
Arka Fincap Limited  
One Indiabulls Centre,  
1202 B, Tower 2B, Floor 12B,  
Jupiter Mills Compound, Senapati Bapat Marg,  
Mumbai 400 013

### **Certification on book values of assets as provided in Security Cover Certificate as at 30 September 2023**

1. Management has requested us to certify the book values of assets contained in the accompanying Statement of Security Cover (the Statement) for Arka Fincap Limited (the Company) as per Annexure I of SEBI Circular SEBI/HO/MIRSD/MIRSD\_CRADT/CIR/P/2022/67 dated May 19, 2022, as at 30 September 2023. The statement has been prepared by the Company for the purpose of its onward submission to Catalyst Trusteeship Limited (referred to as the 'Company's Debenture Trustec') and BSE Limited ("BSE")

### **Management's responsibility**

2. The preparation of the Statement is the responsibility of the Company's management including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Company's management is also responsible for ensuring that the Company complies with the requirements of the Regulations and for providing all relevant information to the Company's Debenture Trustee and BSE.

### **Auditor's responsibility**

4. Pursuant to the request from Management and as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circulars issued in this regard, we are required to provide a limited assurance on whether the book values of the assets provided in the Statement are in agreement with the unaudited reviewed Financial Results for the period ended 30<sup>th</sup> September 2023.

# **P G BHAGWAT LLP**

Chartered Accountants | Since 1938

LLPIN: AAT 9949

5. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
6. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued for Special Purposes (Revised 2016)' issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## **Conclusion**

8. Based on information, explanations and representations given to us by the Company, in our opinion, the book values of assets as provided in the Statement are in agreement with the unaudited reviewed Financial Results for the period ended 30 September 2023.

Also refer to certificate issued for Compliance with Covenants dated 25<sup>th</sup> October 2023 for adequacy of Security Cover.

## **Restrictions of use**

9. This report has been issued for the sole use of the Board of Directors, to whom it is addressed, for onward submission to the Company's Debenture Trustee and BSE pursuant to the requirements of the SEBI regulations and circulars issued thereunder. Accordingly, our report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. We neither accept nor assume any duty or liability for any other purpose or to any other person to whom our report is shown or into whose hands it may come without our prior consent in writing.

## **P G BHAGWAT LLP**

Chartered Accountants

FRN: 101118W/W100682

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Nachiket Deo

Partner

Membership No.: 117695

UDIN: 23117695BGXKUU6395

Place: Pune

Date: 25<sup>th</sup> October 2023



**Annexure- III**

**(A) Statement of utilization of issue proceeds:**

|  |   |
|--|---|
| <b>Name of the Issuer</b>  | Arka Fincap Limited   |
| <b>ISIN</b>  | Not Applicable, since no Non-Convertible Debentures were issued and allotted during the quarter ended September 30, 2023. |
| <b>Mode of Fund Raising (Public issues/ Private placement)</b>                         | Not Applicable  |
| <b>Type of instrument</b>  | Not Applicable  |
| <b>Date of raising funds (Date of allotment)</b>                                       | Not Applicable  |
| <b>Amount Raised</b>   | Not Applicable  |
| <b>Funds utilized</b>  | Not Applicable  |
| <b>Any deviation (Yes/ No)</b>   | Not Applicable  |
| <b>If any deviation, then specify the purpose of for which the funds were utilized</b> | Not Applicable  |
| <b>Remarks, if any</b>   | None  |

**(B) Statement of deviation/variation in use of issue proceeds**

|  |   |
|--|---|
| <b>Name of the listed entity</b>   | Arka Fincap Limited   |
| <b>Mode of Fund Raising</b>  | Not Applicable, since no Non-Convertible Debentures were issued and allotted during the quarter ended September 30, 2023. |
| <b>Type of instrument</b>  | Not Applicable  |
| <b>Date of Raising Funds (Date of allotment)</b>   | Not Applicable  |
| <b>Amount Raised</b>   | Not Applicable  |
| <b>Report filed for quarter ended</b>  | September 30, 2023  |
| <b>Is there a deviation/ variation in use of funds raised?</b>   | Not Applicable  |
| <b>Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?</b> | Not Applicable  |
| <b>If yes, details of the approval so required?</b>  | Not Applicable  |
| <b>Date of approval</b>  | Not Applicable  |
| <b>Explanation for the Deviation Variation</b>   | Not Applicable  |
| <b>Comments of the audit committee after review</b>  | Not Applicable  |
| <b>Comments of the auditors if any</b>   | Not Applicable  |

Objects for which funds have been raised and where there has been a deviation/ variation, in the following table: **Not Applicable**

| Original object | Modified Object, if any | Original allocation | Modified allocation, if any | Funds utilised | Amount of deviation/ variation for the quarter according to applicable object (in Rs. crore and in %) | Remarks, if any |
|-----------------|-------------------------|---------------------|-----------------------------|----------------|---|-----------------|
| -               | -                       | -                   | -                           | -              | -   | -               |

Deviation could mean:

- Deviation in the objects or purposes for which the funds have been raised.
- Deviation in the amount of funds actually utilized as against what was originally disclosed

**For Arka Fincap Limited**

**Niki Mehta**

Company Secretary

Membership No.: A47286

**ARKA FINCAP LIMITED**

**REGD Office:** One World Center, Tower 2B, Floor 12B  
Senapati Bapat Marg, Mumbai 400013, India  
(Formerly known as Kirloskar Capital Limited)

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