

P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT-9949

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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 31 December 2022 and year-to-date results for the period from 01 April 2022 to 31 December 2022 (“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.

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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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Partner
Membership No. 117695
UDIN: 23117695BGXKLP9559
Place: Pune
Date: 20th January 2023

Arka Fincap Limited

Regd. Office: One World Center, 1202B, Tower 2B, Floor 12B, Jupiter Mills Compound, Senapati Bapat Marg 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 NINE MONTHS ENDED 31 DECEMBER 2022

(₹ in Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December 2022	30 September 2022	31 December 2021	31 December 2022	31 December 2021	31 March 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations						
	(a) Interest income	9,118.17	7,723.85	5,075.28	24,273.91	12,958.71	19,210.33
	(b) Fees and commission income	226.50	210.50	145.50	661.50	428.40	503.40
	(c) Net gain on sale of investments	344.51	437.11	164.16	865.06	275.17	380.25
	(d) Net gain on fair value changes of investments	-	-	37.21	-	79.25	78.76
	Total revenue from operations	9,689.18	8,371.46	5,422.15	25,800.47	13,741.53	20,172.74
2	Other income	57.04	68.22	53.27	131.97	129.58	136.66
3	Total income (1+2)	9,746.22	8,439.68	5,475.42	25,932.44	13,871.11	20,309.40
4	Expenses						
	(a) Finance costs	5,289.26	4,321.04	2,467.91	13,442.22	6,060.40	9,173.74
	(b) Net loss on fair value changes	(42.01)	91.86	-	9.21	-	-
	(c) Impairment on financial instruments	189.84	31.49	126.12	366.61	377.01	557.61
	(d) Employee benefit expenses	1,468.54	1,204.66	1,015.87	3,948.32	2,846.78	4,676.27
	(e) Depreciation and amortisation expenses	99.64	98.17	92.46	293.20	273.58	365.34
	(f) Other expenses	453.18	437.82	259.34	1,258.33	734.90	1,127.82
	Total expenses	7,458.45	6,185.04	3,961.70	19,317.89	10,292.67	15,900.78
5	Profit before tax (3-4)	2,287.77	2,254.64	1,513.72	6,614.55	3,578.44	4,408.62
6	Tax expense						
	(a) Current tax	989.00	659.98	464.09	2,285.53	1,187.20	1,535.13
	(b) (Excess)/Short provision related to earlier years	-	333.12	-	333.12	-	-
	(c) Deferred tax	(545.87)	(269.29)	(55.35)	(917.63)	(237.98)	(378.17)
	Total tax expenses	443.13	723.81	408.74	1,701.02	949.22	1,156.96
7	Profit after tax (5-6)	1,844.64	1,530.83	1,104.98	4,913.53	2,629.22	3,251.66
8	Other comprehensive income, net of tax						
	(a) Items that will not be reclassified to profit and loss	-	-	-	-	-	0.16
	(b) Items that will be reclassified to profit and loss	-	-	-	-	-	-
	Total other comprehensive income, net of tax	-	-	-	-	-	0.16
9	Total comprehensive income (7+8)	1,844.64	1,530.83	1,104.98	4,913.53	2,629.22	3,251.82
10	Paid-up equity share capital (Face value of ₹ 10/- each)	88,402.23	88,402.23	75,985.58	88,402.23	75,985.58	75,985.58
11	Other equity	15,178.58	13,281.71	7,062.05	15,178.58	7,062.05	7,696.92
12	Earning per share (in ₹)						
	(a) Basic (Not Annualised)	0.21	0.18	0.15	0.58	0.37	0.45
	(b) Diluted (Not Annualised)	0.21	0.18	0.15	0.58	0.37	0.45

Notes

- Arka Fincap Limited ("the Company") is a Systemically Important Non-Deposit Taking Non-Banking Financial Company registered with the Reserve Bank of India.
- 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.
- 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/HQ/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.
- During the current Nine Months ended 31 December 2022, the Company has issued and allotted 12,41,66,431 equity shares of face value of ₹ 10 per equity share at a premium of ₹ 2 per equity share amounting to ₹ 148.99 Crores, on rights basis.
- 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.
- During the nine months ended 31 December 2022, the Company has issued and allotted (i) 810 Senior, Secured, Redeemable, Rated, Listed, Principal Protected, Market Linked Debentures (MLD) of the face value of Rs.10,00,000/- per MLD, aggregating to Rs. 81 Crore on private placement basis; (ii) 60 Unsecured, Listed, Rated, Redeemable, Non-Convertible Subordinated Debentures as Tier - II Capital of face value of Rs.1,00,00,000/- each, aggregating to Rs. 60 Crore and (iii) 1000 Senior, Secured, Listed, Taxable, Redeemable, Non-Convertible Debentures of face value of Rs.10,00,000/- each, aggregating to Rs. 100 Crore. The MLDs are rated as CRISIL PPMLD AA-/Stable and the NCDs are rated as CRISIL AA-/Stable.
- The Secured Non-Convertible Debentures of the Company as on 31 December 2022 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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- 8 Details of loans transferred / acquired during the nine months ended December 31, 2022 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	12,172.73
Weighted average residual maturity (in years)	3.52
Weighted average holding period by originator (in years)	0.87
Retention of beneficial economic interest by the originator	10%
Coverage Tangible security coverage	25%
Rating-wise distribution of loans	Unrated

(ii) Details of loans not in default transferred by way of Novation:

Number of loans	1
Aggregate amount of loans transferred	2,324.00
Weighted average remaining maturity (in years)	2.85
Weighted average holding period after origination (in years)	0.7
Retention of beneficial economic interest	Nil
Coverage Tangible security coverage	100%
Rating-wise distribution of loans	NA
Number of transactions where transferee has agreed to replace the transferred loans	Nil
Number of transferred loans replaced	Nil

(iii) During the nine months ended December 31, 2022, the company has not transferred / acquired loans in default.

- 9 The above financial results of the Company for the quarter and nine months ended 31 December 2022 have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors, at their respective meeting held on 20 January 2023.
- 10 Figures for the previous period/year have been regrouped and / or reclassified wherever considered necessary to conform to current period presentation.
- 11 The Disclosures as required under Regulation 52(4) have been given in Annexure A.
- 12 The Disclosures as required under Regulation 54(3) have been given in Annexure B.

Place: Mumbai
Date: 20 January 2023

For and on behalf of the Board of Directors of
Arka Fincap Limited

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Vimal Bhandari
Executive Vice Chairman and CEO
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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			Nine Months Ended		Year Ended
		31 December 2022	30 September 2022	31 December 2021	31 December 2022	31 December 2021	31 March 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Debt-equity ratio ¹	2.41 : 1	2.24 : 1	1.55 : 1	2.41 : 1	1.55 : 1	2.1 : 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	1,01,732.36	1,00,362.89	82,183.93	1,01,732.36	82,183.93	82,692.78
(h)	Net profit after tax	1,844.64	1,530.83	1,104.98	4,913.53	2,629.22	3,251.66
(i)	Earning per share (In ₹)						
	(a) Basic (Not Annualised)	0.21	0.18	0.15	0.58	0.37	0.45
	(b) Diluted (Not Annualised)	0.21	0.18	0.15	0.58	0.37	0.45
(j)	Current ratio ⁵	1.26 : 1	1.44 : 1	1.38 : 1	1.26 : 1	1.38 : 1	1.53 : 1
(k)	Long term debt to working capital ⁶	4.47 : 1	2.69 : 1	2.21 : 1	4.47 : 1	2.21 : 1	2.43 : 1
(l)	Bad debts to Account receivable ratio	0.00%	Nil	Nil	0.00%	Nil	Nil
(m)	Current liability ratio ⁷	0.47 : 1	0.46 : 1	0.54 : 1	0.47 : 1	0.54 : 1	0.44 : 1
(n)	Total debts to total assets ⁸	0.71 : 1	0.7 : 1	0.61 : 1	0.71 : 1	0.61 : 1	0.68 : 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 (%)	0.00%	0.00%	Nil	0.00%	Nil	Nil
(t)	Net NPA (%)	0.00%	0.00%	Nil	0.00%	Nil	Nil
(u)	Capital adequacy ratio (CRAR)	29.75%	33.43%	35.36%	29.75%	35.36%	30.92%
(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).
- (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

Disclosures in accordance with Regulation 54(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").



Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge Debt for which this certificate is being used	Exclusive Charge Other secured debt	Pari-Passu Charge Debt for which this certificate is being used	Pari-Passu Charge Assets shared by Pari Passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge)	Pari-Passu Charge Other debt on which there is pari-passu charge (excluding items covered in column F)	Assets not offered as security	Elimination (Amount in Negative)	(Total C to H)	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, DISA market value is not applicable)	Market value for pari-passu charge assets	Carrying/book value for pari-passu charge assets where market value is not ascertainable or applicable (For eg. Bank Balance, DISA market value is not applicable)	Total Value (K+L+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value								
ASSETS														
Property, Plant & Equipment							1.96		1.96					
Capital Work-in-progress							-		-					
Right of use assets							1.60		1.60					
Goodwill							-		-					
Intangible Assets							2.73		2.73					
Intangible Assets Under Development							0.05		0.05					
Investments					78.57		-		78.57		78.57		3,377.85	
Loans					3,377.85		0.10		3,377.95					
Inventories					-		-		-					
Trade Receivables					-		0.23		0.23					
Cash & Cash Equivalents					122.41		-		122.41				122.41	
Bank Balances other than Cash & Cash Equivalents					-		-		-				-	
Others					10.12		-		10.12				10.12	
TOTAL					3,588.96		28.08		3,617.04			78.57	3,518.89	
LIABILITIES														
Debt securities to which this certificate pertains				Yes	609.55		-		609.55				609.55	
Other debt sharing pari-passu charge with above debt				No	1,740.73		-		1,740.73				1,740.73	
Other debt							-		-				-	
Subordinated debt							305.97		305.97					
Borrowings							-		-				-	
Bank							-		-				-	
Debt securities							-		-				-	
Others							1.23		1.23					
Trade Payables							1.74		1.74					
Lease liabilities							4.83		4.83					
Provisions							117.29		117.10					
Others							-		-				-	
TOTAL					2,950.28		230.95		2,581.23				2,950.28	
Cover on Book Value														
Cover on Market Value							1.53							
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio									

Notes to Annexure:

- 1) Loans amount is considered net of ECI provision and includes investments in CPs, MCDs and PFCs.
- 2) Other Assets (Column H) include Other Financial Assets, Other Non-Financial Assets and Deferred tax (assets).
- 3) Debt securities for which this certificate is given includes interest accrued but not due on the same.
- 4) Subordinated Debt (Column I) 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 financials prepared as per IND-AS regulations.

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