

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 30 June 2023 and year-to-date results for the period from 01 April 2023 to 30 June 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.

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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

DEO
NACHIKET
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Chartered Accountant
Firm's Registration No. 101118W/W100682
LLPIN: AAT-9949
Date: 25/07/2023

Nachiket Deo
Partner
Membership No. 117695
UDIN: 23117695BGXKRU6111
Place: Pune
Date: 25th July 2023

Arka Fincap Limited

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Tel: +91 22 40471000 CIN: U65993MH2018PLC308329

Website: www.arkafincap.com E-mail: arkasecretarialandcompliance@arkafincap.com

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

(₹ in Lakhs)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		30 June 2023	31 March 2023	30 June 2022	31 March 2023	
		Unaudited	Audited	Unaudited	Audited	
1	Revenue from operations					
	(a) Interest income	11,560.11	10,800.14	7,431.89	35,074.05	
	(b) Fees and commission income	232.03	148.75	224.50	810.25	
	(c) Gain on derecognition of financial assets measured at amortised cost	409.96	-	-	-	
	(d) Net gain on sale of investments	520.10	316.95	83.44	1,182.01	
	(e) Net gain on fair value changes of investments	80.04	-	40.64	-	
	Total revenue from operations	12,802.24	11,265.84	7,780.47	37,066.31	
2	Other income	93.44	90.60	6.71	222.57	
3	Total income (1+2)	12,895.68	11,356.44	7,787.18	37,288.88	
4	Expenses					
	(a) Finance costs	7,353.91	6,175.06	3,831.92	19,617.28	
	(b) Net loss on fair value changes	-	66.89	-	76.10	
	(c) Impairment on financial instruments	1,157.09	232.15	145.28	598.76	
	(d) Employee benefit expenses	1,302.38	2,363.63	1,275.12	6,311.95	
	(e) Depreciation and amortisation expenses	197.98	100.40	95.39	393.60	
	(f) Other expenses	656.50	752.39	367.33	2,010.72	
	Total expenses	10,667.86	9,690.52	5,715.04	29,008.41	
5	Profit before tax (3-4)	2,227.82	1,665.92	2,072.14	8,280.47	
6	Tax expense					
	(a) Current tax	168.14	164.54	636.55	2,450.07	
	(b) (Excess)/Short provision related to earlier years	-	-	-	333.12	
	(c) Deferred tax	413.23	278.45	(102.47)	(639.18)	
	Total tax expenses	581.37	442.99	534.08	2,144.01	
7	Profit after tax (5-6)	1,646.45	1,222.93	1,538.06	6,136.46	
8	Other comprehensive income, net of tax					
	(a) Items that will not be reclassified to profit and loss	-	(2.75)	-	(2.75)	
	(b) Items that will be reclassified to profit and loss	-	-	-	-	
	Total other comprehensive income, net of tax	-	(2.75)	-	(2.75)	
9	Total comprehensive income (7+8)	1,646.45	1,220.18	1,538.06	6,133.71	
10	Paid-up equity share capital (Face value of ₹ 10/- each)	92,872.81	88,402.23	84,235.56	88,402.23	
11	Other equity	19,375.44	16,450.73	10,873.58	16,450.73	
12	Earning per share (In ₹)					
	(a) Basic (Not Annualised)	0.18	0.14	0.19	0.72	
	(b) Diluted (Not Annualised)	0.18	0.13	0.19	0.71	

Notes

- 1 Arka Fincap Limited ("the Company") is a Systemically Important Non-Deposit Taking Non-Banking Financial Company registered with the Reserve Bank of India.
- 2 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.
- 3 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.
- 4 The quarterly financial results for the quarter ended 31 March 2023 are the balancing figures between the audited figures in respect of the year ended 31 March 2023 and the published year-to-date figures up to 31 December 2022, being the date of the end of the third quarter of the previous financial year, which were subjected to limited review as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 5 During the quarter ended 30 June 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.
- 6 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.
- 7 The Secured Non-Convertible Debentures of the Company as on 30 June 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.

- 8 Details of loans transferred / acquired during the quarter ended June 30, 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	5,236.37
Weighted average residual maturity (in years)	1.62
Weighted average holding period by originator (in years)	0.96
Retention of beneficial economic interest by the originator	10%
Coverage Tangible security coverage	21%
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	2,500.00
Weighted average remaining maturity (in years)	3.36
Weighted average holding period after origination (in years)	0.13
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	170
Aggregate amount of loans transferred	5,690.38
Weighted average remaining maturity (in years)	9.74
Weighted average holding period after origination (in years)	0.87
Retention of beneficial economic interest	9%
Coverage Tangible security coverage	91%
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 quarter ended June 30, 2023, the company has not transferred / acquired loans in default.

- 9 The above financial results of the Company for the quarter ended 30 June 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 July 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.

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

VIMAL
BHANDARI

Digitally signed by
VIMAL BHANDARI
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Place: Mumbai
Date: 25 July 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			Year Ended
		30 June 2023	31 March 2023	30 June 2022	31 March 2023
		Unaudited	Audited	Unaudited	Audited
(a)	Debt-equity ratio ¹	2.59 : 1	3.02 : 1	1.93 : 1	3.02 : 1
(b)	Debt service coverage ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(c)	Interest service coverage ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(d)	Outstanding redeemable preference shares (quantity and value)	Nil	Nil	Nil	Nil
(e)	Capital redemption reserve	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(f)	Debenture redemption reserve ³	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(g)	Net worth ⁴	1,11,122.30	1,03,303.99	94,038.18	1,03,303.99
(h)	Net profit after tax	1,646.45	1,222.93	1,538.06	6,136.46
(i)	Earning per share (In ₹)				
	(a) Basic (Not Annualised)	0.18	0.14	0.19	0.72
	(b) Diluted (Not Annualised)	0.18	0.13	0.19	0.71
(j)	Current ratio ⁵	1.41 : 1	1.29 : 1	1.35 : 1	1.29 : 1
(k)	Long term debt to working capital ⁶	3.02 : 1	4.25 : 1	2.73 : 1	4.25 : 1
(l)	Bad debts to Account receivable ratio	0.33%	0.01%	Nil	0.01%
(m)	Current liability ratio ⁷	0.44 : 1	0.45 : 1	0.51 : 1	0.45 : 1
(n)	Total debts to total assets ⁸	0.73 : 1	0.76 : 1	0.66 : 1	0.76 : 1
(o)	Debtors turnover ⁹	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(p)	Inventory turnover ⁹	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(q)	Operating margin (%) ⁹	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(r)	Net profit margin (%) ⁹	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(s)	Gross NPA (%)	0.02%	0.01%	0.00%	0.01%
(t)	Net NPA (%)	Nil	Nil	Nil	Nil
(u)	Capital adequacy ratio (CRAR)	28.94%	25.48%	33.08%	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
- (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.

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	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	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, D5RA 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, D5RA market value is not applicable)	Total Value=(K+L+M+N)
		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, D5RA 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, D5RA 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							2.05	2.05						
Capital Work-in-progress							1.56	1.56						
Right of Use assets							11.46	11.46						
Goodwill							2.46	2.46						
Intangible Assets							-	-						
Under Development							-	-						
Investments					144.14		9.50	153.64			144.14			
Loans					3,642.40		0.06	3,642.46					3,642.40	
Inventories					-		-	-						
Trade Receivables					-		-	-						
Cash & Cash Equivalents					330.10		-	330.10					330.10	
Bank Balances other than Cash & Cash Equivalents					10.16		-	10.16					10.16	
Others					4,126.80		37.52	4,164.32					4,164.32	
TOTAL							64.61	4,191.41			144.14		3,982.66	
LIABILITIES														
Debt securities to which this certificate pertains					894.31				894.31					894.31
Other debt sharing pari-passu charge with above debt					1,884.19				1,884.19					1,884.19
Other debt					-				-					-
Subordinated debt							64.74	64.74						
Borrowings														
Bank	not to be filled													
Debt securities														
Others							33.75	33.75						
Trade Payables							2.28	2.28						
Lease liabilities							11.81	11.81						
Provisions							4.87	4.87						
Others							172.99	172.99						
TOTAL					2,778.50		290.43	3,068.93					2,778.50	
Cover on Book Value														
Cover on Market Value ix														
Exclusive Security Cover Ratio														
Pari-Passu Security Cover Ratio														
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														