

**Independent Auditor's Review Report on unaudited financial results of Arka Fincap Limited for the quarter and nine months ended December 31, 2024 pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (as amended)**

To,  
The Board of Directors  
Arka Fincap Limited

1. We have reviewed the accompanying statement of unaudited financial results of **Arka Fincap Limited** (the 'Company') for the quarter and nine months ended December 31, 2024 (the 'Statement'). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. 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 financial statements are 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.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results 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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

**Other Matter**

4. The comparative financial results of the Company as stated in statement for the quarter and nine months ended December 31, 2023 and for the year ended March 31, 2024 were reviewed / audited by the predecessor auditor who expressed an unmodified conclusion / opinion on those financial results on January 23, 2024 and April 30, 2024 respectively. Accordingly, we, do not express any conclusion/opinion, as the case may be, on the figures reported in the financial results for the quarter and nine months ended December 31, 2023 and the year ended March 31, 2024.

Our conclusion is not modified in respect of this matter.

**For Singhi & Co.**  
Chartered Accountants  
Firm Registration Number: 302049E

*Shweta Singhal*

**Shweta Singhal**  
Partner  
Membership No: 414420

Place: Mumbai  
Date: January 27, 2025  
UDIN: *25414420BMLEHWI7817*



**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@arkaholdings.com

**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2024**

(₹ in Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December 2024 Unaudited	30 September 2024 Unaudited	31 December 2023 Unaudited	31 December 2024 Unaudited	31 December 2023 Unaudited	31 March 2024 Audited
1	Revenue from operations						
	(a) Interest income	17,979.35	16,907.67	12,632.44	49,728.73	35,666.85	49,043.60
	(b) Fees and commission income	620.03	874.54	274.20	2,217.39	850.95	1,220.71
	(c) Gain on derecognition of financial assets measured at amortised cost	1,620.42	1,720.21	1,488.04	3,927.65	2,269.35	4,008.73
	(d) Net gain on fair value changes	751.04	296.65	407.00	1,351.01	1,611.75	2,093.12
	Total revenue from operations	20,970.84	19,799.07	14,801.68	57,224.78	40,398.90	56,366.16
2	Other income	544.04	68.85	217.76	678.37	468.34	709.90
3	Total Income (1+2)	21,514.88	19,867.92	15,019.44	57,903.15	40,867.24	57,076.06
4	Expenses						
	(a) Finance costs	12,582.32	11,063.38	7,813.66	33,269.90	22,271.72	31,533.12
	(b) Impairment on financial instruments	924.69	1,298.35	319.88	3,073.43	2,025.54	2,561.19
	(c) Employee benefit expenses	3,257.63	2,810.73	2,201.03	8,868.15	5,428.46	7,864.18
	(d) Depreciation and amortisation expenses	178.43	191.26	185.85	565.94	591.03	772.12
	(e) Other expenses	1,603.68	1,313.41	753.86	3,855.01	2,027.10	3,437.74
	Total expenses	18,546.75	16,677.13	11,274.28	49,632.43	32,343.85	46,168.35
5	Profit before exceptional items and tax (3-4)	2,968.13	3,190.79	3,745.16	8,270.72	8,523.39	10,907.71
	Exceptional Items - Expenses / (Income) (refer note 7)	-	(786.40)	3,089.09	(1,528.50)	3,089.09	1,528.50
6	Profit before tax	2,968.13	3,977.19	656.07	9,799.22	5,434.30	9,379.21
7	Tax expense						
	(a) Current tax	293.37	159.27	680.61	1,051.96	1,484.42	2,049.53
	(b) (Excess)/Short provision related to earlier years	-	(30.11)	-	(30.11)	-	-
	(c) Deferred tax	467.78	818.94	(494.24)	1,410.34	(51.49)	406.60
	Total tax expenses	761.15	948.10	186.37	2,432.19	1,432.93	2,456.13
8	Profit after tax (6-7)	2,206.98	3,029.09	469.70	7,367.03	4,001.37	6,923.08
9	Other comprehensive income, net of tax						
	(a) Items that will not be reclassified to profit and loss						
	(i) Re-measurement gains / (losses) on defined benefit plans and others	(9.67)	(13.10)	-	(22.77)	-	(27.18)
	Income tax effect on above	2.43	3.30	-	5.73	-	6.84
	Subtotal (i)	(7.24)	(9.80)	-	(17.04)	-	(20.34)
	(ii) Net gain / (loss) on equity instruments measured at fair value through comprehensive income	-	(1.34)	-	(1.34)	-	-
	Income tax effect on above	-	0.34	-	0.34	-	-
	Subtotal (ii)	-	(1.00)	-	(1.00)	-	-
	Subtotal (a)	(7.24)	(10.80)	-	(18.04)	-	(20.34)
	(b) Items that will be reclassified to profit and loss	-	-	-	-	-	-
	Total other comprehensive income, net of tax (a) + (b)	(7.24)	(10.80)	-	(18.04)	-	(20.34)
10	Total comprehensive income (8+9)	2,199.74	3,018.29	469.70	7,348.99	4,001.37	6,902.74
11	Paid-up equity share capital (Face value of ₹ 10/- each)	92,872.81	92,872.81	92,872.81	92,872.81	92,872.81	92,872.81
12	Other equity						24,795.63
13	Earning per share (In ₹) (Face value of ₹ 10/- each)						
	(a) Basic (Not Annualised)	0.24	0.33	0.05	0.79	0.44	0.75
	(b) Diluted (Not Annualised)	0.24	0.32	0.05	0.79	0.43	0.74

Notes

- Arka Fincap Limited ("the Company") is a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India and is categorised as a 'Middle-layer' NBFC in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.
- 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/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.
- 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.

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- 5 During the nine months ended 31 December 2024, the Company has issued and allotted (i) 25,000 Senior, Secured, Listed, Taxable, Redeemable, Non-Convertible Debentures of face value of ₹1,00,000/-each, aggregating to ₹25,000 Lakh and (ii) 7,500 Unsecured, Rated, Listed, Taxable, Redeemable, Subordinated Non-Convertible Debentures of face value of ₹1,00,000/- each, aggregating to ₹ 7,500 Lakh on a private placement basis. The NCDs are rated as CRISIL AA/ Stable.
- 6 The Secured Non-Convertible Debentures of the Company as on 31 December 2024 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.
- 7 During the previous year ended 31 March 2024, the Company had made provision of ₹ 1,528.50 lakh against its investments in Alternate Investment Funds (AIFs) as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 and RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024. During the quarter ended 30 June 2024, the Company had reversed the provision to the extent of ₹ 742.10 lakh. The balance provision of ₹ 786.40 lakh has been reversed during the previous quarter ended 30 September 2024 which is in compliance with the above-mentioned RBI circulars.
- 8 Details of loans transferred / acquired during the quarter and nine months ended 31 December 2024 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:

Particulars	Nine Months Ended 31 December 2024
Aggregate amount of loans acquired (in Lakhs)	2,965.01
Weighted average residual maturity (in years)	1.29
Weighted average holding period by originator (in years)	0.99
Retention of beneficial economic interest by the originator	10%
Tangible security coverage	0%
Rating-wise distribution of loans	NA

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

Particulars	Nine Months Ended 31 December 2024
Number of loans	5
Aggregate amount of loans transferred (in Lakhs)	6,550.00
Weighted average remaining maturity (in years)	3.55
Weighted average holding period after origination (in years)	0.26
Retention of beneficial economic interest	Nil
Tangible security coverage	100%
Rating-wise distribution of loans	NA
Number of transactions where transferor has agreed to replace the transferred loans	Nil
Number of transferred loans replaced	Nil

(iii) Details of loans which are not in default transferred by way of Assignment:

Particulars	Nine Months Ended 31 December 2024
Number of loans	3933
Aggregate amount of loans transferred (in Lakhs)	60,171.90
Sale consideration (in Lakhs)	60,171.90
Weighted average remaining maturity (in years)	9.68
Weighted average holding period after origination (in years)	0.82
Retention of beneficial economic interest	14%
Tangible security coverage	73%
Rating-wise distribution of loans	NA
Number of transactions where transferor has agreed to replace the transferred loans	Nil
Number of transferred loans replaced	Nil

(iv) During the nine months ended 31 December 2024, the company has not transferred / acquired loans in default or stressed loans.

- 9 In terms of the requirements as per para 2.2 of Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, as amended from time to time, on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31 December 2024 and accordingly, amount required to be transferred to impairment reserve if any, will be assessed at year end.
- 10 The above financial results of the Company for the quarter and nine months ended 31 December 2024 have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors, at their respective meeting held on 27 January 2025.
- 11 The figures for the previous periods pertaining to the financial year 2023-24 have been reviewed / audited by the erstwhile auditor.
- 12 Figures for the previous period/year have been regrouped and / or reclassified wherever considered necessary to conform to current period presentation.
- 13 The Disclosures as required under Regulation 52(4) have been given in Annexure A.
- 14 The Disclosures as required under Regulation 54(3) have been given in Annexure B.
- 15 The results for the quarter and nine months ended 31 December 2024 are available on the BSE Ltd website www.bseindia.com and the Company's website www.arkaholdings.com

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

Samraj Gupta  
Managing Director  
DIN: 01071075



Place: Mumbai  
Date: 27 January 2025

## 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 2024	30 September 2024	31 December 2023	31 December 2024	31 December 2023	31 March 2024
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Debt-equity ratio <sup>1</sup>	4 : 1	4.12 : 1	3.26 : 1	4 : 1	3.26 : 1	3.28 : 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>	1,24,740.48	1,22,549.52	1,14,456.38	1,24,740.48	1,14,456.38	1,17,489.03
(h)	Net profit after tax	2,206.98	3,029.09	469.70	7,367.03	4,001.37	6,923.08
(i)	Earning per share (In ₹)						
	(a) Basic (Not Annualised)	0.24	0.33	0.05	0.79	0.44	0.75
	(b) Diluted (Not Annualised)	0.24	0.32	0.05	0.79	0.43	0.74
(j)	Current ratio <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(k)	Long term debt to working capital <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(l)	Bad debts to Account receivable ratio <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(m)	Current liability ratio <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(n)	Total debts to total assets <sup>5</sup>	0.81 : 1	0.81 : 1	0.77 : 1	0.81 : 1	0.77 : 1	0.78 : 1
(o)	Debtors turnover <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(p)	Inventory turnover <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(q)	Operating margin (%) <sup>2</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(r)	Net profit margin (%) <sup>6</sup>	10.26%	15.25%	3.13%	12.72%	9.79%	12.13%
(s)	Gross NPA (%)	0.42%	0.36%	0.21%	0.42%	0.21%	0.23%
(t)	Net NPA (%)	0.17%	0.14%	0.05%	0.17%	0.05%	0.06%
(u)	Capital adequacy ratio (CRAR)	21.89%	21.88%	25.61%	21.89%	25.61%	25.09%
(v)	Liquidity coverage ratio (LCR)	210%	102%	Not Applicable	210%	Not Applicable	219%
(vi)	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 is calculated as defined under Sec. 2(57) of the Companies Act, 2013
- Total debts to total assets = Total Liabilities (other than Equity) / Total Assets
- Net profit margin = Profit After Tax / Total Income





Annexure B

Rs. in Lakhs

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 (Total C to H)	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	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)	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)
		Book Value	Book Value	Yes/No	Book Value	Book Value	Book Value			Relating to Column F	Relating to Column F	Relating to Column F		
<b>ASSETS</b>														
Property, Plant & Equipment							968.76		968.76					
Capital Work-in-progress														
Right of Use assets							523.85		523.85					
Goodwill														
Intangible Assets							171.98		171.98					
Intangible Assets Under Development							14.50		14.50					
Investments							37,349.04		37,349.19					
Loans (refer note 1)							4,63,789.17		5,78,158.88				1,14,369.71	1,14,369.71
Inventories														
Trade Receivables														
Cash & Cash Equivalents							20,584.85		20,584.85					
Bank Balances other than Cash & Cash Equivalents							1,801.80		1,801.80					
Others (refer note 2)							13,822.84		13,822.84					
<b>TOTAL</b>							5,23,524.86		6,55,396.55				1,14,369.71	1,14,369.71
<b>LIABILITIES</b>														
Debt securities to which this certificate pertains (refer note 3)				Yes		1,02,359.86			1,02,359.86				1,02,359.86	1,02,359.86
Other debt sharing pari-passu charge with above debt				No			3,49,061.96		3,49,061.96					
Other debt														
Subordinated debt							21,550.76		21,550.76					
Borrowings														
Bank														
Debt securities														
Others							26,232.23		26,232.23					
Trade Payables							1,121.89		1,121.89					
Lease liabilities							701.95		701.95					
Provisions							445.04		445.04					
Others							26,849.51		26,849.51					
<b>TOTAL</b>							76,901.38		5,28,323.20				1,02,359.86	1,02,359.86
Cover on Book Value														
Cover on Market Value ix														
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio (refer note 5)		1.12							
<b>Notes to Annexure:</b>														
1) Loans amount is considered net of ECL provision and includes investments in NCDs, CPs 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 and ind AS impact														
4) Other Debt - Debt Securities (Column H) includes unsecured commercial papers														
5) The above stated security cover of 1.12x has been arrived on the simple average basis (security basis the cover stipulated for individual NCDs vis - a - vis NCD liability amount), and meets the stipulated cover at individual ISIN level														
6) The numbers filled in the annexure are extracted from the Financial Information provided by the management and have not been reviewed by the Statutory Auditor														
7) Security Cover Ratio pertains to Listed Secured Non Convertible Debentures (NCDs) and Listed Secured Market Linked Debentures (MLDs) only, (collectively referred as NCDs)														

