

**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 September 2022 and year-to-date results for the period from 01 April 2022 to 30 September 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.

### **Other Matter**

The comparative figures for the quarter and period ended 30<sup>th</sup> September 2021 have been reviewed by another auditor on which they have issued Limited Review Report dated 20<sup>th</sup> October 2021.

**For P G BHAGWAT LLP,**  
**Chartered Accountants,**  
Firm's Registration Number: 101118W/W100682

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RATNAKAR

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NACHIKET RATNAKAR  
Date: 2022.10.20  
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**Nachiket Deo**  
**Partner**  
Membership No. 117695  
UDIN: 22117695BALFHD1922  
Place: Pune  
Date: 20<sup>th</sup> October 2022

## 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 HALF YEAR ENDED 30 SEPTEMBER 2022

(₹ in Lakhs)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 September 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	31 March 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1</b>	<b>Revenue from operations</b>						
	(a) Interest income	7,723.85	7,431.89	4,360.43	15,155.74	7,883.43	19,210.33
	(b) Fees and commission income	210.50	224.50	55.00	435.00	282.90	503.40
	(c) Net gain on sale of investments	437.11	83.44	95.84	520.55	111.01	380.25
	(d) Net gain on fair value changes of investments	-	-	32.40	-	42.04	78.76
	<b>Total revenue from operations</b>	<b>8,371.46</b>	<b>7,739.83</b>	<b>4,543.67</b>	<b>16,111.29</b>	<b>8,319.38</b>	<b>20,172.74</b>
<b>2</b>	<b>Other income</b>	<b>68.22</b>	<b>6.71</b>	<b>51.29</b>	<b>74.93</b>	<b>76.31</b>	<b>136.66</b>
<b>3</b>	<b>Total income (1+2)</b>	<b>8,439.68</b>	<b>7,746.54</b>	<b>4,594.96</b>	<b>16,186.22</b>	<b>8,395.69</b>	<b>20,309.40</b>
<b>4</b>	<b>Expenses</b>						
	(a) Finance costs	4,321.04	3,831.92	1,984.30	8,152.96	3,592.49	9,173.74
	(b) Net loss on fair value changes	91.86	(40.64)	-	51.22	-	-
	(c) Impairment on financial instruments	31.49	145.28	138.57	176.77	250.89	557.61
	(d) Employee benefit expenses	1,204.66	1,275.12	906.42	2,479.78	1,830.91	4,676.27
	(e) Depreciation and amortisation expenses	98.17	95.39	91.25	193.56	181.12	365.34
	(f) Other expenses	437.82	367.33	260.97	805.15	475.56	1,127.82
	<b>Total expenses</b>	<b>6,185.04</b>	<b>5,674.40</b>	<b>3,381.51</b>	<b>11,859.44</b>	<b>6,330.97</b>	<b>15,900.78</b>
<b>5</b>	<b>Profit before tax (3-4)</b>	<b>2,254.64</b>	<b>2,072.14</b>	<b>1,213.45</b>	<b>4,326.78</b>	<b>2,064.72</b>	<b>4,408.62</b>
<b>6</b>	<b>Tax expense</b>						
	(a) Current tax	659.98	636.55	391.48	1,296.53	723.11	1,535.13
	(b) (Excess)/Short provision related to earlier years	333.12	-	-	333.12	-	-
	(b) Deferred tax	(269.29)	(102.47)	(75.72)	(371.76)	(182.63)	(378.17)
	<b>Total tax expenses</b>	<b>723.81</b>	<b>534.08</b>	<b>315.76</b>	<b>1,257.89</b>	<b>540.48</b>	<b>1,156.96</b>
<b>7</b>	<b>Profit after tax (5-6)</b>	<b>1,530.83</b>	<b>1,538.06</b>	<b>897.69</b>	<b>3,068.89</b>	<b>1,524.24</b>	<b>3,251.66</b>
<b>8</b>	<b>Other comprehensive income, net of tax</b>						
	(a) Items that will not be reclassified to profit and loss	-	-	-	-	-	0.16
	(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>0.16</b>
<b>9</b>	<b>Total comprehensive income (7+8)</b>	<b>1,530.83</b>	<b>1,538.06</b>	<b>897.69</b>	<b>3,068.89</b>	<b>1,524.24</b>	<b>3,251.82</b>
<b>10</b>	<b>Paid-up equity share capital (Face value of ₹ 10/- each)</b>	<b>88,402.23</b>	<b>84,235.56</b>	<b>75,984.08</b>	<b>88,402.23</b>	<b>75,984.08</b>	<b>75,985.58</b>
<b>11</b>	<b>Other equity</b>	<b>13,281.71</b>	<b>10,873.58</b>	<b>5,937.92</b>	<b>13,281.71</b>	<b>5,937.92</b>	<b>7,696.92</b>
<b>12</b>	<b>Earning per share (In ₹)</b>						
	(a) Basic (Not Annualised)	0.18	0.19	0.13	0.37	0.22	0.45
	(b) Diluted (Not Annualised)	0.18	0.19	0.12	0.37	0.22	0.45

Notes:

**1 Statement of assets and liabilities (Balance Sheet):**

(₹ in Lakhs)

Particulars	As at	As at
	30 September 2022	31 March 2022
	Unaudited	Audited
<b>ASSETS</b>		
<b>(I) Financial assets</b>		
(a) Cash and cash equivalents	22,713.19	13,167.93
(b) Bank balances other than cash and cash equivalents	1,001.00	1,001.00
(c) Trade receivables	-	43.74
(d) Loans	2,71,669.92	2,29,908.39
(e) Investments	37,258.27	16,184.30
(f) Other financial assets	358.06	293.60
	<b>3,33,000.44</b>	<b>2,60,598.96</b>
<b>(II) Non-financial assets</b>		
(a) Current tax assets (net)	98.59	370.17
(b) Deferred tax assets (net)	1,024.48	652.71
(c) Property, plant and equipment	419.38	523.49
(d) Intangible assets	294.32	337.01
(e) Intangible assets under development	2.25	-
(f) Other non-financial assets	240.68	217.38
	<b>2,079.70</b>	<b>2,100.76</b>
<b>TOTAL ASSETS (I+II)</b>	<b>3,35,080.14</b>	<b>2,62,699.72</b>
<b>LIABILITIES AND EQUITY</b>		
<b>(III) Financial liabilities</b>		
(a) Trade payables	-	9.72
(i) Outstanding to micro enterprises and small enterprises	-	9.72
(ii) Outstanding dues of creditors other than micro and small enterprises	87.15	124.37
(b) Debt securities	72,341.09	56,577.25
(c) Borrowings (other than debt securities)	1,52,705.64	1,16,773.31
(d) Other financial liabilities	5,989.16	3,343.35
	<b>2,31,123.04</b>	<b>1,76,828.00</b>
<b>(IV) Non-financial liabilities</b>		
(a) Current tax liabilities (net)	-	-
(b) Provisions	427.26	512.65
(c) Other non-financial liabilities	1,845.90	1,676.57
	<b>2,273.16</b>	<b>2,189.22</b>
<b>(V) Equity</b>		
(a) Equity share capital	88,402.23	75,985.58
(b) Other equity	13,281.71	7,696.92
	<b>1,01,683.94</b>	<b>83,682.50</b>
<b>TOTAL LIABILITIES AND EQUITY (III+IV+V)</b>	<b>3,35,080.14</b>	<b>2,62,699.72</b>

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## 2 Statement of Cash Flows:

Particulars	₹ in Lakhs	
	Half Year Ended 30 September 2022	Half Year Ended 30 September 2021
	Unaudited	Unaudited
<b>A Cash Flow from Operating Activities</b>		
Net profit before tax	4,326.78	2,064.72
<b>Adjustments for:</b>		
<b>Add:</b>		
Depreciation and amortisation	193.56	181.12
Loss on sale of Property, Plant and Equipment	0.19	-
Provision for expected credit loss	176.77	250.89
Provision for share based payments	32.58	62.83
Finance cost	8,152.96	3,592.49
	<b>8,556.06</b>	<b>4,087.33</b>
<b>Less:</b>		
Interest received on fixed deposits	99.05	194.18
Profit on sale of investments	520.55	111.01
Fair value (loss)/ gain on investments	(51.22)	42.04
Interest received on debt instrument	490.38	253.24
Interest income on security deposit	11.90	10.78
Amortised discount income on commercial paper	0.34	271.41
	<b>1,071.00</b>	<b>882.66</b>
<b>Operating profit before working capital changes</b>	<b>11,811.84</b>	<b>5,269.39</b>
<b>Adjustments:</b>		
(Increase)/Decrease in loans and advances	(42,032.93)	(62,844.26)
(Increase) / Decrease in trade receivables	43.74	-
(Increase) / Decrease in security deposits	(11.79)	(7.08)
(Increase) / Decrease in Prepaid expenses	(48.21)	(395.50)
(Increase) / Decrease in Other financial assets	(34.35)	(1,018.81)
(Increase) / Decrease in Other non-financial assets	24.91	(1.10)
Increase / (Decrease) in provisions	761.72	578.00
Employee benefits paid	(1,126.94)	(795.50)
Increase/(Decrease) in trade payable	(46.94)	45.22
Increase/(Decrease) in Other financial liabilities	1,832.78	184.72
Increase/(Decrease) in Other non-financial liabilities	169.35	306.67
	<b>(28,656.82)</b>	<b>(58,678.24)</b>
Direct taxes paid	(1,358.07)	(719.14)
<b>Net cash used in operating activities (A)</b>	<b>(30,014.89)</b>	<b>(59,397.38)</b>
<b>B Cash flows from investing activities</b>		
<b>Add:</b>		
Interest received on fixed deposits	92.64	210.31
Receipt on sale of Investments	1,69,016.63	1,04,110.54
Interest received on debt instrument	490.38	-
	<b>1,69,599.65</b>	<b>1,04,320.85</b>
<b>Less:</b>		
Increase in other bank balance	-	1.00
Payments on purchase of investment	1,89,653.41	1,09,231.59
Payments for Purchase of Property, Plant and Equipment	46.95	27.19
Payments for Purchase of Other Intangible assets	-	22.18
Payments for Purchase of Intangible assets under development	2.25	10.04
	<b>1,89,702.61</b>	<b>1,09,292.00</b>
<b>Net cash generated from investing activities (B)</b>	<b>(20,102.96)</b>	<b>(4,971.15)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of equity share capital (including securities premium)	14,899.97	12,999.76
Proceeds from Bank and NBFCs Borrowings (net)	31,638.83	28,439.01
Proceeds from issuance of Non-Convertible Debentures (net)	23,935.08	2,500.00
Proceeds from issuance of Commercial Papers (net)	(3,877.76)	7,504.49
Finance cost paid	(6,842.14)	(3,570.56)
Lease liability paid	(90.87)	(93.45)
	<b>59,663.11</b>	<b>47,779.25</b>
<b>Net Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>9,545.26</b>	<b>(16,589.28)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>13,167.93</b>	<b>22,608.09</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>22,713.19</b>	<b>6,018.81</b>

- 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/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.
- During the current half year ended 30 September 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 half year ended 30 September 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-r/Stable and the NCDs are rated as CRISIL AA-/Stable.
- The Secured Non-Convertible Debentures of the Company as on 30 September 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.

- 10 Details of loans transferred / acquired during the half year ended September 30, 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	5,304.77
Weighted average residual maturity (in years)	3.69
Weighted average holding period by originator (in years)	0.76
Retention of beneficial economic interest by the originator	10%
Coverage Tangible security coverage	27%
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 transferrer has agreed to replace the transferred loans	Nil
Number of transferred loans replaced	Nil

(iii) During the quarter ended September 30, 2022, the company has not transferred / acquired loans in default.

- 11 The above financial results of the Company for the quarter and half year ended 30 September 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 October 2022.
- 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.

Place: Mumbai  
Date: 20 October 2022

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

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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 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	31 March 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Debt-equity ratio <sup>1</sup>	2.24 : 1	1.93 : 1	1.29 : 1	2.24 : 1	1.29 : 1	2.1 : 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	Nil	Nil	Nil	Nil	Nil	Nil
(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>	1,00,362.89	94,038.18	81,099.30	1,00,362.89	81,099.30	82,692.78
(h)	Net profit after tax	1530.83	1538.06	897.69	3068.89	1524.24	3251.66
(i)	Earning per share (In ₹)						
	(a) Basic (Not Annualised)	0.18	0.19	0.13	0.37	0.22	0.45
	(b) Diluted (Not Annualised)	0.18	0.19	0.12	0.37	0.22	0.45
(j)	Current ratio <sup>5</sup>	1.44 : 1	1.35 : 1	1.85 : 1	1.44 : 1	1.85 : 1	1.53 : 1
(k)	Long term debt to working capital <sup>6</sup>	2.69 : 1	2.73 : 1	1.58 : 1	2.69 : 1	1.58 : 1	2.43 : 1
(l)	Bad debts to Account receivable ratio	Nil	Nil	Nil	Nil	Nil	Nil
(m)	Current liability ratio <sup>7</sup>	0.46 : 1	0.51 : 1	0.43 : 1	0.46 : 1	0.43 : 1	0.44 : 1
(n)	Total debts to total assets <sup>8</sup>	0.7 : 1	0.66 : 1	0.57 : 1	0.7 : 1	0.57 : 1	0.68 : 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 (%)	0.00%	0.00%	Nil	Nil	Nil	Nil
(t)	Net NPA (%)	0.00%	0.00%	Nil	Nil	Nil	Nil
(u)	Capital adequacy ratio (CRAR)	33.43%	33.08%	39.25%	33.43%	39.25%	30.92%
(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).
- As per the proviso to Regulation 52(4) of SEBI LODR, the requirement of disclosing debt service coverage ratio and interest service coverage ratio is not applicable to the Company being a Non-Banking Financial Company registered with the Reserve Bank of India.
- 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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