

January 21, 2022

The Sr. General Manager
Listing Department,
BSE Limited,
PJ Towers, Dalal Street,
Mumbai - 400 001

Dear Sir/Madam,

Sub: Submission under Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Please be informed that the Board of Directors of Arka Fincap Limited ("the Company") at its Meeting held on January 20, 2022, have approved the Unaudited Financial Results of the Company, for the quarter ended December 31, 2021. Accordingly, please find enclosed the following:

- (1) Unaudited Financial Results along with the Limited Review Report certified by Auditors of the Company, under Regulation 52(1) of Listing Regulations.
- (2) A statement furnishing details for Secured Non-Convertible Debentures (NCD's) listed on WDM segment of BSE, under Regulation 52(4) of Listing Regulations. The statement is for period ended December 31, 2021

The information is provided in terms of the relevant provisions of the Uniform Listing Agreement entered into by the Company with the Stock Exchange.

This is for your information and records.

For Arka Fincap Limited

Amit Bondre
Deputy Company Secretary



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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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
(Formerly Kirloskar Capital 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 (formerly Kirloskar Capital Limited) (“the Company”) for the quarter ended 31 December 2021 and year-to-date results for the period from 01 April 2021 to 31 December 2021 (“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.

Arka Fincap Limited (Formerly known as Kirloskar Capital Limited)

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2021

(₹ in Lakhs)

Sr. No.	Particulars	Quarter ended			Nine Months Ended		Year Ended
		31 December 2021	30 September 2021	31 December 2020	31 December 2021	31 December 2020	31 March 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations						
	(a) Interest income	5,075.28	4,360.43	2,707.95	12,958.71	6,608.08	9,788.32
	(b) Fees and commission income	145.50	55.00	127.95	428.40	137.67	179.87
	(c) Net gain on sale of investments	164.16	95.84	64.20	275.17	87.55	228.26
	(d) Net gain on fair value changes of investments	37.21	32.40	22.75	79.25	48.95	(7.94)
	Total revenue from operations	5,422.15	4,543.67	2,922.85	13,741.53	6,882.25	10,188.51
2	Other income	53.27	51.29	58.88	129.58	102.05	104.03
3	Total income (1+2)	5,475.42	4,594.96	2,981.73	13,871.11	6,984.30	10,292.54
4	Expenses						
	(a) Finance costs	2,467.91	1,984.30	1,240.81	6,060.40	2,381.46	3,768.91
	(b) Net loss on fair value changes	-	-	-	-	0.27	0.27
	(c) Impairment on financial instruments	126.12	138.57	74.77	377.01	135.89	220.99
	(d) Employee benefit expenses	1,015.87	906.42	772.75	2,846.78	2,171.27	3,050.32
	(e) Depreciation and amortisation expenses	92.46	91.25	84.25	273.58	221.45	315.27
	(f) Other expenses	259.34	260.97	136.59	734.90	378.14	609.23
	Total expenses	3,961.70	3,381.51	2,309.17	10,292.67	5,288.48	7,964.99
5	Profit before tax (3-4)	1,513.72	1,213.45	672.56	3,578.44	1,695.82	2,327.55
6	Tax expense						
	(a) Current tax	464.09	391.48	211.74	1,187.20	587.95	790.28
	(b) Deferred tax	(55.35)	(75.72)	(39.68)	(237.98)	(98.29)	(151.07)
	Total tax expenses	408.74	315.76	172.06	949.22	489.66	639.21
7	Profit after tax (5-6)	1,104.98	897.69	500.50	2,629.22	1,206.16	1,688.34
8	Other comprehensive income, net of tax						
	(a) Items that will not be reclassified to profit and loss	-	-	-	-	-	8.62
	(b) Items that will be reclassified to profit and loss	-	-	-	-	-	-
	Total other comprehensive income, net of tax	-	-	-	-	-	8.62
9	Total comprehensive income (7+8)	1,104.98	897.69	500.50	2,629.22	1,206.16	1,696.96
10	Paid-up equity share capital (Face value of ₹ 10/- each)	75,985.58	75,984.08	56,054.09	75,985.58	56,054.09	63,996.98
11	Other equity	7,062.05	5,937.92	2,810.49	7,062.05	2,810.49	3,338.18
12	Earning per share (In ₹)						
	(a) Basic (Not Annualised)	0.15	0.13	0.22	0.37	0.22	0.30
	(b) Diluted (Not Annualised)	0.15	0.12	0.22	0.37	0.22	0.30

3. Disclosures in accordance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the quarter and nine months ended 31 December 2021

(₹ in Lakhs)

Sr no.	Particulars	Quarter ended			Nine Months Ended		Year Ended
		31 December 2021	30 September 2021	31 December 2020	31 December 2021	31 December 2020	31 March 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Debt-equity ratio ¹	1.55 : 1	1.29 : 1	0.99 : 1	1.55 : 1	0.99 : 1	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	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Debenture redemption reserve ³	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(g)	Net worth ⁴	82,183.93	81,099.30	58,254.52	82,183.93	58,254.52	66,688.14
(h)	Net profit after tax	1104.98	897.69	500.5	2629.22	1206.16	1688.34
(i)	Earning per share (In ₹)						
	(a) Basic (Not Annualised)	0.15	0.13	0.22	0.37	0.22	0.30
	(b) Diluted (Not Annualised)	0.15	0.12	0.22	0.37	0.22	0.30
(j)	Current ratio ⁵	1.38 : 1	1.85 : 1	2.81 : 1	1.38 : 1	2.81 : 1	2.49 : 1
(k)	Long term debt to working capital ⁶	2.21 : 1	1.58 : 1	0.83 : 1	2.21 : 1	0.83 : 1	1 : 1
(l)	Bad debts to Account receivable ratio	Nil	Nil	Nil	Nil	Nil	Nil
(m)	Current liability ratio ⁷	0.54 : 1	0.43 : 1	0.4 : 1	0.54 : 1	0.4 : 1	0.4 : 1
(n)	Total debts to total assets ⁸	0.61 : 1	0.57 : 1	0.5 : 1	0.61 : 1	0.5 : 1	0.51 : 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 (%)	Nil	Nil	Nil	Nil	Nil	Nil
(t)	Net NPA (%)	Nil	Nil	Nil	Nil	Nil	Nil
(u)	Capital adequacy ratio (CRAR)	35.36%	39.25%	48.75%	35.36%	48.75%	57.85%

Notes:

- (1) Debt = Debt Securities + Borrowings (other than debt securities).
- (2) As per the proviso to Regulation 52(4) of SEBI LODR, 2015 Regulations, 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.
- (3) Debenture Redemption Reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b) 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.

Notes:

- 1 The Company is a Systemically Important Non-Deposit Accepting Non-Banking Financial Company registered with the Reserve Bank of India.
- 2 The financial results of the Company have been prepared in accordance 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 Statement has been prepared in compliance of SEBI Circular no. SEBI/HO/DDHS/CIR/2021/000000637 dated 5 October 2021 applicable on listed Companies whose non-convertible securities are listed on recognised stock exchanges.
- 4 The financial results for the comparative quarter and nine months ended 31 December 2020 have been restated by management and have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results for the comparative quarter and nine months ended 31 December 2020 provide a true and fair view of the Company's affairs.
- 5 Pursuant to the requirements specified in RBI Master Direction No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 – 'Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016', as updated from time to time, a prior approval is required from RBI for any change in applicable NBFC shareholding of 26% or more. In line with said requirement, Company has submitted an application to RBI on 6 September 2021 requesting for approval for proposed change of its shareholding from 'Kirloskar Oil Engines Limited' to 'Arka Financial Holdings Private Limited' and have received the approval from RBI on 14 October 2021.

Accordingly, Kirloskar Oil Engines Limited (KOEL) has transferred 68,09,02,231 fully paid-up equity shares having face value of Rs. 10/- each of the company to Arka Financial Holdings Private Ltd , a wholly owned subsidiary of KOEL at Rs. 74,899.25 Lakhs. Accordingly, Arka Financial Holdings Private Ltd is now holding 99.41% of the company w.e.f 11th January 2022.

- 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 During the quarter ended 31 December 2021, the Company has issued 750 units senior, secured, redeemable, rated, listed, taxable, non-convertible debentures (secured NCDs) of face value of Rs 10 Lakhs per debenture aggregating to Rs 75 crores on private placement basis. These NCDs are rated as CRISIL AA-/Stable.
- 8 The Secured Listed Non-Convertible Debentures of the Company as on 31 December 2021 are secured by first pari-passu charge by way of hypothecation, over standard present and future receivables. The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Debenture Trust Deeds.
- 9 Consequent to the outbreak of COVID-19 pandemic, the Company has considered the possible effects that may result from COVID-19 in the preparation of these financial results including recovering the carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has at the date of approval of financial results, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. However, the extent to which the COVID-19 pandemic may continue to impact the Company's performance, will depend on ongoing and future developments, which are uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.
- 10 The above financial results of Arka Fincap Limited ("AFL" or "the Company") for the quarter and nine months period ended 31 December 2021 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 20 January 2022.
- 11 Figures for the previous period/year have been regrouped and / or reclassified wherever considered necessary to conform to current period presentation.

Place: Mumbai
Date: 20 January 2022

**For and on behalf of the Board of Directors of
Arka Fincap Limited
(Formerly known as Kirloskar Capital Limited)**

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bhandari Date: 2022.01.20
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Vimal Bhandari
Executive Vice Chairman and CEO
DIN: 00001318

**DEO
NACHIKET
RATNAKAR**

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