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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.

