

No. CTL/DEB/20-21/Noting Certificate/2708

October 22<sup>nd</sup>, 2020

To Whomsoever It May Concern,

## **CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION**

**[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

We, Catalyst Trusteeship Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by **Arka Fincap Limited** (“**the Company**”) for the Half year ended September 30, 2020.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

**For Catalyst Trusteeship Limited**

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**Authorised Signatory**

*Encl: Results submitted by Company*



**Limited review report on unaudited financial results of Arka Fincap Limited pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Board of Directors of  
Arka Fincap Limited  
(formerly known as 'Kirloskar Capital Limited')**

1. We have reviewed the accompanying Statement of unaudited financial results of Arka Fincap Limited (formerly known as 'Kirloskar Capital Limited') (the 'Company') for the half year ended 30 September 2020 (the 'Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the corresponding half year ended 30 September 2019 including the reconciliation of profit under Indian Accounting Standards ('Ind AS') of the corresponding half year with profit reported under previous Generally Accepted Accounting Principles ('GAAP'), as reported in the Statement have been approved by the Company's Board of Directors but have not been subjected to review or audit.
2. 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.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (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.
4. 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 i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations and SEBI Circular dated 10 August 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Limited review report on unaudited financial results of Arka Fincap Limited pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)**

**Arka Fincap Limited**

*(formerly known as 'Kirloskar Capital Limited')*

5. As more fully described in Note 10 to the Statement, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

Our conclusion is not modified in respect of this matter.

For **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm's Registration No. 101248W/W-100022

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Date: 2020.10.21 15:37:38  
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**Vaibhav Shah**

*Partner*

Place: Mumbai

Date: 21 October 2020

Membership Number: 117377

ICAI UDIN: 20117377AAAAES9885

**Arka Fincap Limited (Formerly known as Kirloskar Capital 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: arkainfo@arkafincap.com

**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020**

(₹ in Lakhs)

Sr. No.	Particulars	Half Year Ended	
		30 September 2020	30 September 2019
		Unaudited	Unaudited
<b>1</b>	<b>Revenue from operations</b>		
	(a) Interest income	3,900.13	1,498.36
	(b) Fees and commission income	9.72	-
	(c) Net gain on sale of investments	23.35	325.86
	(d) Net gain on fair value changes of investments	26.20	87.76
	<b>Total revenue from operations</b>	<b>3,959.40</b>	<b>1,911.98</b>
<b>2</b>	<b>Other income</b>	43.17	-
<b>3</b>	<b>Total income (1+2)</b>	<b>4,002.57</b>	<b>1,911.98</b>
<b>4</b>	<b>Expenses</b>		
	(a) Finance costs	1,140.65	56.56
	(b) Net loss on fair value changes	0.27	0.54
	(c) Impairment on financial instruments	61.12	12.15
	(d) Employee benefit expenses	1,398.52	1,193.82
	(e) Depreciation and amortisation expenses	137.20	110.72
	(f) Other expenses	241.55	304.48
	<b>Total expenses</b>	<b>2,979.31</b>	<b>1,678.27</b>
<b>5</b>	<b>Profit before tax (3-4)</b>	<b>1,023.26</b>	<b>233.71</b>
<b>6</b>	<b>Tax expense</b>		
	(a) Current tax	376.21	71.59
	(b) Deferred tax	(58.61)	72.58
	<b>Total tax expenses</b>	<b>317.60</b>	<b>144.17</b>
<b>7</b>	<b>Profit after tax (5-6)</b>	<b>705.66</b>	<b>89.54</b>
<b>8</b>	<b>Other comprehensive income, net of tax</b>		
	(a) Items that will not be reclassified to profit and loss	-	-
	(b) Items that will be reclassified to profit and loss	-	-
	<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Total comprehensive income (7+8)</b>	<b>705.66</b>	<b>89.54</b>
<b>10</b>	<b>Paid-up equity share capital (Face value of ₹ 10/- each)</b>	56,054.09	52,650.00
<b>11</b>	<b>Other equity</b>	2,266.47	(459.48)
<b>12</b>	<b>Earning per share (In ₹)</b>		
	(a) Basic (Not Annualised)	0.13	0.02
	(b) Diluted (Not Annualised)	0.13	0.02

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## Notes:

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

(₹ in Lakhs)

Particulars	As at
	30 September 2020
	Unaudited
<b>ASSETS</b>	
<b>(I) Financial assets</b>	
(a) Cash and cash equivalents	24,716.53
(b) Bank balances other than cash and cash equivalents	-
(c) Loans	51,173.29
(d) Investments	35,865.77
(e) Other financial assets	230.13
	<b>1,11,985.72</b>
<b>(II) Non-financial assets</b>	
(a) Current tax assets (net)	-
(b) Deferred tax assets (net)	185.04
(c) Property, plant and equipment	843.32
(d) Intangible assets	363.00
(e) Intangible assets under development	6.95
(f) Other non-financial assets	635.08
	<b>2,033.39</b>
<b>TOTAL ASSETS (I+II)</b>	<b>1,14,019.11</b>
<b>LIABILITIES AND EQUITY</b>	
<b>(III) Financial liabilities</b>	
(a) Trade payables	
(i) Outstanding to micro enterprises and small enterprises	-
(ii) Outstanding dues of creditors other than micro and small enterprises	50.12
(b) Debt securities	20,517.12
(c) Borrowings (other than debt securities)	33,519.56
(d) Other financial liabilities	1,259.88
	<b>55,346.68</b>
<b>(IV) Non-financial liabilities</b>	
(a) Current tax liabilities (net)	142.02
(b) Provisions	153.00
(c) Other non-financial liabilities	56.85
	<b>351.87</b>
<b>(V) Equity</b>	
(a) Equity share capital	56,054.09
(b) Other equity	2,266.47
	<b>58,320.56</b>
<b>TOTAL LIABILITIES AND EQUITY (III+IV+V)</b>	<b>1,14,019.11</b>

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- 2 The Company is a Systemically Important Non-Deposit Accepting Non-Banking Financial Company registered with the Reserve Bank of India.
- 3 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. The Company has adopted Ind AS from 1 April 2020 with effective transition date of 1 April 2019. This transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") and generally accepted accounting principles in India (collectively referred to as "Previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserve as at 1 April 2019 and the corresponding figures presented in these results have been restated/ reclassified in order to confirm with current period presentation.

There is a possibility that these financial results for the current and previous periods may require adjustments due to changes in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and the RBI or changes in the use of one or more optional exemptions from full retrospective applications of certain Ind AS permitted under Ind AS-101 which may arise upon finalisation of the financial statements as at and for the year ending 31 March 2021 prepared under Ind AS.

- 4 As permitted under circular no. CIR/IMD/DF1/69/2016 dated 10 August 2016 issued by the Securities and Exchange Board of India ("SEBI"), the Company has opted to avail exemption for submission of Ind AS compliant financial results and statement of assets and liabilities for the previous year ended 31 March 2020. Further, financial results for the half year ended 30 September 2019 have not been subjected to limited review/audit. However, the management has exercised necessary due diligence to ensure that the financial results for the half year ended 30 September 2019 provide a true and fair view of the Company's affairs.
- 5 As required by Paragraph 32 of Ind-AS 101, the reconciliation of net profit, as previously reported and as restated under Ind-AS, for the half year ended 30 September 2019 is as under:

Particulars	(₹ in Lakhs)
	Half Year Ended 30 September 2019
	Unaudited
<b>Net Profit after tax under Previous GAAP</b>	<b>256.71</b>
Ind AS adjustments resulting in increase/(decrease) in net profit after tax under the Previous GAAP:	
a. Fair value of assets and liabilities (net)	9.91
b. Expected Credit Loss provision	36.03
c. ESOP fair value change	(251.27)
d. Stamp duty paid on equity shares	49.95
e. Tax effect on above adjustments	(11.79)
<b>Net Profit after tax under Ind AS</b>	<b>89.54</b>

- 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 Company during the half year ended 30 September 2020 has allotted 11,34,69,828 equity shares of face value of ₹ 10 each at a premium of ₹ 1 per share, Partly paid ₹ 4 per share (Including ₹ 1 security premium) to its holding company 'Kilroskar Oil Engines Limited' through Right issue of shares.
- 8 The Secured Listed Non-Convertible Debentures of the Company as on 30 September 2020 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 The Company has issued commercial papers of face value of ₹ 50 Core during the current half year ended 30 September 2020. These commercial papers are unlisted and unsecured in nature and rated as CRISIL A1+
- 10 On 11 March 2020, the World Health Organization declared the novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. In India, from 25 March 2020 to 31 May 2020, the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. On 30 May 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to 30 June 2020 in such containment zones. Some of the states further extended the lockdown to 31 July 2020. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. The Company's capital and liquidity position is strong and would continue to be focus area during this period. In accordance with RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has granted moratorium to its customers as per its Board approved policy. This moratorium periods ends on 31 August 2020. Customers who have availed the moratorium benefits have started paying their revised dues on time.
- 11 The unaudited financial results of Arka Fincap Limited ("AFL" or "the Company") for the half year ended 30 September 2020 have been reviewed by the Audit Committee and approved by the Board at its meeting held on 21 October 2020. The unaudited financial results have been subjected to limited review by the Statutory Auditor of the Company.
- 12 Other equity contains statutory reserve as per Section 45 IC of Reserve Bank of India Act, 1934, balance in securities premium, share options outstanding account and surplus in statement in profit and loss.
- 13 Figures for the previous periods have been regrouped and / or reclassified wherever considered necessary to conform to current period presentation.

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Place: Mumbai  
Date: 21 October 2020

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

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Vimal Bhandari  
Executive Vice Chairman and CEO  
DIN: 00001318

**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 half year ended 30 September 2020**

**(a) Credit Rating**

Sr. No.	Nature of Instrument	Name of the Instrument	Name of Credit Rating Agency	Amount Rated (₹ in Lakhs)	Current Rating	Date of Rating
1	Long term instrument	Bank Lines	CRISIL	50,000	CRISIL AA- /Stable	18/12/2019
2	Long term instrument	Non-convertible debentures	CRISIL	12,500	CRISIL AA- /Stable	29/05/2020
3	Long term instrument	Non-convertible debentures	CRISIL	5,000	CRISIL AA- /Stable	25/06/2020
4	Short term instrument	Commercial paper	CRISIL	5,000	CRISIL A1+	30/12/2019

There is no change in the Credit Rating during the period.

**(b) Asset Cover available:** As per the first proviso to Regulation 52(4) of Listing Regulations, the requirement of disclosing Asset Cover is not applicable to the Company being a Non-Banking Financial Company registered with the Reserve Bank of India.

**(c) Debt-Equity Ratio: 0.94 : 1**

(d) Previous due date for the payment of interest / repayment of principal in respect of the Non-Convertible Debentures and whether the same has been paid or not during the half year ended 30 September 2020:

Nature of the Instrument	Listed/ Un-Listed	Scrip Code	Previous Due date for Interest Payment	Previous Due date for Principal Payment	Payment Status
NCD Series I	Listed	959522	31/08/2020	-	Paid on 31/08/2020
NCD Series II	Listed	959543	31/08/2020	-	Paid on 31/08/2020
NCD Series III	Listed	959592	30/09/2020	-	Paid on 30/09/2020
NCD Series IV	Un-Listed	NA	-	-	-
NCD Series V	Un-Listed	NA	-	-	-

(e) Next due date for the payment of interest / principal in respect of Non-Convertible Debentures from 1 October 2020 to 31 March 2021:

Nature of the Instrument	Listed/ Un-Listed	Scrip Code	Next Due date for Interest Payment	Next Due date for Principal Payment
NCD Series I	Listed	959522	30/11/2020 & 28/02/2021	-
NCD Series II	Listed	959543	30/11/2020 & 28/02/2021	-
NCD Series III	Listed	959592	31/12/2020 & 31/03/2021	-
NCD Series IV	Un-Listed	NA	-	-
NCD Series V	Un-Listed	NA	-	-

(f) Debt Service Coverage Ratio: Not Applicable

(g) Interest Service Coverage Ratio: Not Applicable

(h) Outstanding redeemable preference shares: Nil

(i) Debenture Redemption Reserve: Not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.

(j) Net Worth as on 30 September 2020 is ₹ 57,765.57 Lakhs

(k) Net Profit After Tax for the half year ended on 30 September 2020 is ₹ 705.66 Lakhs

(I) **Earnings per share** as on 30 September 2020: Basic and Diluted ₹ 0.13

\* Net worth = Equity Share Capital + Other Equity – Deferred Tax Assets – Intangible assets

\* Debt = Debt Securities + Borrowings

\* Equity = Equity Share Capital + Other Equity – Deferred Tax Assets – Intangible assets

Yours faithfully,

For **Arka Fincap Limited** (formerly known as Kirloskar Capital Limited)

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**Amit Bondre**

Deputy Company Secretary

(Membership No. A 26105)

Date: 21 October 2020

**ARKA FINCAP LIMITED**

**REGD Office:** One World Center, Tower 2B, Floor 12B  
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