

SGCO & Co.LLP

Chartered Accountants

To,
The Board of Directors
IKF Finance Limited
40-1-144, 1st Floor,
Corporate Centre, M.G. Road,
Vijayawada, Andhra Pradesh-520010

Auditor's report on Statement of Information on Security cover maintained with respect to listed non-convertible debentures as at September 30, 2023

1. This report is issued in accordance with requirements of email dated November 07, 2023 received from IKF Finance Limited (hereinafter the "Company") .

2. We SGCO & Co LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to examine the accompanying Statement showing 'Security Cover' as per the terms of Debenture Trust Deed for the listed non- convertible debt securities as at Sep 30, 2023 ("Annexure I") which has been prepared by company from the reviewed financial results and other relevant records and documents maintained by the Company as at quarter ended September 30, 2023 in accordance with Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, (the "SEBI regulations").

This Report is required by the Company for the purpose of submission with IDBI Trusteeship Limited (the "Debenture Trustee") and Vardhaman Trustee Limited (the "Debenture Trustee") and the BSE to ensure compliance with the SEBI Regulations and SEBI Circular SEBI/HO/MIRSD/MIRSO_CRADT/CIR/P/2023/67 dated May 19, 2023 ("the circular") in respect of its listed non-convertible debt securities as at Sep 30, 2023 ("Debentures"). The Company has entered into agreement(s) with the Debenture Trustee ("Debenture Trust Deed") in respect of such Debentures, as indicated in the statement.

Management Responsibility

3. The preparation and presentation of the Statement is the responsibility of the Company's management, including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Management of the Company is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI circular, SEBI Regulations, Companies Act, 2013 and other applicable laws and regulations, as applicable.

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5. The Management is also responsible to ensure that Security Cover Ratio as on September 30, 2023 is in compliance with SEBI circular no. SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2023/67 dated May 19, 2023 with the minimum security cover requirement of hundred percent as per the SEBI Regulations as given in Annexure I and complied with the applicable covenants ("Annexure II) as at that date in accordance with Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, (the "SEBI regulations") attached to this certificate.

Auditor's responsibility

6. Our responsibility, for the purpose of this certificate is to verify that the particulars contained in the Statement, on the basis of the reviewed unaudited books of accounts and other relevant records and documents maintained by the company and to certify security cover ratio is minimum hundred percent as per the minimum requirement stated in SEBI Regulations and the company is in compliance with the all covenants as mentioned in the Debenture Trust Deed.

7. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control ('SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

9. For the purpose of this report, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that, in all material aspects, that the Company has not maintained the required security cover (as set out in the Statement) as per the requirements of DTDs in relation to all outstanding listed NCDs as at September 30, 2023:

- a) Traced all the amounts relating to assets and liabilities (as mentioned in the Annexure I) to the unaudited books of accounts as at September 30, 2023, and other records of the Company and verified the arithmetical accuracy of the numbers in the statement;
- b) Verified the amount of security cover as at September 30, 2023, certified by the management and M/s. Hanumaiah & Co. Chartered Accountants dated November 06, 2023
- c) Obtained statement of receivables hypothecated to Lenders for Listed non-convertible Debentures as at September 30, 2023, certified by the management and M/s. Hanumaiah & Co. Chartered Accountants dated November 06, 2023
- d) Obtained and read the Debenture Trust Deed and the Information Memorandum in respect of the secured Debentures and noted the security cover percentage required to be maintained by the Company in respect of such Debentures.

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- e) Traced and agreed the principal amount of the Listed non-convertible Debentures outstanding as at September 30, 2023 to the unaudited books of account maintained by the Company as at quarter ended September 30, 2023;
- f) Obtained and read the particulars of security cover required to be provided in respect of Debentures as indicated in the Debenture Trust Deed and the Information Memorandum and compared it with the information furnished in Annexure I.
- g) Traced the value of assets indicated in Annexure I of the Statement from management certified Statement of receivables hypothecated to lenders as on September 30, 2023 ("Hypothecated assets reports"). We have checked the Receivable amount of Hypothecated assets reports from Loans Outstanding report as on September 30, 2023.
- h) Obtained the list of security created in the register of charges maintained by the Company, 'Form No. CHG-9' and 'Form No. CHG 1' filed with Ministry of Corporate Affairs. Traced the value of charge created against assets to the security cover relating to principal value of listed non- convertible debt securities.
- i) Performed necessary inquiries with the Management and obtained necessary representations;
- j) With respect to compliance with all covenants (Annexure II), we have performed following procedures:
 - (i) Compared the financial covenants all computed by the management based on unaudited books of accounts for the quarter ended September 30, 2023 with the requirements stipulated in the Debenture trust deed (s) to verify whether such all covenants are in compliance with the requirements of the debenture trust deed(s).
 - (ii) Obtained the copies of bank statements and traced the date of repayment of principal and interest due on sample basis for the quarter ended September 30, 2023
 - (iii) Performed necessary inquiries with the management regarding any instances of non-compliance of covenants for the quarter ended September 30, 2023

10. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed

Conclusion

11. Based on the procedures performed by us, as referred to in paragraph 7 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that:

- a) The Company has not maintained asset cover as per the terms of the Debenture Trust deed; and

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- b) The Company is not in compliance with all the covenants as mentioned in the Debenture Trust Deed as on September 30 2023.

Restriction of use

12. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustees and is not to be used or referred to for any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this report.

For SGCO & Co. LLP
Chartered Accountants
FRN:- 112081W/W100184

SURESH

PRAHLADRA

I MURARKA

Suresh Murarka

Partner

Membership No: 044739

UDIN: 23044739BGUNZW7109

Digitally signed by SURESH PRAHLADRA I MURARKA
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b0c4a278d4c07164732a6e65b3b305c,
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Annexure - I

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relates	Exclusive Change	Exclusive Change	Pan-Parasu Change	Pan-Parasu Change	Pan-Parasu Change	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying Book value for exclusive charge assets where market value is not ascertainable or applicable (For Bank Balance, D.SEA market value is not applicable)	Market Value for Participating Assets ⁽ⁱⁱⁱ⁾	Carrying value Book value for participating assets where market value is not ascertainable or applicable (For Bank Balance, D.SEA market value is not applicable)	Total Value=(F+I+M+N)
		Debit for which this certificate is being issued	Other Secured Debt	Debit for which this certificate is being issued	Assets shared by participator (includes debit for which this certificate is issued, debit for which participator charge)	Other assets on which there is participator charge (includes participator's share in column F)	Assets not offered as Security	debit amount considered more than once (due to exclusive plus participator charge)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying Book value for exclusive charge assets where market value is not ascertainable or applicable (For Bank Balance, D.SEA market value is not applicable)	Market Value for Participating Assets ⁽ⁱⁱⁱ⁾	Carrying value Book value for participating assets where market value is not ascertainable or applicable (For Bank Balance, D.SEA market value is not applicable)	Total Value=(F+I+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value							Relating to Column F	
ASSETS														
Property, Plant and Equipment		-	-	-	-	253.68	253.68	-	253.68	-	-	-	-	-
Capital Work-in-Progress		-	-	-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-	-	-	285.53	285.53	-	285.53	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	146.76	146.76	-	146.76	-	-	-	-	-
Intangible Assets under Development		-	-	-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	32,142.33	32,142.33	-	32,142.33	-	-	-	-	-
Loans		16,910.07	203,397.27			34,368.00	34,368.00	-	254,675.34	16,910.07	-	-	-	16,910.07
Inventories		-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents		-	-	-	-	7,589.24	7,589.24	-	7,589.24	-	-	-	-	-
Bank Balance other than Cash and Cash Equivalents		-	-	-	-	3,994.76	3,994.76	-	3,994.76	-	-	-	-	-
Others		-	-	-	-	5,312.54	5,312.54	-	5,312.54	-	-	-	-	-
Total		16,910.07	203,397.27			84,092.84	84,092.84	-	304,400.18	16,910.07	-	-	-	16,910.07
LIABILITIES														
Debt securities to which this certificate pertains		15,065.19	-	-	-	-	-	-	15,065.19	-	-	-	-	15,065.19
Other debenture/pan-parasu charge, withdrawable debt		not to be filled	-	-	-	-	-	-	-	-	-	-	-	-
Other Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	16,358.33	16,358.33	-	16,358.33	-	-	-	-	-
Borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-
Bank (Note 1)		-	-	-	-	-	-	-	-	-	-	-	-	-
Term loans and cash credit from Banks		-	151,974.61	-	-	-	-	-	151,974.61	-	-	-	-	-
Debt Securities		-	-	-	-	-	-	-	-	-	-	-	-	-
Others (Note 2)		-	27,720.06	-	-	5,228.96	5,228.96	-	5,228.96	-	-	-	-	-
Term loans from NBFC/FI and Securitization		-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables		-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities		-	-	-	-	298.94	298.94	-	298.94	-	-	-	-	-
Provisions		-	-	-	-	273.69	273.69	-	273.69	-	-	-	-	-
Others		-	-	-	-	4,063.16	4,063.16	-	4,063.16	-	-	-	-	-
Total		15,065.19	179,694.68	-	-	26,223.07	26,223.07	-	220,982.94	15,065.19	-	-	-	15,065.19
Cover on Book Value		1.12									1.12			1.12
Cover on Market Value														
		Exclusive Security Cover Ratio				Pan-Parasu Security Cover Ratio								



Notes

1) The Borrowings from banks mentioned in column D of Rs 1,51,974.61 lakhs includes onlending term loans of Rs 8,500 lakhs in respect of which creation of security is under process

Annexure I

ISIN wise details

Amounts in Lacs

S No	ISIN	Facility	Type of Charge	Sanctioned Amount	Outstanding Amount as on 30.09.2023	Cover Required	Security Required	Actual Cover	Actual Security
1	INE859C07147	Non Convertible Debentures	Fixed Charge	5,000	5,030	1.10	5,533	1.12	5,613
2	INE859C07154	Non Convertible Debentures	Fixed Charge	10,000	10,136	1.10	11,150	1.12	11,297
Total				15,000	15,166	1.10	16,683	1.12	16,910

For IKF FINANCE LTD.



Ch. Sreenivasa Rao
Company Secretary
M. No. 14723



Annexure II - Covenants Compliance Statement for the half year ended 30.09.2023

S. No.	ISIN	Facility	Date of Trust deed	Covenant reference as per DTD	Compliance
1	INE859C08095	150 (One Hundred and Fifty) Rated, Listed, Redeemable, Taxable, Principal Protected, Market Linked, Non-Convertible Debentures aggregating upto Rs 15 Crores (Fifteen Crores only)	September 30, 2021	Schedule IX (Clause 1 to 3) Schedule VII (Clause a to e) Schedule XI (Clause a to s) Schedule XIII (Clause i to v)	Complied
2	INE859C07147	500 (Five Hundred) Secured, rated, listed, redeemable, non-convertible debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 50 Crores (Fifty Crores only)	December 6, 2021	Schedule VII (Clause a to e) Schedule X (Clause a to e) Schedule XI (Clause a to s) Schedule XIII (Clause i to v)	Complied
3	INE859C08103	140 (One Hundred and Forty Reference Rate Unsecured Rated Listed Redeemable Subordinated Tier II Non-Convertible Debenture of face value of Rs 1,00,00,000 each aggregating upto Rs 140 Cr (Rs One Hundred and Forty Crore only)	October 15, 2022	Schedule 1.12.1 (Clause a to p) Schedule 1.12.1 (Clause a to b) Schedule 2.5.2 (Clause a to k) Schedule 2.5.3 (Clause a to e)	Complied
4	INE859C08111	7000 (seven thousand) unsecured, rated, listed, redeemable, unsubordinated, non-convertible debentures of face value of Rs. 1,00,000/- (rupees one lakh only) each, aggregating up to Rs.70,00,00,000/- (Rupees Seventy Crores only)	March 23, 2023	Schedule VII (Clause a to Z) Schedule IX (Clause 1 to 5) Schedule XII (Clause a to F) Schedule XIII (Clause a to w)	Complied
5	INE859C07154	10000 (Ten Thousand) Secured, Listed, Rated, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures of Face Value of INR 1,00,000/- (Rupees One Lakh Only) Each amounting INR 1,00,00,00,000/- (Rupees One Hundred Crores only)	August 09, 2023	Schedule VIII (Clause 1 to 2) Main Clause 2 (Sub clause a to o) Main Clause 3 (Sub clause a to z) Main Clause 4 along with Part B Annexure 1	Complied

For IKF Finance Limited


(Ch Sreenivasa Rao)
Company Secretary
Place: Vijayawada
Date:



IKF Finance Limited

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