

**Limited review report on unaudited financial results of the Company for quarter and half year ended September 30, 2022 pursuant to Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
**The Board of Directors**  
**IKF Finance Limited**

1. We have reviewed the accompanying Statement of unaudited financial Results of **IKF Finance Limited** ('the Company') for the quarter and half year ended September 30, 2022 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended.
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 recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 as amended read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 read with Regulation 63(2) of the Listing Regulations. Our responsibility is to express a conclusion 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 the Company personnel responsible for financial and analytical procedures applied to financial data and thus provide 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 of unaudited financial results, prepared in accordance with applicable Indian Accounting Standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**5. Other Matters**

The Statement includes comparative figures of the Company for the quarter and half year ended September 30, 2021 which have been reviewed by the predecessor firms of statutory auditors vide its report dated November 13, 2021 in which the predecessor auditor has expressed unmodified conclusion.

Our conclusion on the Statement is not modified in respect of these matters.

For S G C O & Co. LLP  
Chartered Accountants  
FRN. 112081W/W100184

**Suresh Murarka**  
Partner  
Mem. No.: 044739  
UDIN: 22044739BCTAU13068  
Place: Mumbai  
Date: November 10, 2022

Statement of Unaudited Financial Results for the Quarter and Half Year Ended September 30,2022

(Rs in Lacs)

	Particulars	Quarter Ended		Half Year Ended		Year Ended	
		September 30,2022 (Unaudited)	June 30,2022 (Unaudited)	September 30,2021 (Unaudited)	September 30,2022 (Unaudited)	September 30,2021 (Unaudited)	March 31,2022 (Audited)
<b>1</b>	<b>Revenue from operations</b>						
	(a) Interest income	6308.75	6,004.02	5,131.07	12,312.77	10,459.63	21,899.30
	(b) Fees and commission income	67.08	15.87	37.79	82.94	68.20	160.21
	<b>Total revenue from operations</b>	<b>6,375.83</b>	<b>6,019.89</b>	<b>5,168.86</b>	<b>12,395.71</b>	<b>10,527.83</b>	<b>22,059.51</b>
<b>2</b>	<b>Other income</b>	<b>2.11</b>	<b>2.17</b>	<b>2.07</b>	<b>4.28</b>	<b>4.15</b>	<b>63.31</b>
<b>3</b>	<b>Total income (1 + 2)</b>	<b>6,377.94</b>	<b>6,022.06</b>	<b>5,170.93</b>	<b>12,399.99</b>	<b>10,531.98</b>	<b>22,122.82</b>
<b>4</b>	<b>Expenses</b>						
	(a) Finance costs	3334.32	3,063.82	2,924.73	6,398.15	5,817.74	11,787.65
	(b) Impairment on financial instruments	276.09	211.47	106.96	487.56	518.41	511.78
	(c) Employee benefits expenses	1011.38	825.78	759.28	1,837.16	1,483.56	3,248.03
	(d) Depreciation, amortization and impairment	65.14	63.61	31.44	128.75	65.99	128.96
	(e) Others expenses	328.95	288.86	277.61	617.81	441.00	1,019.11
	<b>Total expenses</b>	<b>5,015.88</b>	<b>4,453.54</b>	<b>4,100.02</b>	<b>9,469.43</b>	<b>8,326.70</b>	<b>16,695.53</b>
<b>5</b>	<b>Profit before tax (3 - 4)</b>	<b>1,362.06</b>	<b>1,568.52</b>	<b>1,070.91</b>	<b>2,930.56</b>	<b>2,205.28</b>	<b>5,427.29</b>
<b>6</b>	<b>Tax expenses</b>						
	(a) Current tax	378.50	418.66	229.89	797.17	446.06	1,487.04
	(b) Deferred tax	-30.06	-13.09	53.54	-43.14	119.81	-100.25
	(c) Adjustment of tax relating to earlier periods	0.00	0.00	0.00	0.00	0.00	10.06
<b>7</b>	<b>Net Profit for the period (5 - 6)</b>	<b>1,013.62</b>	<b>1,162.95</b>	<b>787.48</b>	<b>2,176.53</b>	<b>1,639.41</b>	<b>4,030.44</b>
<b>8</b>	<b>Other comprehensive income</b>						
	(A) Items that will not be reclassified to profit or loss						
	(a) Remeasurements of the defined benefit plans	-9.92	14.50	2.33	4.58	4.67	11.07
	(b) Income tax relating to items that will not be reclassified to profit or loss	2.50	-3.65	-0.59	-1.15	-1.17	-2.79
<b>9</b>	<b>Total Comprehensive Income (7 + 8)</b>	<b>1,006.20</b>	<b>1,173.80</b>	<b>789.22</b>	<b>2,179.96</b>	<b>1,642.91</b>	<b>4,038.72</b>
<b>10</b>	<b>Earnings per Share (Rs) (Face Value of Rs.10/- each)</b>						
	- Basic (Not Annualised)	<b>1.92</b>	<b>2.21</b>	<b>1.52</b>	<b>4.13</b>	<b>3.17</b>	<b>7.80</b>
	- Diluted (Not Annualised)	<b>1.92</b>	<b>2.21</b>	<b>1.52</b>	<b>4.13</b>	<b>3.17</b>	<b>7.80</b>

Statement of Unaudited Assets ,Liabilities and Equity as at September 30,2022

(Rs in Lacs)

Particulars	September 30,2022 (Unaudited)	March 31,2022 (Audited)
<b>ASSETS</b>		
<b>Financial assets</b>		
(a) Cash and cash equivalents	12,101.62	3,377.21
(b) Bank balance other than included in (a) above	5,443.19	2,208.65
(c) Trade receivables	0.00	0.00
(d) Loans & Advances	1,81,976.32	1,56,325.40
(e) Investments	6,252.92	6,252.92
(f) Other financial assets	1,655.40	1,800.97
<b>Non-financial assets</b>		
(a) Current tax assets (net)	163.43	183.04
(b) Deferred tax assets (net)	112.33	70.34
(c) Investment Property	114.22	114.31
(d) Property, plant and equipment	251.15	260.10
(e) Right of use asset	322.20	10.76
(f) Intangible assets	152.35	154.41
(g) Other non-financial assets	1,648.81	1,067.42
<b>TOTAL ASSETS</b>	<b>2,10,193.94</b>	<b>1,71,825.53</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Financial liabilities</b>		
(a) Debt securities	13,701.50	15,186.47
(b) Borrowings (other than debt securities)	1,48,262.89	1,09,462.84
(c) Subordinated liabilities	4,504.15	6,003.45
(d) Other financial liabilities	2,382.88	2,030.13
<b>Non-financial liabilities</b>		
(a) Provisions	330.62	306.37
(b) Deferred tax liabilities (Net)	0.00	0.00
(c) Other non-financial liabilities	99.15	99.50
<b>Equity</b>		
(a) Equity share capital	5,265.91	5,265.91
(b) Other equity	35,646.85	33,470.87
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,10,193.94</b>	<b>1,71,825.53</b>

**Statement of Unaudited cash flows for the half year ended September 30, 2022.**

(Rs in Lacs)

Particulars	September 30,2022 (Unaudited)	September 30,2021 (Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,930.57	2,205.27
<b>Adjustments for:</b>		
Depreciation, amortisation and impairment	128.75	65.99
Interest Income	-12,312.77	-10,459.63
Interest expenses	6,398.15	5,817.74
Impairment on financial instrument	487.56	518.41
Share based payment expense	-3.99	4.53
Net gain/(loss) on financial instrument at fair value through profit and loss (FVTPL)	0.00	0.00
Provision for expenses	-0.10	45.13
Provision for compensated absences and gratuity	41.99	44.49
Rental income on Investment property	-3.81	-3.81
(Profit)/ Loss on sale of property, plant and equipment	-0.06	-0.06
<b>Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid</b>	<b>-2,333.72</b>	<b>-1,761.94</b>
<b>Adjustments for changes in Working Capital :</b>		
Decrease / (Increase) in trade receivable	0.00	9.68
Decrease / (Increase) in loans	-26,428.89	-6,535.10
Decrease / (Increase) in bank balances other than cash and cash equivalents	-3,234.54	223.97
Decrease / (Increase) in other financial assets	-116.16	2.74
Decrease / (Increase) in other non-financial assets	-581.39	-1.72
(Decrease) / Increase in other financial liabilities	51.57	-578.33
(Decrease) / Increase in provisions	-13.16	-10.71
(Decrease) / Increase in other non-financial liabilities	-0.35	-22.48
Interest received	12,206.97	9,821.59
Interest paid	-6,535.36	-6,166.86
	<b>-26,985.03</b>	<b>-5,019.17</b>
<b>Income tax paid (net of refunds)</b>	<b>-777.55</b>	<b>-584.93</b>
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>-27,762.58</b>	<b>-5,604.10</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-28.89	-47.16
Purchase of Investment property	0.00	-121.98
Rental income on Investment property	3.81	3.81
Proceeds from sale of property, plant and equipment	0.00	0.00
Purchase of intangible assets	-21.25	-17.04
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>-46.33</b>	<b>-182.37</b>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares (including securities premium)	0.00	0.00
Share issue expenses	0.00	0.00
Amount received from debt securities	0.00	3,000.00
Repayment of debt securities	-1,650.00	-6,150.00
Amount received from borrowings other than debt securities	65,480.00	22,500.00
Repayment of borrowings other than debt securities	-25,722.49	-17,955.02
Amount received from subordinated Liabilities	0.00	0.00
Repayment of subordinated debt	-1,500.00	0.00
Payment of lease liabilities	-74.20	-15.30
<b>NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES</b>	<b>36,533.31</b>	<b>1,379.68</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>8,724.41</b>	<b>-4,406.78</b>
Cash and Cash Equivalents at the beginning of period	3,377.21	11,793.28
Cash and Cash Equivalents at the end of the period	12,101.62	7,386.50

**Notes:**

- IKF Finance Limited (the 'Company') has prepared un audited financial results (the 'Statement') for the Quarter ended and the Half Year ended Sep 30, 2022 in accordance with Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations 2015') and the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provisions of the Companies Act, 2013, as applicable.
- The above financial results are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their meeting held on November 10,2022.
- The Company is engaged primarily in the business of financing and accordingly there is no separate reportable segment as per Ind AS 108 dealing with "Operating Segments"
- Details of loans transferred / acquired during the half year ended September 30, 2022 under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of loans not in default transferred / acquired through assignment during the half Year ended September 30,2022

Particulars	Transferred	Acquired
Aggregate amount of loans transferred / acquired (Rs. in lakhs)	3627.22	1519.31
Weighted average maturity (in months )	28.79	18.15
Weighted average holding period (in months )	9.37	10.11
Retention of beneficial economic interest by the originator	10.00%	18.00%
Tangible security Coverage	100.00%	100.00%
Rating-wise distribution of rated loans	Not Applicable	Not Applicable

(ii) The Company has not transferred any non-performing assets (NPAs)

(iii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.

(iv) The Company has not acquired any loans not in default through assignment.

(v) The Company has not acquired any stressed loan.

- 5 All Secured NCDs issued by the company are secured by pari-passu charge and / or exclusive charge on receivables under loan contracts, owned assets and book debts to the minimum extent of 100 % or such higher security as per the respective termsheets of outstanding secured NCDs.
- 6 The Compliance related to disclosure of certain ratios and other financial information as required under Regulation 52 (4) of the Listing Regulations is made in Appendix 1.
- 7 Disclosure on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses in terms of RBI circular RBI / 2021-22 / 31 DOR. STR. REC.11 / 21.04.048 / 2021-22 dated May 5, 2021:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	84.71	-	-	1.90	82.81
Total	84.71	-	-	1.90	82.81

- 8 The financial results of the Company for the quarter and half year ended 30 September 2021. were reviewed by the previous auditors S.R.Batlboi & Co LLP. who have expressed an unqualified conclusion vide report dated November 13 2021.
- 9 Previous period figures have been regrouped/ reclassified wherever required.

#### Appendix 1

##### Analytical Ratios and other disclosures based on Standalone financial results:

	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30,2022 (Unaudited)	June 30,2022 (Unaudited)	September 30,2021 (Unaudited)	September 30,2022 (Unaudited)	September 30,2021 (Unaudited)	March31,2022 (Audited)
a)	Debt equity ratio (no. of times) (refer note ii )	4.07	3.46	3.41	4.07	3.41	3.37
b)	Debt service coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A
c)	Interest service coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A
d)	Outstanding redeemable preference shares (quantity and value)	-	-	-	-	-	-
e)	Capital redemption reserve	N/A	N/A	N/A	N/A	N/A	N/A
f)	Debt redemption reserve	N/A	N/A	N/A	N/A	N/A	N/A
g)	Net worth (refer note iii)	40,912.75	39,906.34	35,637.12	40,912.75	35,637.12	38,736.77
h)	Net profit (loss) after tax	1,013.62	1,162.95	787.48	2,176.53	1,639.41	4,030.44
i)	Earnings per share (face value of Rs 10/- each) (not annualized for the interim period)						
	-Basic (Rupees)	1.92	2.21	1.52	4.13	3.17	7.80
	-Diluted (Rupees)	1.92	2.21	1.52	4.13	3.17	7.80
j)	Current ratio	N/A	N/A	N/A	N/A	N/A	N/A
k)	Long term debt to working capital	4.79	3.21	4.27	4.79	4.27	3.00
l)	Bad debts to Account receivable ratio	N/A	N/A	N/A	N/A	N/A	N/A
m)	Current liability ratio	N/A	N/A	N/A	N/A	N/A	N/A
n)	Total debts to total assets (refer note iv)	79.20%	76.51%	76.04%	79.20%	76.04%	76.04%
o)	Debtors turnover	N/A	N/A	N/A	N/A	N/A	N/A
p)	Inventory turnover	N/A	N/A	N/A	N/A	N/A	N/A
q)	Operating margin (%)	N/A	N/A	N/A	N/A	N/A	N/A
r)	Net profit margin (%) (refer note v)	15.89%	19.31%	15.23%	17.55%	15.57%	18.22%
s)	Sector specific equivalent ratios, as applicable.						
	1) Capital Adequacy Ratio (%) (refer note vi)	22.04%	24.11%	24.99%	22.04%	24.99%	24.11%
	2) Gross Stage-3 Assets % (refer note vii)	2.53%	2.71%	3.46%	2.53%	3.46%	2.72%
	3) Net Stage-3 Assets % (refer note viii)	1.70%	1.83%	2.60%	1.70%	2.60%	1.82%
	4) Provision Coverage Ratio for Stage-3 assets (PCR %) (refer note ix)	33.42%	33.13%	25.36%	33.42%	25.36%	33.78%

#### Notes:

- i) Certain ratios/line items marked with remark "N/A" are not applicable since the Company is a Non banking financial company registered with the Reserve Bank of India.
- ii) Debt equity ratio=[Debt Securities + Borrowings (Other than Debt Securities) + Deposits+ Subordinated Liabilities]/[Equity Share capital + Other equity]
- iii) Net worth = [Equity share capital +Other equity]
- iv) Total debts to total assets=[Debt Securities + Borrowings (Other than Debt Securities)+ Deposits+ Subordinated Liabilities]/Total assets
- v) Net profit margin = Profit after tax/Total income
- vi) Capital Adequacy Ratio has been computed on a standalone basis as per relevant RBI guidelines
- vii) Gross Stage-3 Assets % (as per Ind AS) = Gross Stage-3 Assets/Gross loan assets
- viii) Net Stage-3 Assets % (as per Ind AS) = (Gross Stage-3 Assets less Impairment loss allowance for Stage-3 Assets)/(Gross loan assets less Impairment loss allowance for Stage-3 Assets)
- ix) Provision Coverage Ratio (PCR) % as per Ind AS Carrying amount of Impairment loss allowance for Stage-3 Assets/Gross Stage-3 Assets

For and on behalf of the Board of Directors  
Vasumathi Devi Koganti

Place : Hyderabad  
Date: November 10,2022

Managing Director