

# SGCO & CO LLP

Chartered Accountants

Independent Auditor's Report on Quarter and Half Year Ended September 30,2023 Unaudited Standalone Financial Results of IKF Finance Limited pursuant to the Regulation 33 and Regulation 52 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

To,  
The Board of Directors  
IKF Finance Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of IKF Finance Limited (the "Company"), for the quarter and half year ended Sep 30, 2023 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. 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 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 ("ICAI"). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33, Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S G C O & Co. LLP**

Chartered Accountants

**FRN. 112081W/W100184**

SURESH

PRAHLADRAI

MURARKA

**Suresh Murarka**

Partner

**Mem. No. 044739**

**UDIN: 23044739BGUNZV5825**

Place: Mumbai

Date: 10<sup>th</sup> November, 2023

4A, Kaledonia,  
2<sup>nd</sup> Floor, Sahar Road,  
Near Andheri Station,  
Andheri (East),  
Mumbai – 400 069

Tel. +91 22 6625 6363  
Fax. +91 22 6625 6364  
E-mail: info@sgco.co.in  
www.sgco.co.in

Mumbai • Delhi



Standalone Financial Results for the Quarter and Half Year Ended September 30,2023

(Rs in Lacs)

	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30,2023 (Reviewed)	June 30,2023 (Reviewed)	September 30,2022 (Reviewed)	September 30,2023 (Reviewed)	September 30,2022 (Reviewed)	March31,2023 (Audited)
1	<b>Revenue from operations</b>						
	(a) Interest income	9850.07	8,857.09	6308.75	18,707.16	12,312.77	28,401.52
	(b) Fees and commission income	176.93	12.72	67.08	189.65	82.94	240.36
	<b>Total revenue from operations</b>	<b>10,027.00</b>	<b>8,869.81</b>	<b>6,375.83</b>	<b>18,896.81</b>	<b>12,395.71</b>	<b>28,641.88</b>
2	Other income	3.05	2.56	2.11	5.61	4.28	17.80
3	<b>Total Income (1 + 2)</b>	<b>10,030.05</b>	<b>8,872.37</b>	<b>6,377.94</b>	<b>18,902.42</b>	<b>12,399.99</b>	<b>28,659.68</b>
4	<b>Expenses</b>						
	(a) Finance costs	5143.03	4,853.15	3334.32	9,996.18	6,398.15	15,402.63
	(b) Impairment on financial instruments	417.23	235.56	276.09	652.79	487.56	539.85
	(c) Employee benefits expenses	1670.09	1,614.93	1011.38	3,285.01	1,837.16	4,297.44
	(d) Depreciation, amortization and impairment	79.39	69.48	65.14	148.87	128.75	264.23
	(e) Others expenses	538.04	439.59	328.95	977.63	617.81	1,424.80
	<b>Total expenses</b>	<b>7,847.78</b>	<b>7,212.71</b>	<b>5,015.88</b>	<b>15,060.48</b>	<b>9,469.43</b>	<b>21,928.95</b>
5	<b>Profit before tax (3 - 4)</b>	<b>2,182.27</b>	<b>1,659.66</b>	<b>1,362.06</b>	<b>3,841.94</b>	<b>2,930.56</b>	<b>6,730.73</b>
6	<b>Tax expenses</b>						
	(a) Current tax	574.82	550.64	378.50	1,125.46	797.17	1,461.47
	(b) Deferred tax	-20.47	-123.66	-30.06	-144.14	-43.14	255.84
	(c) Adjustment of tax relating to earlier periods	9.06	-0.27	0.00	8.79	0.00	12.91
7	<b>Net Profit for the period (5 - 6)</b>	<b>1,618.86</b>	<b>1,232.95</b>	<b>1,013.62</b>	<b>2,851.83</b>	<b>2,176.53</b>	<b>5,000.51</b>
8	<b>Other comprehensive income</b>						
	(A) Items that will not be reclassified to profit or loss						
	(a) Remeasurements of the defined benefit plans	7.34	-10.41	-9.92	-3.07	4.58	13.18
	(b) Income tax relating to items that will not be reclassified to profit or loss	-1.85	2.62	2.50	0.77	-1.15	-3.32
9	<b>Total Comprehensive Income (7 + 8)</b>	<b>1,624.35</b>	<b>1,225.16</b>	<b>1,006.20</b>	<b>2,849.53</b>	<b>2,179.96</b>	<b>5,010.37</b>
10	<b>Earnings per Share (Rs) (Face Value of Rs.10/- each)</b>						
	- Basic (Not Annualised)	2.46	1.91	1.92	4.33	4.13	9.31
	- Diluted (Not Annualised)	2.46	1.91	1.92	4.33	4.13	9.31

Statement of Assets ,Liabilities and Equity as at September 30,2023

(Rs in Lacs)

Particulars	September 30,2023 (Reviewed)	March31,2023 (Audited)
<b>ASSETS</b>		
<b>Financial assets</b>		
(a) Cash and cash equivalents	7589.24	23039.43
(b) Bank balance other than included in (a) above	3994.76	5573.17
(c) Loans & Advances	254676.24	210754.51
(d) Investments	32142.33	30810.55
(e) Other financial assets	1848.00	2251.57
<b>Non-financial assets</b>		
(a) Current tax assets (net)	381.53	372.98
(b) Deferred tax assets (net)	0.00	0.00
(c) Investment Property	72.06	72.14
(d) Property, plant and equipment	253.68	250.23
(e) Right of use asset	285.53	270.26
(f) Intangible assets	146.76	156.38
(g) Other non-financial assets	3011.06	2878.41
<b>TOTAL ASSETS</b>	<b>304401.19</b>	<b>276429.64</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Financial liabilities</b>		
(a) Debt securities	20294.16	18838.54
(b) Borrowings (other than debt securities)	179694.68	168496.32
(c) Subordinated liabilities	16358.33	16345.06
(d) Other financial liabilities	4145.41	2921.34
<b>Non-financial liabilities</b>		
(a) Provisions	273.69	210.50
(b) Deferred tax liabilities (Net)	43.90	168.82
(c) Other non-financial liabilities	173.43	179.07
<b>Equity</b>		
(a) Equity share capital	7015.64	6457.51
(b) Other equity	76401.95	62792.48
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>304401.19</b>	<b>276429.64</b>

Statement of cash flows for the half year ended September 30,2023.

Particulars	September 30,2023 (Reviewed)	September 30,2022 (Reviewed)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	3841.94	2930.57
Adjustments for:	0.00	0.00
Depreciation, amortisation and impairment	148.87	128.75
Interest Income	-18707.16	-12312.77
Interest expenses	9996.18	6398.15
Impairment on financial instrument	652.79	487.56
Share based payment expense	1.08	-3.99
Provision for expenses	68.77	-0.10
Employee benefit expenses	68.41	41.99
Rental income on Investment property	-4.58	-3.81
(Profit)/ Loss on sale of property, plant and equipment	0.00	-0.06
(Profit)/ Loss on sale of immovable Property	0.00	0.00
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	-3933.70	-2333.72
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	0.00	0.00
Decrease / (Increase) in Loans	-44121.94	-26428.89
Decrease / (Increase) in bank balances other than cash and cash equivalents	1578.41	-3234.54
Decrease / (Increase) in other financial assets	-136.43	-116.16
Decrease / (Increase) in other non-financial assets	-132.66	-581.39
(Decrease) / Increase in other financial liabilities	1134.76	51.57
(Decrease) / Increase in provisions	-8.29	-13.16
(Decrease) / Increase in other non-financial liabilities	-5.64	-0.35
Interest received	18791.14	12206.97
Interest paid	-10237.79	-6535.36
Income tax paid (net of refunds)	-1142.81	-777.55
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>-38214.96</b>	<b>-27762.58</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-45.82	-28.89
Purchase of Investment property	0.00	0.00
Rental income on Investment property	4.58	3.81
Proceeds from sale of property, plant and equipment	0.00	0.00
Proceeds from sale of Investment property	0.00	0.00
Purchase of intangible assets	-16.90	-21.25
Purchase of investments measured at Amortised cost	-1331.78	0.00
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>-1389.92</b>	<b>-46.33</b>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares (including securities premium)	12000.00	0.00
Share issue expenses	-683.00	0.00
Amount received from debt securities	10000.00	0.00
Repayment of debt securities	-8250.00	-1650.00
Amount received from borrowings other than debt securities	42500.00	65480.00
Repayment of borrowings other than debt securities	-31324.22	-25722.49
Amount received from subordinated Liabilities	0.00	0.00
Repayment of subordinated debt	0.00	-1500.00
Payment of principal portion of lease liabilities	-71.15	-58.54
Payment of interest on lease liabilities	-16.93	-15.66
<b>NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES</b>	<b>24154.70</b>	<b>36533.31</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>-15450.19</b>	<b>8724.41</b>
Cash and Cash Equivalents at the beginning of period	23039.43	3377.21
Cash and Cash Equivalents at the end of the period	7589.24	12101.62

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

Notes:

- IKF Finance Limited (the 'Company') has prepared un audited financial results (the 'Statement') for the Quarter and Half year ended Sep 30, 2023 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 10,2023.
- The above financial results for the quarter and half year ended Sep 30,2023 have been reviewed by the Statutory Auditors of the Company
- 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 quarter ended Sep30,2023 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 period ended September 30,2023

Particulars	Transferred	Acquired
Aggregate amount of loans transferred / acquired (Rs. in lakhs)	6588.40	677.84
Weighted average maturity (in Months)	23.27	23.65
Weighted average holding period (in Months)	9.25	10.59
Retention of beneficial economic interest by the originator	10.00%	10.00%
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 in default.

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

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

- 6 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	81.15	-	-	4.81	76.34
Total	81.15	-	-	4.81	76.34

- 7 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 8 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.
- 9 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.

#### Appendix 1

Analytical Ratios and other disclosures based on Standalone financial results:

Particulars	Quarter Ended			Half Year Ended		Year Ended
	September 30, 2023 (Reviewed)	June 30, 2023 (Reviewed)	September 30, 2022 (Reviewed)	September 30, 2023 (Reviewed)	September 30, 2022 (Reviewed)	March 31, 2023 (Audited)
a) Debt equity ratio (no. of times) (refer note ii)	2.59	2.72	4.07	2.59	4.07	2.94
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) Debenture redemption reserve	N/A	N/A	N/A	N/A	N/A	N/A
g) Net worth (refer note iii)	83,417.59	69,817.30	40,912.75	83,417.59	40,912.75	69,249.99
h) Net profit (loss) after tax	1,618.86	1,232.95	1,013.62	2,851.83	2,176.53	5,000.51
i) Earnings per share (face value of Rs 10/- each) (not annualized for the interim period)						
-Basic (Rupees)	2.46	1.91	1.92	4.33	4.13	9.31
-Diluted (Rupees)	2.46	1.91	1.92	4.33	4.13	9.31
j) Current ratio	N/A	N/A	N/A	N/A	N/A	N/A
k) Long term debt to working capital	7.31	5.73	4.79	7.31	4.79	6.80
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)	71.07%	72.02%	79.20%	71.07%	79.20%	73.68%
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)	16.14%	13.90%	15.89%	15.09%	17.55%	17.45%
s) Sector specific equivalent ratios, as applicable:						
1) Capital Adequacy Ratio (%) (refer note vi)	32.00%	31.18%	22.04%	32.00%	22.04%	33.02%
2) Gross Stage-3 Assets % (refer note vii)	2.63%	2.69%	2.53%	2.63%	2.53%	2.83%
3) Net Stage-3 Assets % (refer note viii)	2.16%	2.14%	1.70%	2.16%	1.70%	2.26%
4) Provision Coverage Ratio for Stage-3 assets (PCR %) (refer note ix)	18.33%	20.61%	33.42%	18.33%	33.42%	20.75%

#### 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

Place : Hyderabad  
Date: November 10, 2023

For and on behalf of the Board of  
Vasumathi Devi Koganti  
Managing Director