

SGCO & Co. LLP

Chartered Accountants


To,
The Board of Directors
IKF Finance Limited
40-1-144, 1st Floor, Corporate Centre,
M.G.Road, Vijayawada – 520 010

Subject : - UDIN number for the Auditors Report on Asset Cover and Compliance with Covenants as at
March 31, 2022

Dear Sir/Ma'am,

This is to inform you that UDIN number 22044739AJZZHW3428 generated on May 31, 2022 for Auditors Report on above mentioned Certificate of the Company was signed on May 30, 2022.

For SGCO & CO. LLP
Chartered Accountants
Firm Reg. Number :- 112081W/W100184


Suresh Murarka
Partner
Membership No. :- 044739
Date :- May 31, 2022
Place :- Mumbai



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Andheri (East),
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SGCO & Co.LLP

Chartered Accountants

Independent Auditor's Report on Asset Cover and Compliance with all Covenants as at March 31, 2022 under Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) for submission to IDBI Trusteeship Services Limited (the 'Debenture Trustee')

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

1. This Report is issued in accordance with email dated May 23, 2022 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 'Asset Cover as per the terms of Debenture Trust Deed and Compliance with Covenants' for the listed non- convertible debt securities as at March 31, 2022 (the "Statement") which has been prepared by the Company as prescribed by Securities and Exchange Board of India (SEBI) circular dated November 12, 2020 from the standalone financial statements and other relevant records and documents maintained by the Company as at and for the year ended March 31, 2022 pursuant to the requirements of the Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the "SEBI Regulations"), and has been initiated by us for identification purpose only.

This Report is required by the Company for the purpose of submission with IDBI Trusteeship Services Limited (the "Debenture Trustee") of the Company to ensure compliance with the SEBI Regulations in respect of its listed non-convertible debt securities as at March 31, 2022 ("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's Responsibility

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

The Management of the Company is also responsible for ensuring that the Company complies with the requirements of the SEBI Regulations and for providing all relevant information to the Debenture Trustee and for complying with all the covenants as prescribed in the Debenture Trust Deed and Information Memorandum.

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Independent Auditor's Responsibility

4. Pursuant to the requirements as mentioned in paragraph 2 above, it is our responsibility to provide a limited assurance as to whether
 - a. the Company has maintained asset cover as per the terms of the Information Memorandum and Debenture Trust Deed; and
 - b. the Company is in compliance with all the covenants as mentioned in the Debenture Trust Deed.
5. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. 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 .
7. We have performed audit of the company for the year ended March 31,2022, on which we issued an unmodified opinion vide our report dated May 30, 2022. Our audit of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
8. A limited assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance and consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures:
 - a) Obtained and read the Debenture Trust Deed and the Information Memorandum in respect of the secured Debentures and noted the asset cover percentage required to be maintained by the Company in respect of such Debentures, as indicated in Part A of the Statement;
 - b) Traced and agreed the principal amount of the Listed non-convertible Debentures outstanding as on March 31, 2022 to the audited financial results and the audited books of account maintained by the Company as at and for the year ended March 31, 2022;
 - c) Obtained and read the particulars of asset 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 Part A of the Statement;
 - d) Traced the value of assets indicated in Part A of the Statement from management certified Statement of receivables hypothecated to lenders as on March 31, 2022 ("Hypothecated assets reports"). We have checked the Receivable amount of Hypothecated assets reports from Loans Outstanding report as on March 31, 2022;
 - e) Obtained the list of security created in the register of charges maintained by the Company and 'Form No. CHG-9' filed with Ministry of Corporate Affairs. Traced the value of charge created against assets to the asset cover relating to principal value of listed non-convertible debt securities indicated in Part A of the Statement;
 - f) Recomputed the arithmetical accuracy of the computation of Asset Cover, in the accompanying Statement;
 - g) With respect to compliance with financial covenants indicated in the Part B Statement, we have performed following procedures:
 - (i) Compared the financial covenants computed by the management as at March 31,2022 with the requirements stipulated in the Debenture trust deed (s) to verify whether such covenants are in compliance with the requirements of the debenture trust deed(s)



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- (ii) Obtained the copies of bank statements and traced the date of repayment of principal and interest due on sample basis during the period April 01, 2021 to March 31, 2022.
 - (iii) Performed necessary inquiries with the management regarding any instances of non-compliance of covenants during the year ended March 31, 2022.
- h) With respect to covenants other than those mentioned in paragraph 8(g) above, the management has represented and confirmed that the Company has complied with such covenants including affirmative, reporting, and negative covenants, as prescribed in the Debenture Trust Deed, as at and for the year ended March 31, 2022, except for covenants where the due date for compliance has not elapsed as on date of this Report and that such covenants shall be complied with subsequent to the date of this Report. We have solely relied on such representation provided by the management and have not performed any independent procedures in this regard;
- i) Performed necessary inquiries with the Management and obtained necessary representations;

Conclusion

9. Based on the procedures performed by us, as referred to in paragraph 8 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
 - b) The Company is not in compliance with all the covenants as mentioned in the Debenture Trust Deed as on March 31 2022.


Restriction of use

10. 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

Firm Reg. Number :- 112081W/W100184


Suresh Murarka
Partner

Membership No. :- 044739

UDIN : 22044739AJZZHW3428

Date :- 30/05/2022

Place :- Mumbai





IKF Finance Limited

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CIN: U65992AP1991PLC012736

Statement

The Company has an outstanding borrowing as on March 31, 2022 of Rs 1,306.54 Cr. The details of which is listed as below:

(Amount in Cr.)

Nature of Liability	Principal	Interest	Amount Outstanding
Debt Securities (NCD)			
- Listed Securities (Secured)	112.50	1.28	113.78
- Listed Securities (Un Secured)	30	1.62	31.62
- Un-Listed Securities	6.50	0.10	6.60
Bank Borrowings (Other than Debt securities)			
- Term Loans	761.78	1.54	763.32
- Cash Credit	326.91	0	326.91
- Associated liabilities in respect of securitisation transactions	8.72	0	8.72
Subordinated Liabilities			
- Tier II NCD (Unlisted)	45	0.33	45.33
- Tier II Term Loans	15	0.05	15.05
Total	1306.41	4.92	1311.33
IND-AS Adjustment for effective Interest rate			-4.79
Total			1306.54

Part A: Asset coverage in respect of debt securities as at March 31, 2022

- The financial information as on March 31, 2022 has been extracted from the books of accounts for the half year ended on March 31, 2022 and other relevant records of IKF Finance Limited (the “Company” or “IKF”);
- The assets of the Company provide coverage of 1.23 times of the interest and principal amount, which is in accordance with the Debenture Trust Deed/ Information Memorandum (calculation as per statement of asset cover ratio for the Secured debt securities - Table – I)

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Table I – Asset cover in respect of secured debt securities

(Amount in Cr.)

Sr. No.	Particulars		Amount
i.	Total assets available for secured Debt Securities (secured by exclusive charge on assets)	A	140.04
	- Loan Receivables*		140.04
ii.	Total borrowing through issue of secured Debt Securities (secured by exclusive charge on assets)	B	113.78
	- Debt Securities Principal outstanding		112.5
	- Interest accrued on secured Debt Securities		1.28
iii.	Asset Coverage Ratio (as per the terms of information memorandum/ debenture trust deed)	A/B	1.23

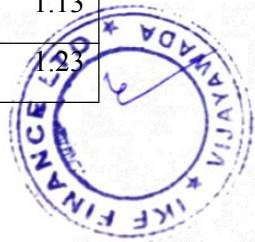
*Represents balance as on March 31,, 2022 and does not include Accrued Interest thereon.

Table- II -ISIN wise details of Asset cover in respect of secured debt securities

(Rs. in crore)

Sr.	ISIN	Date of debenture trust deed **	Cover required (times)	Outstanding Amount	Assets Available	Asset Cover Maintained
1	INE859C07063	22-07-2020	1.33	50.98	68.52	1.34
2	INE859C07105	30-12-2020	1.11	12.5	14.83	1.19
3	INE859C07147	05-12-2021	1.10	50.3	56.69	1.13
	Total			113.78	140.04	1.23

** IDBI Trusteeship Services Limited is a Debenture Trustee;



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Table – III- Asset cover in respect of unsecured debt securities

SN	Particulars		Amount
i.	Net assets of the listed entity available for unsecured lenders (Property Plant & Equipment (excluding intangible assets and prepaid expenses) +Investments + Cash & Bank Balances + Other current/ Non-current assets excluding deferred tax assets (-) Total assets available for secured lenders/creditors on pari passu/exclusive charge basis under the above heads (-) unsecured current/ non-current liabilities (-) interest accrued/ payable on unsecured borrowings)	A	105,56,00,000
ii.	Total Borrowings (unsecured)	B	31,62,00,000
	· Non-convertible Debt Securities		31,62,00,000
iii.	Assets Coverage Ratio (100% or higher as per the terms of Offer Document/Information Memorandum/ Debenture Trust Deed)	A/B	3.34

Part B: Half yearly covenant compliance with respect to listed debt securities outstanding as at March 31, 2022

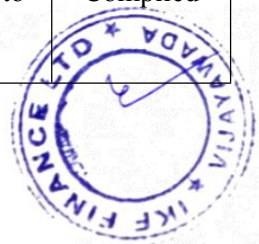
S. No.	ISIN	Facility	Date of Trust deed	Covenant reference as per DTD	Compliance
1	INE859C07063	500 (five hundred) Rated, Listed, Taxable, unsubordinated Secured Redeemable Non-Convertible Debentures of the face value of INR 10,00,000 aggregating to INR 50 Crores	July 22, 2020	Schedule VII (Clause a to ee) Schedule XI (Clause a to h) Schedule XII (Clause a to e) Schedule XIII (Clause a to q)	Complied
2	INE859C07105	500 (five hundred) Rated, Listed, Taxable, unsubordinated Secured Redeemable Non-Convertible Debentures of the face value of INR 10,00,000 aggregating to INR 50 Crores	December 30, 2020	Schedule VII (Clause a to s) Schedule XI (Clause a) Schedule XII (Clause a to t) Schedule XIII (Clause a to m)	Complied
3	INE859C08087	150 (One Hundred and Fifty) rated, listed, senior, unsecured, redeemable,	September 30, 2021	Schedule VII (Clause a to s)	Complied

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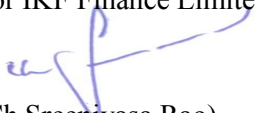
		taxable, market linked, principal protected non-convertible debentures aggregating to INR 15,00,00,000, (“Series 1”)		Schedule XI (Clause a) Schedule XII (Clause a to t) Schedule XIII (Clause i to v)	
4	INE859C08095	150 (One Hundred and Fifty) rated, listed, senior, unsecured, redeemable, taxable, market linked, principal protected non-convertible debentures aggregating to INR 15,00,00,000, (“Series 2”)	September 30, 2021	Schedule VII (Clause a to x) Schedule XI (Clause a) Schedule XII (Clause a to z) Schedule XIII (Clause I to v)	Complied
5	INE859C07147	500 (five hundred) Secured, Rated, Listed, Redeemable Non-Convertible Debentures of the face value of INR 10,00,000 aggregating to INR 50 Crores	December 6, 2021	Schedule VII (Clause a to s) Schedule XI (Clause a) Schedule XII (Clause a to t) Schedule XIII (Clause I to vi)	Complied

Note 1: The due date for compliance with certain covenants falls after the date of this annexure and shall be complied with subsequently.

c) Compliance of all the covenants/terms of the issue in respect of listed debt securities of the listed entity

We have examined the compliances made by the listed entity in respect of the covenants/terms of the issue of the listed debt securities (NCD’s) and certify that the such covenants/terms of the issue have been complied by the listed entity

For IKF Finance Limited


(Ch Sreenivasa Rao)
Company Secretary
Date: 30.05.2022



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