

IKF FINANCE LIMITED



29th Annual Report 2019 - 2020

Board of Directors

- | | | |
|-------------------------------|---|---|
| 1. Mr.V.G.K.Prasad | : | Managing Director |
| 2. Mrs.V.Indira Devi | : | Whole Time Director |
| 3. Mrs. K Vasumathi Devi | : | Executive Director |
| 4. Dr. Sinha S Chunduri | : | Director |
| 5. Mr .S Veerabhadra Rao | : | Independent Director |
| 6. Mr. K Satyanarayana Prasad | : | Independent Director |
| 7. Mr. Vishal Tulsyan | : | Nominee Director (Upto 01.10.2020) |
| 8. Mr.Vinit Mukesh Mehta | : | Nominee Director (From 01.10.2020) |
| 9. Mrs.D.Vasantha Lakshmi | : | Alternate Director to Dr.Sinha S Chunduri |

Key Management Persons

- | | | |
|--------------------------------|---|--|
| 1. Mr.P.Chandra Sekhar | : | Chief Financial Officer (Upto 30.10.2019) |
| 2. Mr. Sreepal Gulabchand Jain | : | Chief Financial Officer (W.e.f.31.10.2019) |
| 3. Mr.Ch.Sreenivasa Rao | : | Company Secretary |

Board Committees

Audit Committee:

1. Mr. S Veerabhadra Rao
2. Mr. Vihsal Tulsyan (Upto 01.10.2020)
3. Mr.Vinit Mukesh Mehta (From 01.10.2020)
4. Mr. K.Satyanarayana Prasad

Management Committee:

1. Mr.V.G.K.Prasad
2. Mr. S Veerabhadra Rao
3. Mrs. K Vasumathi Devi

Nomination & Remuneration Committee:

1. Mr. K.Satyanarayana Prasad
2. Mr. S Veerabhadra Rao
3. Mr. Vihsal Tulsyan (Upto 01.10.2020)
4. Mr. Vinit Mukesh Mehta (From 01.10.2020)

Risk Management Committee:

1. Mr. V G K Prasad
2. Mr. S Veerabhadra Rao
3. Mrs. K Vasumathi Devi
4. Mr. Vihsal Tulsyan (Upto 01.10.2020)
5. Mr. Mr. Vinit Mukesh Mehta (From 01.10.2020)

Share Transfer Agents:

M/s. Bigshare Services Private Limited
306, 3rd Floor, Right Wing, Amrutha Ville
Opp. Yashoda Hospital, Rajbhavan Road
Somajiguda, Hyderabad- 500082.

Stakeholders Relationship Committee

1. Mr. S Veerabhadra Rao
2. Mr. K.Satyanarayana Prasad

Independent Directors Committee:

1. Mr. K.Satyanarayana Prasad
2. Mr. S Veerabhadra Rao

Corporate Social Responsibility Committee:

1. Mr. S Veerabhadra Rao
2. Mr. V G K Prasad
3. Mr. Vihsal Tulsyan (Upto 01.10.2020)
4. Mr. Vinit Mukesh Mehta (From 01.10.2020)

Asset Liability Management Committee:

1. Mr. V G K Prasad
2. Mr. S Veerabhadra Rao
3. Mrs. K Vasumathi Devi
4. Mr. Vihsal Tulsyan (Upto 01.10.2020)
5. Mr. Vinit Mukesh Mehta (From 01.10.2020)

Secretarial Auditors:

B S S & Associates
Company Secretaries
Office: Parameswara Apartments
6-3-626, 5th Floor, 5-A, Anand Nagar,
Khairatabad, Hyderabad-500004.

Statutory Auditors:

M/s. S.R.Batliboi & Co., L.L.P.,
Chartered Accountants
12th Floor, The Ruby,
29, Senapati Bapat Marg,
Dadar (West), Mumbai - 400 028

Debenture Trustee:

1. Catalyst Trusteeship Limited,
GDA House, Plot No. 85,
Bhusari Colony (Right), Paud Road
Pune - 411 038

2. Milestone Trusteeship Services Private Limited
602, Hallmark Business Plaza, Sant Dyaneshwar
Marg, Opp:Gurunanak Hospital, Bhandra (East)
Mumbai – 400051

3. IDBI Capital Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.

Registered Office:

40-1-44, Corporate Centre,
M G Road, Vijayawada- 520 010
Andhra Pradesh

Corporate Office:

6-3-902/A, 4th Floor
Central Plaza, Near Yashoda Hospital
Raj Bhavan Road, Somajiguda,
Hyderabad- 500 082
Telangana

Internal Auditors

M/s Brahmayya & Co
Chartered Accountants
No 33-25-33/3, Govinda Rajulu Naidu Street,
Surya Rao Pet, Vijayawada – 520010
Andhra Pradesh

Bankers:

Central Bank of India (Lead Bank)
Andhra Bank
Indian Overseas Bank
IDBI Bank Limited
The Federal Bank Limited
Axis Bank Limited
Bank of India
Punjab National Bank
State Bank of India
HDFC Bank Limited
DCB Bank Ltd
South Indian Bank
Oriental Bank of Commerce
Equitas Small Finance Bank
Corporation Bank
AU Small Finance Bank
Vijaya Bank
Small Industries Development Bank of India
Bank of Maharashtra
RBL Bank Limited
Woori Bank Limited
Union Bank of India
IndusInd Bank Limited
Lakshmi Vilas Bank Limited
Yes Bank Limited
Ujjivan Small Finance Bank
Utkarsh Small Finance Bank

29th Annual General Meeting

Date	:	24 th December, 2020
Time	:	11.00 AM
Day	:	Thursday
Venue	:	Registered Office of the Company # 40-1-44, Corporate Centre, M G Road, Vijayawada- 520 010 Krishna District, Andhra Pradesh

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NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of **IKF Finance Limited** will be held on Thursday, the 24th day of December 2020, through Video Conference (“VC”)/ Other Audio Visual Means (“OAVM”) at 11.00 A.M., to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Financial Statements (both Standalone and Consolidated) for the financial year ended 31st March, 2020 together with the Reports of the Directors and Auditors thereon
2. To appoint a Director in place of Mr. Satyananda Sinha Chunduri (DIN:03644504), who retires by rotation and, being eligible, offer himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

“**RESOLVED THAT** Mr. Satyananda Sinha Chunduri (DIN:03644504), who retires by rotation in accordance with Section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

3. To appoint a Director in place of Mrs. Vasumathi Devi Koganti (DIN: 03161150), who retires by rotation and, being eligible, offer herself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

“**RESOLVED THAT** Mrs. Vasumathi Devi Koganti (DIN: 03161150), who retires by rotation in accordance with Section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

4. To re-appoint M/s. S.R.Batlibai & Co. LLP (Firm Registration No. 301003E/E300005), Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Sections 139, 142 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force), M/s. S.R.Batlibai & Co. LLP (Firm Registration No. 301003E/E300005), Chartered Accountants, be and is hereby reappointed as Statutory Auditors of the Company for a further term of five years to hold office from the conclusion of this 29th Annual General Meeting of the Company till the conclusion of the 34th Annual General Meeting of the Company to be held in the year 2025, on such remuneration plus applicable taxes and out-of-pocket expenses, as may be mutually agreed upon by the audit committee/Board of Directors and the Statutory Auditors.

“**RESOLVED FURTHER** that the Board of Directors of the Company and / or, Company Secretary be and are hereby severally authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.”

Special business:

5. To enhance the Borrowing Powers of the Company from Rs.4000Crores to Rs.5000Crores

*To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:*

“RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board, including any committee thereof for the time being exercising the powers conferred on them by this resolution), be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/ entities and/or authority/ authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.5000 Crores (Rupees Five Thousand Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

6. To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company

*To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:*

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the company to create charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such assets and properties of the company, both present and future and in such manner as the Board may direct, in favour of all or any Banks, financial institutions, investments institutions and their subsidiaries, any other bodies corporate and any other lenders (hereinafter collectively referred to “the lending agencies”) and/ or Trustees for the holders of debentures/ bonds/ other instruments to secure borrowing of the Company by way of loans/ issue of debentures/ bonds/ other instruments which may be issued for a sum not exceeding Rs.5000 Crore (Rupees Five Thousand Crore only) over and above the aggregate of the paid up capital of the company and its free reserves which have been /or propose to be obtained from or privately placed with the lending agencies together with interest there on at agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses, and all other monies payable by the company to *the* trustees under the trust deeds and/or to the lending agencies under their respective agreements/loan agreements /debentures trust deeds entered into/to be entered by the company in respect of said borrowings.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.”

7. **Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis.**

*To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution:***

“RESOLVED THAT pursuant to the provisions of section 42 and other applicable provisions of the Companies Act, 2013, read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions of the Companies Act, 2013, to the extent notified, and as applicable and the Companies Act, 1956, as amended and in force, in accordance with the memorandum and articles of association, the Board of Directors of the Company be and is hereby authorized to issue, offer or invitation and allot secured/unsecured, redeemable, non-convertible, listed / unlisted, senior/subordinated bonds/debentures/Commercial Paper/ Tier II Debt/ Other debt securities (“Bonds”) of value aggregating upto Rs.2000 Cr (Rupees Two Thousand Crores Only) through private placement offer letter(s) in one or more tranches in conformity and in compliance with the all applicable rules, regulation, directions made in this regard, as amended from time to time to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals, as the case may be or such other person/persons as the board of directors may decide so.”

“RESOLVED FURTEHR THAT the Board be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds/ Debenture including but not limited to number of issues/ tranches, face value, issue price, issue size, timing, amount, security, coupon/interest rate(s), yield, listing, allotment and other terms and conditions of issue Bonds as they may, in their absolute discretion, deemed necessary to take all necessary steps”

For and on Behalf of the Board
IKF Finance Limited

Place: Vijayawada
Date : 14/11/2020

(Ch Sreenivasa Rao)
Company Secretary
M.No: ACS14723

NOTES

NOTES

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item No.5, 6 and 7 given above as Special Businesses in the forthcoming AGM, as it is unavoidable in nature.
2. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 29th AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM.
4. Pursuant to the provisions of the Act, normally, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
5. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
8. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

9. **Voting during the AGM:** Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting, may cast their vote during the e-AGM through the e-voting system provided by CDSL in the Video Conferencing platform during the e-AGM. Kindly refer below for instruction for e-voting during the AGM.
10. The Company has fixed 16th December, 2020 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.
11. The Register of Members and Transfer Book of the Company will be closed from 16th December, 2020 to 24th December, 2020 (both days inclusive).
12. In compliance with the aforesaid MCA Circulars, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at www.ikffinance.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
13. The relevant details required to be given under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of directors seeking appointment/ re-appointment at this AGM are given in the Annexure.
14. In terms of Section 152 of the Act, Mr. Satyanand Sinha Chunduri and Mrs Vasuthi Devi Koganti are liable to retire by rotation at this Annual General Meeting and being eligible, offers themselves for re-appointment.
15. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility.
16. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to sreenivas@ikffinance.com.
17. Members whose shareholding is in electronic mode are requested to update the change of address, With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
18. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
19. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e- AGM.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on Monday, 21st day of December, 2020 at 9.00 a.m. IST and ends on Wednesday, 23rd day of December, 2020 at 5.00 p.m. IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, the 16th day of December, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN **201201003** for the relevant **IKF FINANCE LIMITED** on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to bsshyd@bigshareonline.com.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to bsshyd@bigshareonline.com.
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **72 Hours prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at agmparticipant@bigshareonline.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **2 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at sreenivas@ikffinance.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the GM.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address sreenivas@ikffinance.com , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

GENERAL INSTRUCTIONS AND INFORMATION FOR SHAREHOLDERS

- 1 Details of Scrutinizer: B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600) has been appointed as the Scrutinizers to scrutinize the e-voting process in a fair and transparent manner.
- 2 The Scrutinizer’s decision on the validity of the vote shall be final.
- 3 The Scrutinizer after scrutinizing the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer’s Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company/meeting or a person authorised by him in writing, who shall countersign the same.
- 4 The Results declared along with the consolidated Scrutinizer’s Report shall be hosted on the website of the Company i.e. www.ikffinance.com. The result shall also be displayed on the Notice Board at the Registered Office of the Company.
- 5 The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.

By Order of the Board of Directors of
IKF Finance Limited

Ch Sreenivasa Rao
Company Secretary
M No. A14723

Place: Vijayawada
Date : 14.11.2020

STATEMENT SETTING OUT THE MATERIAL FACTS CONCERNING AND RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“THE ACT”)

Item No: 5

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company’s bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs.5000 Crores (Rupees Five Thousand Crores Only). The Directors recommends the resolution for members’ approval as a Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.5 of the Notice.

Item No. 6

As mentioned in Item No 5, it is proposed to increase the borrowing powers to Rs.5000 crore (Rupees Five Thousand Crore only). To secure such borrowings, the Company would be required to mortgage and/or charge its moveable and/or immoveable properties, the whole or substantially the whole of the undertaking(s) or any other assets of the Company (both present and future) in favour of the financial institutions/banks/ other lender(s)/ trustees. The approval of the shareholders in the AGM is required as per Section 180(1)(a) of the Companies Act, 2013. In the circumstances, the board recommends this resolution for acceptance.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 6 of the Notice.

Item No.7

As mentioned in Item No.7, and the rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 and other applicable provisions, if any, of the Companies Act, 2013 of the Act deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures, Tier II Debt, Commercial Paper or other debt instruments on private placement, the company shall obtain previous approval of its members by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures. In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, the Board, which term shall include any Committee constituted by the Board, may at an appropriate time, offer or invite subscriptions for NCDs, Bonds, Tier II Debt, Commercial Paper or any other debt securities on a private placement basis, in one or more tranches, upto an amount not exceedingRs.2,000 Crore, within the overall borrowing limits of the Company, as approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price, of the NCDs, Tier II Debt, Commercial Paper or any other Debt Instruments.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 7 of the Notice. This resolution is an enabling resolution and authorizes the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, Tier II Debt, Commercial Paper or any other Debt Instruments as may be required by the Company, from time to time for a year from the date of passing this resolution.

The proposed borrowings, along with the existing borrowings of the Company, would not exceed the aggregate outstanding borrowings of the Company approved by the Members, from time to time.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

For and on Behalf of the Board
IKF Finance Limited

Place: Vijayawada
Date : 14.11.2020

(Ch Sreenivasa Rao)
Company Secretary
M.No: ACS14723

Annexure to the Notice
Additional information on directors recommended for appointment / re-appointment as required under
Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013

Name of the Director	Satyanand Sinha Chunduri	Vasumathi Devi Koganti
DIN	03644504	03161150
Date of Birth	02.02.1945	09.05.1975
Date of first Appointment on the Board	01.02.1993	31.10.2006
Age	75 Years	45 Years
Qualification	M.B.B.S., M.D.,	BE (Electronics & Communications) MBA (Global Management, USA)
Experience	Management & Administration more than two decades	Having nine (9) years of working experience in IT and Telecommunications in several US Companies. Associated with IKF Finance Limited as Executive Director since 2007
Terms and conditions of appointment	Nil	As per the resolution passed on 31.10.2019
Remuneration sought to be paid	Nil	Rs.50,00,000/- Per Annum
Remuneration last drawn	Nil	Rs.38,33,335 Per Annum
Relationship with other director/Manager and other KMP	1. Brother –in-law of Mr. V.G.K.Prasad, Managing Director	1. Daughter of Sri.V.G.K.Prasad, Managing Director 2. Daughter of Smt.V.Indira Devi, Whole-time Director 3. Sister of Mrs.V.Vasantha Lakshmi, Alternate Director
No of Meeting of the Board Attended during the FY- 2019-20	Nil	9
No of Shares held in the Company	1,17,700 No of Shares Fully Paid up of Rs 10/-.	21,31,286 No of Shares Fully Paid up of Rs 4.49 % of Paid up Share Capital of the Company. 5,15,980 No of Shares – Partly Paid Rs 5.40/- Paid up
Directorships of other Board	Nil	Director of IKF Infratech Private Limited Director of IKF Home Finance Limited
Membership/Chairmanship of Committees of other Board	Nil	Nil

Directors' Report

To,
The members of IKF Finance Limited.

Your Directors have pleasure in presenting the 29th Annual Report together with the Audited Accounts for the financial period ended 31st March, 2020.

Financial Results:

The summarized financial results of the Company are as given hereunder:

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	20569.07	15505.44	22996.02	15778.78
Other Income	19.22	26.68	954.22	38.86
Profit (loss) before depreciation, interest, tax and exceptional items	15494.50	11064.96	17543.61	11174.67
Depreciation/amortization	149.12	122.42	194.80	131.23
Finance cost	11551.63	8487.93	12534.48	8551.40
Impairment expense on loans	1067.01	851.09	1472.48	848.12
Portfolio Loans & other balances written off	542.03	266.21	542.03	266.21
Profit (loss) before tax	3793.75	2454.63	4814.33	2492.03
Provision for tax/deferred tax	1020.38	638.07	1230.08	618.51
Profit (loss) after tax before exception item	2773.37	1816.55	3584.25	1873.51
Less: Other comprehensive income / (loss)	-3.56	0.81	-2.91	1.72
Net profit (loss) after exceptional items	2769.81	1817.37	3581.33	1875.24
Balance brought forward from previous year				
Dividend on Equity Shares	Nil	Nil	Nil	Nil
Tax on dividend	Nil	Nil	Nil	Nil
Transfer to Statutory Reserve as required by Section 45-IC of Reserve Bank of India Act, 1934	(554.67)	(709.57)	(670.18)	(758.65)
Transfer to General reserve	(138.67)	(177.39)	(138.67)	(177.39)
Transferred to Share Based payment reserve	(17.56)	-	(17.56)	-
Surplus carried to Balance sheet	2058.91	930.41	27.54.92	939.20

Review of Operations:

Standalone:

Your Company's performance for the year ended March 31, 2020 continues to be encouraging and has registered a growth of 32.65% in its Revenue from operations to Rs.205.69 Cr as against Rs.155.05 Cr and Net Profit increased to Rs. 27.73 Cr from Rs. 18.17 Cr registering a growth of 52.67% for the corresponding previous year. During the year, the Loan Book has grown by 16% from Rs.1121 Cr to 1297 Cr (before Impairment loss allowance). The total assets managed by the Company, including receivables assigned / securitized stood at around Rs.1315 Cr as at March 31, 2020 as against Rs.1228 Cr in the previous year thereby registering a growth of 7%.

Consolidated:

Your Company's performance for the year ended March 31, 2020 continues to be encouraging and has registered a growth of 45.74% in its Revenue from operations to Rs.229.96 Cr as against Rs.157.79 Cr and Net Profit increased to Rs. 35.81 Cr from Rs. 18.74 Cr registering a growth of 91.08% for the corresponding previous year.

Future Outlook:

Outlook for the current financial year continues to remain uncertain, with the COVID-19 situation evolving each day. Almost all the sectors, except agriculture and allied activities, of the economy have been adversely impacted due to disruptions on account of nationwide lockdown. The GDP growth forecast is expected to be negative for FY 2021 though all the sectors have started coming out of Lockdown blues. The Government's stimulus packages and liquidity support schemes together with RBI's initiatives by way of downward revision of repo and reverse repo rates are expected to be boost the economic activities to certain extent. Though the lower crude prices are expected to provide some relief to Government in the form of trade gains, the Government has not been passing the same yet to the public in view of its strained finances.

In April-September 2020, automobile sales witnessed the sharp decline as Passenger Vehicle sales down by (-) 34.00%, Commercial Vehicle# sales down by (-) 56.01%, Three-wheeler sales down by (-) 82.26% and Two-wheeler sales down by (-) 38.28% compared to April-September 2019,

However, September 2020 witnessed a sharp surge in domestic wholesales (sales by OEMs to Dealers), not only sequentially, but also on YoY basis in segments like tractors, passenger vehicles and 2 wheelers and the retail sales of passenger vehicles registered a growth of 26.45% and Two Wheelers registered a growth of 1.64% compared to September 2019 and the retail sales of Commercial Vehicles and Three Wheelers continue to register de-growth but are expected to perform better in H2, FY 2021.

Your Company continues to focus on Retail segment with focus on providing superior service to customers by continuously striving to lower the cost of borrowings, maintaining the asset quality with enhanced operating efficiencies to sustain the growth and profitability. Your Company is confident of sustaining the growth and profitability as it has built strong relationship with the customers around the last three decades.

Risk Management & Credit Monitoring:

As risk is inevitable fallout of the lending business, your Company has to manage various risks like credit risk. Liquidity risk, interest rate risk, operational risk, market risk etc. The Audit Committee, Risk management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk. The Company also measures the interest rate risk by the duration gap method. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored at regular intervals. Your Company is proactive in assessing the risk associated with its various loan products and has evolved a variety of Risk management and monitoring tools while dealing with a wide spectrum of retail customers. The Risk Management Policy of the Company encompasses various risk tools such as Credit, Operational, Market, Liquidity and Interest Rate Risk and has put in place appropriate mechanism to effectively mitigate the risk factors.

Corporate Governance

On 30.07.2020 your Company debt securities got listed with Bombay Stock Exchange. In due compliance of the SEBI (LODR) regulations, 2015 a report on the Corporate Governance along with a declaration by the Managing Director with regard to code of conduct to be presented to the members of the Company as such a report on Corporate Governance Report are is attached as part of this report.

Management's Discussion and Analysis:

Economic Environment:

The performance of the overall economy was not in line with the estimates on the backdrop of underperformance of manufacturing and trade activities. India's GDP growth moderated to 4.8% in H1, FY 2020 as against 6.2% in the previous half year and is estimated to be less than 5% for FY 2020as against the earlier projection at around 6%

Automotive Sector:

FY 19-20 continued to be a difficult year for the automobile industry. Continuity of subdued economic activity resulted in lower sale of automobiles. The overall Commercial Vehicles segment registered a de-growth of (-) 28.75 percent in April- March 2020 as compared to the same period last year. Within the Commercial Vehicles, Medium & Heavy Commercial Vehicles (M&HCVs) and Light Commercial Vehicles declined by (-) 42.47 percent and (-) 20.06 percent respectively in April-March 2020 over the same period last year.

The sale of Passenger Vehicles declined by (-) 17.88 percent in April-March 2020 over the same period last year. Within the Passenger Vehicles, the sales of Passenger Cars and Vans declined by (-) 23.58, percent and (-) 39.23 percent respectively while sales of Utility Vehicles marginally increased by 0.48 percent in April-March 2020 over the same period last year.

Sale of Three Wheelers declined by (-) 9.19 percent in April-March 2020 over the same period last year. Within the Three Wheelers, Passenger Carrier and Goods Carrier declined by (-).8.28 percent and (-)13.27 percent respectively in April-March 2020 over April-March 2019.

Two Wheelers sales registered a de-growth of (-) 17.76 percent in April-March 2020 over April-March 2019. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds declined by (-) 16.94 percent, (-) 17.53 percent and (-) 27.64 percent respectively in April-March 2020 over April-March 2019.

Resource Mobilization:**Deposits:**

The Company has not accepted any deposits during the year under review and it continues to be a Non-deposit taking Non Banking Financial Company in conformity the guidelines of the Reserve Bank of India and Companies (Acceptance of Deposits) Rules, 2014

Working Capital Limits:

During the year your company has reduced its dependence, in terms of utilization, on Cash Credit Limits by raising term resources to effectively manage the ALM. However, your company intends to increase the same, if necessary, in line with increase in the term resources going forward.

Term Loans:

During the year your Company has mobilized Term Loan(s) of Rs.35 Cr from Woori Bank, Rs 10 Cr from IndusInd Bank, Rs 15 Cr from AU Small Finance Bank, Rs 75 Cr from Union Bank of India, Rs 35 Cr from HDFC Bnak Rs 15 Cr from Utkarsh Small Finance Bank, and Rs 115 Cr from State Bank of India.

Commercial Paper:

During the year under review, your Company has issued Commercial Papers twice during the year and have redeemed the same.

Non Convertible Debentures:

During the year under review, your Company has mobilized Rs.33 Cr from Unifi AIF by issuing Non Convertible Debentures.

Particulars	UNI AIF- Rs 18 Cr	UNI AIF- Rs 15 Cr
(a) date of issue and allotment of the securities;	25.06.2019	30.01.2020
(b) number of securities	1800	1500
(c) whether the issue of the securities was by way of preferential allotment, private placement or public issue;	Private Placement	Private Placement
(d) brief details of the debt restructuring pursuant to which the securities are issued;	Nil	Nil
(e) issue price	Rs 1,00,000	Rs 1,00,000
(f) coupon rate	12.16%	12.07%
(g) maturity date;	25.06.2022	30.01.2023
(h) amount raised	Rs 18 Cr	Rs 15 Cr

Tier II Capital / Sub Debt:

During the year under review, your Company has raised Rs 20 Cr Tier II Debt from Northern Arc Capital Limited..

Particulars	
(a) date of issue and allotment of the securities;	02.03.2020
(b) number of securities	2000
(c) whether the issue of the securities was by way of preferential allotment, private placement or public issue;	Private Placement
(d) brief details of the debt restructuring pursuant to which the securities are issued;	Nil
(e) issue price	Rs 1,00,000
(f) coupon rate	14.00%
(g) maturity date;	02.09.2025
(h) amount raised	Rs 20 Cr

Credit Rating of Securities

Transaction Name	Amount Rs. in Cr	No. of Debenture	Date of Credit Rating	Date of Allotment	Redemption Date	Credit Rating	Secured / Unsecured
Unifi Capital 2	18	1800	24-Jun-20	25-Jun-19	25-Jun-22	CARE A/Stable	Unsecured
Unifi Capital 3	15	1500	28-Jan-20	30-Jan-20	30-Jan-23	BWR A	Unsecured
Northern Arc Capital	20	2000	16-Jan-20	2-Mar-20	2-Sep-25	BWR A	Unsecured

Securitization / Assignment of Loan Receivables:

During the year, your Company has Securitized loan receivables to the tune of Rs 166 Cr.

Borrowing Profile:

Total borrowings of the Company for the year under review (at amortized cost) stood at Rs.1057 Cr (including Tier II Capital), of which borrowings from Banks constituted 61.21%, borrowings from NBFCs & FIs 12.30%, Non Convertible Debentures 5.77%, associated liabilities in respect of Securitized transactions 14.57% and Tier II Capital / Sub-Debt 6.15%. Your Company is continuously exploring all options to access low cost funds, mostly by way of Term Loans and Cash Credit in the current financial year, to further expand the operations.

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 21.19% as on 31.03.2020, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 19.54% and Tier II constituted 1.65%.

Credit Rating:

During the year under review, Brickwork Ratings India (P) Ltd. has retained the Long Term Bank Loan rating “BWR A”, “BWR A” rating for Subordinated Non Convertible Debentures and has assigned A1 rating for Standalone Commercial Paper, signifying adequate degree of safety regarding timely servicing of financial obligations with low credit risk. Credit Analysis and Research Limited (CARE) has retained the long term bank loan facilities and Non Convertible Debentures at “A” signifying adequate degree of safety regarding timely payment of interest and principle

Dividend

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2020 since it is proposed to retain the same in the business.

Transfer of unclaimed dividend to Investor Education and Protection Fund

During the period under review, no such case was raised to credit / to pay any amount to the Investor Education and Protection Fund.

Share Capital

a. Authorized Share Capital

During the year there was no change in the Authorised Share Capital of the Company. As on 31.03.2020, the Authorized Share Capital was Rs.85,00,00,000/- (Rupees Eighty Five Crores only) divided into 6,00,00,000 (Six Crore only) Equity Shares of Rs.10/- (Rupees Ten only) each and 25,00,000 (Twenty Five Lac only) Preference Shares of Rs.100/- (Rupees One Hundred only) each.

b. Paid up Share Capital

The total Paid up Share Capital of the Company as on 31.03.2020 was Rs.50,27,64,105.20 consisting 4,74,79,379 fully paid shares of Rs.10/- each and 51,79,688 partly paid (Rs.5.40 paid per Share) shares of Rs.10/- each. There was no change in the paid up capital of the Company during the year.

c. Compulsorily Convertible Preference Shares.

There are no Compulsorily Convertible Preference Shares outstanding as on 31.03.2020.

d. Issue of Shares with differential voting rights

The Company has not issued any Shares with differential voting rights during the period under review.

e. Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

f. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

g. Bonus Shares

The Company has not issued any bonus shares during the year under review.

h. Employees Stock Option

During the year the Board of Directors has granted total 5,62,860 No of stock options to the eligible employees at a price of Rs.120/- (Rupees One Hundred and Twenty only) per share.

Disclosure as required under Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014 during the financial year are as below:

(a) options granted	5,62,860
(b) options vested	Nil
(c) options exercised	Nil
(d) the total number of shares arising as a result of exercise of option	Nil
(e) options lapsed	Nil
(f) the exercise price	Rs 120/-
(g) variation of terms of options	NA
(h) money realized by exercise of options	NA
(i) total number of options in force	5,62,860
(j) employee wise details of options granted to:	
(i) key managerial personnel	Ch Sreenivasa Rao, Company Secretary-15,180 Options P Chandra Sekhar, Chief Financial Officer-19,480 Options
(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	<ol style="list-style-type: none"> 1. V.S.Murthy, CEO – 1,07,180 Options-19.04% 2. D Nagaraj Goud, National Business Head, 80,140 Options-14.24% 3. G Chakrapani, National Credit Manager-51,500 Options-9.07% 4. M Girish Kumar, National Head-Collections-51,500 Options-9.07% 5. Hardik Harish Joshi-Zonal Manager-34,000 Options-6.04% 6. L Bhaskar Narasimha Reddy-Regional Manager-29,720 Options-5.28%
(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

Transfer to Reserves

The Directors of the Company propose to transfer Rs.138.67 Lacs to General Reserves out of the current year profits for the year as against Rs.177.39 Lacs (I Gap) during the Financial Year 2018-19. Further your Directors also propose to transfer Rs 554.67 Lacs as against Rs.Rs.709.57 Lacs (I Gap) during the Financial Year 2018-19 to Statutory Reserve @ 20% profit after tax as required under Section 45-IC of Reserve Bank of India Act, 1934. Further Rs 17.56 Lacs was transferred to Share Based payment reserve.

Details of Subsidiary, Associate and Joint Venture Companies

The Company is not having any Associate and Joint Venture Companies as on date by virtue of Section 2 (6) of the Companies Act, 2013. As on 31.03.2020, IKF Home Finance Limited is the Subsidiary Company in which the Company holds diluted stake of 91.48%.

Auditors

Statutory Auditors

M/s. S.R.Batliboi & Co.LLP,Chartered Accountants (ICAI Registration No 301003E/E300005) were appointed as Statutory Auditors at the 24th Annual General Meeting to hold the office of Statutory Auditors from the conclusion of 24th Annual General Meeting to till the conclusion of 29th Annual General Meeting of the Company.

The Board of Directors has proposed to reappoint M/s. S.R.Batliboi & Co. LLP, Chartered Accountants (ICAI Registration No 301003E/E300005) for a further period of five years from the conclusion of 29th Annual General Meeting to till the conclusion of 34th Annual General Meeting of the Company. Necessary resolution seeking the shareholders' approval for the purpose has been included in the notice of the ensuing AGM.

Qualification by the Statutory Auditor

The Audit Report does not contain any qualification, reservation or adverse remarks.

Secretarial Auditor

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s. B S S & Associates, Company Secretaries as Secretarial Auditors of the Company. Secretarial Audit Report is enclosed as **Annexure-I** to this Report.

Qualification by Secretarial Auditor

The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks

Cost Audit

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 3 & 4 of the Companies (Cost Record and Audit) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, the Cost Audit is not applicable to the Company.

Internal Audit and Auditor:

As part of the effort to evaluate the effectiveness of the internal control systems, and to maintain its objectivity and independence and on recommendations of the Audit Committee your directors have re-appointed M/s. Brahmaiah & Co, Chartered Accountant as internal auditor of the Company for the year ended 31st March, 2020 who shall report to the Audit Committee / Board. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon were presented to the Audit Committee / Board.

Internal Financial Controls

The Company has a well-established internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safeguarding of assets, (c) prevention and detection of frauds / errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. The policy also provided adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that during the year no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received.

Corporate Social Responsibility Committee:

During the year under review the Company has spent an amount of Rs 50.86 Lacs under the CSR activity. The report on CSR activities for FY 2019-20 is enclosed as **Annexure-II**.

Extract of the Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is enclosed as **Annexure-III**.

Material Changes and Commitments, if any

There are no material Changes and Commitments during the year under review.

Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

Directors

In terms of Section 152 of the Companies Act, 2013, Mr. Satyananda Sinha Chunduri (DIN: 03644504), Director and Mrs. Koganti Vasumathi Devi (DIN: 03161150), Executive Director of the Company, would retire by rotation at the forthcoming AGM and are eligible for re-appointment. They have offered themselves for re-appointment.

During the year there was no change in the composition of Board of Directors. However in the Board of Directors meeting held on 01.10.2020. Mr.Vinit Mukesh Mehta was appointed as Nominee Director of Motilal Oswal Private Equity in place of Mr.Vishal Tulsyan.

Mr. Satyanarayana Prasad Kanaparthi and Mr Sunkara Veerabhadra Rao were re-appointed by the Shareholders as Independent Directors for second term at the 28rd Annual General Meeting on 04.12.2019, to hold the office for further period of 5 years.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.

Key Managerial personnel:

During the financial year, there was a change in the appointment of Key Managerial Personnel. On 10.04.2019, Mr. Paruchuri Chandra Sekhar was appointed as Chief Financial Officer of the Company and resigned on 31.10.2019. On 31.10.2019 Mr Sreepal Gulab Chand Jain was appointed as Chief Financial Officer of the Company in place of Mr. Paruchuri Chandra Sekhar.

Declaration by Independent Directors

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

Independent Directors' Meeting

The Independent Directors met on 25.03.2020, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Board Evaluation:

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

Number of meetings of the Board of Directors:

During the financial year 2019-20 the Board of Directors has met Nine times viz 10/04/2019, 25/04/2019, 11/06/2019, 21/08/2019, 30/09/2019, 18/10/2019, 31/10/2019, 07/01/2020 and 18/03/2020. The details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard-1.

Audit Committee

The Composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Policy

The Nomination and Remuneration Policy containing guiding principles for payment of remuneration to Directors, Senior Management, Key Managerial Personnel and other employees including Non-executive Directors along with Board Evaluation criteria are provided in the Corporate Governance Report.

Particulars of loans, guarantees or investments under Section 186:

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans, is exempt from complying with the provisions of Section 186 of the Companies Act, 2013. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

Remuneration ratio of the Directors / Key Managerial Personnel (KMP)

The provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

During the financial year 2019-2020, there were no employees in the Company whose details are to be given pursuant to Rule 5(2) The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Particulars of Employees

There are no employees whose information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Particulars of contracts or arrangements with related parties:

All transactions entered by the Company with Related Parties were in the Ordinary course of Business and are at Arm's Length pricing basis. The Audit Committee granted approvals for the transactions and the same were reviewed by the Committee and the Board of Directors.

There were no materially significant transactions with Related Parties during the financial year 2019-20 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure-IV** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- (a) in the preparation of the annual accounts for the period ended 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Company's Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 23rd April, 2013.

There was no case of sexual harassment reported during the year under review.

Details in respect of frauds reported by auditors under Section 143 (12) other than those which are reportable to the central government

There were no frauds as reported by the Statutory Auditors under Sub-section 12 of Section 143 of the Companies Act, 2013 along with Rules made there-under other than those which are reportable to the Central Government.

Disclosure under Regulation 53(e) of SEBI LODR

Name of the debenture trustees with full contact details

1. Catalyst Trusteeship Limited,
GDA House, Plot No. 85,
Bhusari Colony (Right), Paud Road
Pune - 411 038
Mail Id: shivani.janjirkar@ctltrustee.com
Phone Number: +91 22 49220516
2. Milestone Trusteeship Services Private Limited
602, Hallmark Business Plaza, Sant Dyaneshwar
Marg, Opp:Gurunanak Hospital, Bhandra (East)
Mumbai – 400051
Mail Id: bhavesh@milestonetrustee.in
Phone Number: +91 22 62886119
3. IDBI Capital Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001
Mail Id: nikhil@idbitrustee.com
Phone Number: +91 22 40807007

Details of revision of financial statement- Nil

Secretarial Standards

The Company complies with all applicable Secretarial Standards.

Other Disclosures

Reasons for delay, if any, in holding the annual general meeting- Nil

Disclosures by NBFC Systemically Important Non-Deposit taking Company and Deposit taking Company Auction: Nil

Share Transfer Agency

The Company has appointed M/s. Bigshare Services Private Limited situated at Plot No-306, 3rd Floor, Right Wing, Amrutha Ville Opp. Yashoda Hospital, Rajbhavan Road Somajiguda, Hyderabad-500 082, as its share transfer agency for handling both physical and electronic transfers.

Human Resources

Your Company treats its “human resources” as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

Awards and recognition

The Company has not received any award during the Financial Year.

Cautionary Statement

Statements in these reports describing company’s projections statements, expectations and hopes are forward looking. Though, these expectations are based on reasonable assumption, the actual results might differ.

Conservation of Energy, Technology Absorption and

The Company, being a non-banking finance company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on conservation of energy and technology absorption’.

Foreign Exchange Earnings and Outgo

Total foreign exchange earned	Nil
Total foreign exchange used	Nil

Code of conduct

The Company has adopted Code of Conduct for the Board and for the Senior level employees of the Company and they are complying with the said code.

Industrial Relations

Industrial relations continued to be cordial throughout the year under review.

Acknowledgments

Your Company will always keep interest of its customers, employees and the stakeholders as a priority and shall reciprocate their confidence reposed in the Company. It has been a mutually beneficial relationship and looks forward to their continued support.

For and on behalf of the Board
IKF FINANCE LIMITED

Place: Vijayawada
Date : 14.11.2020

(V G K Prasad)
Managing Director
DIN: 01817992

(V. Indira Devi)
Whole-time Director
DIN: 03161174

REPORT ON CORPORATE GOVERNANCE

This section on Corporate Governance forms part of the Report of the Directors to the Members.

1. Company's Philosophy on Code of Governance:

Our Corporate Governance policies recognise the accountability of the Board and the importance of its decisions to all our constituents, including Customers, Investors and the Regulatory Authorities. The strong foundation of the Company is supported by the pillars of Customer faith, Debenture holders Confidence, Bankers Trust, Investor Steadfastness and Employee Loyalty. The Company has been growing over the past twenty eight years on the principles of dedicated customer service, fair business practices, efficient and trusted financial policies. It continues to maintain high standards of integrity through excellence in service to all its stakeholders.

The Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in economic, social and ethical matters by ensuring that the company conducts its activities in accordance with corporate governance best practices.

2. Board of Directors:

Directors possess the highest personal and professional ethics, integrity and values, and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the company's affairs exercising its reasonable business judgement on behalf of the Company.

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent Directors to ensure proper governance and management. As on 31.03.2020, the Board comprises seven members who have experience in diverse fields like Finance, Accounts and Management. Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. During the year there was no change in the composition of Board of Directors. However, on 01.10.2020 Sri Vinit Mukesh Mehta was nominated by Motilal Oswal Private Equity as Nominee Director in the place of Sri. Vishal Tulsyan. The Executive Directors as on 31.03.2020 were Sri V.G.K.Prasad - Managing Director, Smt. V.Indira Devi - Whole Time Director and Smt. K.Vasumathi Devi - Executive Director.

As on 31.03.2020, the Independent Directors were S.Veerabhadra Rao and Sri K.Satyanarayana Prasad. Sri.Satyanand Sinha Chunduri was the Non-Executive Non-Independent Director and Smt. Vupputuri Vasantha Lakshmi is the alternate director to Sri Satyanand Sinha Chunduri. The composition of the Board is in conformity with best practice in Corporate Governance.

2. Board Meetings:

The Board of Directors meets at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings on other matters concerning the company on a need basis. The Board of Directors generally meets every quarter to review the business performance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

During the year under review, nine meetings of the Board of Directors were held on the following dates.

10-04-2019	25-04-2019	11-06-2019	21-08-2019	30-09-2019
18-10-2019	31-10-2019	07-01-2020	18-03-2020	

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1stApril, 2019 to 31stMarch, 2020 are as follows:

Name of the Director	Category of Board Directorship	No. of Board Meetings attended	% of total meetings attended	Attendance at the last AGM	No of other Directorships	No of Committee Memberships
V G K Prasad	Managing Director	9	100%	Yes	2	4
V Indira Devi	Whole Time Director	7	78%	Yes	1	0
K Vasumathi Devi	Executive Director	9	100%	Yes	1	3
K Satyanarayana Prasad	Independent Director	9	100%	Yes	1	3
Sinha S Chunduri	Director	-	-	No	2	--
D Vasantha Lakshmi	Alternate Director	9	100%	Yes	--	--
S Veerabhadra Rao	Independent Director	7	78%	Yes	1	6
Vishal Tulsyan	Nominee Director	2	22%	Yes	8	5

3. Audit Committee:

The Audit Committee provides direction to the Audit function and monitors the quality of internal controls and systems. The responsibilities of the Audit Committee include the overseeing of financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, review of adequacy of internal control systems and the internal audit functions. The Audit Committee comprises three Non Executive Directors with two Independent Directors and one Nominee Director. The Committee comprises of Sri S.Veerabhadra Rao as Chairman of the Committee and Sri. Vishal Tulsyan and Sri K Satyanarayana Prasad as Members. The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings. During the year there was no change in the composition of Audit Committee. However, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vishal Tulsyan, due to Sri Vishal Tulsyan resignation. At present Audit Committee consists with two Independent Directors and one Nominee Director.

During the year the committee met 7 times on 25.04.2019, 21.08.2019, 30.09.2019, 18.10.2019, 31.10.2019, 07.01.2020 and 18.03.2020. The details of members and their attendance at the committee meetings are given below:

Name of the Director	No.of Audit Committee Meetings attended	% of total Meetings attended
Sri. S.Veerabhadra Rao	6	86%
Sri.K.Satyanarayana Prasad	7	100%
Sri Vishal Tulsyan	1	14%

The previous Annual General Meeting (“AGM”) of the Company was held on December 04, 2019 and was attended by Sri. S.Veerabhadra Rao, Chairman of the audit committee.

4. Nomination and Remuneration & Compensation Committee:

The Nomination and Remuneration & Compensation Committee was constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 comprises of Sri S.Veerabhadra Rao as the Chairman and Sri.K.Satyanarayana Prasad and Sri Vishal Tulsyan as Members. The Committee determines the remuneration package of Executive Directors (Whole Time Directors) of the Company and to grant Stock Options to eligible employees from time to time. During the year there was no change in the composition of the Committee. However, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vishal Tulsyan, due to Sri Vishal Tulsyan resignation. During the year the committee met one time 31.10.2019.

During the year your Company has granted 5,62,860 [Five Lac Sixty Two Thousand Eight Hundred and Sixty only] employee stock options to the eligible employees of the Company, determined in terms of **ESOP 2019**, at a price of Rs 120/- (Rupees One Hundred and Twenty only) per share.

Attendance of each Director at Nomination & Compensation Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Vishal Tulsyan	Nominee Director	1	0
S.Veerabhadra Rao	Independent Director	1	1
K Satyanarayana Prasad	Independent Director	1	1

Criteria for Performance evaluation:

(I) Remuneration Policy:

The Policy inter alia provides for the following:

- attract, recruit, and retain good and exceptional talent;
- list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

(II) Remuneration paid to Directors

Remuneration to Executive Directors:

The Managing Director, Whole Time Director and Executive Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites. The details of remuneration paid to Whole Time Directors during the year 2019-2020 are given below:

Name of the Director	Remuneration	Allowances	Commission
V G K Prasad	Rs.55,42,000	NIL	Rs 35,66,000
V Indira Devi	Rs.30,00,000	NIL	Rs 15,18,000
K Vasumathi Devi	Rs.38,33,000	NIL	Rs 25,04,000

The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013.

Remuneration to Non-Executive Directors

Presently, the Non-Executive Directors do not receive any remuneration from the company and have not paid any sitting fees also for attending the meetings of the Board and Committees thereof.

a) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2019-2020.

The details of sitting fees paid/payable to Non-Executive Directors during the financial year 2019-2020 was Nil.

Name of the Director	Sitting Fee					Total
	Board Meetings	Audit Committee Meetings	N & R Committee Meetings	Risk Management Committee Meeting	Stakeholders Relationship Committee Meetings	
-----Nil-----						

The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013.

5. Stakeholder Relationship Committee:

The Share Transfer and Investor Grievance Committee comprises of Sri.K.Satyanarayana Prasad as Chairman and Sri S Veerabhadra Rao as Member. The Stakeholder Relationship Committee was constituted in accordance with the provisions Section 178 of the Companies Act, 2013 and Rules made thereunder. During the year there was no complaints received by the Company.

6. Asset Liability Management Committee:

The Asset Liability Management Committee comprises of Sri V G K Prasad as Chairman, Sri S.Veerabhadra Rao, Sri.Vishal Tulsyan and Smt. K.Vasumathi Devi as Members. During the year there was no change in the composition of the Committee. However, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vihsal Tulsyan, due to Sri Vishal Tulsyan resignation.. The Asset Liability Management Committee was formed to review and monitor liquidity and interest rate risk arising out of maturity mismatch of assets and liabilities and to address the mismatches, if any, from time to time. During the year 2019-2020 the committee met 4 times on 25.04.2019, 21.08.2019, 31.10.2019 and 18.03.2020.

Attendance of each Director at Asset Liability Management Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V G K Prasad	Executive	4	4
S.Veerabhadra Rao	Independent Director	4	2
K.Vasumathi Devi	Whole Time Director	4	4
Vishal Tulsyan	Nominee Director	4	2

7. Risk Management Committee:

The Risk Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri. S Veerabhadra Rao Sri.Visal Tulsyanand Smt K.Vasumathi Devi as Members. During the year there was no change in the composition of Committee. However, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vihsal Tulsyan, due to Sri Vishal Tulsyan resignation. The Risk Management Committee was formed to review and monitor Risk Management policies and systems from time to time. During the year 2019-2020 the committee met 5 times 25.04.2019, 21.08.2019, 18.10.2019, 07.01.2020 and 18.03.2020.

Attendance of each Director at Risk Management Committee Meetings

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V G K Prasad	Executive	5	5
S.Veerabhadra Rao	Independent Director	5	3
K.Vasumathi Devi	Whole Time Director	5	5
Vishal Tulsyan	Nominee Director	5	3

8. Management Committee:

The Management Committee comprises of Sri.VG.K.Prasad as Chairman, Sri. S Veerabhadra Rao and Smt K.Vasumathi Devi as Members. During the year there was no change in the composition of Committee. The management Committee was formed to review and monitor borrowings, assignment and securitization transactions, day to day management activities etc from time to time. During the year 2019-2020 the committee met 21 times 24.06.2019, 25.06.2019, 28.06.2019, 23.07.2019, 19.08.2019, 27.08.2019, 25.09.2019, 24.10.2019, 08.11.2019, 26.11.2019, 30.11.2019, 18.12.2019, 17.01.2020, 27.01.2020, 30.01.2020, 17.02.2020, 26.02.2020, 27.02.2020, 02.03.2020, 13.03.2020 and 21.03.2020.

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V G K Prasad	Executive	21	21
S.Veerabhadra Rao	Independent Director	21	21
K.Vasumathi Devi	Whole Time Director	21	21

7.General Body Meetings:

- a) Time and location of last three Annual General Meetings and Special Resolutions passed by the members during the past 3 years AGMs.

AGM	Day	Date	Time	Venue	Special Resolutions passed
28 th AGM	Wednesday	04.12.2019	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	<ul style="list-style-type: none"> • Re-Appointment of Mr.Satyanarayana Prasad Kanaparthi (DIN 03598603), as Independent Director. • Re-Appointment of Mr. Veerabhadra Rao Sunkara (DIN 01180981), as Independent Director • Enhance the Borrowing Powers of the Company from Rs.3000 crores to Rs. 4000 crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis
27 th AGM	Saturday	29.09.2018	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	<ul style="list-style-type: none"> • Enhance the Borrowing Powers of the Company from Rs.2000 crores to Rs. 3000 crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis.
26 th AGM	Thursday	30-11-2017	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	<ul style="list-style-type: none"> • Enhance the Borrowing Powers of the Company from 1500 Crores to 2000 Crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis.

b) No special resolution is proposed to be passed through postal ballot.

8. Means of Communication:

Required communications will be published in “Business Standard” (English) and “Andhra Prabha” (Telugu) and website of the Company www.ikffinance.com.

9. Disclosures:

There are no materially significant transactions with related parties i.e. Associate Companies, Promoters, Directors or the key management personnel and their relatives conflicting with the Company’s interest.

10. General Information to Shareholder:

General Body Meeting, Day, Date, Time & Location

29th Annual General Meeting will be held on Thursday 24-12-2020, 11.00 A.M., at the Registered Office situated at # 40-1-144, Corporate Centre, M.G. Road, Vijayawada - 520 010.

Financial Calendar

Financial Year - 1st April 2019 to 31st March 2020.

Book Closure dates

December 16, 2020 to December 24, 2020

Share Transfers

Share transfer requests were processed and share certificates dispatched within 30 days from the date of lodgement, in case of physical transfers.

The company’s shares are being compulsorily traded in dematerialized form with effect from 1st April, 2003. M/s. Bigshare Services Private Limited, who have been appointed as the Registrar and Share Transfer Agents of the company for both physical and electronic segments have attended to the share transfer formalities regularly. The Registrars and Share Transfer Agents can be contacted by the investors at the following address:

M/s. Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp.: Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad – 500 082, Tel.No.: 040-23374967, Fax No.: 040-23374295, Email : bsshyd@bigshareonline.com.

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2020– 99.76%.

11. Distribution of Shareholding as on 31st March, 2020:

Fully Paid up Shares

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No	% of total	Rs.	% of total
Upto	5,000	1092	71.75%	2064900	0.43%
5,001	10,000	203	13.33%	1801510	0.38%
10,001	20,000	112	7.36%	1790220	0.38%
20,001	30,000	33	2.17%	870150	0.18%
30,001	40,000	22	1.45%	803340	0.17%
40,001	50,000	12	0.79%	590600	0.12%
50,001	1,00,000	14	0.92%	1124100	0.24%
1,00,001	& above	34	2.23%	465748970	98.10%
Total		1522	100.00%	474793790	100.00

Partly Paid Up Shares

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No	% of total	Rs.	% of total
Upto	5,000	0	0	0	0
5,001	10,000	0	0	0	0
10,001	20,000	0	0	0	0
20,001	30,000	0	0	0	0
30,001	40,000	0	0	0	0
40,001	50,000	0	0	0	0
50,001	1,00,000	0	0	0	0
1,00,001	& above	5	100.00	2,79,70,315.20	100.00%
Total		15	100.00%	2,79,70,315.20	100.00%

12. Shareholding Pattern as on 31.03.2020:

Category	Total Shareholders	% of Shareholders	Total Shares	%
Clearing Member	6	0.394%	751	0.0016%
Corporate Bodies	21	1.38%	36687	0.0773%
Foreign Company	1	0.066%	13051546	27.4889%
Foreign Promoters	2	0.131%	1611800	3.3947%
Nationalized Banks	1	0.066%	3899	0.0082%
Non Resident Indians	10	0.657%	6430	0.0135%
Promoters	5	0.329%	22781905	47.982%
Public	1475	96.912%	2182343	4.5964%
Trusts	1	0.066%	7804018	16.4366%
Total	1522	100.00%	47479379	100.0000

Partly Paid Up Shares

Category	Total Shareholders	% of Shareholders	Total Shares	%
Clearing Member	0	0	0	0
Corporate Bodies	0	0	0	0
Foreign Company	0	0	0	0
Foreign Promoters	0	0	0	0
Nationalized Banks	0	0	0	0
Non Resident Indians	0	0	0	0
Promoters	5	100.00%	5179688	100.00%
Public	0	0	0	0
Trusts	0	0	0	0
Total	5	100.00%	5179688	100.00%

Address for correspondence and any assistance/clarification

13. Compliance Officer:

Mr. Ch.Sreenivasa Rao, Company Secretary, IKF Finance Limited, D.No.: 40-1-144, Corporate Centre, M.G.Road, Vijayawada – 520010.

Form No. MR-3
Secretarial Audit Report
For the Financial Year ended on March 31, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. IKF Finance Limited,
40-1-144,3rd Floor, Corporate Centre,
M.G.Road. Vijayawada - 520010.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by *IKF Finance Limited* (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company during the audit period)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the audit period)**
 - (d) The Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; **(Not applicable to the Company during the audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**
- (vi) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- (vii) Employees State Insurance Act, 1948;
- (viii) Employers Liability Act, 1938;
- (ix) Environment Protection Act, 1986 and other environmental laws;
- (x) Equal Remuneration Act, 1976;
- (xi) Factories Act, 1948;
- (xii) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;
- (xiii) Maternity Benefits Act, 1961;
- (xiv) Minimum Wages Act, 1948;
- (xv) Negotiable Instruments Act, 1881;
- (xvi) Payment of Bonus Act, 1965;
- (xvii) Payment of Gratuity Act, 1972;
- (xviii) Payment of Wages Act, 1936 and other applicable labour laws;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism in the Company to monitor and ensure compliance with applicable general laws.

We further report that that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of Board of Directors during the period under review.

We further report that adequate notice was given to all directors to schedule the Board Meetings and agenda with detailed notes thereon were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, all the decisions of the Board were without any dissent.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, the following material events / actions have taken place:

01. The Company has taken approval from the shareholders for following:

- i. Re-appointment of Mr. Satyanarayana Prasad Kanaparti (DIN: 03598603), as Independent Director
- ii. Re-appointment of Mr. Veerabhadra Rao Sunkara (DIN: 01180981), as Independent Director
- iii. To enhance the Borrowing Powers of the Company from Rs.3,000 Crores to Rs.4,000 Crores.
- iv. Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company up to an amount of Rs. 4000 Crores.
- v. Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis up to an amount of Rs. 1200 Crores.

02. The Company has allotted following securities:

- i. 1800 Secured Rated Redeemable Non-Convertible Debenture of Rs.1,00,000 each
- ii. 1500 Secured Rated Redeemable Non-Convertible Debenture of Rs.1,00,000 each
- iii. 2000 Secured Rated Redeemable Non-Convertible Debenture of Rs.1,00,000 each

for **B S S & Associates**
Company Secretaries

B. Sathish
Partner

ACS No.: 27885

C P No.: 10089

UDIN: A027885B001230779

Place: Hyderabad

Date: 14.11.2020

This Report is to be read with our letter of even date which is annexed as 'Annexure A' and Forms an integral part of this report.

Annexure-A

To,
The Members,
M/s. Penna Cement Industries Limited,
H.No.8-2-268/A/1/S & S1, plot No.705
Road No.3, Banjara Hills,
Hyderabad, Telangana - 500034.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is not an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for **B S S & Associates**
Company Secretaries

B. Sathish
Partner

ACS No.: 27885

C P No.: 10089

UDIN: A027885B001230779

Place: Hyderabad
Date: 14.11.2020

Annual Report on CSR Activities

Brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken:

- a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- b. Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects;
- c. Promoting gender equality, empowering women;
- d. Ensuring environmental sustainability, ecological balance;
- e. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central / State Government for socio-economic development and relief;
- f. Rural Development projects;
- g. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

Partnerships

Collaborative partnerships are formed with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders to widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

IKF Finance Limited is committed to improve the lives of the society in which it operates. The Company believes in its efforts to improve the society and strives to create a positive impact on the communities it serves and on the environment.

The objective of our CSR policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

Composition of CSR Committee is as under:

Sri S.Veerabhadra Rao - Chairman
Sri Vishal Tulsayn - Member (Upto 01.10.2020)
Sri.Vinit Mukesh Mehta (From 01.10.2020)
Sri V.G.K.Prasad - Member

Average Net Profit of the Company for the last three financial years: Rs.35,39,23,359

Prescribed CSR expenditure (two percent of the amount as in item 3 above): Rs.70,78,467

Details of CSR spend for the financial year:

i. Total amount spent for the financial year: Rs.50,86,000/-

ii. Amount unspent: Rs 19,92,467/-

iii. Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget project or programs wise) (in Rs)	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent directly
1	Educational Activities	Promoting Education and Vocational Skills	Education	50,00,000	50,00,000	50,00,000	Thorough Sibar Educational Society
2	Educational Activities	Promoting Education and Vocational Skills	Education	86,000	86,000	86,000	Direct

Reasons for Unspent:

The company is in process of identifying appropriate projects and effective CSR Plan. Thus we are well poised to spend the balance amount during the current financial year.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place : Vijayawada
Date : 14.11.2020

For and on behalf of Corporate Social Responsibility Committee

(S Veerabhadra Rao)
Chairman of the Committee

(V G K Prasad)
Member

Form No.MGT-9

Extract Of Annual Return As On The Financial Year Ended 31st March, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65992AP1991PLC012736
ii.	Registration Date	30/05/1991
iii.	Name of the Company	IKF FINANCE LIMITED
iv.	Category/ Sub-Category of the Company	Indian Non-Government Company
v.	Address of the Registered office and contact details	40-1-144,3rd FLOOR, Corporate Centre, M.G.Road, Vijayawada, Andhra Pradesh-520010
vi.	Whether listed company	Yes /No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Bigshare Services Private Limited 306, 3rd Floor, Right Wing, Amrutha Ville Opp. Yashoda Hospital, Rajbhavan Road Somajiguda, Hyderabad- 500 082

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr.No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Non Banking Financial Activity	99711	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IKF Home Finance Limited	U65922AP200 2PLC039417	Subsidiary	91.48% (Fully Diluted Basis)	2(87)(ii)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Fully Paid up)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	2,22,55,035	0	2,22,55,035	46.87	2,22,55,035	5,26,870	2,27,81,905	47.98	1.11
b) Central Govt									
c) State Govt(s)									
Bodies Corp	0	0	0	0	0	0	0	0	0
Banks / FI									
Any Other									
Sub-total(A)(1):-	2,22,55,035	0	2,22,55,035	46.87	2,22,55,035	5,26,870	2,27,81,905	47.98	1.11
2) Foreign									
NRIs-Individuals	16,11,800	0	16,11,800	3.40	16,11,800	0	16,11,800	3.40	0
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other....									
Sub-total (A)(2):-	16,11,800	0	16,11,800	3.39	16,11,800	0	16,11,800	3.40	0
Total Promoters Shareholding (A)=(A)(1)+(A)(2)	2,38,66,835	0	2,38,66,835	50.27	2,38,66,835	5,26,870	2,43,93,705	51.38	1.11

B. PublicShareholding									
1. Institutions									
Mutual Funds									
Banks / FI	0	0	0	0	3,899	0	3,899	0.01	0.01
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FII's									
Foreign Venture Capital Funds									
Others (specify) Clearing Members	0	0	0	0	751	0	751	0.00	0.00
Sub-total (B)(1)	0	0	0	0	4650	0	4650	0.01	0.01
2. NonInstitutions									
Bodies Corp.									
(i) Indian	78,47,913	0	78,47,913	16.53	78,40,705	0	78,40,705	16.51	0.02
ii) Overseas	1,30,51,546	0	1,30,51,546	27.49	1,30,51,546	0	1,30,51,546	27.49	0.00
Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7,53,601	71,888	8,25,489	1.74	7,54,989	70,010	8,24,999	1.73	(0.001)
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	17,82,468	46,000	18,28,468	3.85	12,71,498	33,900	13,05,398	2.75	(1.1)
Others(Specify)	59,128	0	59,128	0.12	58,376	0	58,376	0.12	0.00
	2,34,94,656	1,17,888	2,36,12,544	49.73	2,29,77,114	1,03,910	2,30,81,024	48.62	(1.69)

Sub-total (B)(2)									
Total Public Shareholding (B)=(B)(1)+(B)(2)	2,34,94,656	1,17,888	2,36,12,544	49.73	2,29,81,764	1,03,910	2,30,85,674	48.62	0.81
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	4,73,61,491	1,17,888	4,74,79,379	100.00	4,68,48,599	6,30,780	4,74,79,379	100.00	0

Partly Paid up- Rs 5.40/- Paid up

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
<i>1) Indian</i>									
a) Individual/ HUF	0	51,79,688	51,79,688	100.00	0	51,79,688	51,79,688	100.00	(0.00)
b) Central Govt									
c) State Govt(s)									
Bodies Corp	0	0	0	0	0	0	0	0	0
Banks / FI									
Any Other									
Sub-total(A)(1):-	0	51,79,688	51,79,688	100.00	0	51,79,688	51,79,688	100.00	(0.00)
<i>2) Foreign</i>									
NRIs-Individuals	0	0	0	0	0	0	0	0	0
Other-Individuals									
Bodies Corp.									
Banks / FI									

Any Other....									
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
C. Public Shareholding	0	0	0	0	0	0	0	0	0
1. Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FII's									
Foreign Venture Capital Funds									
Others (specify) Clearing Members									
Sub-total (B)(1)									
2. Non Institutions									
Bodies Corp. (ii) Indian ii) Overseas									
Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1									

lakh									
Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	0	51,79,688	51,79,688	100.00	0	51,79,688	51,79,688	100.00	(0.00)

ii.Shareholding of Promoters

Fully Paid Up Shares- Rs 10/- each

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vupputuri Gopala Kishan Prasad	1,53,41,030	32.31	8.32	1,58,67,900	33.42	8.04	(-0.28)
2	Koganti Vasumathi Devi	21,31,286	4.49	Nil	21,31,286	4.49	Nil	(0.00)
3	Vupputuri Vasantha Lakshmi	20,06,117	4.23	38.87	20,06,117	4.23	38.87	(0.00)
4	Vupputuri Raghu Ram	14,49,700	3.05	97.86	14,49,700	3.05	97.86	(0.00)
5	Vupputuri Indira Devi	13,26,902	2.79	60.93	13,26,902	2.79	60.93	(0.00)
6	Durga Rani Chunduri	14,94,100	3.15	Nil	14,94,100	3.15	Nil	(0.00)
7	Chunduri Sinha Satyanand	1,17,700	0.25	Nil	1,17,700	0.25	Nil	(0.00)

Partly Paid Up Shares- Rs 5.40/- Paid up each

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vupputuri Gopala Kishan Prasad	35,05,821	67.68	Nil	35,05,821	67.68	Nil	Nil
2	Koganti Vasumathi Devi	5,15,980	9.96	Nil	5,15,980	9.96	Nil	Nil
3	Vupputuri Vasantha Lakshmi	4,85,677	9.38	Nil	4,85,677	9.38	Nil	Nil
4	Vupputuri Raghu Ram	3,50,970	6.78	Nil	3,50,970	6.78	Nil	Nil
5	Vupputuri Indira Devi	3,21,240	6.20	Nil	3,21,240	6.20	Nil	Nil

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Fully Paid Up Shares- Rs 10/- each

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,38,66,835	50.27%	2,38,66,835	50.27%
	Increase during the year	5,26,870	1.11%	2,43,93,705	51.38%
	At the End of the year	2,43,93,705	51.38%	2,43,93,705	51.38%

Partly Paid Up Shares- Rs 5.40/- each

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	51,79,688	100.00	51,79,688	100.00
	At the End of the year	51,79,688	100.00	51,79,688	100.00

Name wise changes

1.Vupputuri Gopala Kishan Prasad					
At the beginning of the year	1,53,41,030	32.31	1,53,41,030	32.31	
Increased during the year	5,26,870	1.11	1,58,67,900	33.42	
At the End of the year	1,58,67,900		1,58,67,900	33.42	
2.Satyananda Sinha Chunduri					
At the beginning of the year	1,17,700	0.26	1,17,700	0.26	
Changes during the year –No Change	0	0	0	0	
At the End of the year	1,17,700	0.26	1,17,700	0.26	
3.Vupputuri Indira Devi					
At the beginning of the year	13,26,902	2.78	13,26,902	2.78	
Changes during the year –No Change	0	0	0	0	
At the End of the year	13,26,902	2.78	13,26,902	2.78	
4 Vupputuri Vasantha Lakshmi					
At the beginning of the year	20,06,117	4.23	20,06,117	4.23	
Changes during the year –No Change	0	0	0	0	
At the End of the year	20,06,117	4.41	20,06,117	4.41	
5.Koganti Vasumathi Devi					
At the beginning of the year	21,31,286	4.49	21,31,286	4.49	
Changes during the year –No Change	0	0	0	0	
At the End of the year	21,31,286	4.49	21,31,286	4.49	
6.Durga Rani Chunduri					
At the beginning of the year	14,94,100	3.15	14,94,100	3.15	

Changes during the year –No Change	0	0	0	0
At the End of the year	14,94,100	3.15	14,94,100	3.15
7.Vupputuri Raghuram				
At the beginning of the year	14,49,700	3.05	14,49,700	3.05
Changes during the year –No Change	0	0	0	0
At the End of the year	14,49,700	3.05	14,49,700	3.05

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	India Business Excellence Fund – IIA	1,30,51,546	27.48	1,30,51,546	27.48
	At the beginning of the year				
	Increased during the year	0	0	0	0
	At the End of the year	1,30,51,546	27.48	1,30,51,546	27.48
2.	IL AND FS Trust Company Ltd (Trustee Of Business Excellence Trust II - India Business Excellence Fund-II)	78,04,018	16.44	78,04,018	16.44
	At the beginning of the year				
	Increased during the year – No Change	0	0	0	0
	At the End of the year	78,04,018	16.44	78,04,018	16.44
3.	Amit Bhutra	3,05,684	0.64	3,05,684	0.64
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	3,05,684	0.64	3,05,684	0.64

4	Vupputuri Venkata Rao	2,42,335	0.51	2,42,335	0.51
	At the Beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	2,42,335	0.51	2,42,335	0.51
5	M Venkat Rao	1,10,425	0.23	1,10,425	0.23
	At beginning of the year				
	Changes during the year -No Change	0	0	0	0
	At the End of the year	1,10,425	0.23	1,10,425	0.23
6	K Chakradhara Rao	93,634	0.20	93,634	0.20
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	93,634	0.20	93,634	0.20
7	Bharat C Jain	85,615	0.18	85,615	0.18
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	85,615	0.18	85,615	0.18
8	J Krishna Prasad	85,615	0.18	85,615	0.18
	At the beginning of the year				
	Changes during the year – Decrease	(4794)	(0.01)	80821	0.17
	At the End of the year	80821	0.17	80821	0.17
9	Suresh Chand Butara	50,770	0.11	50,770	0.11
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	50,770	0.11	50,770	0.11

10	P Purnachandra Rao	34,406	0.07	34,406	0.07
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	34,406	0.07	34,406	0.07

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding at the Beginning of the year	Shareholding at the Beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Vupputuri Gopala Kishan Prasad					
	At the beginning of the year	1,53,41,030	32.31	1,53,41,030	32.31
	5,26,870	1.11	1,58,67,900		5,26,870
	1,58,67,900		1,58,67,900		1,58,67,900
2. Satyanarayana Sinha Chunduri					
	At the beginning of the year	1,17,700	0.25	1,17,700	0.25
	Changes during the year – No Change	0	0	0	0
	At the End of the year	1,17,700	0.25	1,17,700	0.25
3.Vupputuri Indira Devi					
	At the beginning of the year	13,26,902	2.79	13,26,902	2.79
	Changes during the year – No Change	0	0	0	0
	At the End of the year	13,26,902	2.79	13,26,902	2.79
4.Vupputuri Vasantha Lakshmi					
	At the beginning of the year	20,06,117	4.22	20,06,117	4.22
	No Change	0	0	0	0
	At the End of the year	20,06,117	4.22	20,06,117	4.22

5.Koganti Vasumathi Devi				
At the beginning of the year	21,31,286	4.49	21,31,286	4.49
No Change	0	0	0	0
At the End of the year	21,31,286	4.49	21,31,286	4.49

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	8145295736	788485567	0	8933781303
ii) Interest due but not paid	–	–	0	0
iii) Interest accrued but not due	31818648	26776389		58595037
	8177114384	815261956	0	8992376340
Total (i + ii + iii)	8145295736	788485567	0	8933781303
Change in Indebtedness during the financial year				
- Addition	3495000000	530000000	0	4025000000
- Reduction	2280057638	166176507	0	2446234145
Net Change	1214942362	363823493	0	1578765855
Indebtedness at the end of the financial year				
i) Principal Amount	9364179747	1147161236	0	10511340983
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	27877000	31925213	0	59802213
Total (i + ii + iii)	9392056747	1179086449	0	10571142196

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1.	Gross salary	V G K Prasad	V Indira Devi	K Vasumathi Devi	
		Managing Director	Whole time Director	Executive Director	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	55,41,605	30,00,000	38,33,335	1,23,74,940
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission				
	- as % of profit	35,66,125	15,17,500	25,03,875	75,87,500
	- others, specify...				
5.	Others, please specify	NIL	NIL	NIL	NIL
6.	Total(A)	91,07,730	45,17,500	63,37,210	199,62,440
	Ceiling as per the Act				3,79,57,462

Remuneration to other directors: Nil

Sl. No.	Particulars of Remuneration	Name of the Director				Total Amount
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total(1)	Nil	Nil	Nil	Nil	Nil
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total(2)	Nil	Nil	Nil	Nil	Nil
	Total(B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act					37,95,746

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD- Not Applicable

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites/s 17(2)Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act, 1961	-	21,00,000	32,53,528	53,53,528
2.	Stock Option	-	61703	-	61703
3.	Sweat Equity				
4.	Commission - as% of profit -others, specify...				
5.	Others, please specify				
6.	Total	-	21,61,703	32,53,528	54,15,231

VI. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers In Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board
IKF FINANCE LIMITED

Place: Vijayawada
Date : 14.11.2020

(V G K Prasad)
Managing Director
DIN : 01817992

(V. Indira Devi)
Whole time Director
DIN : 03161174

FORM NO. AOC -2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis:

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2019-20.

2. Details of material contracts or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transactions with related parties during the financial year 2019-20 is enclosed.

For and on Behalf of the Board
IKF Finance Limited

Sd/-
(V G K Prasad)
Managing Director
DIN: 01817992

Place: Vijayawada
Date : 14.11.2020

FORM NO. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - Nil –
2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No	Particulars	Details
1	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V G K Prasad Rent paid Not Applicable Rs 20.33 Lacs during the period 13-04-2015 Nil
2	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V Indira Devi Rent paid Not Applicable Rs 43.56 Lacs during the period 13-04-2015 Nil
3	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	K Vasumathi Devi Salary paid Not Applicable Rs 38.33 Lacs during the period 31-08-2017 & 31.10.2019 Nil
4	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V G K Prasad Salary paid Not Applicable Rs 55.42 Lacs during the period 31-08-2017 & 31.10.2019 Nil
5	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V Indira Devi Salary paid Not Applicable Rs 30.00 Lacs during the period 31-08-2017 & 31.10.2019 Nil
6	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V Indira Devi Commission Payable Not Applicable Rs 15.18 Lacs for the period 31.10.2019 Nil

7	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V.G.K.Prasad Commission Payable Not Applicable Rs 35.66 Lacs for the period 31.10.2019 Nil
8	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	K Vasumathi Devi Commission Payable Not Applicable Rs 25.04 Lacs for the period 31.10.2019 Nil
9	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	P Chadra Sekhar Salary Paid Not Applicable Rs 24.00 Lacs during the period 10.04.2019 Nil
10	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	P Chadra Sekhar Esop Compensation Not Applicable Rs 0.79 Lacs for the period 11.06.2019 Nil
11	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	Sreepal Gulab Chand Jain Salary Paid Not Applicable Rs 32.54 Lacs during the period 31.10.2019 Nil
12	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	Ch Sreenivasa Rao Salary Paid Not Applicable Rs 31.00 Lacs during the period 16.06.2016 Nil
13	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	Ch Sreenivasa Rao Esop Compensation Not Applicable Rs 0.62 Lacs for the period 11.06.2019 Nil

14	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Loan given Not Applicable Rs 8630.59 Lacs during the period Not Applicable Nil
15	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Loan Repayment Received Not Applicable Rs 9548.50 Lacs during the period Not Applicable Nil
16	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Interest Received Not Applicable Rs 564.67Lacs during the period Not Applicable Nil
17	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Interest Received on Direct Assignment Not Applicable Rs 176.74 Lacs during the period Not Applicable Nil
18	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Interest Received on Direct Assignment Not Applicable Rs 176.74 Lacs during the period Not Applicable Nil
19	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Service Fee Collected Not Applicable Rs 44.25 Lacs during the period Not Applicable Nil
20	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Home Finance Limited Service Fee Paid Not Applicable Rs 1.00 Lac during the period Not Applicable Nil

21	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Infratech Private Limited Non Convertible Debentures Not Applicable 63.20 Lacs Not Applicable Nil
22	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	IKF Infratech Private Limited Interest Paid Not Applicable Rs 0.41 Lacs Not Applicable Nil
23	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	SVR Finance & Leasing Pvt. Limited Interest Paid Not Applicable Rs 0.37 Lacs during the period NA Nil

INDEPENDENT AUDITOR'S REPORT**To the Members of IKF Finance Limited****Report on the Audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying Standalone Ind AS financial statements of IKF Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Emphasis of matter

We draw attention to Note 47 to the Standalone Ind AS financial statement, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers, investments, deferred taxes which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 37 to the Standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

JITENDRA
HIRACHAND
RANAWAT

Digitally signed by JITENDRA
HIRACHAND RANAWAT
DN: cn=JITENDRA HIRACHAND
RANAWAT, c=IN, o=Personal,
email=jitendra.ranawat@srb.in
Date: 2020.07.10 21:43:54 +05'30'

per Jitendra H. Ranawat

Partner

Membership Number: 103380

UDIN: 20103380AAAABT4443

Mumbai

Date: July 10, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Re: IKF Finance Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) Property, plant and Equipment have not been physically verified by the management during the year due to the national lockdown declared by the Government of India due to outbreak of Novel Corona Virus (COVID-19) hence, we are unable to comment on the discrepancies, if any.
- (c) According to the information and explanations given by the management, the title deed of immovable property included in Investment Property is held in the name of the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investment made and guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/ services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and service tax, and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in few cases. The provisions relating to customs duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, goods and service tax, and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to customs duty are not applicable to the Company.

- (c) According to the information and explanation given to us the dues outstanding of income tax, goods and service tax and other statutory dues which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount under dispute (Rupees)	Amount paid* (Rupees)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	14,30,979	-	AY 2017-18	The Commissioner of Income Tax (Appeals)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

S.R. BATLIBOI & Co. LLP

Chartered Accountants

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E/ E300005
Chartered Accountants

JITENDRA
HIRACHAND
RANAWAT



Digitally signed by JITENDRA
HIRACHAND RANAWAT
DN: cn=JITENDRA HIRACHAND
RANAWAT, c=IN, o=Personal,
email=jitendra.ranawat@srb.in
Date: 2020.07.10 21:44:27 +05'30'

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 20103380AAAABT4443
Mumbai
Date: July 10, 2020

ANNEXURE 2 REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of IKF Finance Limited (“the Company”) as of March 31, 2020, in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company’s internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control

over financial reporting with reference to these Standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E/ E300005
Chartered Accountants

JITENDRA
HIRACHAND
RANAWAT

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Date: 2020.07.10 21:44:50 +05'30'

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 20103380AAAABT4443
Mumbai
Date: July 10, 2020

IKF Finance Limited
Balance Sheet as at March 31, 2020
(Currency : INR in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	3	2,485.62	1,372.66	3,067.88
(b) Bank Balance other than included in (a) above	4	3,774.93	3,632.01	5,578.15
(c) Receivables				
(i) Trade receivables	5	23.96	135.42	130.43
(d) Loans	6	1,26,010.88	1,09,462.92	71,886.14
(e) Investments	8	4,525.10	4,525.10	-
(f) Other financial assets	7	340.92	1,226.38	3,418.66
		1,37,161.41	1,20,354.49	84,081.26
(2) Non-financial assets				
(a) Current Tax Assets (Net)		156.56	345.89	410.72
(b) Deferred Tax Assets (Net)	29	344.61	132.27	-
(c) Investment Property	11	6.64	6.81	6.98
(d) Property, Plant and Equipment	10	272.40	287.75	329.28
(e) Right of use asset	10	63.55	91.59	16.46
(f) Intangible assets	12	178.39	141.14	70.67
(g) Other non-financial assets	9	354.74	418.01	380.28
		1,376.89	1,423.46	1,214.39
Total assets		1,38,538.30	1,21,777.95	85,295.65
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Payables				
(i) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(ii) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(b) Debt securities	13	6,109.76	12,609.31	16,976.68
(c) Borrowings (other than debt securities)	14	93,150.90	72,788.63	33,688.92
(d) Subordinated Liabilities	15	6,450.76	4,525.83	7,011.99
(e) Other financial liabilities	16	2,738.86	4,505.98	4,889.84
		1,08,450.28	94,429.75	62,567.43
(2) Non-financial liabilities				
(a) Current tax liabilities (Net)		-	88.44	93.23
(b) Provisions	17	208.48	139.15	68.61
(c) Deferred tax liabilities (Net)	29	-	-	821.30
(d) Other non-financial liabilities	18	118.69	147.13	104.15
		327.17	374.72	1,087.29
EQUITY				
(a) Equity share capital	19	5,027.64	5,027.64	4,692.48
(b) Other equity	20	24,733.21	21,945.84	16,948.45
		29,760.85	26,973.48	21,640.93
Total liabilities and equity		1,38,538.30	1,21,777.95	85,295.65

Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone financial statements
As per our report of even date

2

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

JITENDRA
HIRACHAND
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Date: 2020.07.10 21:45:04 +05'30'

per Jitendra H. Ranawat

Partner

Membership No.103380

Place: Mumbai

Date: 10-07-2020

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

GOPALA
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VUPPUTURI

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INDIRA
DEVI
VUPPUTURI

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INDIRA DEVI
VUPPUTURI
Date: 2020.07.10
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V.G.K Prasad

Managing Director

DIN: 01817992

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ND JAIN

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GULABCHAND JAIN
Date: 2020.07.10
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Sreepal Jain

Chief Financial Officer

V.Indira Devi

Whole Time Director

DIN: 03161174

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CHAPALAMADUGU

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Date: 2020.07.10 19:20:06
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Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

Place: Vijayawada

Date: 10-07-2020

IKF Finance Limited
Statement of Profit and Loss for the year ended March 31, 2020

(Currency : INR in lakhs)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Revenue From operations			
(i) Interest income	21	20,567.97	15,500.11
(ii) Fees and commission income	22	1.10	5.33
(I) Total revenue from operations		20,569.07	15,505.44
(II) Other income	23	19.22	26.68
(III) Total income (I + II)		20,588.29	15,532.12
Expenses			
(i) Finance costs	24	11,551.63	8,487.93
(ii) Impairment on financial instruments	25	1,634.74	1,117.30
(iii) Employee benefits expenses	26	2,505.30	2,264.03
(iv) Depreciation, amortization and impairment	27	149.12	122.42
(v) Others expenses	28	953.75	1,085.81
(IV) Total expenses		16,794.54	13,077.49
(V) Profit before tax (III - IV)		3,793.75	2,454.63
(VI) Tax Expense:			
(1) Current Tax	29	1,229.39	1,531.57
'(2) Deferred Tax	29	(211.14)	(953.92)
'(3) Adjustment of tax relating to earlier periods	29	2.13	60.42
		1,020.38	638.07
(VII) Profit for the period (V-VI)		2,773.37	1,816.56
(VIII) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss (specify items and amounts)			
(a) Remeasurements of the defined benefit plans	30	(4.76)	1.15
Income tax relating to items that will not be reclassified to profit or loss		1.20	(0.34)
Other comprehensive income / (loss)		(3.56)	0.81
(IX) Total comprehensive income for the period (VII + VIII)		2,769.81	1,817.37
(X) Earnings per share (equity share, par value of Rs.10 each)			
Basic	31	5.52	3.83
Diluted	31	5.51	3.83

Significant accounting policies and key accounting estimates and judgments

2

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005
**JITENDRA
HIRACHAND
RANAWAT**

 Digitally signed by JITENDRA
HIRACHAND RANAWAT
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RANAWAT, c=IN, o=Personal,
email=jitendra.ranawat@srb.in
Date: 2020.07.10 21:45:16 +05'30'

per Jitendra H. Ranawat
Partner

Membership No.103380

Date: 10-07-2020

Place: Mumbai

**For and on behalf of the Board of Directors of
IKF Finance Limited**
CIN: U65992AP1991PLC012736

 Digitally signed by
GOPALA KISHAN
PRASAD
VUPPUTURI

V.G.K Prasad
Managing Director
DIN: 01817992

 Digitally signed by
SREEPAL
GULABCH
AND JAIN

Sreepal Jain
Chief Financial Officer

 Digitally signed by
INDIRA DEVI
VUPPUTURI

V.Indira Devi
Whole Time Director
DIN: 03161174

 Digitally signed by
SRINIVASA RAO
CHAPALAMAD
UGU

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada

Date: 10-07-2020

IKF Finance Limited
Cash Flow statement for the year ended March 31, 2020

(Currency : INR in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,793.75	2,454.63
Adjustments for:		
Depreciation, amortisation and impairment	149.12	122.42
Interest Income	(20,567.97)	(15,500.11)
Interest expenses	11,551.63	8,487.93
Impairment on financial instrument	1,634.74	1,117.30
Lease equalisation	-	(6.86)
Share based payment expense	17.56	-
Provision for expenses	5.03	-
Employee benefit expenses	86.54	78.05
Rental income on Investment property	(7.63)	(7.63)
Loss on sale of property, plant and equipment	3.03	13.24
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	(3,334.20)	(3,241.02)
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	85.76	(4.99)
Decrease / (Increase) in loans	(14,149.75)	(26,659.82)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(142.92)	1,946.14
Decrease / (Increase) in other financial assets	9.27	(9.47)
Decrease / (Increase) in other non-financial assets	63.27	(37.73)
(Decrease) / Increase in trade payables	-	-
(Decrease) / Increase in other financial liabilities	(1,747.77)	(452.63)
(Decrease) / Increase in provisions	(21.96)	(6.36)
(Decrease) / Increase in other non-financial liabilities	(28.44)	42.98
Interest received	19,722.44	16,951.89
Interest paid	(10,130.21)	(8,256.78)
	(9,674.52)	(19,727.78)
Income tax paid (net of refunds)	(1,130.62)	(1,531.96)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	(10,805.14)	(21,259.74)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(56.00)	(38.41)
Rental income on Investment property	7.63	7.63
Proceeds from sale of property, plant and equipment	0.19	0.41
Purchase of intangible assets	(72.63)	(95.63)
Purchase of investments measured at cost	-	(4,525.10)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	(120.81)	(4,651.09)
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	-	1,015.18
Amount received from debt securities	5,000.00	6,000.00
Repayment of debt securities	(11,611.11)	(10,383.86)
Amount received from borrowings other than debt securities	39,307.06	44,286.82
Repayment of borrowings other than debt securities	(22,606.71)	(16,670.03)
Amount received from subordinated Liabilities	2,000.00	(0.00)
Payment of principal portion of lease liabilities	(41.37)	(25.42)
Payment of interest on lease liabilities	(8.95)	(7.07)
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	12,038.92	24,215.62
Net Increase / (Decrease) in Cash and Cash Equivalents	1,112.96	(1,695.21)
Cash and Cash Equivalents at the beginning of Year	1,372.66	3,067.88
Cash and Cash Equivalents at the end of the Year	2,485.62	1,372.66

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

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

 Digitally signed by JITENDRA
 HIRACHAND RANAWAT
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 email=jitendra.ranawat@ikf.in
 Date: 2020.07.10 21:45:31 +05'30'

per Jitendra H. Ranawat
Partner

Membership No.103380

Date: 10-07-2020

Place: Mumbai

For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65992AP1991PLC012736

 Digitally signed by
 GOPALA KISHAN PRASAD
 VUPPUTURI
 DN: cn=GOPALA KISHAN
 PRASAD VUPPUTURI,
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V.G.K Prasad
Managing Director
DIN: 01817992

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 SREEPAL GULABCHAN
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 DN: cn=SREEPAL GULABCHAN
 D JAIN,
 Date: 2020.07.10
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Sreepal Jain
Chief Financial Officer

Place: Vijayawada

Date: 10-07-2020

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 INDIRA DEVI
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V.Indira Devi
Whole Time Director
DIN: 03161174

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 Date: 2020.07.10
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Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

IKF Finance Limited

Statement of Changes in Equity for the year ended March 31, 2020

(Currency : INR in lakhs)

A. Equity share capital

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Outstanding as on April 1, 2019	Issued during the year	Outstanding as on March 31, 2020	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019
Issued, Subscribed and paid up - fully paid (Equity shares of Rs.10 each, Fully paid-up)	4,747.94	-	4,747.94	4,552.63	195.31	4,747.94
Issued, Subscribed and paid up - partly paid (Equity shares of Rs.10 each, partly paid-up of Rs. 5.40 per share)	279.70	-	279.70	139.85	139.85	279.70

B. Other equity

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Capital Reserve	Securities Premium	General Reserve	Share based payment Reserve	Retained Earnings	Impairment Reserve	
Balance at April 1, 2018	2,285.07	32.50	5,905.04	544.35	-	8,181.49	-	16,948.45
Profit for the year	-	-	-	-	-	1,816.56	-	1,816.56
Other comprehensive income for the year	-	-	-	-	-	0.81	-	0.81
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,817.37	-	1,817.37
Transfer to Statutory Reserve	709.57	-	-	-	-	(709.57)	-	-
Transfer to General Reserve	-	-	-	177.39	-	(177.39)	-	-
Issue of equity shares	-	-	2,633.14	-	-	-	-	2,633.14
Premium on issue of Compulsorily Convertible Preference Shares (CCPS)	-	-	546.88	-	-	-	-	546.88
Balance at March 31, 2019	2,994.64	32.50	9,085.06	721.74	-	9,111.90	-	21,945.84
Profit for the year	-	-	-	-	-	2,773.37	-	2,773.37
Other comprehensive income for the year	-	-	-	-	-	(3.56)	-	(3.56)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	2,769.81	-	2,769.81
Transfer to Statutory Reserve	554.67	-	-	-	-	(554.67)	-	-
Transfer to General Reserve	-	-	-	138.67	-	(138.67)	-	-
Share based payment expense	-	-	-	-	17.56	-	-	17.56
Balance at March 31, 2020	3,549.31	32.50	9,085.06	860.41	17.56	11,188.37	-	24,733.21

As per our report of even date

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

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Date: 2020.07.10 21:45:42 +05'30'

per Jitendra H. Ranawat

Partner

Membership No.103380

Date: 10-07-2020

Place: Mumbai

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

GOPALA
KISHAN
PRASAD
VUPPUTURI

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GOPALA KISHAN
PRASAD VUPPUTURI
Date: 2020.07.10
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V.G.K Prasad

Managing Director

DIN: 01817992

Place: Vijayawada

Date: 10-07-2020

INDIRA
DEVI
VUPPUTURI

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V.Indira Devi

Whole Time Director

DIN: 03161174

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AND JAIN

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Sreepal Jain

Chief Financial Officer

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UGU

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Date: 2020.07.10
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Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2020

(All amount in Rs. Lakhs, unless otherwise stated)

1 Company Overview

IKF Finance Limited ('the Company') is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and classified as a Non-Banking Financial Company- Asset Finance Company ('NBFC-AFC') with effect from May 12, 2014. The Company provides finance for commercial vehicles, construction equipment and other loans.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements for the year ended March 31, 2020 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Company's financial statements upto and for the year ended March 31, 2019 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP".

The financial statements for the year ended March 31, 2020 are the first financial statements of the Company prepared under Ind AS. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 43- First Time Adoption.

2.2 Presentation of Financial Statements

The financial statement of the company are presented as per Division III of the Schedule III to the Companies Act 2013 as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind-AS. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 34 – Maturity analysis of assets and liabilities.

IKF Finance Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amount in Rs. Lakhs, unless otherwise stated)

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

2.3 Basis of Measurement

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments, plan assets of defined benefit plans and share based payment plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Lakhs in compliance with Schedule III of the Act, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

a. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be

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appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b. Effective Interest Rate (EIR) method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

c. Impairment of loans portfolio

The measurement of impairment losses on loan assets requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- PD calculation includes historical data, benchmarking, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs

It is the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6-Loans and Note 41- Risk Management.

d. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the

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complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

f. Lease Term

- The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

g. Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.5 Revenue recognition**a. Interest Income on loans**

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost and at fair value through other comprehensive (FVOCI) income.

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset except for credit impaired asset.

The calculation of the effective interest rate includes transaction costs and fees (loan processing fees, commission paid to direct selling agents and other premiums or discounts) that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

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When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

b. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

c. Interest income on fixed deposits

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

d. Other income

Other charges including application fees (penal interest, cheque bouncing charges, etc.) are recognised on realization basis.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at transaction price, which equates fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

a. Classification and measurement of Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

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- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans at amortised cost.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income and interest income which is recognised in statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

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b. Financial Liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

c. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

d. Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or in the period the Company changes its business model for managing financial assets. Financial liabilities are not reclassified.

e. De-recognition of financial assets and financial liabilities**i. Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- ii. It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i. The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

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- ii. The Company cannot sell or pledge the original asset other than as security to the eventual recipients

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- i. The Company has transferred substantially all the risks and rewards of the asset, or
- ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

ii. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

f. Impairment of Financial Assets

The Company recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

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The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) -

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PD is further explained in Note 41- Risk Management.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

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Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using other methodologies. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

g. Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in Note 40- Fair Value Measurement) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

2.7 Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss (if any). The total cost of the asset comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Advances paid towards the acquisition of assets outstanding at each balance sheet date are disclosed as other non-financial assets. The cost of assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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Depreciation is provided on a straight-line method, over the estimated useful life of each asset as prescribed in Schedule II of the Companies Act, 2013 as follows:

Asset	Useful Life
Building	60 years
Office Equipment	5 years
Furniture and Fixture	10 years
Computers	3 years
Vehicles (Car, Lorry, Bus)	8 years
Vehicles (Bike, Moped, Cycle)	10 years
Servers	6 years

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Cost comprise the purchase price and any attributable cost of bringing the asset to its working condition for its intended use

Intangible assets are amortised on a straight line basis over their estimated useful life.

The estimated useful life of intangible assets are as follows:

Asset	Useful Life
Software	6 years

2.9 Investment in Subsidiaries

Ind AS 101 permits a first time adopter to measure its investment, at the date of transition, at cost determined in accordance with Ind AS 27, or deemed cost. The deemed cost of such investment shall be its fair value at the Company's date of transition to Ind AS, or Previous GAAP carrying amount at that date. The Company has elected to measure its investment in subsidiary at the Previous GAAP carrying amount as its deemed cost on the transition date.

2.10 Impairment of non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

2.11 Employee benefits

Defined Contribution Plan:

The Company has a defined contribution plan for post-employment benefits in the form of Provident Fund. Under the Provident Fund Plan, the Company contributes to a Government administered provident fund / recognized provident fund on behalf of the employees. The Company has no further obligation beyond making the contributions.

The Company's contributions to the above Plan are charged to the Statement of Profit and Loss.

Defined Benefit Plan:

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under 'The Payment of Gratuity Act, 1972'. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other Employee Benefits:

The employees of the Company are entitled to compensated absence and deferred compensation as per the policy of the Company, the liability in respect of which is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in the actuarial assumptions are recognized immediately in the Statement of Profit and Loss in the year in which they arise.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. Unutilised leave balance that accrues to employees as at the year end is charged to the Statement of Profit and Loss on an undiscounted basis.

2.12 Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

(a) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.13 Provision and contingencies

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not

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probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 – “Earnings Per Share”. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

2.15 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.16 Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.17 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use ('ROU') the underlying assets.

i. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. (Refer to the accounting policies on Impairment of non-financial assets.)

ii. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the transition date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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2.18 Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting year, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

2.19 Statutory Reserve

In accordance with section 45-IC of the RBI Act, 1934, the Company creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and loss before any dividend is declared.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

3 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash on hand	5.99	193.37	162.38
Balance with bank in current accounts	2,479.63	1,179.29	2,905.50
Total	2,485.62	1,372.66	3,067.88

4 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Bank deposits with original maturity of more than 3 months	1,616.72	184.62	126.72
Balances with banks to the extent held as margin money*	2,158.21	3,447.39	5,451.43
Total	3,774.93	3,632.01	5,578.15

*Represent margin money deposits placed to avail term loans from banks, financial institutions and as cash collateral in connection with securitisation transactions.

5 Receivables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(I) Trade receivables			
Receivables considered good - Unsecured	49.66	135.42	130.43
	49.66	135.42	130.43
Less: Provision for impairment	25.70	-	-
Total	23.96	135.42	130.43

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

6 Loans

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
(i) Term loans	1,27,751.81	1,09,213.19	73,604.28
(ii) term loans - related parties	1,912.22	2,830.14	-
(iii) Staff loans	18.95	24.68	35.87
Total	1,29,682.98	1,12,068.01	73,640.15
Less: Impairment loss allowance	3,672.10	2,605.09	1,754.01
Total - Net of impairment loss allowance	1,26,010.88	1,09,462.92	71,886.14
(i) Secured by tangible and intangible assets	1,29,682.98	1,12,068.01	73,640.15
(ii) Covered by Bank/ Government Guarantees	-	-	-
(iii) Unsecured	-	-	-
Total	1,29,682.98	1,12,068.01	73,640.15
Less: Impairment loss allowance	3,672.10	2,605.09	1,754.01
Total - Net of impairment loss allowance	1,26,010.88	1,09,462.92	71,886.14
(i) Public sectors	-	-	-
(ii) Others	1,29,682.98	1,12,068.01	73,640.15
Total	1,29,682.98	1,12,068.01	73,640.15
Less: Impairment loss allowance	3,672.10	2,605.09	1,754.01
Total - Net of impairment loss allowance	1,26,010.88	1,09,462.92	71,886.14
(i) Loans in India	1,29,682.98	1,12,068.01	73,640.15
(ii) Loans outside India	-	-	-
Total	1,29,682.98	1,12,068.01	73,640.15
Less: Impairment loss allowance	3,672.10	2,605.09	1,754.01
Total - Net of impairment loss allowance	1,26,010.88	1,09,462.92	71,886.14

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

6.1 The table below discloses credit quality and the maximum exposure to credit risk based on the company's year end stage classification. The numbers presented are gross of impairment loss allowance:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Term loans			
Stage I	81,322.30	77,581.91	55,261.77
Stage II	44,851.14	30,060.35	14,334.77
Stage III	3,490.59	4,401.08	4,007.73
Total	1,29,664.03	1,12,043.34	73,604.27

6.2 Gross movement of loans for the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019				
Term loans	77,581.91	30,060.35	4,401.08	1,12,043.33
Staff loans	24.68	-	-	24.68
New loans originated during the year				
Term loans	46,040.47	19,404.83	383.73	65,829.03
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				
Transfers to Stage 1	10,705.01	(9,493.01)	(1,212.00)	-
Transfers to Stage 2	(20,626.24)	21,669.68	(1,043.44)	-
Transfers to Stage 3	(1,891.24)	(1,261.56)	3,152.80	-
Interest on stage 3 loans	-	-	17.22	17.22
Amounts written off				
Term loans	(216.41)	(210.62)	(115.00)	(542.03)
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)				
Term loans	(30,271.20)	(15,318.52)	(2,093.80)	(47,683.51)
Staff loans	(5.74)	-	-	(5.74)
Gross carrying amount as at March 31, 2020	81,322.30	44,851.14	3,490.59	1,29,664.04
Term loans	81,322.30	44,851.14	3,490.59	1,29,664.04
Staff loans	18.95	-	-	18.95

6.3 Gross movement of loans for the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018				
Term loans	55,261.83	14,334.77	4,007.73	73,604.33
Staff loans	35.87	-	-	35.87
New loans originated during the year				
Term loans	49,986.21	15,377.63	1,375.79	66,739.63
Staff loans	-	-	-	-
Inter-stage movements:				
-term loans				
Transfers to Stage 1	6,077.82	(5,131.79)	(946.03)	-
Transfers to Stage 2	(12,899.98)	13,416.74	(516.77)	-
Transfers to Stage 3	(1,371.72)	(749.88)	2,121.60	-
Interest on stage 3 loans	-	-	(66.74)	(66.74)
Amounts written off	(106.27)	(20.69)	(139.26)	(266.21)
Term loans				
Staff loans				
Assets derecognised or repaid (excluding write offs)				
Term loans	(19,365.99)	(7,166.43)	(1,435.26)	(27,967.68)
Staff loans	(11.19)	-	-	(11.19)
Gross carrying amount as at March 31, 2019	77,581.91	30,060.35	4,401.08	1,12,043.33
Term loans	77,581.91	30,060.35	4,401.08	1,12,043.33
Others	24.68	-	-	24.68

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

6.4 ECL movement of term loans during the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019	571.40	828.75	1,204.94	2,605.09
New loans originated during the year	507.53	771.04	89.08	1,367.65
Inter-stage movements:				-
Transfers to Stage 1	603.23	(286.84)	(316.40)	-
Transfers to Stage 2	(135.87)	371.66	(235.79)	-
Transfers to Stage 3	(13.05)	(38.55)	51.60	-
Amounts written off	(2.92)	(16.71)	(73.54)	(93.16)
Assets derecognised or repaid (excluding write offs)	(624.41)	132.19	284.74	(207.47)
Gross carrying amount as at March 31, 2020	905.92	1,761.54	1,004.64	3,672.10

6.5 ECL movement of term loans during the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018	379.18	415.46	959.37	1,754.01
New loans originated during the year	362.32	437.56	307.19	1,107.07
Inter-stage movements:				-
Transfers to Stage 1	360.64	(141.39)	(219.26)	-
Transfers to Stage 2	(76.91)	194.88	(117.96)	-
Transfers to Stage 3	(8.57)	(24.27)	32.84	-
Amounts written off	(6.99)	(2.01)	(90.92)	(99.92)
Assets derecognised or repaid (excluding write offs)	(438.27)	(51.48)	333.68	(156.07)
Gross carrying amount as at March 31, 2019	571.40	828.75	1,204.94	2,605.09

7 Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Rent and utility deposit	144.90	152.70	146.92
Excess Interest Spread (EIS) Receivables	196.02	1,073.68	3,271.74
Total	340.92	1,226.38	3,418.66

8 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Investment in Equity instruments			
- Subsidiary (at cost)			
IKF Home finance limited	4,525.10	4,525.10	-
Total	4,525.10	4,525.10	-

9 Other Non-Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Prepaid expenses	29.29	87.99	123.38
Advances to employees	0.20	1.36	5.93
GST input credit	296.79	249.99	186.53
Other -unsecured, considered good	28.45	78.67	64.44
Total	354.74	418.01	380.28

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

10 Property, plant and equipment

Particulars	Furniture and Fixtures	Computer & Printer	Office equipment	Vehicles	Total	Right to Use Assets
Gross carrying amount						
Deemed cost as at April 1, 2018*	209.75	40.16	3.21	76.16	329.28	16.46
Additions	5.73	29.78	2.90		38.41	105.92
Disposals	(8.10)	(3.81)	(0.40)	(0.65)	(12.96)	
As at March 31, 2019	207.38	66.13	5.71	75.51	354.73	122.38
Additions	41.97	8.58	5.45	-	56.00	17.40
Disposals	(4.18)	(0.16)			(4.34)	
As at March 31, 2020	245.17	74.55	11.16	75.51	406.39	139.78
Accumulated depreciation and impairment:						
As at April 1, 2018						
Depreciation for the year	31.48	22.36	1.28	11.86	66.98	30.79
Disposals					-	
As at March 31, 2019	31.48	22.36	1.28	11.86	66.98	30.79
Depreciation for the year	32.48	21.78	1.98	11.89	68.13	45.44
Disposals	(1.09)	(0.03)			(1.12)	
As at March 31, 2020	62.87	44.11	3.26	23.75	133.99	76.23
Net book value						
As at April 1, 2018	209.75	40.16	3.21	76.16	329.28	16.46
As at March 31, 2019	175.90	43.77	4.43	63.65	287.75	91.59
As at March 31, 2020	182.30	30.44	7.90	51.76	272.40	63.55

* The company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2018 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

11 Investment Property

Particulars	Buildings	Total
Gross carrying amount		
Deemed cost as at April 1, 2018*	6.98	6.98
Addition	-	-
Disposals	-	-
As at March 31, 2019	6.98	6.98
Additions	-	-
Disposals	-	-
As at March 31, 2020	6.98	6.98
Accumulated depreciation and impairment		
As at April 1, 2018		
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2019	0.17	0.17
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2020	0.34	0.34
Net book value		
As at April 1, 2018	6.98	6.98
As at March 31, 2019	6.81	6.81
As at March 31, 2020	6.64	6.64

* The company has elected to continue with the carrying value of all of its investment property recognised as of April 1, 2018 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(i) Amounts recognised in Statement of Profit and Loss for Investment Property

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rental Income	7.63	7.63
Direct operating expense from property that generated rental income	0.40	0.39
Profit from investment properties before depreciation	7.22	7.24
Depreciation	0.17	0.17
Profit from investment properties	7.05	7.07

(ii) Contractual obligations

The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) Fair value

The fair valuation of investment property as at March 31, 2020 is INR 210.72 lakhs.

(iv) Pledged details

Investment property pledged in favor of consortium leader central bank for cash credit facility.

(v) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

12 Intangible assets

Particulars	Computer software
Gross carrying amount	
Deemed cost as at April 1, 2018*	70.67
Additions	95.63
Disposal	(0.69)
As at March 31, 2019	165.61
Additions	72.63
Disposal	
As at March 31, 2020	238.24
Accumulated amortisation and impairment	
As at April 1, 2018	
Amortisation for the year	24.47
Disposal	
As at March 31, 2019	24.47
Amortisation for the year	35.38
Disposal	
As at March 31, 2020	59.85
Net book value	
As at April 1, 2018	70.67
As at March 31, 2019	141.14
As at March 31, 2020	178.39

* The company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2018 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

13 Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At amortised cost			
Secured			
Non convertible debentures	769.66	8,982.52	7,784.04
Unsecured			
Other non convertible debentures	5,340.10	3,626.79	2,747.66
Commercial Paper	-	-	6,444.98
Total	6,109.76	12,609.31	16,976.68
Debt Securities:			
Within India	6,109.76	12,609.31	16,976.68
Outside India	-	-	-
Total	6,109.76	12,609.31	16,976.68

Terms of repayment of Debt securities as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years								
Quarterly repayment schedule								
1-5 Years	11.00%-12.00%	4	1,250.00					1,250.00
	12.01%-12.50%	8	1,100.00	13	1,750.00			2,850.00
Bullet repayment schedule								
1-14 Years	10.51%-11.50%	1	950.00	1	600.00			1,550.00
								-
Total			3,300.00		2,350.00		-	5,650.00
Add : Interest accrued but not due								484.61
Less : Unamortized Finance Cost								(24.85)
Total Amortized Cost			3,300.00		2,350.00		-	6,109.76

Terms of repayment of Debt securities as on March 31, 2019

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	10.51%-11.50%	12	2,333.33	4	777.79			3,111.12
Quarterly repayment schedule								
1-5 Years	11.00%-12.00%	8	2,750.00	4	1,250.00			4,000.00
Bullet repayment schedule								
1-14 Years	9.51%-10.50%			1	2,000.00			2,000.00
	10.51%-11.50%	1	1,600	2	1,550.00			3,150.00
								-
Total			6,683.33		5,577.79		-	12,261.11
Add : Interest accrued but not due								374.72
Less : Unamortized Finance Cost								(26.52)
Total Amortized Cost			6,683.33		5,577.79		-	12,609.31

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Terms of repayment of Debt securities as on April 1, 2018

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years								
Quarterly repayment schedule								
1-5 Years	11.00%-12.00%	4	1,500.00	4	1,500			3,000.00
Bullet repayment schedule								
1-14 Years	9.51%-10.50%	-	-	1	2,500	-	-	2,500.00
	10.51%-11.50%	-	-	2	4,100	-	-	4,100.00
	11.51%-12.50%	-	-	1	600	-	-	600.00
		-	-			-	-	-
Total			1,500.00		8,700.00	-	-	10,200.00
Add : Interest accrued but not due								366.36
Less : Unamortized Finance Cost								(34.66)
Total Amortized Cost			1,500.00		8,700.00			10,531.70

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

14 Borrowings (other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At amortised cost			
Term loans (Secured)			
from banks	43,499.53	31,460.45	23,210.83
from non banking financial companies	13,032.21	12,601.46	5,117.42
from financial institutions	-	301.18	744.24
Loans repayable on demand (Secured):			
Cash credit from Bank	21,242.26	16,885.20	4,616.43
-	-	-	-
Associated liabilities in respect of securitisation transactions	15,376.90	11,540.34	-
Total	93,150.90	72,788.63	33,688.92
Borrowings:			
Within India	93,150.90	72,788.63	33,688.92
Outside India	-	-	-
Total	93,150.90	72,788.63	33,688.92

Nature of security
Term loans (secured)

Term Loans from bank, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and cash collateral by way of fixed deposits and mortgage of personal properties of directors in addition to their personal guarantees.

Loans repayable on demand (Secured)

These loans are secured against the first pari passu charge on current assets, book debts and receivables including loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of director/promoter to the extent of 287.20 Cr (March 31, 2019: INR 439.00 Cr, April 1, 2018: INR 439.00 Cr).

Terms of repayment of borrowings (other than debt) as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	24	776.15	59	2,675.97			3,452.12
	9.00%-10.50%	90	6,473.57	40	1,891.66			8,365.24
	10.51%-11.50%	44	2,194.61	74	3,482.60			5,677.20
	11.51%-12.50%	80	4,161.83	155	8,004.90			12,166.73
	12.51%-13.50%							-
Quarterly repayment schedule								
1-5 Years	9.00%-10.00%	22	3,200.00	58	8,945.36			12,145.36
	10.00%-11.00%	4	2,300.00	16	9,200.00			11,500.00
	11.00%-12.00%	7	1,500.00	11	2,000.00			3,500.00
	12.01%-12.50%							-
Total			20,606.16		36,200.50			56,806.66
Add : Interest accrued but not due								108.26
Less : Unamortized Finance Cost								(383.19)
Total Amortized Cost			20,606.16	-	36,200.50	-	-	56,531.74

Terms of repayment of borrowings (other than debt) as on March 31, 2019

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	12	3.81	36	13.53	-	-	17.34
	9.00%-10.50%	137	9,213.74	158	12,918.19	-	-	22,131.93
	10.51%-11.50%	47	1,993.01	31	850.81	-	-	2,843.83
	11.51%-12.50%	48	2,567.10	130	7,837.95	-	-	10,405.05
	12.51%-13.50%	3	50.66	-	-	-	-	50.66
Quarterly repayment schedule								
1-7 Years	9.00%-10.00%	16	600.00	18	900.00	-	-	1,500.00
	11.00%-12.00%	10	3,156.19	9	2,986.95	-	-	6,143.13
	12.01%-12.50%	13	1,371.44	-	-	-	-	1,371.44
		-	-	-	-	-	-	-
Total			18,955.94		25,507.44			44,463.38
Add : Interest accrued but not due								120.26
Less : Unamortized Finance Cost								(220.54)
Total Amortized Cost			18,955.94	-	25,507.44	-	-	44,363.09

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Terms of repayment of borrowings (other than debt) as on April 1, 2018

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	12	3.50	48	17.35	-	-	20.84
	9.00%-10.50%	97	3,301.00	176	6,329.15	-	-	9,630.14
	10.51%-11.50%	60	2,653.37	77	2,873.64	-	-	5,527.01
	11.51%-12.50%	44	1,538.00	-	-	-	-	1,538.00
	12.51%-13.50%	12	212.40	3	48.75	-	-	261.15
Quarterly repayment schedule								
1-7 Years	9.00%-10.00%	6	500.00	22	1,400.00	2	100.00	2,000.00
	11.00%-12.00%	8	2,625.00	8	3,656.25	-	-	6,281.25
	12.01%-12.50%	20	2,500.00	13	1,375.00	-	-	3,875.00
								-
Total			13,333.27		15,700.14		100.00	29,133.41
Add : Interest accrued but not due								123.78
Less : Unamortized Finance Cost								(184.66)
Total Amortized Cost			13,333.27		15,700.14		100.00	29,072.53

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

15 Subordinated Liabilities

Particulars	As at	As at	As at
	March 31, 2020	March 31, 2019	April 01, 2018
Unsecured - At amortised cost			
Non convertible debentures (Tier-II)	4,975.20	3,059.77	3,054.19
Indian rupee loan from banks (Tier-II)	1,475.56	1,466.06	1,457.80
0.01% Compulsorily convertible preference share of INR 100 each, Fully paid-up			
Opening balance	-	2,500.00	-
Issued during the year	-	-	2,500.00
Converted during the year	-	(2,500.00)	-
Closing balance	-	-	2,500.00
Total	6,450.76	4,525.83	7,011.99
Subordinated Liabilities:			
Within India	6,450.76	4,525.83	7,011.99
Outside India	-	-	-
Total	6,450.76	4,525.83	7,011.99

Terms of repayment of subordinated liabilities

On January 16, 2018, the Company issued 19,53,125, 0.01% Compulsorily Convertible Preference Share (CCPS) at an issue price of INR 128/- (face value of INR 100 and share premium of INR 28). CCPS Coupon shall become due and payable by the Company to the CCPS Holder on 31st March of every Financial Year. In addition to the fixed coupon payable, whenever the Company declares dividend on the Equity Shares, the CCPS holder will also be entitled to receive such dividends. The CCPS is convertible into 1 equity share of INR 10/- each within a period of 1 year from the date of allotment. The conversion feature of preference shares does not result into a fixed number of equity shares and hence does not satisfy fixed for fixed criteria. Therefore the CCPS are classified as a financial liability in accordance with Ind AS 32.

Terms of repayment of Debt securities as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-14 Years	11.51%-12.50%			1	1,500.00			1,500.00
	>13.50%			1	3,000.00	1	2,000.00	5,000.00
Total			-		4,500.00		2,000.00	6,500.00
Add : Interest accrued but not due								5.15
Less : Unamortized Finance Cost								(54.39)
Total Amortized Cost			-		4,500.00		2,000.00	6,450.76

Terms of repayment of Debt securities as on March 31, 2019

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-14 Years	11.51%-12.50%			1	1,500.00			1,500.00
	>13.50%			1	3,000.00			3,000.00
Total			-		4,500.00		-	4,500.00
Add : Interest accrued but not due								90.97
Less : Unamortized Finance Cost								(65.14)
Total Amortized Cost			-		4,500.00		-	4,525.83

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Terms of repayment of Debt securities as on April 1, 2018

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-14 Years	11.51%-12.50%			1	1,500.00			1,500.00
	>13.50%			1	3,000.00			3,000.00
Total			-		4,500.00	-	-	4,500.00
Add : Interest accrued but not due								90.84
Less : Unamortized Finance Cost								(78.85)
Total Amortized Cost			-		4,500.00		-	4,511.99

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

16 Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Lease Liabilities	68.23	92.61	16.98
Employee benefits payable	92.83	87.86	68.87
Expenses payable	15.71	1.63	5.32
Other Payables	561.49	1,480.44	1,947.04
Deposit from franchisees	495.74	666.90	531.78
Payable towards securitisation / assignment transactions	1,504.86	2,176.54	2,319.85
Total	2,738.86	4,505.98	4,889.84

17 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Provision for gratuity	96.40	67.05	49.13
Provision for leave benefits	112.08	72.10	19.48
Total	208.48	139.15	68.61

18 Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Statutory dues payable	118.69	147.13	104.15
Total	118.69	147.13	104.15

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

19. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
Authorised Capital						
Equity shares of INR 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Preference shares of INR 100 each	25,00,000	2,500.00	25,00,000	2,500.00	25,00,000	2,500.00
	6,25,00,000	8,500.00	6,25,00,000	8,500.00	6,25,00,000	8,500.00
Issued, subscribed and fully paid-up shares						
Equity Shares of INR 10 each fully paid up	4,74,79,379	4,747.94	4,74,79,379	4,747.94	4,55,26,254	4,552.63
	4,74,79,379	4,747.94	4,74,79,379	4,747.94	4,55,26,254	4,552.63
Issued, subscribed and partly paid-up shares						
Equity Shares of INR 10 each, partly paid up INR 5.40 per shares (partly paid up INR 2.70 per share in March 2019)	51,79,688	279.70	51,79,688	279.70	51,79,688	139.85
	51,79,688	279.70	51,79,688	279.70	51,79,688	139.85
	5,26,59,067	5,027.64	5,26,59,067	5,027.64	5,07,05,942	4,692.48

A. Reconciliation of number of shares

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
Fully paid equity share of INR 10 each						
At the beginning of the year	4,74,79,379	4,747.94	4,55,26,254	4,552.63	4,55,26,254	4,552.63
Shares issued during the year	-	-	19,53,125	195.31	-	-
Outstanding at the end of the year	4,74,79,379	4,747.94	4,74,79,379	4,747.94	4,55,26,254	4,552.63
Partly paid up equity share of INR 10 each, partly paid up INR 5.40 per share						
At the beginning of the year	51,79,688	279.70	51,79,688	139.85	-	-
Amount called/Issued during the year	-	-	-	139.85	51,79,688	139.85
Outstanding at the end of the year	51,79,688	279.70	51,79,688	279.70	51,79,688	139.85

Notes:

B. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholder

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

C. Details of shareholder(s) holding more than 5% of equity shares in the Company :

Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of shares held	% Holding	No. of shares held	% Holding	No. of shares held	% Holding
Equity shares of INR 10 each fully paid up						
Vupputuri Gopala Kishan Prasad	1,58,67,900	33.42%	1,58,67,900	33.42%	1,47,31,651	31.03%
India Business Excellence Fund-IIA	1,30,51,546	27.49%	1,30,51,546	27.49%	1,18,29,268	24.91%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	78,04,018	16.44%	78,04,018	16.44%	70,73,171	14.90%
Equity Shares of INR 10 each, partly paid up INR 5.40 per share						
Vupputuri Gopala Kishan Prasad	35,05,821	67.68%	35,05,821	67.68%	35,05,821	67.68%
Koganti Vasumathi Devi	5,15,980	9.96%	5,15,980	9.96%	5,15,980	9.96%
V Indira Devi	3,21,240	6.20%	3,21,240	6.20%	3,21,240	6.20%
V Raghu Ram	3,50,970	6.78%	3,50,970	6.78%	3,50,970	6.78%
D Vasantha Lakshmi	4,85,677	9.38%	4,85,677	9.38%	4,85,677	9.38%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

D. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particular	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(ii) Equity shares of ₹ 10 each, fully paid up, allotted on conversion of 19,53,125/- 0.01% Compulsorily convertible preference share of INR 100 each, Fully paid-up	-	195.31	-	-	-

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

20. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Capital reserve	32.50	32.50	32.50
Securities premium reserve	9,085.06	9,085.06	5,905.04
Share Based Payment reserve	17.56	-	-
Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934	3,549.31	2,994.64	2,285.07
General reserve	860.41	721.74	544.35
Retained earnings	11,188.37	9,111.90	8,181.49
Total	24,733.21	21,945.84	16,948.45

Nature and purpose of reserve**a. Capital reserve**

This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

b. Securities premium reserve

The securities premium reserve is used to record the premium received on issue of shares. The reserve can be utilised only for limited purpose such as issuance of bonus shares in accordance with provision of the Companies Act, 2013.

c. Statutory reserve

Reserves created under Section 45IC of The Reserve Bank of India Act, 1934

d. Share based payment reserve

The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the Company and its subsidiaries under stock option schemes of the Company.

e. Retained earnings

Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

B. Movement in Other equity

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I. Capital Reserve			
Opening balance	32.50	32.50	32.50
Add : Share issued during the year	-	-	-
	32.50	32.50	32.50
II. Securities premium reserve			
Opening balance	9,085.06	5,905.04	5,029.71
Add : Premium received on issue of securities	-	2,633.14	1,422.21
	9,085.06	8,538.18	6,451.92
Impact of first time adoption of Ind AS	-	546.88	(546.88)
	9,085.06	9,085.06	5,905.04
III. Share Based Payment reserve			
Opening balance	-	-	-
Add : During the year	17.56	-	-
	17.56	-	-
IV. Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934			
Opening balance	2,994.64	2,285.07	1,901.97
Add : Transfer from retained earnings	554.67	709.57	383.10
	3,549.31	2,994.64	2,285.07
V. General Reserve			
Opening balance	721.74	544.35	448.58
Add : Transfer from retained earnings	138.67	177.39	95.77
	860.41	721.74	544.35
VI. Retained earning			
Opening balance	9,111.90	8,181.49	5,029.89
Add : Profit for the year	2,773.37	1,816.56	1,915.50
Add : Other comprehensive income	(3.56)	0.81	-
Appropriations:			
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(554.67)	(709.57)	(383.10)
Transfer to General reserve	(138.67)	(177.39)	(95.77)
	11,188.37	9,111.90	6,466.52
Impact of first time adoption of Ind AS	-	-	1,714.97
Total	11,188.37	9,111.90	8,181.49

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

21 Interest income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial assets measured at amortised cost		
Interest on loans	20,344.25	15,234.68
Interest on deposits with banks	223.72	265.43
Total	20,567.97	15,500.11

22 Fees and commission income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	1.10	5.33
Total	1.10	5.33

23 Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on income tax refund	10.64	-
Rental income	7.63	7.63
Miscellaneous Income	0.95	19.05
Total	19.22	26.68

24 Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost		
Interest on deposits	95.13	101.91
Interest on borrowings	7,558.04	5,502.89
Interest on commercial paper and bonds	33.21	555.02
Interest on debentures	1,833.25	1,779.57
Interest on subordinated liabilities	15.76	13.71
Interest on lease liabilities	8.95	7.07
Interest on securitisation	1,550.61	251.19
Bank Charges	9.00	40.83
Other finance cost	447.68	235.74
Total	11,551.63	8,487.93

25 Impairment on financial instruments

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial instruments measured at amortised cost		
Loans	1,067.01	851.09
Trade receivables	25.70	-
Bad debts and write offs	542.03	266.21
Total	1,634.74	1,117.30

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

26 Employee benefits expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	2,223.35	2,035.89
Contribution to provident and other funds	133.42	109.00
Share based payment to employees	17.56	-
Staff welfare expenses	49.19	39.94
Gratuity	29.32	21.91
Leave encashment	52.46	57.29
Total	2,505.30	2,264.03

27 Depreciation, amortization and impairment

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment	113.57	97.78
Depreciation on investment property	0.17	0.17
Amortization of intangible assets	35.38	24.47
Total	149.12	122.42

28 Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	196.66	189.35
Communication cost	54.39	62.99
Travelling and conveyance	165.97	180.70
Rates and taxes	188.50	132.85
Insurance	3.96	5.97
Commission and Brokerage	32.51	58.02
Repairs and maintenance	50.31	53.97
Printing and stationary	9.66	13.08
Payment to auditors (Refer Note 32.1)	32.57	26.30
Advertisement, publicity and sales promotion expenses	6.99	6.27
Operation Cost	34.54	33.72
Legal and professional fees	89.42	169.32
Corporate social responsibility (Refer Note 32.2)	50.86	3.25
Provision	0.70	20.12
Loss on sale of property, plant and equipment	3.03	13.24
Miscellaneous expenses	33.68	116.66
Total	953.75	1,085.81

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

28.1 Payment to the auditors:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration		
- Audit fees	29.50	23.50
In other capacity	-	-
- Certification services	1.50	1.50
Other of pocket expenses	1.57	1.30
Total	32.57	26.30

28.2 Corporate social responsibility:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Gross amount required to be spent by the Company as per the provision of Section 135 of Companies Act 2013.	70.78	52.41
b) Amount spent during the year (paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	50.86	3.25
c) Amount spent during the year (yet to be paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	19.92	49.16
	70.78	52.41

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in Lakhs)

29 Income tax
(a) Income tax expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Current tax		
Current tax on profits for the year	1,229.39	1,531.57
Adjustment for current tax of the prior periods	2.13	60.42
Subtotal (A)	1,231.52	1,591.99
Deferred tax		
Decrease/(Increase) in deferred tax assets	(202.69)	(100.27)
(Decrease)/Increase in deferred tax liabilities	0.38	(853.63)
Subtotal (A)	(202.31)	(953.90)
Deferred tax relating to items recognised in other Comprehensive Income (C)	1.20	(0.34)
Income tax expense for the year (A+B+C)	1,028.01	638.43

(b) Deferred tax

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2020:

Particulars	Net balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year	40.52	11.95	-	52.47
Impact of provision for expected credit loss on loans	593.29	188.03	-	781.32
Impact of difference between tax depreciation and depreciation/amortisation	5.60	(3.64)	-	1.96
Impact of leases under Ind AS 116	1.22	0.38	-	1.61
Share based payment	-	(4.42)	-	4.42
Remeasurement of defined benefit plan	-	(1.20)	1.20	-
Others	0.29	(0.04)	-	0.25
(A)	640.93	191.06	1.20	842.02
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	103.35	26.90	-	130.25
EIR impact of financial assets and liabilities	36.28	4.21	-	40.49
Impact of direct assignment and securitisation transactions	316.75	(39.60)	-	277.15
Interest income recognised on stage 3 loans	52.28	(2.76)	-	49.52
(B)	508.66	(11.25)	-	497.41
Deferred tax assets (net) (A-B)	132.27	202.31	1.20	344.61

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2019:

Particulars	Net balance April 01, 2018	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2019
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	23.98	16.54	-	40.52
Impact of provision for expected credit loss on loans	511.28	82.01	-	593.29
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	8.56	(2.96)	-	5.60
Impact of leases under Ind AS 116	-	1.22	-	1.22
Others	0.35	(0.06)	-	0.29
(A)	544.17	96.76	-	640.93
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	130.50	(27.15)	-	103.35
Remeasurement of defined benefit plan	-	(0.34)	0.34	-
EIR impact of financial assets and liabilities	33.66	2.63	-	36.28
Impact of direct assignment and securitisation transactions	1,115.25	(798.50)	-	316.75
Interest income recognised on stage 3 loans	86.06	(33.78)	-	52.28
		-		
(B)	1,365.47	(857.14)	0.34	508.66
Deferred tax liability (net) (A-B)	(821.30)	953.90	(0.34)	132.27

(c) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Profit before tax as per Statement of profit and loss (A)	3,793.75	2,454.63
Applicable income tax rate	25.17%	29.12%
Expected Income Tax Expense (B)	954.81	714.79
Tax effect of:		
Effect of income exempt from tax	(0.55)	(0.63)
Effect of expenses/provisions not deductible in determining taxable profit	13.62	2.06
Effect of differential tax rate	(14.24)	(170.17)
Adjustment related to tax of prior years	2.13	60.42
Others	64.60	31.61
Income tax expense	1,020.38	638.07

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

30 Employee Benefits

a. Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised INR 133.42 lakhs (PY: INR 109.00 lakhs) for year ended March 31, 2020, for provident fund and other contributions in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan (unfunded). Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of INR 20 lakhs as per The Payment of Gratuity Act, 1972.

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Present value of obligation (A)	96.40	67.05	49.13
Fair Value of plan assets (B)	-	-	-
Present value of obligation (A- B)	96.40	67.05	49.13

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Obligation expected to be settled in the next 12 months	6.73	4.41	6.22
Obligation expected to be settled beyond next 12 months	89.68	62.64	42.92

Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening balance	67.05	49.13	-	-	67.05	49.13
Current service cost	24.37	18.10	-	-	24.37	18.10
Past service cost	-	-	-	-	-	-
Interest cost (income)	4.95	3.82	-	-	4.95	3.82
Defined benefit cost included in P&L	29.32	21.91	-	-	29.32	21.91
Other comprehensive income						
<u>Remeasurement loss (gain) due to:</u>						
Demographic assumptions	-	-	-	-	-	-
Financial assumption	5.57	1.70	-	-	5.57	1.70
Experience adjustments	(0.81)	(2.85)	-	-	(0.81)	(2.85)
Total remeasurements in OCI	4.76	(1.15)	-	-	4.76	(1.15)
Others						
<u>Transfer in/(out)</u>						
Contributions by employer	-	-	-	-	-	-
Benefits paid	(4.72)	(2.85)	-	-	(4.72)	(2.85)
Closing balance	96.40	67.05	-	-	96.40	67.05

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Discount rate	6.82%	7.65%	8.00%
Salary escalation rate	6.00%	6.00%	6.00%
Withdrawal/attrition rate (based on categories)	9.00%	9.00%	9.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%	100.00%
Disability rate	0.00%	0.00%	5.00%
Expected weighted average remaining working lives of employees	24.20 years	24.03 years	24.00 years

Notes:

a) The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

b) The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

c) Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Salary escalation Rate (+/- 1%)	103.87 7.70%	89.67 -7.00%	72.68 8.40%	61.97 -7.60%	53.16 8.20%	45.53 -7.30%
Discount Rate (+/- 1%)	89.76 -6.90%	103.95 7.80%	62.39 -6.90%	72.33 7.90%	45.86 -6.70%	52.85 7.60%
Withdrawal Rate (+/- 1%)	96.12 -0.30%	96.66 0.30%	66.90 -0.20%	67.16 0.20%	48.98 -0.30%	49.25 0.20%

The Sensitivity is performed on the defined benefit obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous year to the methods and assumptions underlying the sensitivity analyses.

Expected future contributions

The Best Estimate Contribution for the Company during the next year would be INR Nil

Expected cash flow for following years:

Maturity Profile of Defined Benefit Obligations	
Year 1	6.73
Year 2	7.30
Year 3	7.90
Year 4	17.64
Year 5	9.60
Year 6	11.92
Year 7	7.08
Year 8	7.03
Year 9	6.86
Year 10	8.03

The weighted average duration of the defined benefit obligation is 11.05

c. Compensated absences :

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation.

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present value of unfunded obligation	112.08	72.10	19.48
Expenses recognised in the Statement of Profit and Loss	52.46	57.29	3.38

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

31 Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year	2,773.37	1,816.56
Weighted average number of equity shares used in calculating basic earnings per share	502.76	473.87
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	0.37	-
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	503.13	473.87
Basic earnings per share	5.52	3.83
Diluted earnings per share	5.51	3.83

32 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Promoters of the Company. The Company operates only in one Business Segment i.e. lending, since the nature of the loans are exposed to similar risks and return profiles, hence they are collectively operating under a single segment. Accordingly the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

33 Transfer of financial assets

Transfer of financial assets that are not derecognised in their entirety

(i) Securitisations:

The Company uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Carrying amount of transferred assets measured at amortised cost	19,848.02	12,971.27
Carrying amount of associated liabilities	15,376.90	11,540.34

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

Transfer of financial assets which qualify for derecognition in their entirety

(i) Assignment transaction

The Company has sold loans and advances measured at amortised cost under assignment deals, as a source of finance in deals prior to the transition date of April 01, 2018. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

Under previous GAAP, retained interest receivable on loan assignment transactions were recognised over the period of such assigned loans. Under Ind AS, on transition date, the gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

(ii) Securitisation transaction

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Thus, pre-transition securitisations deals also continue to be de-recognised in their entirety.

The table below summarises the carrying amount of the Excess Interest Spread (EIS) receivable on above transaction which are derecognised

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Carrying amount of EIS receivable	196.02	1,073.68	3,271.74

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

34 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	2,485.62	-	2,485.62	1,372.66	-	1,372.66	3,067.88	-	3,067.88
Bank Balance other than cash and cash equivalents	2,125.99	1,648.94	3,774.93	2,532.33	1,099.68	3,632.01	4,845.96	732.18	5,578.15
Receivables	-	-	-	-	-	-	-	-	-
(I) Trade receivables	23.96	-	23.96	135.42	-	135.42	130.43	-	130.43
Loans	48,775.80	77,235.08	1,26,010.88	45,541.37	63,921.55	1,09,462.92	23,899.88	47,986.26	71,886.14
Investments	-	4,525.10	4,525.10	-	4,525.10	4,525.10	-	-	-
Other Financial assets	170.54	170.38	340.92	858.11	368.27	1,226.38	2,278.45	1,140.21	3,418.66
Sub total	53,581.91	83,579.50	1,37,161.40	50,439.89	69,914.59	1,20,354.48	34,222.61	49,858.66	84,081.26
Non-financial assets									
Current Tax assets (Net)	156.56	-	156.56	345.89	-	345.89	410.72	-	410.72
Deferred Tax assets (Net)	-	344.61	344.61	-	132.27	132.27	-	-	-
Investment Property	-	6.64	6.64	-	6.81	6.81	-	6.98	6.98
Property, plant and equipment	-	272.40	272.40	-	287.75	287.75	-	329.28	329.28
Right to Use Assets	-	63.55	63.55	-	91.59	91.59	-	16.46	16.46
Other intangible assets	-	178.39	178.39	-	141.14	141.14	-	70.67	70.67
Other non-financial assets	57.94	296.80	354.74	168.02	249.99	418.01	193.76	186.52	380.28
Sub total	214.50	1,162.39	1,376.89	513.91	909.54	1,423.45	604.48	609.90	1,214.38
Total assets	53,796.41	84,741.88	1,38,538.29	50,953.80	70,824.13	1,21,777.93	34,827.09	50,468.56	85,295.65
LIABILITIES AND EQUITY									
LIABILITIES									
Financial liabilities									
Payables									
(I) Trade payables									
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(II) Other payables									
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
Debt Securities	3,767.52	2,342.23	6,109.76	7,037.04	5,572.26	12,609.31	8,289.82	8,686.87	16,976.68
Borrowings (Other than Debt Securities)	53,842.84	39,308.06	93,150.90	42,192.57	30,596.06	72,788.63	17,969.84	15,719.08	33,688.92
Subordinated Liabilities	5.15	6,445.61	6,450.76	75.26	4,450.56	4,525.83	2,577.13	4,434.86	7,011.99
Other Financial liabilities	2,231.37	507.48	2,738.85	3,987.14	518.84	4,505.98	4,500.11	389.73	4,889.84
Sub total	59,846.88	48,603.39	1,08,450.27	53,292.02	41,137.73	94,429.75	33,336.90	29,230.54	62,567.44
Non-Financial liabilities									
Current tax liabilities (Net)	-	-	-	88.44	-	88.44	93.23	-	93.23
Provisions	19.89	188.59	208.48	25.42	113.74	139.15	11.95	56.66	68.61
Deferred tax liabilities (Net)	-	-	-	-	-	-	-	821.30	821.30
Other non-financial liabilities	118.69	-	118.69	147.13	-	147.13	104.15	-	104.15
Sub total	138.58	188.59	327.17	260.99	113.74	374.72	209.33	877.96	1,087.29
Total liabilities	59,985.46	48,791.98	1,08,777.44	53,553.00	41,251.47	94,804.47	33,546.23	30,108.50	63,654.73

IKF Finance Limited**Notes to financial statements for the year ended March 31, 2020**

(Currency : INR in lakhs)

35 Changes in liabilities arising from financing activities

Particulars	As at April 1, 2019	Cash Flows (net)	CCPS converted	Others (net)*	As at March 31, 2020
Subordinated liabilities	4,525.83	2,000.00	-	(75.06)	6,450.76
Debt securities	12,609.32	(6,611.11)	-	111.57	6,109.77
Borrowing other than debt securities	72,788.61	16,700.35	-	3,661.91	93,150.87
	89,923.75	12,089.24	-	3,698.42	1,05,711.40

Particulars	As at April 1, 2018	Cash Flows (net)	CCPS converted	Others (net)*	As at March 31, 2019
Subordinated liabilities	7,011.99	-	(2,500.00)	13.84	4,525.83
Debt securities	16,976.68	(4,383.86)	-	16.50	12,609.32
Borrowing other than debt securities	33,688.92	27,616.79	-	11,482.90	72,788.61
	57,677.59	23,232.93	(2,500.00)	11,513.23	89,923.75

* Others column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

36 Employee Stock Option Plan (ESOP)

The Company had granted 5,62,860 Equity shares (face value of INR 10/- each) under Employee Stock Option Plan 2019 on June 11, 2019 to the employees of IKF Finance Limited. The shares will vest gradually and vesting of these shares is dependent on continued employment with the company.

A. Expenses arising from share-based payment transactions

Total expenses arising from equity - settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended March 31, 2020 is INR 17.56 lakhs (March 31, 2019 - INR Nil).

B. Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Number	WAEP	Number	WAEP
Outstanding at 1 April	-	-	-	-
Granted during the year	5,62,860.00	120.00	-	-
Forfeited during the year	87,310.00	120.00	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	4,75,550.00	120.00	-	-
Exercisable at 31 March	-	-	-	-

Share options granted during the year have an exercise price of INR 120. No options were vested or exercised during the year.

The weighted average remaining contractual life for the share options outstanding as at March 31, 2020 is 2.15 years (March 31, 2019: Nil years).

The weighted average fair value of options granted during the year was INR 14.79 (March 31, 2019: INR Nil).

C. Fair value of options granted

The weighted average fair value of options granted during the year ended March 31, 2020 was INR 14.79 per option (March 31, 2019 - INR Nil). The fair value of options was determined using the Black Scholes Model using the following inputs as follows :

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average fair values at the measurement date	14.79	-
Expected volatility (%)	0.36%	-
Risk-free interest rate (%)	4.50%	-
Expected life of share options/SARs (years)	1.30 years to 4.30 years	-
Weighted average share price (INR)	120.00	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

37 Contingent liabilities and commitments

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

37.1 Contingent Liability

Particular	As at March 31, 2020	As at March 31, 2019
Performance security provided by the Company towards advance partner arrangement/business correspondent agreement	-	66.27

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

37.2 Commitment

Particular	As at March 31, 2020	As at March 31, 2019
Capital Commitments (net of advance): Office furniture, fixtures & interiors	-	25.33

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

38 Leases

Company as a Lessee

The Company's lease asset classes primarily consist of leases for office spaces. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases). For these short-term leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Transition to Ind AS 116

The Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2018 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 and April 1, 2018 also Restated.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 16.46 lakhs and a lease liability of INR 16.98 lakhs. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Company has entered into lease contracts for premises at various locations. Leases of premises generally have lease terms from 12 months to 60 months. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases of premises which are cancellable in nature and for which the Company applies the 'short-term lease' recognition exemptions.

The value of the lease liability as of April 1, 2018 is primarily on account of discounting the lease liabilities to the present value under Ind AS 116. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2018 is 11.5%

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Following are the changes in the carrying value of right of use assets

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	91.59	16.46
Additions	17.40	105.92
Deletion	-	-
Depreciation	(45.44)	(30.79)
Closing Balance	63.55	91.59

The following is the movement in lease liabilities :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning	92.61	16.98
Additions	16.99	101.05
Finance cost accrued during the period	8.95	7.07
Payment of lease liabilities	(50.32)	(32.49)
Balance at the end	68.23	92.61

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Less than 3 months	12.66	11.64	3.98
Over 3 months & upto 6 months	12.91	11.73	4.33
Over 6 months & upto 1 year	25.65	23.02	8.75
Over 1 year & upto 3 years	73.10	74.37	29.99
Over 3 years	29.69	57.80	-

The following are the amounts recognised in statement of profit or loss:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense of right-of-use assets	45.44	30.79
Interest expense on lease liabilities	8.95	7.07
Expense relating to short-term leases	196.66	189.35
Total amount recognised in profit or loss	251.05	227.21

Future Commitments:

Particulars	As at March 31, 2020
Future undiscounted lease payments for which the leases have not yet commenced	-

Extension / Termination Options:

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2020.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

39 Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

The below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Capital Funds			
Net owned funds (Tier capital)	22,066.08	19,372.85	21,764.93
Tier II capital	1,862.89	1,553.46	2,394.48
Total capital funds	23,928.97	20,926.31	24,159.41
Total risk weighted assets/ exposures	1,12,936.08	1,00,297.26	76,201.63
% of capital funds to risk weighted assets exposures:			
Tier I capital	19.54%	19.32%	28.56%
Tier II capital	1.65%	1.55%	3.14%
Total capital Funds	21.19%	20.86%	31.70%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

40 Fair Value Measurement:

A. Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 - Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that Company can access at the measurement date.

Level 2 - Valuation technique using observable inputs: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 - Valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

B. Fair value of financial instrument not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Financial instruments measured at amortised cost	Level	Carrying value			Fair value		
		As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Financial Assets							
Cash and cash equivalents	1	2,485.62	1,372.66	3,067.88	2,485.62	1,372.66	3,067.88
Bank Balance other than cash and cash equivalents	1	3,774.93	3,632.01	5,578.15	3,774.93	3,632.01	5,578.15
Trade receivables	3	23.96	135.42	130.43	23.96	135.42	130.43
Loans	3	1,26,010.88	1,09,462.92	71,886.14	1,24,095.71	1,09,528.14	70,184.02
Rent and utility deposits	3	144.90	152.70	146.92	144.90	152.70	146.92
EIS receivable	3	196.02	1,073.68	3,271.74	196.02	1,073.68	3,271.74
		1,32,636.31	1,15,829.40	84,081.26	1,30,721.14	1,15,894.61	82,379.14
Financial Liabilities							
Debt securities	3	6,109.76	12,609.31	16,976.68	6,185.63	12,701.65	17,055.04
Borrowings (other than debt securities)	3	93,150.90	72,788.63	33,688.92	93,367.76	72,991.93	33,711.63
Subordinated Liabilities	3	6,450.76	4,525.83	7,011.99	6,528.95	4,567.62	7,059.42
Other financial liabilities	3	2,738.86	4,505.98	4,889.84	2,738.86	4,505.98	4,889.84
Total Financial liabilities		1,08,450.28	94,429.75	62,567.43	1,08,821.20	94,767.18	62,715.93

Investment in subsidiary is measured at cost in accordance with Ind AS 27.

Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, rent and utility deposits and other financial liabilities.

Loans and advances to customers

The fair values of loans are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

Borrowings other than debt securities, Debt securities and Subordinated liabilities

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk.

EIS receivable

EIS receivable is calculated by discounting the contractual future cash flows. The carrying value closely approximates its fair value.

IKF Finance Limited

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41 Risk management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

41.1 Introduction and Risk Profile

Risk management and mitigation

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk

The Company is generally exposed to credit risk, liquidity risk, market risk, prepayment risk and operational risk.

41.2 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes more than 3 months past due on its contractual payments.

The staging criteria used by the Company is as below:

Loans months past due	Stage
Upto 1 month	Stage 1
Between 1 month to 3 months	Stage 2
More than 3 months	Stage 3

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes past due for more than 3 months on its contractual payments.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

IKF Finance Limited

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Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD

Portfolio	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Cars & Muvs	3.51%	13.33%	3.63%	13.76%	3.56%	13.49%
Commercial Vehicles	2.78%	10.66%	2.78%	10.66%	2.91%	11.12%
Construction Equipment	2.78%	10.66%	2.78%	10.66%	2.78%	10.66%
Three Wheeler	7.84%	21.71%	9.03%	24.72%	7.39%	20.57%
Tractor	4.60%	13.17%	5.56%	15.76%	5.74%	16.26%
Two Wheeler	2.78%	5.48%	2.78%	5.48%	2.78%	5.48%
SME	2.78%	10.66%	2.78%	10.66%	2.78%	10.66%

Stage 3 assets have a PD of 100%

Loss given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults. The Company determines its recovery (net present value) by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Cars & Muvs	18.75%	21.92%	23.20%
Commercial Vehicles	20.84%	21.02%	18.85%
Construction Equipment	22.74%	20.68%	14.85%
Three Wheeler	20.29%	25.47%	28.19%
Tractor	15.58%	23.14%	17.06%
Two Wheeler	15.00%	15.00%	15.00%
SME	23.00%	23.20%	23.00%

LGD Rates have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance commercial vehicle loans. The Company manages concentration of risk primarily by geographical region. The following tables show the region-wise concentrations of net terms loans.

Geography	March 31, 2020	March 31, 2019	March 31, 2018
West	4,638.36	2,755.01	1,764.63
Central	90,706.78	80,572.34	53,014.99
South	34,318.89	28,715.98	18,824.64
	1,29,664.04	1,12,043.33	73,604.27

Quantitative Information of Collateral

Net value of total term loans to value of collateral is as follows:

As at March 31, 2020	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,101.15	13,005.21	10,929.49	25,035.85
Commercial Vehicles	1,745.19	19,546.99	14,853.76	36,145.94
Construction Equipment	2,143.33	13,089.26	13,161.89	28,394.48
Three Wheeler	178.73	2,408.74	4,674.73	7,262.20
Tractor	151.35	995.21	412.45	1,559.01
Two Wheeler	800.60	1,092.39	325.06	2,218.05
SME	2,417.76	6,779.64	19,851.10	29,048.51
Total	8,538.11	56,917.45	64,208.48	1,29,664.04

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As at March 31, 2019	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,056.08	6,497.01	8,011.91	15,565.01
Commercial Vehicles	1,851.39	10,547.05	14,894.75	27,293.18
Construction Equipment	2,382.49	8,267.70	15,871.68	26,521.87
Three Wheeler	262.99	1,737.35	5,286.28	7,286.61
Tractor	179.90	633.03	621.04	1,433.97
Two Wheeler	3.47	34.33	564.10	601.90
SME	3,769.15	8,717.52	20,854.11	33,340.79
Total	9,505.47	36,434.00	66,103.86	1,12,043.33

As at March 31, 2018	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	308.05	5,169.25	6,286.46	11,763.76
Commercial Vehicles	711.85	9,233.06	12,468.61	22,413.51
Construction Equipment	644.42	4,038.46	9,844.85	14,527.73
Three Wheeler	47.16	1,823.05	5,021.88	6,892.10
Tractor	95.94	729.89	807.84	1,633.67
Two Wheeler	3.55	60.76	317.31	381.62
SME	757.86	2,968.12	12,265.90	15,991.88
Total	2,568.82	24,022.60	47,012.85	73,604.27

41.3 Liquidity Risk

In assessing the Company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitization deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. Net liquid assets consist of cash and short-term bank deposits. Borrowings from banks and financial institutions and issue of Non convertible debentures are considered as important sources of funds to finance lending to customers.

Analysis of financial assets and liabilities by remaining contractual maturities:

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2020.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	2,485.62	-	-	-	-	2,485.62
Bank Balance other than included in (a) above	314.23	1,354.97	575.87	1,913.53	-	4,158.60
Trade receivables	23.96	-	-	-	-	23.96
Loans	17,306.69	17,715.67	32,038.15	78,286.52	21,178.60	1,66,525.63
Investments	-	-	-	-	4,525.10	4,525.10
Other financial assets	71.32	50.71	55.08	29.09	144.90	351.09
Total undiscounted financial assets	20,201.82	19,121.35	32,669.10	80,229.13	25,848.60	1,78,069.99
Financial liabilities						
Trade payables	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Subordinated Liabilities	222.14	216.99	435.14	6,040.88	2,701.15	9,616.30
Debt securities	779.51	702.27	2,648.08	2,725.54	-	6,855.40
Borrowings (other than debt securities)	11,187.42	10,867.82	40,127.70	35,046.83	9,966.79	1,07,196.55
Deposits	-	-	-	-	-	-
Other financial liabilities	2,194.04	12.06	25.42	44.85	593.05	2,869.41
Total undiscounted financial liabilities	14,383.10	11,799.14	43,236.34	43,858.09	13,261.00	1,26,537.67
Net undiscounted financial assets / (liabilities)	5,818.72	7,322.21	-10,567.24	36,371.04	12,587.60	51,532.33

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The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2019.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	1,372.66	-	-	-	-	1,372.66
Bank Balance other than included in (a) above	550.34	1,027.42	1,108.42	1,083.20	55.41	3,824.79
Trade receivables	135.42	-	-	-	-	135.42
Loans	20,808.68	14,021.56	27,145.41	65,884.67	17,342.87	1,45,203.18
Investments	-	-	-	-	4,525.10	4,525.10
Other financial assets	288.00	284.08	321.81	247.54	153.95	1,295.37
Total undiscounted financial assets	23,155.10	15,333.05	28,575.64	67,215.41	22,077.32	1,56,356.51
Financial liabilities						
Trade payables	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Subordinated Liabilities	150.34	146.31	294.82	1,172.70	4,892.25	6,656.42
Debt securities	1,580.78	1,497.09	4,658.20	6,454.79	-	14,190.86
Borrowings (other than debt securities)	8,499.61	7,809.93	31,826.43	29,683.50	4,581.83	82,401.29
Deposits	-	-	-	-	-	-
Other financial liabilities	3,854.57	33.44	111.90	655.99	-	4,655.90
Total undiscounted financial liabilities	14,085.29	9,486.77	36,891.34	37,966.99	9,474.08	1,07,904.47
Net undiscounted financial assets / (liabilities)	9,069.80	5,846.28	-8,315.70	29,248.42	12,603.24	48,452.04

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at April 01, 2018.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	3,067.89	-	-	-	-	3,067.89
Bank Balance other than included in (a) above	3,151.52	1,183.32	650.16	749.43	-	5,734.43
Trade receivables	130.43	-	-	-	-	130.43
Loans	12,901.83	8,158.03	14,361.40	46,358.63	14,724.57	96,504.46
Investments	-	-	-	-	-	-
Other financial assets	678.01	660.31	1,046.67	1,135.56	163.10	3,683.65
Total undiscounted financial assets	19,929.68	10,001.66	16,058.23	48,243.62	14,887.67	1,09,120.86
Financial liabilities						
Trade payables	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Subordinated Liabilities	150.34	146.31	294.82	1,173.79	5,477.51	7,242.77
Debt securities	559.69	518.84	10,420.48	7,058.64	838.74	19,396.39
Borrowings (other than debt securities)	4,210.18	4,115.31	12,623.46	15,629.67	1,812.54	38,391.16
Deposits	-	-	-	-	-	-
Other financial liabilities	4,387.59	18.58	107.20	515.08	0.73	5,029.18
Total undiscounted financial liabilities	9,307.79	4,799.06	23,445.96	24,377.18	8,129.51	70,059.50
Net undiscounted financial assets / (liabilities)	10,621.89	5,202.60	-7,387.72	23,866.43	6,758.16	39,061.36

IKF Finance Limited

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The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Particulars	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years
As at March 31, 2020						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	-	-	-	-	-	-
As at March 31, 2019						
Guarantees and counter guarantees	-	-	-	-	66.27	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	25.33	-	-	-	-
Total commitments	-	25.33	-	-	66.27	-
As at April 01, 2018						
Guarantees and counter guarantees	-	-	-	-	100.68	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	-	-	-	-	100.68	-

41.4 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. There are broadly two types of market risks: (1) Interest rate risk, and (2) Price risk. The Company has not made investments in quoted equity instruments or other quoted investments and hence is not exposed to Equity price risk. Interest rate risk is discussed below:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources.

The Company has taken borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings are as follows:

Impact on Profit before taxes	As at March 31, 2020	As at March 31, 2019
On Floating Rate Borrowings:		
1% increase in interest rates	(384.27)	(310.09)
1% decrease in interest rates	384.27	310.09

41.5 Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like ours when interest rates fall.

41.6 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

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(Currency : INR in lakhs)

42 Related Party Disclosure**a. Name of related party and nature of relationship:**

Enterprises having a significant influence	India Business Excellence Fund -IIA Vistra ITCL (india) Limited (formerly known as IL and FS trust Company Limited) (Trustee of Business Excellence Trust -II - India Business Excellence Fund - II)
Subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited
Enterprises significantly influenced by Key Management Personnel and their relatives	IKF Infratech Private Limited
Relative of Key Management Personnel	Mrs. D. Vasantha Lakshmi
Key Management Personnel (KMP)	Mr V.G.K.Prasad — Managing Director Mrs. V. Indira Devi — Whole time Director Mrs. K Vasumathi Devi — Executive Director Mr. K.P.Venkatesh — Chief Executive Officer(Upto October 31, 2018) Mr.Sreepal Gulabchand Jain-Chief Financial Officer(From October 31, 2019) Mr.P.Chandra Sekhar - Chief Financial Officer (Upto October 31, 2019) Mr. Ch.Sreenivasa Rao - Company Secretary

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42 Related Party Disclosure (continued)

b. Transaction with related parties:

Name of related party	Nature of transaction	As at April 1, 2018	Transaction value for the year ended March 31, 2019	Received During the year	Paid During The year	As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During the Year	As at March 31, 2020
Key management personnel										
Mr. V G K Prasad	Rent paid	-	20.15	-	-	-	20.33	-	-	-
	Director's remuneration	-	45.00	-	-	-	55.42	-	-	-
	Director Commission Payable	-	-	-	-	-	35.66	-	-	35.66
	Rent deposit given	50.00	-	-	-	50.00	-	-	-	50.00
	Share Capital (INR 10/- Paid up)	1,473.17	-	-	-	1586.79 *	-	-	-	1,586.79
	Partly paid up shares (Rs 5.40 Paid Up)	94.66	-	94.66	-	189.31	-	-	-	189.31
	Premium on partly paid up shares	592.46	-	592.46	-	1,184.92	-	-	-	1,184.92
Purchase of IKF Home Finance Limited Shares	-	-	-	(1,885.69)	-	-	-	-	-	
Mrs. V Indira Devi	Rent paid	-	41.58	-	-	-	43.56	-	-	-
	Director's remuneration	-	30.00	-	-	-	30.00	-	-	-
	Director Commission Payable	-	-	-	-	-	15.18	-	-	15.18
	Rent deposit given	38.50	-	-	-	38.50	-	-	-	38.50
	Share Capital (INR 10/- Paid up)	132.69	-	-	-	132.69	-	-	-	132.69
	Partly paid up shares (Rs 5.40 Paid Up)	8.67	-	8.67	-	17.35	-	-	-	17.35
	Premium Received on Allotment of Partly Paid up Shares	54.29	-	54.29	-	108.57	-	-	-	108.57
Purchase of IKF Home Finance Limited Shares	-	-	-	(111.71)	-	-	-	-	-	
Mrs.K.Vasumathi Devi	Director's remuneration	-	30.00	-	-	-	38.33	-	-	-
	Director Commission Payable	-	-	-	-	-	25.04	-	-	25.04
	Share Capital (INR 10/- Paid up)	213.13	-	-	-	213.13	-	-	-	213.13
	1st Call Money Received Against Allotment of Partly Paid up Shares	13.93	-	13.93	-	27.86	-	-	-	27.86
	Premium Received on Allotment of Partly Paid up Shares	87.20	-	87.20	-	174.39	-	-	-	174.39
	Purchase of IKF Home Finance Limited Shares	-	-	-	(237.26)	-	-	-	-	-
Mr.K.P.Venkatesh	Salary Paid	-	19.10	-	-	-	-	-	-	
Mr.P.Chandra Sekhar	Salary Paid	-	21.00	-	-	-	24.00	-	-	-
	Staff Loan	14.05	-	(1.81)	71.00	83.24	-	(56.06)	-	27.19
	ESOP Compensation	-	-	-	-	-	0.79	-	-	0.79
Mr.Sreepal Gulabchand Jain	Salary Paid	-	-	-	-	-	32.54	-	-	-
Mr.Ch.Sreenivasa Rao	Salary Paid	-	15.95	-	-	-	21.00	-	-	-
	Staff Loan	-	-	(0.50)	3.00	2.50	-	(2.50)	-	-
	ESOP Compensation	-	-	-	-	-	0.62	-	-	0.62
Relatives of key management personnel										
Mrs. D Vasantha Lakshmi	Salary Paid	-	-	-	-	-	-	-	-	-
	Director's remuneration	-	-	-	-	-	-	-	-	-
	Share Capital (INR 10/- Paid up)	200.61	-	-	-	200.61	-	-	-	200.61
	1st Call Money Received Against Allotment of Partly Paid up Shares	13.11	-	13.11	-	26.23	-	-	-	26.23
	Premium Received on Allotment of Partly Paid up Shares	82.08	-	82.08	-	164.15	-	-	-	164.15
	Purchase of IKF Home Finance Limited Shares	-	-	-	(59.98)	-	-	-	-	-
Mr. V Raghu Ram	Share Capital (INR 10/- Paid up)	144.97	-	-	-	144.97	-	-	-	144.97
	1st Call Money Received Against Allotment of Partly Paid up Shares	9.48	-	9.48	-	18.95	-	-	-	18.95
	Premium Received on Allotment of Partly Paid up Shares	59.31	-	59.31	-	118.62	-	-	-	118.62
	Purchase of IKF Home Finance Limited Shares	-	-	-	(83.31)	-	-	-	-	-
Mr. Sinha Satyanand Chunduri	Share Capital (INR 10/- Paid up)	11.77	-	-	-	11.77	-	-	-	11.77
Mrs. Durga Rani Chunduri	Share Capital (INR 10/- Paid up)	149.41	-	-	-	149.41	-	-	-	149.41

42 Related Party Disclosure (continued)

b. Transaction with related parties:

Name of related party	Nature of transaction	As at April 1, 2018	Transaction value for the year ended March 31, 2019	Received During the year	Paid During The year	As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During the Year	As at March 31, 2020
Enterprises significantly influenced by key management personnel or their relatives										
IKF Home Finance Limited	Loan given**	-	-	(1,019.86)	3,850.00	2,830.14	-	(9,548.50)	8,630.59	1,912.22
	Interest Received	-	126.09	-	-	-	564.67	-	-	-
	Direct Assignment	-	-	-	-	-	-	(244.88)	2,561.10	2,316.22
	Interest Receivable on Direct Assignment	-	-	-	-	-	176.74	(150.19)	-	26.55
	Service Fee Collected	-	0.90	-	-	-	44.25	-	-	-
	Service Fee Paid	-	-	-	-	-	1.00	-	-	-
IKF Infratech Private Limited	Purchase of IKF Home Finance Limited Shares	-	-	-	(645.02)	-	-	-	-	-
	Non Convertible Debentures	-	-	-	-	-	63.20	0.00	-	63.20
	Interest Paid	-	-	-	-	-	(0.41)	-	-	-
Enterprises in which Directors are interested										
SVR Finance & Leasing Private Limited	Trade Advance	55.00	-	(265.00)	289.30	79.30	-	(79.30)	50.00	50.00
	Interest Paid	-	3.58	-	-	-	0.37	-	-	0.37
Enterprises having a significant influence										
India Business Excellence Fund-IIA	Share Capital (INR 10/- Paid up)	1,182.93	122.23	-	-	1,305.16	-	-	-	1,305.16
	Share Premium	-	-	-	-	1,100.05	-	-	-	-
	Compulsorily Convertible Preference Shares of Rs 100/- Each (Converted into equity shares during the FY 2018-19)	1,222.28	(1,222.28)	-	-	-	-	-	-	-
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	Share Capital (INR 10/- Paid up)	707.32	73.08	-	-	780.40	-	-	-	780.40
	Share Premium	-	-	-	-	657.76	-	-	-	-
	Compulsorily Convertible Preference Shares of Rs 100/- Each (Converted into equity shares during the FY 2018-19)	730.85	(730.85)	-	-	-	-	-	-	-

c. Key management personnel compensation

Particulars	As at	As at	As at
	March 31, 2020	March 31, 2019	April 01, 2018
Short-term employee benefits	277.17	161.05	163.56
Post-employment benefits#	-	-	-
Long-term employee benefits	-	-	-
Termination benefits	-	-	-
Employee-share based payment	1.41	-	-
Total compensation	278.58	161.05	163.56

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

* The increased value is relating to purchase of shares/debentures from the public

** The principle terms of Loans sanctioned to IKF Home Finance Ltd are (a) Interest @ 13.50% (b) tenor - 3-5 years and © Security Cover - 1.1 times

Notes:

(i) Transaction values are excluding taxes and duties.

(ii) Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with those parties.

(iii) Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

43 First time adoption

These financial statements, for the year ended March 31, 2020, are the first annual financial statements the Company has prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by RBI (Indian GAAP or Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for years ending on March 31, 2020, together with the comparative year data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

Exemption Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Investment in Subsidiary

Ind-AS 101 allows a first-time adopter to use a deemed cost when measuring an investment in a subsidiary in the separate opening statement of financial position. This deemed cost can be determined using either fair value at the date of transition to Ind-AS or a Previous GAAP carrying amount at that date. A first-time adopter is able to choose whether to use the deemed cost exemption on an investment-by-investment basis for its subsidiary.

Deemed cost for property, plant and equipment, investment property and intangible assets

IND AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of April 1, 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

De-recognition of financial assets and liabilities

As per Ind AS 101 an entity shall apply the exception to the retrospective application in case of "derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event). The Company has opted not to re-evaluate financial assets

Fair value measurement of financial assets or financial liabilities at initial recognition

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Company has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

Impairment of financial assets

The Company has applied the exemption related to impairment of financial assets given in Ind AS 101. The Company has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2018.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Leases

Under Indian GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS, (as explained in Note XX), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to Ind AS, the Company has applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

Mandatory Exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Classification and measurement of financial assets

The Company has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

The reconciliations of equity and total Comprehensive income in accordance with Previous GAAP to ind AS are explained below.

Reconciliation of Equity as at:

Particulars	Note number	As at March 31, 2019	As at April 1, 2018
Net Worth as reported under Indian GAAP		26,989.01	22,425.96
Impact on adoption of Ind AS 116 (Leases)	1	24.95	22.29
Effective interest rate on borrowings	2	(9.65)	25.15
Effective interest rate on loans	2	134.25	71.17
Income on financial assets not qualifying for derecognition	4	231.96	
Excess interest spread on assigned loans	3	(217.92)	(80.20)
Excess interest spread receivable	3 & 4	1,073.68	3,271.73
Expected credit loss on loans and advances	5	(1,438.73)	(920.27)
Recognition of interest income on stage 3 assets	6	179.54	246.28
Reclassification of CCPS as debt instrument	8	-	(2,500.00)
Tax effect on above adjustment	9	6.38	(921.18)
Total effect of transition to Ind AS		(15.53)	(785.02)
Equity as per Ind AS		26,973.48	21,640.94

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

Reconciliation of total comprehensive income for the year ended March 31, 2019

Particulars	Note number	For the year ended March 31, 2019
Net profit after tax as reported under Ind GAAP		3,547.87
Ind As Adjustment Increasing / (decreasing) net profit as reported under Indian GAAP:		
Impact on adoption of Ind AS 116 (Leases)	1	2.65
Effective interest rate on borrowings	2	(34.80)
Effective interest rate on loans	2	63.08
Income on financial assets not qualifying for derecognition	4	231.96
Excess interest spread on assigned loans	3	(137.72)
Excess interest spread receivable	3 & 4	(2,198.05)
Expected credit loss on loans and advances	5	(518.46)
Recognition of interest income on stage 3 assets	6	(66.74)
Remeasurements of post employment benefits obligation	7	(1.15)
Tax effect on above adjustment	9	927.56
Total effect of transition to Ind AS		(1,731.66)
Items that will not be reclassified to P&L - Remeasurement of actuarial gains and losses on defined benefit plans	7	1.15
Total Comprehensive Income as per Ind AS		1,817.36

Reference note for reconciliation of Equity and Profit & loss

1 Impact on adoption of Ind AS 116 (Leases)

Under Indian GAAP, operating lease payments are recognised as expense in the statement of profit or loss. Under Ind AS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments and lease equalisation.

2 Effective Interest Rate (EIR)

Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Under Previous GAAP, the transaction costs related to borrowings were amortised in the Statement of profit and loss on a straight line-basis. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the Statement of profit and loss.

3 Direct assignment of loans

Under Previous GAAP, all the loans transferred through Direct Assignment (DA) have been de-recognised from the books as it meets the "true sale criteria" as per RBI guidelines.

As per Ind AS provisions, the direct assignment transactions entered by the Company, meets the derecognition criteria as the Company has substantially transferred risk and rewards.

Under previous GAAP, excess interest spread (EIS) income on the loan portfolio assigned (net of minimum retention ratio) was recognised as and when it was accrued i.e. over the life of the loan given. Under Ind AS such interest income is recognised upfront i.e. at the time of assignment transaction.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

4 Securitisation of loans

Under Previous GAAP, all the loans transferred through securitisation arrangement have been de-recognised from the books as it meets the "true sale criteria" as per RBI guidelines.

As per Ind AS provision, the securitisation transactions entered by the Company does not meets the derecognition criteria as the Company has substantially not transferred risk and rewards.

However, the company has availed the first-time adoption exemption to not recognise the financial assets which were derecognised under previous GAAP. Therefore, securitisation transactions as on transition date are not recognised in the financial statement. In accordance with IND AS 109, the transfer resulted in entity acquiring a new financial asset named as "Excess Interest Spread (EIS) receivable".

5 Expected credit loss on Trade receivables /Loans and advances:

Under Indian GAAP, Non performing Assets ("NPA") provisioning was computed based on the RBI guidelines. Under Ind AS, the impairment is computed based on Expected credit loss model.

6 Interest income on Stage 3 Assets (credit impaired)

Under Indian GAAP, interest income on NPA was recognised on cash basis. However, under Ind AS interest income is recognised on credit impaired assets by applying the EIR on amortised cost of such assets net off ECL.

7 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of Profit and Loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total

8 Reclassification of Compulsarily convertible preference shares as liability

Under Indian GAAP, preference shares formed part of Equity. The conversion feature of preference shares do not satisfy fixed for fixed criteria and hence are classified as liability under Ind AS.

9 Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments have led to deferred tax implications that the Company has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transaction in either retained earnings or other comprehensive income, on the date of transition.

44 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13th March 2020 - Implementation of Indian Accounting
A comparison between provision required under IRACP and impairment allowances under Ind AS 109:

As at March 31, 2020

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	81,322.30	907.21	80,415.09	325.29	581.92
	Stage 2	44,851.14	1,761.62	43,089.53	1,400.14	361.48
Subtotal for Performing Assets		1,26,173.44	2,668.83	1,23,504.61	1,725.43	943.40
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,971.15	714.16	2,256.99	277.44	436.72
Doubtful - upto 1 year	Stage 3	308.42	78.08	230.34	61.68	16.39
Doubtful - 1 to 3 years	Stage 3	176.63	176.63	-	52.99	123.64
Doubtful - more than 3 years	Stage 3	34.40	34.40	-	17.20	17.20
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		3,490.59	1,003.27	2,487.33	409.31	593.96
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		-	-	-	-	-
Total	Stage 1	81,322.30	907.21	80,415.09	325.29	581.92
	Stage 2	44,851.14	1,761.62	43,089.53	1,400.14	361.48
	Stage 3	3,490.59	1,003.27	2,487.33	409.31	593.96
	Total	1,29,664.04	3,672.10	1,25,991.94	2,134.74	1,537.35

* Provision required as per IRACP norms is excluding provision on interest income from Stage 3 loans.

* Provision required as per IRACP norms is including additional 10% provision made by the Company where asset classification benefit is extended.

45 Disclosure as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 - Covid-19 Regulatory Package - Asset Classification and Provisioning:

Particulars	March 31, 2020
(i) Amount due in respect of overdue categories, where the moratorium was extended	55,995.26
(ii) Amounts due on contracts where asset classification benefit is extended	12,207.38
(iii) Provision held against (ii) above as on March 31, 2020	1,220.74

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

46 RBI Disclosures

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

46.01 Capital to Risk Asset Ratio (CRAR)

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	21.19%	20.86%
CRAR - Tier I Capital (%)	19.54%	19.32%
CRAR - Tier II Capital (%)	1.65%	1.55%
Amount of subordinated debt raised as Tier - II Capital	6,500.00	4,500.00
Amount raised by issue of perpetual debt Instruments	-	-

46.02 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Value of Investments		
(I) Gross value of investments		
(a) In India	4,525.10	4,525.10
(a) Outside India	-	-
(II) Provisions for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
(III) Net value of investments		
(a) In India	4,525.10	4,525.10
(a) Outside India	-	-
(b) Movements of provisions held towards impairment on investments		
(I) Opening balance	-	-
(II) Add : Provisions made during the year	-	-
(III) Less : Write-off/ Written- back of excess provisions during the year	-	-
(IV) Closing balance	-	-

46.03 Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, and exchange traded interest rate derivatives. Hence, no disclosure is made for the same

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

46.04 Securitisation

Particulars	As at March 31, 2020	As at March 31, 2019
(I) No of SPVs sponsored by the NBFC for securitisation transactions	5	4
(II) Total amount of securitised assets as per books of the SPVs sponsored	18,628.68	12,739.31
(III) Total amount of exposure retained by the NBFC towards the MRR as on date of balance sheet	-	-
(a) Off-balance sheet exposure towards credit enhancements	-	-
(b) On balance sheet exposures towards credit enhancements	1,472.85	961.44
(IV) Amount of exposures to securitisation transactions other than MRR	-	-
(a) Off-balance sheet exposure towards credit enhancements	-	-
(i) Exposure to own securitisations	-	-
(ii) Exposure to third party securitisations	-	-
(b) On balance sheet exposures towards credit enhancements	-	-
(i) Exposure to own securitisations	1,840.53	1,197.58
(ii) Exposure to third party securitisations	-	-

46.05 Details of financial assets sold to securitisation / reconstruction company for asset reconstruction.

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year

46.06 Details of Assignment Transactions undertaken by NBFCs

The Company has not done any assignment transaction during the year and previous year.

46.07 Details of credit impaired assets purchased / sold

The Company has not purchased / sold non-performing financial assets in the current and previous year

46.08 Exposure to Real estate sector

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

46.09 Exposure to Capital Market

The Company has no exposure to the capital market directly or indirectly in the current and previous year.

46.10 Financing of Parent Company Product

This disclosure is not applicable as the Company does not have any holding / parent company

46.11 Single Borrower Limit / Group Borrower Limit

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the RBI.

46.12 Unsecured Advances

As confirmed by the Management the Company has no unsecured advances given against rights, licenses, authorizations etc. during the year and for previous year.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

46.13 Registration from Other Financial Sector Regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- i. R.B.I. - B.09.00172
- ii. Ministry of Corporate Affairs - U65992AP1991PLC012736
- iii. Ministry of Finance (Financial Intelligence Unit) - FINBF13220

46.14 Penalty

No penalties were imposed by RBI and other regulators during current and previous year

46.15 Credit Rating

Particulars	As at March 31, 2020	As at March 31, 2019
	Rating / Outlook	Rating / Outlook
Nature of borrowing	CARE	CARE
Long term bank facilities	A (Stable)	A (Stable)
Commercial Paper	-	A1
Non - Convertible Debentures	A (Stable)	A (Stable)

Particulars	As at March 31, 2020	As at March 31, 2019
	Rating / Outlook	Rating / Outlook
Nature of borrowing	Brickwork Ratings	Brickwork Ratings
Long term bank facilities	A (Positive)	A (Stable)
Non - Convertible Debentures	A (Positive)	A (Stable)

46.16 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
1. Provisions towards income tax	1,049.55	792.37
2. Provisions towards loans	1,067.01	851.09
3. Provisions towards trade receivables	25.70	-

46.17 Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2020 (previous year: Nil)

46.18 Concentration of Loans

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans to twenty largest borrowers	11,607.12	13,637.83
Percentage of Loans to twenty largest borrowers to total advances of the NBFC	9.21%	12.46%

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

46.19 Concentration of All Exposure (including off - balance sheet exposures)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	16,132.22	18,162.93
Percentage of exposure to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers.	12.36%	15.93%

46.20 Concentration of credit impaired loans

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten credit impaired accounts	801.71	1,026.70

46.21 Sector Wise Credit-Impaired Assets under Ind AS

Particulars	As at March 31, 2020	As at March 31, 2019
1. Agriculture & allied activities	2.72%	4.64%
2. MSME	-	-
3. Corporate Borrowers	-	-
4. Services	-	-
5. Unsecured Personal Loans	-	-
6. Auto Loans	2.86%	4.51%
7. Others	2.13%	3.10%

46.22 Movement of Credit-Impaired Loans under Ind AS

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Net impaired loss allowance to Net loans (%)	1.97%	2.92%
(II) Movement of Credit impaired loans under Ind-AS (Gross)		
(a) Opening Balance	4,401.08	4,007.73
(b) (Deletion)/Addition during the year	(910.49)	393.35
(c) Closing balance	3,490.59	4,401.08
(III) Movement of Net Impaired loss		
(a) Opening Balance	3,196.14	3,048.36
(b) (Deletion)/Addition during the year	(710.18)	147.78
(c) Closing balance	2,485.95	3,196.14
(III) Movement of impairment loss allowance on credit impaired loans		
(a) Opening Balance	1,204.94	959.37
(b) (Deletion)/Addition during the year	(200.31)	245.57
(c) Closing balance	1,004.64	1,204.94

46.23 Overseas Assets

The Company does not have any joint venture or subsidiary abroad; hence this disclosure is not applicable

46.24 Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-Balance Sheet SPV

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

46.25 Customer Complaints

Particulars	As at March 31, 2020	As at March 31, 2019
(a) No. of complaints pending at the beginning of the year	-	2
(b) No. of complaints received during the year	8	7
(c) No. of complaints redressed during the year	8	9
(d) No. of complaints pending at the end of the year	-	-

46.26 As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 2, 2012 the details of frauds noticed / reported are as below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amount Involved	-	-
Amount Recovered	-	-
Amount Written off/provided	-	-
Balance	-	-

46.27 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2020, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED

IKF Finance Limited
Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

46.28 Asset liability management
Maturity pattern of certain items of asset and liabilities - As at March 31, 2020

Pattern	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	966.38	766.12	2,444.87	4,253.00	28,944.80	20,626.48	8,571.23	-	66,572.89
Other Borrowings	1,788.24	1,367.16	1,498.69	4,451.53	7,516.58	11,259.39	584.75	-	28,466.35
Market Borrowings	216.39	-	462.50	587.50	2,408.68	5,459.54	-	2,000.00	11,134.61
Assets									
Advances	8,169.12	860.70	4,127.83	12,548.46	23,456.89	61,675.00	15,345.37	2,162.73	1,28,346.10
Investments	-	-	-	-	-	-	-	4,525.10	4,525.10

Maturity pattern of certain items of asset and liabilities - As at March 31, 2019

Pattern	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,181.38	1,274.50	1,525.86	3,500.81	23,798.97	14,830.23	3,946.54	-	50,058.28
Other Borrowings	1,024.21	911.53	914.52	2,748.43	5,403.73	11,682.16	1,778.72	-	24,463.30
Market Borrowings	353.77	194.44	881.94	1,270.83	4,179.78	5,840.92	3,000.00	-	15,721.69
Assets									
Advances	8,077.18	4,186.97	3,723.52	9,866.37	19,873.42	51,906.39	11,996.82	2,084.84	1,11,715.51
Investments	-	-	-	-	-	-	-	4,525.10	4,525.10

- 46.29 Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as on March 31, 2020.

- i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No	No of Significant Counterparties	Amount #	% of total Deposits	% of Total Liabilities*
1	25	85,247.91	NA	78.37%

- ii) Top 20 large deposits – Not Applicable

- iii) Top 10 Borrowings

Amount #	% of Total Liabilities*
58,787.13	54.04%

- iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument	Amount #	% of Total Liabilities*
1	Term Loan	58,306.66	53.60%
2	Non Convertible Debentures	10,650.00	9.79%
3	Working capital / short term facilities	21,242.26	19.53%
	Total	90,198.93	82.92%

- v) Stock Ratios

Sr. No.	Particulars	31 March, 2020
1	Commercial Papers to Total Liabilities	0.00%
2	Commercial Papers to Total Assets	0.00%
3	NCDs (Original Maturity < 1 year) to Total Liabilities	0.00%
4	NCDs (original Maturity < 1 year) to Total Assets	0.00%
5	Other Short Term Liabilities # to Total Liabilities*	3.52%
6	Other Short Term Liabilities # to Total Assets	2.77%

- vi) Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RMC subsequently updates the Board of Directors on the same.

Amount does not include accrued but not paid interest on borrowing and amortisation of processing fees.

* Total Liabilities does not include Net Worth.

IKF Finance Limited

Notes to financial statements for the year ended March 31, 2020

(Currency : INR in lakhs)

47 Impact due to COVID-19

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. Government too has imposed lockdowns starting from March 24, 2020. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on IKF's financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In assessing the recoverability of loans, receivables, intangible assets, deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

48 Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from April 1, 2020.

49 Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, the Company intends to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the current financial year

50 Event after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

51 Previous year's information have been regrouped/reclassified wherever necessary to correspond with current period's classification/disclosure.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

**JITENDRA
HIRACHAND
RANAWAT**

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Date: 2020.07.10 21:46:06 +05'30'

per Jitendra H. Ranawat

Partner

Membership No.103380

Place: Mumbai

Date: 10-07-2020

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

**GOPALA
KISHAN PRASAD
VUPPUTURI**

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V.G.K Prasad

Managing Director

DIN: 01817992

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ND JAIN**

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Date: 2020.07.10
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Sreepal Jain

Chief Financial Officer

Place: Vijayawada

Date: 10-07-2020

**INDIRA DEVI
VUPPUTURI**

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Date: 2020.07.10
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V.Indira Devi

Whole Time Director

DIN: 03161174

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CHAPALAMADU
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Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

INDEPENDENT AUDITOR'S REPORT**To the Members of IKF Finance Limited****Report on the Audit of the Consolidated Ind AS Financial Statements****Opinion**

We have audited the accompanying consolidated Ind AS financial statements of IKF Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including the statement of Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statement and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of matter

We draw attention to Note 44 of the consolidated Ind AS financial statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Group's business and financial metrics including the Group's estimates of impairment of loans to customers, goodwill and deferred taxes which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with Board of Directors of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. 15,767.76 Lakhs as at March 31, 2020, and total revenues of Rs. 3,971.86 Lakhs and net cash inflows of Rs. 356.45 Lakhs for the year ended on that date. This financial statement and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the mail confirmation received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiary, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 37 to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary during the year ended March 31, 2020.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/ E300005

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Date: 2020.10.01 17:49:32 +05'30'

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 20103380AAAADA6335
Mumbai
Date: October 1, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS Financial Statements of IKF Finance Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of IKF Finance Limited (hereinafter referred to as the “Holding Company”) and its subsidiary company, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company’s internal financial controls over financial reporting with reference to these consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, in terms of his report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting with reference to these consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting with reference

to these consolidated Ind AS Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to explanations given to us and taking into consideration the reports of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS Financial Statements of the Holding Company, insofar as it relates to 1 subsidiary company, is based on the corresponding reports of the auditors of such subsidiary Company.

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E/ E300005
Chartered Accountants

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Date: 2020.10.01 17:50:38 +05'30'

per Jitendra H. Ranawat

Partner

Membership Number: 103380

UDIN: 20103380AAAADA6335

Mumbai

Date: October 1, 2020

IKF Finance Limited
Consolidated Balance Sheet as at March 31, 2020
(Currency : INR in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	3,229.63	1,760.23
(b) Bank Balance other than included in (a) above	4	3,774.93	3,632.01
(c) Receivables			
(i) Trade receivables	5	23.96	135.42
(d) Loans	6	1,37,854.68	1,21,369.52
(e) Investments	8	-	-
(f) Other financial assets	7	1,428.77	1,365.59
		1,46,311.97	1,28,262.77
(2) Non-financial assets			
(a) Current Tax Assets (Net)		156.56	364.16
(b) Deferred Tax Assets (Net)	29	298.70	168.77
(c) Investment Property	11	6.64	6.81
(d) Property, Plant and Equipment	10	358.43	348.97
(e) Right of use asset	10	79.73	120.94
(f) Intangible assets	12	218.69	179.26
(g) Goodwill		774.47	774.47
(h) Other non-financial assets	9	400.09	441.27
		2,293.31	2,404.65
Total assets		1,48,605.28	1,30,667.43
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		17.85	26.05
(b) Debt securities	13	6,109.76	12,609.31
(c) Borrowings (other than debt securities)	14	1,00,797.04	81,240.00
(d) Subordinated Liabilities	15	6,450.76	4,525.83
(e) Other financial liabilities	16	3,805.94	4,615.19
		1,17,181.35	1,03,016.19
(2) Non-financial liabilities			
(a) Current tax liabilities (Net)		38.68	88.44
(b) Provisions	17	230.93	150.15
(c) Deferred tax liabilities (Net)	29	-	-
(d) Other non-financial liabilities	18	149.36	192.08
		418.97	430.66
EQUITY			
(a) Equity share capital	19	5,027.64	5,027.64
(b) Other equity	20	25,555.01	22,015.55
(c) Non- Controlling Interest		422.30	177.39
		31,004.95	27,220.58
Total liabilities and equity		1,48,605.28	1,30,667.43

Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone financial statements
As per our report of even date

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For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

JITENDRA HIRACHAND RANAWAT
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DN: cn=JITENDRA HIRACHAND RANAWAT, c=IN, o=Personal, email=jitendra.ranawat@erb.in
Date: 2020.10.01 17:51:09 +05'30'

per **Jitendra H. Ranawat**

Partner

Membership No.103380

Place: Mumbai

Date: 01-10-2020

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

GOPALA KISHAN PRASAD VUPPUTURI
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Date: 2020.10.01 15:58:15 +05'30'

V.G.K Prasad

Managing Director

DIN: 01817992

SREEPAL GULABCHAND JAIN
Digitally signed by SREEPAL GULABCHAND JAIN
Date: 2020.10.01 16:25:44 +05'30'

Sreepal Jain

Chief Financial Officer

Place: Vijayawada

Date: 01-10-2020

INDIRA DEVI VUPPUTURI
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Date: 2020.10.01 15:54:07 +05'30'

V.Indira Devi

Whole Time Director

DIN: 03161174

SRINIVASA RAO CHAPALAMADUGU
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Date: 2020.10.01 16:01:28 +05'30'

Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

IKF Finance Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Currency : INR in lakhs)

Particulars	Note No	As at March 31, 2020	Year ended March 31, 2019
Revenue From operations			
(i) Interest income	21	22,699.07	15,745.61
(ii) Fees and commission income	22	296.94	33.17
(I) Total revenue from operations		22,996.02	15,778.78
(II) Other income	23	954.23	38.86
(III) Total income (I + II)		23,950.25	15,817.64
Expenses			
(i) Finance costs	24	12,534.48	8,551.40
(ii) Impairment on financial instruments	25	2,040.22	1,114.34
(iii) Employee benefits expenses	26	3,190.89	2,395.01
(iv) Depreciation, amortization and impairment	27	194.80	131.23
(v) Others expenses	28	1,175.54	1,133.63
(IV) Total expenses		19,135.92	13,325.61
(V) Profit before tax (III - IV)		4,814.33	2,492.03
(VI) Tax Expense:			
(1) Current Tax	29	1,356.89	1,548.87
(2) Deferred Tax	29	(128.95)	(990.78)
(3) Adjustment of tax relating to earlier periods	29	2.13	60.42
(VII) Profit for the period (V-VI)		3,584.25	1,873.51
(VIII) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss (specify items and amounts)			
(a) Remeasurements of the defined benefit plans	30	(3.89)	2.42
Income tax relating to items that will not be reclassified to profit or loss		0.98	(0.69)
Other comprehensive income / (loss)		(2.91)	1.72
(IX) Total comprehensive income for the period (VII + VIII)		3,581.33	1,875.24
Attributable to:			
Owners of the Company		3,513.68	1,873.49
Non-controlling interest		67.64	1.76
(X) Earnings per equity share			
Basic (Rs.)		7.13	3.95
Diluted (Rs.)		7.12	3.95

Significant accounting policies and key accounting estimates and judgments

2

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

**JITENDRA
HIRACHAND
RANAWAT**

 Digitally signed by JITENDRA
HIRACHAND RANAWAT
DN: cn=JITENDRA HIRACHAND
RANAWAT, c=IN, o=Personal,
email=jitendra.ranawat@srb.in
Date: 2020.10.01 17:51:45 +05'30'

 per **Jitendra H. Ranawat**

Partner

Membership No.103380

Date: 01-10-2020

Place: Mumbai

For and on behalf of the Board of Directors of
IKF Finance Limited

CIN: U65992AP1991PLC012736

 GOPALA
KISHAN
PRASAD
VUPPUTURI

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GOPALA KISHAN
PRASAD VUPPUTURI
Date: 2020.10.01
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 INDIRA
DEVI
VUPPUTURI

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by INDIRA DEVI
VUPPUTURI
Date: 2020.10.01
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V.G.K Prasad

Managing Director

DIN: 01817992

 SREEPAL
GULABCHAND
D JAIN

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SREEPAL
GULABCHAND JAIN
Date: 2020.10.01
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Sreepal Jain

Chief Financial Officer

V.Indira Devi

Whole Time Director

DIN: 03161174

 SRINIVASA RAO
CHAPALAMAD
UGU

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SRINIVASA RAO
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Date: 2020.10.01
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Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

Place: Vijayawada

Date: 01-10-2020

IKF Finance Limited
Consolidated Cash Flow statement for the year ended March 31, 2020
(Currency : INR in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,814.33	2,492.03
2018 IKFH Other equity		
Adjustments for:		
Depreciation, amortisation and impairment	194.80	131.23
Interest Income	(22,699.07)	(15,745.61)
Interest expenses	12,518.31	8,551.39
Impairment on financial instrument	2,040.22	1,114.34
Lease equalisation	(6.85)	(6.86)
Share based payment expense	17.56	-
Net gain/(loss) on financial instrument at amortised category	(880.55)	-
Provision for expenses	31.69	14.22
Employee benefit expenses	94.71	80.94
Rental income on Investment property	(7.63)	(7.63)
Loss on sale of property, plant and equipment	3.03	13.24
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	(3,879.44)	(3,362.70)
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	85.76	(2.96)
Decrease / (Increase) in loans	(14,492.42)	(32,872.40)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(142.92)	1,946.14
Decrease / (Increase) in other financial assets	(58.81)	(95.79)
Decrease / (Increase) in other non-financial assets	41.18	(57.92)
(Decrease) / Increase in trade payables	(8.20)	25.48
(Decrease) / Increase in other financial liabilities	(769.83)	(1,577.21)
(Decrease) / Increase in provisions	(17.83)	(7.09)
(Decrease) / Increase in other non-financial liabilities	(42.71)	74.55
Interest received	21,853.55	17,345.39
Interest paid	(11,104.86)	(8,355.92)
	(8,536.55)	(26,940.41)
Income tax paid (net of refunds)	(1,201.19)	(1,567.52)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	(9,737.73)	(28,507.94)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(98.21)	(38.08)
Rental income on Investment property	7.63	7.63
Proceeds from sale of property, plant and equipment	0.19	0.42
Purchase of intangible assets	(89.94)	(85.92)
Acquisition of Subsidiary		(3,669.06)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	(180.34)	(3,785.01)
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	175.00	1,190.19
Amount received from debt securities	5,000.00	6,000.00
Repayment of debt securities	(11,611.11)	(10,383.86)
Amount received from borrowings other than debt securities	41,007.06	52,036.82
Repayment of borrowings other than debt securities	(25,117.28)	(18,709.86)
Amount received from subordinated Liabilities	2,000.00	-
Repayment of subordinated debt		-
Payment of principal portion of lease liabilities	(54.40)	(37.04)
Payment of interest on lease liabilities	(11.80)	(10.91)
Deposits received (net)		
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	11,387.47	30,085.34
Net Increase / (Decrease) in Cash and Cash Equivalents	1,469.40	(2,207.61)
Cash and Cash Equivalents at the beginning of Year	1,760.23	3,967.84
Cash and Cash Equivalents at the end of the Year	3,229.63	1,760.23

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

As per our report of even date

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

JITENDRA HIRACHAND
RANAWAT

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c=IN, o=Practising Chartered Accountant, ou=Practising
Date: 2020.10.01 17:52:51 +05'30'

per Jitendra H. Ranawat

Partner

Membership No.103380

Date: 01-10-2020

Place: Mumbai

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

GOPALA
KISHAN
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Digitally signed by GOPALA KISHAN PRASAD VUPPUTURI
Date: 2020.10.01
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V.G.K Prasad

Managing Director

DIN: 01817992

SREEPAL
GULABCHAND
JAIN

Digitally signed by SREEPAL GULABCHAND JAIN
Date: 2020.10.01 16:27:10
+05'30'

Sreepal Jain

Chief Financial Officer

Place: Vijayawada

Date: 01-10-2020

INDIRA
DEVI
VUPPUTURI

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Date: 2020.10.01
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V.Indira Devi

Whole Time Director

DIN: 03161174

SAINIVASA RAO
CHAPALAMADU
GU

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Date: 2020.10.01 16:06:05
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Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

IKF Finance Limited

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

(Currency : INR in lakhs)

A. Equity share capital

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Outstanding as on April 1, 2019	Issued during the year	Outstanding as on March 31, 2020	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019
Issued, Subscribed and paid up - fully paid (Equity shares of Rs.10 each, Fully paid-up)	4,747.94	-	4,747.94	4,552.63	195.31	4,747.94
Issued, Subscribed and paid up - partly paid (Equity shares of Rs.10 each, partly paid-up of Rs. 5.40 per share)	279.70	-	279.70	139.85	139.85	279.70

B. Other equity

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Capital Reserve	Securities Premium	General Reserve	Share based payment Reserve	Retained Earnings	Impairment Reserve	
Balance at April 1, 2018	2,285.07	32.50	5,905.04	544.35	-	8,181.49	-	16,948.45
Profit for the year	-	-	-	-	-	1,871.77	-	1,871.77
Other comprehensive income for the year	-	-	-	-	-	1.72	-	1.72
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,873.49	-	1,873.49
Transfer to Statutory Reserve	758.65	-	-	-	-	(745.06)	-	13.59
Transfer to General Reserve	-	-	-	177.39	-	(177.39)	-	-
Issue of equity shares	-	-	2,633.14	-	-	-	-	2,633.14
Premium on issue of Compulsorily Convertible Preference Shares (CCPS)	-	-	546.88	-	-	-	-	546.88
Balance at March 31, 2019	3,043.71	32.50	9,085.06	721.74	-	9,132.53	-	22,015.55
Profit for the year	-	-	-	-	-	3,516.60	-	3,516.60
Prior Period items	-	-	-	-	-	(16.17)	-	(16.17)
Other comprehensive income for the year	-	-	-	-	-	(2.91)	-	(2.91)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,497.51	-	3,497.51
Transfer to Statutory Reserve	670.18	-	-	-	-	(645.78)	-	24.39
Transfer to General Reserve	-	-	-	138.67	-	(138.67)	-	-
Share based payment expense	-	-	-	-	17.56	-	-	17.56
Balance at March 31, 2020	3,713.89	32.50	9,085.06	860.41	17.56	11,845.59	-	25,555.01

As per our report of even date

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

JITENDRA HIRACHAND RANAWAT
Digitally signed by JITENDRA HIRACHAND RANAWAT
 DN: cn=JITENDRA HIRACHAND RANAWAT, c=IN, o=Personal, email=jitendra.ranawat@srb.in
 Date: 2020.10.01 17:53:04 +05'30'

per Jitendra H. Ranawat

Partner

Membership No.103380

Date: 01-10-2020

Place: Mumbai

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

GOPALA KISHAN PRASAD VUPPUTURI
Digitally signed by GOPALA KISHAN PRASAD VUPPUTURI
 Date: 2020.10.01 15:59:27 +05'30'

V.G.K Prasad

Managing Director

DIN: 01817992

Date: 01-10-2020

Place: Vijayawada

INDIRA DEVI VUPPUTURI
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 Date: 2020.10.01 15:55:03 +05'30'

V.Indira Devi

Whole Time Director

DIN: 03161174

SREEPAL GULABCHAND JAIN
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 Date: 2020.10.01 16:27:56 +05'30'

Sreepal Jain

Chief Financial Officer

SRINIVASA RAO CHAPALA MADUGU
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 Date: 2020.10.01 16:00:19 +05'30'

Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723

IKF Finance Limited

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amount in Rs. Lakhs, unless otherwise stated)

1 Group Information

IKF Finance Limited ('the Company' or 'the Holding Company') is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and classified as a Non-Banking Financial Company- Asset Finance Company ('NBFC-AFC') with effect from May 12, 2014. The Company provides finance for commercial vehicles, construction equipment and other loans.

The consolidated financial statements relates to the Company and its subsidiary company IKF Home Finance Limited (IKFHF) ("together hereinafter referred to as "Group").

1.1 Basis of Consolidation

i. The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2020 and are prepared based on the accounting policies consistent with those used by the Company.

ii. Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements.

The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realized.

b. The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company is made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

c. Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group to arrive at the income attributable to shareholders of the Company.

d. Goodwill arising on consolidation is not amortized but tested for impairment.

Subsidiary Considered in preparation of these consolidated financial statements are as under:

Name of the subsidiary	Country of in corporation	Proportion of ownership
IKF Home Finance Limited	India	91.49%

IKF Finance Limited

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amount in Rs. Lakhs, unless otherwise stated)

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS'). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

These financial statements for the year ended March 31, 2020 are the first financial statements of the Group prepared under Ind AS. The financial statements have been prepared on the accrual and going concern basis. The Ind AS accounting assumptions and treatments are applied consistently to all the periods presented in these financial statements, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2018 being the 'date of transition to Ind AS'.

These financial statements are prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by the relevant standards under Ind AS in the case of certain financial assets and liabilities, net defined benefit (asset)/ liability and share based payments.

2.2 Presentation of Financial Statements

The financial statements are presented as per Division III of the Schedule III to the Companies Act 2013 as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind-AS. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 34 – Maturity analysis of assets and liabilities.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

2.3 Basis of Measurement

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments, plan assets of defined benefit plans and share based payment plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Lakhs in compliance with Schedule III of the Act, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial

IKF Finance Limited**Notes to the Consolidated financial statements for the year ended March 31, 2020**

(All amount in Rs. Lakhs, unless otherwise stated)

statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

a. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b. Effective Interest Rate (EIR) method

The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

c. Impairment of loans portfolio

The measurement of impairment losses on loan assets requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Group's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- PD calculation includes historical data, benchmarking, assumptions and expectations of future conditions.
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs

IKF Finance Limited**Notes to the Consolidated financial statements for the year ended March 31, 2020**

(All amount in Rs. Lakhs, unless otherwise stated)

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6-Loans and Note 41- Risk Management.

d. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

f. Lease Term

- The determination of lease term for some lease contracts in which the Group is a lessee, including whether the Group is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

g. Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.5 Revenue recognition**a. Interest Income on loans**

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost and at fair value through other comprehensive (FVOCI) income.

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset except for credit impaired asset.

The calculation of the effective interest rate includes transaction costs and fees (loan processing fees, commission paid to direct selling agents and other premiums or discounts) that are an integral part of the

IKF Finance Limited

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amount in Rs. Lakhs, unless otherwise stated)

contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

b. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation rental income is recognised as per the contractual terms.

Operating leases are leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset.

c. Interest income on fixed deposits

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

d. Other income

Other charges including application fees (penal interest, cheque bouncing charges, etc.) are recognised on realization basis.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at transaction price, which equates fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

a. Classification and measurement of Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Group classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

IKF Finance Limited

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amount in Rs. Lakhs, unless otherwise stated)

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group records loans at amortised cost.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income and interest income which is recognised in statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

b. Financial Liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

c. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

IKF Finance Limited

Notes to the Consolidated financial statements for the year ended March 31, 2020

(All amount in Rs. Lakhs, unless otherwise stated)

d. Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets. Financial liabilities are not reclassified.

e. De-recognition of financial assets and financial liabilities

i. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- i. The Group has transferred its contractual rights to receive cash flows from the financial asset, or
- ii. It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i. The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- ii. The Group cannot sell or pledge the original asset other than as security to the eventual recipients

The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- i. The Group has transferred substantially all the risks and rewards of the asset, or
- ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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ii. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

f. Impairment of Financial Assets

The Group recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into three stages as described below:

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Group compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognises lifetime ECL for impaired financial instruments.

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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Probability of Default (PD) -

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PD is further explained in Note 41- Risk Management.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using other methodologies. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

g. Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in Note 40- Fair Value Measurement) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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(All amount in Rs. Lakhs, unless otherwise stated)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

2.7 Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss (if any). The total cost of the asset comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Advances paid towards the acquisition of assets outstanding at each balance sheet date are disclosed as other non-financial assets. The cost of assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Depreciation is provided on a straight-line method, over the estimated useful life of each asset as prescribed in Schedule II of the Companies Act, 2013 as follows:

Asset	Useful Life
Building	60 years
Office Equipment	5 years
Furniture and Fixture	10 years

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Computers	3 years
Vehicles (Car, Lorry, Bus)	8 years
Vehicles (Bike, Moped, Cycle)	10 years
Servers	6 years

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Cost comprise the purchase price and any attributable cost of bringing the asset to its working condition for its intended use

Intangible assets are amortised on a straight line basis over their estimated useful life.

The estimated useful life of intangible assets are as follows:

Asset	Useful Life
Software	6 years

2.9 Impairment of non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

2.10 Employee benefits**Defined Contribution Plan:**

The Group has a defined contribution plan for post-employment benefits in the form of Provident Fund. Under the Provident Fund Plan, the Group contributes to a Government administered provident fund /

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recognized provident fund on behalf of the employees. The Group has no further obligation beyond making the contributions.

The Group's contributions to the above Plan are charged to the Statement of Profit and Loss.

Defined Benefit Plan:

The Group provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under 'The Payment of Gratuity Act, 1972'. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other Employee Benefits:

The employees of the Group are entitled to compensated absence and deferred compensation as per the policy of the Group, the liability in respect of which is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in the actuarial assumptions are recognized immediately in the Statement of Profit and Loss in the year in which they arise.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. Unutilised leave balance that accrues to employees as at the year end is charged to the Statement of Profit and Loss on an undiscounted basis.

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2.11 Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

(a) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.12 Provision and contingencies

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

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A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

2.13 Earnings per share

The Group reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 – “Earnings Per Share”. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

2.14 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.15 Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use ('ROU') the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated

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depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. (Refer to the accounting policies on Impairment of non-financial assets.)

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the transition date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.17 Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting year, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

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(Currency : INR in lakhs)

3 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	8.86	195.53
Balance with bank in current accounts	3,220.77	1,564.70
Total	3,229.63	1,760.23

4 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Bank deposits with original maturity of more than 3 months	1,616.72	184.62
Balances with banks to the extent held as margin money*	2,158.21	3,447.39
Total	3,774.93	3,632.01

*Represent margin money deposits placed to avail term loans from banks, financial institutions and as cash collateral in connection with securitisation transactions.

5 Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Trade receivables		
Receivables considered good - Unsecured	49.66	135.42
Less: Provision for impairment	25.70	-
Total	23.96	135.42

No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

6 Loans

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Term loans	1,42,001.03	1,24,037.65
(ii) term loans - related parties	-	-
(iii) Staff loans	18.95	24.68
Total	1,42,019.98	1,24,062.34
Less: Impairment loss allowance	4,165.29	2,692.81
Total - Net of impairment loss allowance	1,37,854.68	1,21,369.52
(i) Secured by tangible and intangible assets	1,42,019.98	1,24,062.34
(ii) Covered by Bank/ Government Guarantees		
(iii) Unsecured		
Total	1,42,019.98	1,24,062.34
Less: Impairment loss allowance	4,165.29	2,692.81
Total - Net of impairment loss allowance	1,37,854.68	1,21,369.52
(i) Public sectors	-	
(ii) Others	1,42,019.98	1,24,062.34
Total	1,42,019.98	1,24,062.34
Less: Impairment loss allowance	4,165.29	2,692.81
Total - Net of impairment loss allowance	1,37,854.68	1,21,369.52
(i) Loans in India	1,42,019.98	1,24,062.34
(ii) Loans outside India		
Total	1,42,019.98	1,24,062.34
Less: Impairment loss allowance	4,165.29	2,692.81
Total - Net of impairment loss allowance	1,37,854.68	1,21,369.52

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6.1 The table below discloses credit quality and the maximum exposure to credit risk based on the Group year end stage classification. The numbers presented are gross of impairment loss allowance:

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans		
Stage I	93,074.48	89,448.36
Stage II	45,296.45	30,165.84
Stage III	3,630.08	4,423.46
Total	1,42,001.00	1,24,037.66

6.2 Gross movement of loans for the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019				
Term loans	89,448.35	30,165.84	4,423.46	1,24,037.65
Staff loans	24.68	-	-	24.68
New loans originated during the year	-	-	-	-
Term loans	52,418.40	19,428.27	383.73	72,230.40
Staff loans	-	-	-	-
Inter-stage movements:	-	-	-	-
-Term loans	-	-	-	-
Transfers to Stage 1	10,705.01	(9,493.01)	(1,212.00)	-
Transfers to Stage 2	(21,024.78)	22,068.21	(1,043.44)	-
Transfers to Stage 3	(1,956.55)	(1,335.74)	3,292.28	-
Interest on stage 3 loans	-	-	17.22	17.22
Amounts written off	-	-	-	-
Term loans	(216.41)	(210.62)	(115.00)	(542.03)
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Term loans	(36,299.53)	(15,326.51)	(2,116.18)	(53,742.21)
Staff loans	(5.74)	-	-	(5.74)
Gross carrying amount as at March 31, 2020				
Term loans	93,074.51	45,296.45	3,630.08	1,42,001.03
Staff loans	18.95	-	-	18.95

6.3 Gross movement of loans for the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018				
Term loans	61,107.75	14,367.27	4,007.73	79,482.75
Staff loans	35.87	-	-	35.87
New loans originated during the year	-	-	-	-
Term loans	57,439.69	15,384.88	1,375.79	74,200.36
Staff loans	-	-	-	-
Inter-stage movements:	-	-	-	-
-term loans	-	-	-	-
Transfers to Stage 1	6,077.82	(5,131.79)	(946.03)	-
Transfers to Stage 2	(12,998.23)	13,514.99	(516.77)	-
Transfers to Stage 3	(1,371.72)	(772.26)	2,143.98	-
Interest on stage 3 loans	-	-	(66.74)	(66.74)
Amounts written off	(106.27)	(20.69)	(139.26)	(266.21)
Term loans	-	-	-	-
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Term loans	(20,700.70)	(7,176.55)	(1,435.26)	(29,312.50)
Staff loans	(11.19)	-	-	(11.19)
Gross carrying amount as at March 31, 2019				
Term loans	89,448.35	30,165.84	4,423.46	1,24,037.65
Others	24.68	-	-	24.68

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(Currency : INR in lakhs)

6.4 ECL movement of term loans during the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019	646.38	837.02	1,209.42	2,692.81
New loans originated during the year	776.15	771.04	89.08	1,636.27
Inter-stage movements:	-	-	-	-
Transfers to Stage 1	603.23	(286.84)	(316.40)	-
Transfers to Stage 2	(138.84)	374.63	(235.79)	-
Transfers to Stage 3	(13.49)	(43.14)	56.63	-
Amounts written off	(2.92)	(16.71)	(73.54)	(93.16)
Assets derecognised or repaid (excluding write offs)	(635.40)	232.77	332.00	(70.62)
Gross carrying amount as at March 31, 2020	1,235.11	1,868.78	1,061.40	4,165.29

6.5 ECL movement of term loans during the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018	416.94	417.05	959.37	1,793.37
New loans originated during the year	413.73	440.44	307.19	1,161.36
Inter-stage movements:	-	-	-	-
Transfers to Stage 1	360.64	(141.39)	(219.26)	-
Transfers to Stage 2	(85.18)	203.14	(117.96)	-
Transfers to Stage 3	(8.57)	(28.74)	37.31	-
Amounts written off	(6.99)	(2.01)	(90.92)	(99.92)
Assets derecognised or repaid (excluding write offs)	(444.20)	(51.48)	333.68	(162.00)
Gross carrying amount as at March 31, 2019	646.38	837.02	1,209.42	2,692.81

IKF Finance Limited**Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020**

(Currency : INR in lakhs)

7 Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Rent and utility deposit	160.25	163.27
Excess Interest Spread (EIS) Receivables	1,076.57	1,073.68
Others	191.95	128.64
Total	1,428.77	1,365.59

8 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Equity instruments		
- Subsidiary (at cost)		
IKF Home finance limited	-	-
Total	-	-

9 Other Non-Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	65.87	97.45
Advances to employees	1.54	3.72
GST input credit	304.18	261.42
Other -unsecured, considered good	28.50	78.67
Total	400.09	441.27

10 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and Fixtures	Computer & Printer	Office equipment	Vehicles	Total	Right to Use Assets
Gross carrying amount							
Deemed cost as at April 1, 2018*	25.68	219.21	51.79	17.37	76.16	390.20	59.18
Additions	3.45	9.43	40.31	4.63	-	57.82	105.92
Disposals	-	(8.10)	(3.81)	(0.40)	(0.65)	(12.97)	-
As at March 31, 2019	29.13	220.54	88.29	21.61	75.51	435.05	165.09
Additions	-	43.30	13.37	5.70	35.83	98.20	17.40
Disposals	-	(4.18)	(0.16)	-	-	(4.35)	-
As at March 31, 2020	29.13	259.67	101.50	27.31	111.34	528.90	182.50
Accumulated depreciation and impairment:							
As at April 1, 2018	1.92	1.39	2.36	1.13	-	6.79	44.15
Depreciation for the year	2.79	32.75	28.85	3.06	11.86	79.29	44.15
Disposals	-	-	-	-	-	-	-
As at March 31, 2019	4.70	34.14	31.21	4.19	11.86	86.08	44.15
Depreciation for the year	2.95	35.02	30.01	3.87	13.68	85.52	58.61
Disposals	-	(1.09)	(0.03)	-	-	(1.13)	-
As at March 31, 2020	7.66	68.07	61.19	8.06	25.53	170.47	102.76
Net book value							
As at April 1, 2018	23.76	217.82	49.43	16.24	76.16	383.41	59.18
As at March 31, 2019	24.42	186.42	57.08	17.42	63.65	348.97	120.94
As at March 31, 2020	21.47	191.61	40.31	19.25	85.81	358.43	79.73

* The Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2018 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

11 Investment Property

Particulars	Buildings	Total
Gross carrying amount		
Deemed cost as at April 1, 2018*	6.98	6.98
Addition	-	-
Disposals	-	-
As at March 31, 2019	6.98	6.98
Additions	-	-
Disposals	-	-
As at March 31, 2020	6.98	6.98
Accumulated depreciation and impairment		
As at April 1, 2018		
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2019	0.17	0.17
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2020	0.34	0.34
Net book value		
As at April 1, 2018	6.98	6.98
As at March 31, 2019	6.81	6.81
As at March 31, 2020	6.64	6.64

* The group has elected to continue with the carrying value of all of its investment property recognised as of April 1, 2018 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(i) Amounts recognised in Statement of Profit and Loss for Investment Property

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rental Income	7.63	7.63
Direct operating expense from property that generated rental income	0.40	0.39
Profit from investment properties before depreciation	7.22	7.24
Depreciation	0.17	0.17
Profit from investment properties	7.05	7.07

(ii) Contractual obligations

The group has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) Fair value

The fair valuation of investment property as at March 31, 2020 is INR 210.72 lakhs.

(iv) Pledged details

Investment property pledged in favor of consortium leader central bank for cash credit facility.

(v) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

12 Intangible assets

Particulars	Computer software
Gross carrying amount	
Deemed cost as at April 1, 2018*	121.42
Additions	95.63
Disposal	(0.69)
As at March 31, 2019	216.36
Additions	89.93
Disposal	
As at March 31, 2020	306.30
Accumulated amortisation and impairment	
As at April 1, 2018	
Amortisation for the year	37.10
Disposal	
As at March 31, 2019	37.10
Amortisation for the year	50.52
Disposal	
As at March 31, 2020	87.61
Net book value	
As at April 1, 2018	121.42
As at March 31, 2019	179.26
As at March 31, 2020	218.69

* The group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2018 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

IKF Finance Limited
Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

13 Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Secured		
Non convertible debentures	769.66	8,982.52
Unsecured		
Other non convertible debentures	5,340.10	3,626.79
Commercial Paper	-	-
Total	6,109.76	12,609.31
Debt Securities:		
Within India	6,109.76	12,609.31
Outside India	-	-
Total	6,109.76	12,609.31

Terms of repayment of Debt securities as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years								
Quarterly repayment schedule								
1-5 Years	11.00%-12.00%	4	1,250.00					1,250.00
	12.01%-12.50%	8	1,100.00	13	1,750.00			2,850.00
Bullet repayment schedule								
1-14 Years	10.51%-11.50%	1	950.00	1	600.00			1,550.00
								-
Total			3,300.00		2,350.00		-	5,650.00
Add : Interest accrued but not due								484.61
Less : Unamortized Finance Cost								(24.85)
Total Amortized Cost			3,300.00		2,350.00		-	6,109.76

Terms of repayment of Debt securities as on March 31, 2019

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	10.51%-11.50%	12	2,333.33	4	777.79			3,111.12
Quarterly repayment schedule								
1-5 Years	11.00%-12.00%	8	2,750.00	4	1,250.00			4,000.00
Bullet repayment schedule								
1-14 Years	9.51%-10.50%			1	2,000.00			2,000.00
	10.51%-11.50%	1	1,600	2	1,550.00			3,150.00
								-
Total			6,683.33		5,577.79		-	12,261.11
Add : Interest accrued but not due								374.72
Less : Unamortized Finance Cost								(26.52)
Total Amortized Cost			6,683.33		5,577.79		-	12,609.31

IKF Finance Limited**Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020**

(Currency : INR in lakhs)

14 Borrowings (other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Term loans (Secured)		
from banks	45,599.53	34,733.52
from non banking financial companies	18,080.62	15,797.92
from financial institutions	-	1,730.37
	-	-
Loans repayable on demand (Secured):		
Cash credit from Bank	21,739.98	17,137.86
from other parties	0.00	300.00
	-	-
Associated liabilities in respect of securitisation transactions	15,376.90	11,540.34
Total	1,00,797.03	81,240.00
Borrowings:		
Within India	1,00,797.04	81,240.00
Outside India		
Total	1,00,797.04	81,240.00

Nature of security**Term loans (secured)**

Term Loans from bank, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and cash collateral by way of fixed deposits and mortgage of personal properties of directors in addition to their personal guarantees.

Loans repayable on demand (Secured)

These loans are secured against the first pari passu charge on current assets, book debts and receivables including loans & advances of the Group as per the agreement. Further, the loan has been guaranteed by personal guarantee of director/promoter to the extent of 287.20 Cr (March 31, 2019: INR 439.00 Cr, April 1, 2018: INR 439.00 Cr).

Terms of repayment of borrowings (other than debt) as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	36	781	107	2,699	20	12	3,491.13
	9.00%-10.50%	90	6,474	40	1,892	-	-	8,365.24
	10.51%-11.50%	68	3,080	92	3,990	-	-	7,070.06
	11.51%-12.50%	104	5,000	177	8,769	-	-	13,769.45
	12.51%-14.50%	60	808	59	968	-	-	1,775.61
Quarterly repayment schedule								
1-5 Years	9.00%-10.00%	22	3,200	58	8,945	-	-	12,145.36
	10.00%-11.00%	8	2,433	21	9,367	-	-	11,800.00
	11.00%-12.00%	7	1,500	11	2,000	-	-	3,500.00
	12.01%-12.50%	11	385	36	1,336	7	351	2,072.37
								-
Bullet repayment schedule								
1-14 Years	9.51%-10.50%							-
	10.51%-11.50%							-
	11.51%-12.50%							-
	>13.50%							-
								-
Total			23,660.79		39,965.16		363.27	63,989.22
Add : Interest accrued but not due								108.26
Less : Unamortized Finance Cost								(417.33)
Total Amortized Cost			23,660.79		39,965.16		363.27	63,680.15

Terms of repayment of borrowings (other than debt) as on March 31, 2019

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	12	4	36	14	-	-	17.34
	9.00%-10.50%	137	9,214	158	12,918	-	-	22,131.93
	10.51%-11.50%	71	2,879	73	2,244	-	-	5,122.40
	11.51%-12.50%	130	4,078	292	11,056	-	-	15,134.09
	12.51%-13.50%	3	48	-	-	-	-	47.94
Quarterly repayment schedule								
1-7 Years	9.00%-10.00%	16	600	18	900	-	-	1,500.00
	10.00%-11.00%	4	133	9	300	-	-	433.33
	11.00%-12.00%	10	3,156	9	2,987	-	-	6,143.13
	12.01%-12.50%	16	1,446	16	400	1	25	1,871.44
								-
Bullet repayment schedule								
1-7 Years	9.51%-10.50%	-	-	-	-	-	-	-
	10.51%-11.50%	-	-	-	-	-	-	-
	11.51%-12.50%	-	-	-	-	-	-	-
	>13.50%	-	-	-	-	-	-	-
								-
Total			21,558.48		30,818.13		25.00	52,401.60
Add : Interest accrued but not due								120.26
Less : Unamortized Finance Cost								(260.05)
Total Amortized Cost			21,558.48		30,818.13		25.00	52,261.81

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

15 Subordinated Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured - At amortised cost		
Non convertible debentures (Tier-II)	4,975.20	3,059.77
Indian rupee loan from banks (Tier-II)	1,475.56	1,466.06
0.01% Compulsorily convertible preference share of INR 100 each, Fully paid-up		
Opening balance	-	2,500.00
Issued during the year	-	-
Converted during the year	-	(2,500.00)
Closing balance	-	-
Total	6,450.76	4,525.83
Subordinated Liabilities:		
Within India	6,450.76	4,525.83
Outside India	-	-
Total	6,450.76	4,525.83

Terms of repayment of subordinated liabilities

On January 16, 2018, the Group issued 19,53,125, 0.01% Compulsorily Convertible Preference Share (CCPS) at an issue price of INR 128/- (face value of INR 100 and share premium of INR 28). CCPS Coupon shall become due and payable by the Group to the CCPS Holder on 31st March of every Financial Year. In addition to the fixed coupon payable, whenever the Group declares dividend on the Equity Shares, the CCPS holder will also be entitled to receive such dividends. The CCPS is convertible into 1 equity share of INR 10/- each within a period of 1 year from the date of allotment. The conversion feature of preference shares does not result into a fixed number of equity shares and hence does not satisfy fixed for fixed criteria. Therefore the CCPS are classified as a financial liability in accordance with Ind AS 32.

Terms of repayment of Debt securities as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-14 Years	11.51%-12.50%			1	1,500.00			1,500.00
	>13.50%			1	3,000.00	1	2,000.00	5,000.00
Total			-		4,500.00		2,000.00	6,500.00
Add : Interest accrued but not due								5.15
Less : Unamortized Finance Cost								(54.39)
Total Amortized Cost			-		4,500.00		2,000.00	6,450.76

Terms of repayment of Debt securities as on March 31, 2019

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-14 Years	11.51%-12.50%			1	1,500.00			1,500.00
	>13.50%			1	3,000.00			3,000.00
Total			-		4,500.00		-	4,500.00
Add : Interest accrued but not due								90.97
Less : Unamortized Finance Cost								(65.14)
Total Amortized Cost			-		4,500.00		-	4,525.83

IKF Finance Limited**Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020**

(Currency : INR in lakhs)

16 Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities	86.30	123.70
Employee benefits payable	127.73	107.49
Expenses payable	15.71	1.63
Other Payables	1,342.37	1,538.74
Deposit from franchisees	495.74	666.90
Payable towards securitisation / assignment transactions	1,738.09	2,176.54
Total	3,805.94	4,615.01

17 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity	108.31	72.87
Provision for leave benefits	122.62	77.28
Total	230.93	150.15

18 Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	149.36	192.08
Other payable	-	-
Total	149.36	192.08

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

19. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of INR 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Preference shares of INR 100 each	25,00,000	2,500.00	25,00,000	2,500.00
	6,25,00,000	8,500.00	6,25,00,000	8,500.00
Issued, subscribed and fully paid-up shares				
Equity Shares of INR 10 each fully paid up	4,74,79,379	4,747.94	4,74,79,379	4,747.94
	4,74,79,379	4,747.94	4,74,79,379	4,747.94
Issued, subscribed and partly paid-up shares				
Equity Shares of INR 10 each, partly paid up INR 5.40 per shares (partly paid up INR 2.70 per share in March 2019)	51,79,688	279.70	51,79,688	279.70
	51,79,688	279.70	51,79,688	279.70
	5,26,59,067	5,027.64	5,26,59,067	5,027.64

A. Reconciliation of number of shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Fully paid equity share of INR 10 each				
At the beginning of the year	4,74,79,379	4,747.94	4,55,26,254	4,552.63
Shares issued during the year	-	-	19,53,125	195.31
Outstanding at the end of the year	4,74,79,379	4,747.94	4,74,79,379	4,747.94
Partly paid up equity share of INR 10 each, partly paid up INR 5.40 per share				
At the beginning of the year	51,79,688	279.70	51,79,688	139.85
Amount called/issued during the year	-	-	-	139.85
Outstanding at the end of the year	51,79,688	279.70	51,79,688	279.70

Notes:

B. Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of INR 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Group, the equity shareholders will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholder

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

IKF Finance Limited

Notes forming part of Consolidated Financial Statements

(Currency : INR in lakhs)

C. Details of shareholder(s) holding more than 5% of equity shares in the Company :

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding
<u>Equity shares of INR 10 each fully paid up</u>				
Vupputuri Gopala Kishan Prasad	1,58,67,900	33.42%	1,58,67,900	33.42%
India Business Excellence Fund-IIA	1,30,51,546	27.49%	1,30,51,546	27.49%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	78,04,018	16.44%	78,04,018	16.44%
<u>Equity Shares of INR 10 each, partly paid up INR 5.40 per share</u>				
Vupputuri Gopala Kishan Prasad	35,05,821	67.68%	35,05,821	67.68%
Koganti Vasumathi Devi	5,15,980	9.96%	5,15,980	9.96%
V Indira Devi	3,21,240	6.20%	3,21,240	6.20%
V Raghu Ram	3,50,970	6.78%	3,50,970	6.78%
D Vasantha Lakshmi	4,85,677	9.38%	4,85,677	9.38%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

D. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particular	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
(ii) Equity shares of ₹ 10 each, fully paid up, allotted on conversion of 19,53,125/- 0.01% Compulsorily convertible preference share of INR 100 each, Fully paid-up	-	195.31	-	-

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

20. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserve	32.50	32.50
Securities premium reserve	9,085.06	9,085.06
Share Based Payment reserve	17.56	-
Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934	3,549.31	2,994.64
Statutory Reserve U/s 29C of NHB Act	126.60	35.49
Provision U/s 36(viia) Income tax Act, 1961	37.98	13.59
General reserve	860.41	721.74
Retained earnings	11,845.59	9,132.54
		-
Total	25,555.01	22,015.55

Nature and purpose of reserve

a. Capital reserve

This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

b. Securities premium reserve

The securities premium reserve is used to record the premium received on issue of shares. The reserve can be utilised only for limited purpose such as issuance of bonus shares in accordance with provision of the Companies Act, 2013.

c. Statutory reserve

- i. Reserves created under Section 45IC of The Reserve Bank of India Act 1934
- ii. Reserves created under Section 29C of NHB Act 1987
- ii. Reserves created under Section 36(viia) Income tax Act, 1961

d. Share based payment reserve

The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the Company and its subsidiaries under stock option schemes of the Company.

e. Retained earnings

Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

IKF Finance Limited
Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

B. Movement in Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
I. Capital Reserve		
Opening balance	32.50	32.50
Add : Share issued during the year	-	-
	32.50	32.50
II. Securities premium reserve		
Opening balance	9,085.06	5,905.04
Add : Premium received on issue of securities	-	2,633.14
	9,085.06	8,538.19
Impact of first time adoption of Ind AS	-	546.88
	9,085.06	9,085.06
III. Share Based Payment reserve		
Opening balance	-	-
Add : During the year	17.56	-
	17.56	-
IV. Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934		
Opening balance	2,994.64	2,285.07
Add : Transfer from retained earnings	554.67	709.57
	3,549.31	2,994.65
V. Statutory Reserve U/s 29C of NHB Act		
Opening balance	35.49	-
Add : Transfer from retained earnings	91.11	35.49
	126.60	35.49
VI. Provision U/s 36(viia) Income tax Act, 1961		
Opening balance	13.59	-
Add : Transfer from retained earnings	24.39	13.59
	37.98	13.59
VII. General Reserve		
Opening balance	721.74	544.35
Add : Transfer from retained earnings	138.67	177.39
	860.41	721.75
VIII. Retained earning		
Opening balance	9,132.53	8,181.49
Add : Profit for the year	3,516.60	1,871.77
Add : Prior Period items	(16.17)	-
Add : Other comprehensive income	(2.91)	1.72
Appropriations:		
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(554.67)	(709.57)
Transfer to Statutory NHB Reserve	(91.11)	(35.49)
Transfer to General reserve	(138.67)	(177.39)
	11,845.59	9,132.54
Impact of first time adoption of Ind AS		
Total	11,845.59	9,132.54

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

21 Interest income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial assets measured at amortised cost		
Interest on loans	22,475.36	15,480.18
Interest on deposits with banks	223.72	265.43
Total	22,699.07	15,745.61

22 Fees and commission income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	296.94	33.17
Total	296.94	33.17

23 Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on income tax refund	10.64	-
Rental income	7.63	7.63
Miscellaneous Income	55.40	31.23
Net gain on derecognition of assets	880.56	
Total	954.23	38.86

24 Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost		
Interest on deposits	95.13	101.91
Interest on borrowings	8,509.34	5,563.49
Interest on commercial paper and bonds	33.21	555.02
Interest on debentures	1,833.25	1,779.57
Interest on subordinated liabilities	15.76	13.71
Interest on lease liabilities	8.95	7.07
Interest on securitisation	1,550.61	251.19
Bank Charges	13.60	42.06
Other finance cost	474.63	237.39
Total	12,534.48	8,551.40

25 Impairment on financial instruments

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial instruments measured at amortised cost		
Loans	1,472.48	848.12
Trade receivables	25.70	-
Bad debts and write offs	542.03	266.21
Total	2,040.22	1,114.34

IKF Finance Limited**Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020**

(Currency : INR in lakhs)

26 Employee benefits expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	2,840.99	2,157.25
Contribution to provident and other funds	167.63	114.14
Share based payment to employees	17.56	-
Staff welfare expenses	69.99	42.68
Gratuity	36.26	23.01
Leave encashment	58.45	57.93
Total	3,190.89	2,395.01

27 Depreciation, amortization and impairment

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment	144.13	103.69
Depreciation on investment property	0.16	0.17
Amortization of intangible assets	50.52	27.38
Total	194.80	131.23

28 Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	205.66	190.50
Communication cost	68.46	65.64
Travelling and conveyance	190.16	184.44
Rates and taxes	229.57	142.22
Insurance	8.54	7.23
Commission and Brokerage	43.74	63.71
Repairs and maintenance	53.09	54.59
Printing and stationary	11.79	13.71
Payment to auditors (Refer Note 32.1)	35.01	26.78
Advertisement, publicity and sales promotion expenses	6.99	6.27
Operation Cost	57.62	39.51
Legal and professional fees	148.27	182.09
Corporate social responsibility (Refer Note 32.2)	50.86	3.25
Provision	27.37	23.40
Loss on sale of property, plant and equipment	3.03	13.24
Miscellaneous expenses	35.37	117.05
Total	1,175.54	1,133.63

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

28.1 Payment to the auditors:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration		
- Audit fees	31.00	23.85
In other capacity	-	-
- Certification services	1.90	1.59
Other of pocket expenses	2.11	1.34
Total	35.01	26.78

28.2 Corporate social responsibility:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Gross amount required to be spent by the Company as per the provision of Section 135 of Companies Act 2013.	70.78	52.41
b) Amount spent during the year (paid in cash)	-	-
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	50.86	3.25
c) Amount spent during the year (yet to be paid in cash)	-	-
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	19.92	49.16
	-	-
	70.78	52.41

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

29 Income tax

(a) Income tax expense

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
	INR	INR
Current tax		
Current tax on profits for the year	1,356.89	1,606.73
Adjustment for current tax of the prior periods	2.13	60.42
Subtotal (A)	1,359.03	1,667.16
Deferred tax		
Decrease/(Increase) in deferred tax assets	(348.09)	(137.80)
(Decrease)/Increase in deferred tax liabilities	227.98	(852.96)
Subtotal (A)	(120.12)	(990.76)
Deferred tax relating to items recognised in other Comprehensive Income (C)		
	0.98	(0.69)
Income tax expense for the year (A+B+C)	1,237.93	677.09

(b) Deferred tax

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2020:

Particulars	Net balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year	40.52	11.95	-	52.47
Impact of provision for expected credit loss on loans	600.16	306.76	-	906.93
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	5.60	(2.50)	-	3.10
Impact of provision for contingencies	-	-	-	-
Impact of leases under Ind AS 116	1.71	0.37	-	2.08
EIR impact of financial assets and liabilities	30.18	21.64	-	51.82
Impairment on financial instruments	-	-	-	-
Share based payment	-	4.42	-	4.42
Remeasurement of defined benefit plan	-	(1.20)	1.20	-
Others	0.29	3.85	-	4.15
(A)	678.46	345.30	1.20	1,024.96
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	103.35	26.90	-	130.25
EIR impact of financial assets and liabilities	36.28	4.21	-	40.49
Impact of direct assignment and securitisation transactions	316.75	182.02	-	498.77
Interest income recognised on stage 3 loans				49.52
	52.28	(2.76)	-	
Remeasurement of defined benefit plan	0.35	-	0.22	0.57
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	0.61	-	-	0.61
Others	0.07	5.98	-	6.05
				-
(B)	509.69	216.35	0.22	726.26
Deferred tax assets (net) (A-B)	168.77	128.96	0.98	298.70

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2019:

Particulars	Net balance April 01, 2018	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2019
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	23.98	16.54	-	40.52
Impact of provision for expected credit loss on loans	511.28	88.88	-	600.16
Impact of difference between tax depreciation and depreciation/amortization	8.56	(2.96)	-	5.60
Impairment on financial instruments	-	-	-	-
Impact of leases under Ind AS 116	-	1.71	-	1.71
EIR impact of financial assets and liabilities	-	30.18	-	30.18
Impairment on financial instruments	-	-	-	-
Others	0.35	(0.06)	-	0.29
(A)	544.17	134.30	-	678.46
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	130.50	(27.15)	-	103.35
Remeasurement of defined benefit plan	-	(0.34)	0.69	0.35
EIR impact of financial assets and liabilities	33.66	2.63	-	36.28
Impact of direct assignment and securitisation transactions	1,115.25	(798.50)	-	316.75
Interest income recognised on stage 3 loans	86.06	(33.78)	-	52.28
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	0.61	-	0.61
Others	-	0.07	-	0.07
(B)	1,365.47	(856.46)	0.69	509.69
Deferred tax liability (net) (A-B)	(821.30)	990.76	(0.69)	168.77

(c) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Profit before tax as per Statement of profit and loss (A)	4,814.33	2,492.03
Applicable income tax rate	25.17%	29.12%
Expected Income Tax Expense (B)	1,211.67	725.68
Tax effect of:		
Effect of income exempt from tax	(0.55)	(0.63)
Effect of expenses/provisions not deductible in determining taxable profit		
	14.71	2.28
Effect of differential tax rate	(14.24)	(170.17)
Adjustment related to tax of prior years	2.13	60.42
Others	16.36	0.94
Income tax expense	1,230.08	618.51

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

30 Employee Benefits

a. Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Group contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Group contributes an equal amount.

The Group recognised INR 163.01 lakhs (PY: INR 109.00 lakhs) for year ended March 31, 2020, for provident fund and other contributions in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

The Group has a defined benefit gratuity plan (unfunded). Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of INR 20 lakhs as per The Payment of Gratuity Act. 1972.

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation (A)	108.31	72.87
Fair Value of plan assets (B)	-	-
Present value of obligation (A- B)	108.31	72.87

Particulars	As at March 31, 2020	As at March 31, 2019
Obligation expected to be settled in the next 12 months	6.73	4.41
Obligation expected to be settled beyond next 12 months	101.58	68.46

Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening balance	72.87	51.46	-	-	72.87	51.46
Current service cost	30.87	22.68	-	-	30.87	22.68
Past service cost	-	-	-	-	-	-
Interest cost (income)	5.39	4.00	-	-	5.39	4.00
Defined benefit cost included in P&L	36.26	26.68	-	-	36.26	26.68
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	-	-	-	-	-	-
Financial assumption	4.71	0.42	-	-	4.71	0.42
Experience adjustments	(0.81)	(2.85)	-	-	(0.81)	(2.85)
Total remeasurements in OCI	3.89	(2.42)	-	-	3.89	(2.42)
Others						
Transfer in/(out)						
Contributions by employer	-	-	-	-	-	-
Benefits paid	(4.72)	(2.85)	-	-	(4.72)	(2.85)
Closing balance	108.31	72.87	-	-	108.31	72.87

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

Actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date:

Particulars	As at March 31, 2020	As at March 31, 2019
IKF Finance Limited		
Discount rate	6.82%	7.65%
Salary escalation rate	6.00%	6.00%
Withdrawal/attrition rate (based on categories)	9.00%	9.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	24.20 years	24.03 years
IKF Home Finance Limited		
Discount rate	6.82%	7.65%
Salary escalation rate	5.00%	5.00%
Withdrawal/attrition rate (based on categories)	5.95%	4.69%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	24.71 years	24.54 years

Notes:

a) The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

b) The salary growth rate indicated above is the Group's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

c) Attrition rate indicated above represents the Group's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Salary escalation Rate (+/- 1%)	117.31	100.24	79.37	67.06
IKF Finance	7.70%	-7.00%	8.40%	-7.60%
IKF Home Finance	12.90%	-11.20%	14.80%	-12.60%
Discount Rate (+/- 1%)	100.42	117.32	67.53	78.97
IKF Finance	-6.90%	7.80%	-6.90%	7.90%
IKF Home Finance	-10.50%	12.30%	-11.80%	14.00%
Withdrawal Rate (+/- 1%)	107.87	108.69	72.66	73.02
IKF Finance	-0.30%	0.30%	-0.20%	0.20%
IKF Home Finance	-10.50%	12.30%	-0.90%	0.60%

The Sensitivity is performed on the defined benefit obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous year to the methods and assumptions underlying the sensitivity analyses.

Expected future contributions

The Best Estimate Contribution for the Group during the next year would be INR Nil

Expected cash flow for following years:

Maturity Profile of Defined Benefit Obligations	
Year 1	6.75
Year 2	7.37
Year 3	8.49
Year 4	18.53
Year 5	10.60
Year 6	12.96
Year 7	8.06
Year 8	8.01
Year 9	8.56
Year 10	8.94

The weighted average duration of the defined benefit obligation is 11.05

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

c. Compensated absences :

The Group provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation.

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of unfunded obligation	122.62	77.28
Expenses recognised in the Statement of Profit and Loss	58.45	57.93
Assumption		
IKF Finance Limited		
Discount Rate	0.07	0.08
Salary growth rate	0.06	0.06
Withdrawal/attrition rate (based on categories)	0.09	0.09
IKF Home Finance Limited		
Discount Rate	0.07	0.08
Salary growth rate	0.05	0.05
Withdrawal/attrition rate (based on categories)	0.06	0.05

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

31 Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year	3,584.25	1,873.51
Weighted average number of equity shares used in calculating basic earnings per share	502.76	473.87
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	0.37	-
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	503.13	473.87
Basic earnings per share	7.13	3.95
Diluted earnings per share	7.12	3.95

32 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Promoters of the Group. The Group operates only in one Business Segment i.e. lending, since the nature of the loans are exposed to similar risks and return profiles, hence they are collectively operating under a single segment. Accordingly the Group does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

33 Transfer of financial assets

Transfer of financial assets that are not derecognised in their entirety

(i) Securitisations:

The Group uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Carrying amount of transferred assets measured at amortised cost	19,848.02	12,971.27
Carrying amount of associated liabilities	15,376.90	11,540.34

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

Transfer of financial assets which qualify for derecognition in their entirety

(i) Assignment transaction

The Group has sold loans and advances measured at amortised cost under assignment deals, as a source of finance in deals prior to the transition date of April 01, 2018. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Group's balance sheet.

Under previous GAAP, retained interest receivable on loan assignment transactions were recognised over the period of such assigned loans. Under Ind AS, on transition date, the gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

(ii) Securitisation transaction

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Thus, pre-transition securitisations deals also continue to be de-recognised in their entirety.

The table below summarises the carrying amount of the Excess Interest Spread (EIS) receivable on above transaction which are derecognised

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Carrying amount of EIS receivable	196.02	1,073.68	3,271.74

IKF Finance Limited
Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

34 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,229.64	-	3,229.64	1,760.23	-	1,760.23
Bank Balance other than cash and cash equivalents	2,125.99	1,648.94	3,774.93	2,532.33	1,099.68	3,632.01
Receivables	-	-	-	-	-	-
(I) Trade receivables	23.96	-	23.96	135.42	-	135.42
Loans	48,986.24	88,868.44	1,37,854.68	45,913.19	75,456.33	1,21,369.52
Investments	-	-	-	-	-	-
Other Financial assets	554.35	874.40	1,428.76	988.44	377.15	1,365.59
Sub total	54,920.18	91,391.79	1,46,311.97	51,329.61	76,933.16	1,28,262.77
Non-financial assets						
Current Tax assets (Net)	156.56	-	156.56	364.16	-	364.16
Deferred Tax assets (Net)	-	298.70	298.70	-	168.77	168.77
Investment Property	-	6.64	6.64	-	6.81	6.81
Property, plant and equipment	-	358.43	358.43	-	348.98	348.98
Right to Use Assets	-	79.73	79.73	-	120.94	120.94
Other intangible assets	-	218.69	218.69	-	179.26	179.26
Goodwill	-	774.47	774.47	-	774.47	774.47
Other non-financial assets	103.25	296.84	400.09	191.28	249.99	441.27
Sub total	259.81	2,033.50	2,293.31	555.44	1,849.23	2,404.66
Total assets	55,179.99	93,425.28	1,48,605.28	51,885.05	78,782.38	1,30,667.43
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17.85	-	17.85	26.05	-	26.05
(II) Other payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt Securities	3,767.52	2,342.23	6,109.76	7,037.04	5,572.26	12,609.31
Borrowings (Other than Debt Securities)	57,457.97	43,339.07	1,00,797.04	45,290.45	35,949.55	81,240.00
Subordinated Liabilities	5.15	6,445.61	6,450.76	75.26	4,450.56	4,525.83
Other Financial liabilities	3,298.46	507.48	3,805.94	4,096.16	518.84	4,615.00
Sub total	64,546.95	52,634.40	1,17,181.35	56,524.97	46,491.23	1,03,016.19
Non-Financial liabilities						
Current tax liabilities (Net)	-	38.68	38.68	88.44	-	88.44
Provisions	19.89	211.04	230.93	25.42	124.73	150.15
Deferred tax liabilities (Net)	-	-	-	-	-	-
Other non-financial liabilities	149.36	-	149.36	192.08	-	192.08
Sub total	169.25	249.72	418.97	305.93	124.73	430.66
Total liabilities	64,716.21	52,884.12	1,17,600.33	56,830.89	46,615.96	1,03,446.85

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

35 Changes in liabilities arising from financing activities

Particulars	As at April 1, 2019	Cash Flows (net)	CCPS converted	Others (net)*	As at March 31, 2020
Subordinated liabilities	4,525.83	2,000.00	-	(75.06)	6,450.76
Debt securities	12,609.32	(6,611.11)	-	111.57	6,109.77
Borrowing other than debt securities	81,240.00	15,889.75	-	3,667.28	1,00,797.03
	98,375.14	11,278.64	-	3,703.78	1,13,357.57

Particulars	As at April 1, 2018	Cash Flows (net)	CCPS converted	Others (net)*	As at March 31, 2019
Subordinated liabilities	7,011.99	-	(2,500.00)	13.84	4,525.83
Debt securities	16,976.68	(4,383.86)	-	16.50	12,609.32
Borrowing other than debt securities	36,469.63	33,326.99	-	11,443.38	81,240.00
	60,458.30	28,943.12	(2,500.00)	11,473.72	98,375.14

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

36 Employee Stock Option Plan (ESOP)

The Company had granted 5,62,860 Equity shares (face value of INR 10/- each) under Employee Stock Option Plan 2019 on June 11, 2019 to the employees of IKF Finance Limited. The shares will vest gradually and vesting of these shares is dependent on continued employment with the company.

A. Expenses arising from share-based payment transactions

Total expenses arising from equity - settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended March 31, 2020 is INR 17.56 lakhs (March 31, 2019 - INR Nil).

B. Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Number	WAEP	Number	WAEP
Outstanding at 1 April	-	-	-	-
Granted during the year	5,62,860.00	120.00	-	-
Forfeited during the year	87,310.00	120.00	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	4,75,550.00	120.00	-	-
Exercisable at 31 March	-	-	-	-

Share options granted during the year have an exercise price of INR 120. No options were vested or exercised during the year.

The weighted average remaining contractual life for the share options outstanding as at March 31, 2020 is 2.15 years (March 31, 2019: Nil years).

The weighted average fair value of options granted during the year was INR 14.79 (March 31, 2019: INR Nil).

C. Fair value of options granted

The weighted average fair value of options granted during the year ended March 31, 2020 was INR 14.79 per option (March 31, 2019 - INR Nil). The fair value of options was determined using the Black Scholes Model using the following inputs as follows :

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average fair values at the measurement date	14.79	-
Expected volatility (%)	0.36%	-
Risk-free interest rate (%)	4.50%	-
Expected life of share options/SARs (years)	1.30 years to 4.30 years	-
Weighted average share price (INR)	120.00	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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37 Contingent liabilities and commitments

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Group believes that the outcome of these proceedings will not have a materially adverse effect on the Group's financial position and results of operations.

37.1 Contingent Liability

Particular	As at March 31, 2020	As at March 31, 2019
Performance security provided by the Company towards advance partner arrangement/business correspondent agreement	-	66.27

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

37.2 Commitment

Particular	As at March 31, 2020	As at March 31, 2019
Capital Commitments (net of advance): Office furniture, fixtures & interiors	-	25.33

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38 Leases

Group as a Lessee

The Group's lease asset classes primarily consist of leases for office spaces. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases). For these short-term leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Transition to Ind AS 116

The Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2018 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 and April 1, 2018 also Restated.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 16.46 lakhs and a lease liability of INR 16.98 lakhs. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Group has entered into lease contracts for premises at various locations. Leases of premises generally have lease terms from 12 months to 60 months. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of premises which are cancellable in nature and for which the Group applies the 'short-term lease' recognition exemptions.

The value of the lease liability as of April 1, 2018 is primarily on account of discounting the lease liabilities to the present value under Ind AS 116. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2018 is 11.5%

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Following are the changes in the carrying value of right of use assets

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	120.94	59.18
Additions	17.40	105.92
Deletion	-	-
Depreciation	(58.61)	(44.15)
Closing Balance	79.73	120.94

The following is the movement in lease liabilities :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning	123.70	59.70
Additions	16.99	101.05
Finance cost accrued during the period	8.95	7.07
Payment of lease liabilities	(63.34)	(44.12)
Balance at the end	86.30	123.70

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2020	As at March 31, 2019
Less than 3 months	15.90	14.73
Over 3 months & upto 6 months	15.28	15.02
Over 6 months & upto 1 year	29.54	29.67
Over 1 year & upto 3 years	81.66	92.44
Over 3 years	29.69	57.80

The following are the amounts recognised in statement of profit or loss:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense of right-of-use assets	58.61	33.86
Interest expense on lease liabilities	11.81	7.96
Expense relating to short-term leases	205.66	190.50
Total amount recognised in profit or loss	276.08	232.32

Future Commitments:

Particulars	As at March 31, 2020
Future undiscounted lease payments for which the leases have not yet commenced	-

Extension / Termination Options:

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2020.

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39 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

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40 Fair Value Measurement:

A. Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 - Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that Company can access at the measurement date.

Level 2 - Valuation technique using observable inputs: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 - Valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

B. Fair value of financial instrument not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Group financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Financial instruments measured at amortised cost	Level	Carrying value		Fair value	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial Assets					
Cash and cash equivalents	1	3,229.63	1,760.23	3,229.63	1,760.23
Bank Balance other than cash and cash equivalents	1	3,774.93	3,632.01	3,774.93	3,632.01
Trade receivables	3	23.96	135.42	23.96	135.42
Loans	3	1,37,854.68	1,21,369.52	1,35,939.51	1,21,434.74
Rent and utility deposits	3	160.25	163.27	160.25	163.27
EIS receivable	3	1,076.57	1,073.68	1,076.57	1,073.68
		1,46,120.02	1,28,134.13	1,44,204.85	1,28,199.34
Financial Liabilities					
Trade Payables	3	17.85	26.05	17.85	26.05
Debt securities	3	6,109.76	12,609.31	6,185.63	12,701.65
Borrowings (other than debt securities)	3	1,00,797.04	81,240.00	1,01,013.90	81,443.30
Subordinated Liabilities	3	6,450.76	4,525.83	6,528.95	4,567.62
Other financial liabilities	3	3,805.94	4,615.01	3,805.94	4,615.01
Total Financial liabilities		1,17,181.35	1,03,016.19	1,17,552.27	1,03,353.62

Investment in subsidiary is measured at cost in accordance with Ind AS 27.

Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, rent and utility deposits and other financial liabilities.

Loans and advances to customers

The fair values of loans are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

Borrowings other than debt securities, Debt securities and Subordinated liabilities

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Group own credit risk.

EIS receivable

EIS receivable is calculated by discounting the contractual future cash flows. The carrying value closely approximates its fair value.

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41 Risk management

Risk is an integral part of the Group business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Group are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Group has a risk management policy which covers all the risk associated with its assets and liabilities.

41.1 Introduction and Risk Profile

Risk management and mitigation

The Group risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Group policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

It is the Group policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. The Group's continuous training and development emphasises that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits.

The Group is generally exposed to credit risk, liquidity risk, market risk, prepayment risk and operational risk.

41.2 Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Group. It is their responsibility to review and manage credit risk. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Impairment assessment

The references below show where the Group impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

Definition of default and cure

The Group considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes more than 3 months past due on its contractual payments.

The staging criteria used by the Group is as below:

Loans months past due	Stage
Upto 1 month	Stage 1
Between 1 month to 3 months	Stage 2
More than 3 months	Stage 3

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes past due for more than 3 months on its contractual payments.

It is the Group policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

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Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Group uses historical information wherever available to determine PD

Portfolio	As at March 31, 2020		As at March 31, 2019	
	Stage 1	Stage 2	Stage 1	Stage 2
Cars & Muvs	3.51%	13.33%	3.63%	13.76%
Commercial Vehicles	2.78%	10.66%	2.78%	10.66%
Construction Equipment	2.78%	10.66%	2.78%	10.66%
Three Wheeler	7.84%	21.71%	9.03%	24.72%
Tractor	4.60%	13.17%	5.56%	15.76%
Two Wheeler	2.78%	5.48%	2.78%	5.48%
SME	2.78%	10.66%	2.78%	10.66%
Home Loans*	2.96%	33.47%	2.96%	43.90%
Loans Against Property*	3.43%	23.56%	3.43%	28.62%

Stage 3 assets have a PD of 100%

*Loans related IKF Home Finance

Loss given Default (LGD)

LGD is the estimated loss that the Group might bear if the borrower defaults. The Group determines its recovery (net present value) by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset.

Particulars	As at March 31, 2020	As at March 31, 2019
Cars & Muvs	18.75%	21.92%
Commercial Vehicles	20.84%	21.02%
Construction Equipment	22.74%	20.68%
Three Wheeler	20.29%	25.47%
Tractor	15.58%	23.14%
Two Wheeler	15.00%	15.00%
SME	23.00%	23.20%
Home Loans	20.00%	20.00%
Loans Against Property	20.00%	20.00%

*Loans related IKF Home Finance

LGD Rates have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Group assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Concentration of Credit Risk

Group loan portfolio is predominantly to finance commercial vehicle loans. The Group manages concentration of risk primarily by geographical region. The following tables show the region-wise concentrations of net terms loans.

Geography	March 31, 2020	March 31, 2019
West	7,161.55	5,414.73
Central	90,706.78	80,572.34
South	44,144.67	38,059.40
	1,42,013.00	1,24,046.47

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Quantitative Information of Collateral

Net value of total term loans to value of collateral is as follows:

As at March 31, 2020	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,101.15	13,005.21	10,929.49	25,035.85
Commercial Vehicles	1,745.19	19,546.99	14,853.76	36,145.94
Construction Equipment	2,143.33	13,089.26	13,161.89	28,394.48
Three Wheeler	178.73	2,408.74	4,674.73	7,262.20
Tractor	151.35	995.21	412.45	1,559.01
Two Wheeler	800.60	1,092.39	325.06	2,218.05
SME	2,417.76	6,779.64	17,938.91	27,136.31
Home Loans	4,446.37	2,706.65	1,674.47	8,827.49
Loans Against Property	3,993.01	1,422.96	17.69	5,433.67
Total	16,977.49	61,047.06	63,988.45	1,42,013.00

As at March 31, 2019	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,056.08	6,497.01	8,011.91	15,565.01
Commercial Vehicles	1,851.39	10,547.05	14,894.75	27,293.18
Construction Equipment	2,382.49	8,267.70	15,871.68	26,521.87
Three Wheeler	262.99	1,737.35	5,286.28	7,286.61
Tractor	179.90	633.03	621.04	1,433.97
Two Wheeler	3.47	34.33	564.10	601.90
SME	3,769.15	8,717.52	18,023.96	30,510.64
Home Loans	4,945.74	3,097.48	1,879.70	9,922.91
Loans Against Property	3,397.87	1,471.87	40.64	4,910.38
Total	17,849.08	41,003.35	65,194.05	1,24,046.47

41.3 Liquidity Risk

In assessing the Group liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Group maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into securitization deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. Net liquid assets consist of cash and short-term bank deposits. Borrowings from banks and financial institutions and issue of Non convertible debentures are considered as important sources of funds to finance lending to customers.

Analysis of financial assets and liabilities by remaining contractual maturities:

The table below summarises the maturity profile of the undiscounted cash flows of the Group financial assets and liabilities as at March 31, 2020.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	3,229.64	-	-	-	-	3,229.64
Bank Balance other than included in (a) above	314.23	1,354.97	575.87	1,913.53	-	4,158.60
Trade receivables	23.96	-	-	-	-	23.96
Other receivables	-	-	-	-	-	-
Loans	17,958.87	18,252.87	33,122.17	82,749.40	39,799.11	1,91,882.41
Investments	-	-	-	-	-	-
Other financial assets	317.79	99.87	143.26	319.34	558.67	1,438.93
Total undiscounted financial assets	21,844.48	19,707.71	33,841.30	84,982.27	40,357.78	2,00,733.54
Financial liabilities						
Trade payables	17.85	-	-	-	-	17.85
Other payables	-	-	-	-	-	-
Subordinated Liabilities	222.14	216.99	435.14	6,040.88	2,701.15	9,616.30
Debt securities	779.51	702.27	2,648.08	2,725.54	-	6,855.40
Borrowings (other than debt securities)	12,221.28	11,825.25	41,998.27	38,782.21	10,782.78	1,15,609.78
Deposits	-	-	-	-	-	-
Other financial liabilities	3,266.64	12.06	25.42	44.85	593.05	3,942.01
Total undiscounted financial liabilities	16,507.42	12,756.57	45,106.91	47,593.47	14,076.98	1,36,041.35
Net undiscounted financial assets / (liabilities)	5,337.07	6,951.14	-11,265.61	37,388.79	26,280.80	64,692.19

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The table below summarises the maturity profile of the undiscounted cash flows of the Group financial assets and liabilities as at March 31, 2019.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	1,760.23	-	-	-	-	1,760.23
Bank Balance other than included in (a) above	550.34	1,027.42	1,108.42	1,083.20	55.41	3,824.79
Trade receivables	135.42	-	-	-	-	135.42
Other receivables	-	-	-	-	-	-
Loans	21,393.00	14,618.66	28,253.59	69,543.80	35,046.54	1,68,855.60
Investments	-	-	-	-	-	-
Other financial assets	416.64	284.08	321.81	247.54	164.51	1,434.58
Total undiscounted financial assets	24,255.63	15,930.16	29,683.82	70,874.54	35,266.46	1,76,010.61
Financial liabilities						
Trade payables	26.05	-	-	-	-	26.05
Other payables	-	-	-	-	-	-
Subordinated Liabilities	150.34	146.31	294.82	1,172.70	4,892.25	6,656.42
Debt securities	1,580.78	1,497.09	4,658.20	6,454.79	-	14,190.86
Borrowings (other than debt securities)	9,173.61	8,744.90	33,718.77	35,619.47	4,713.91	91,970.66
Deposits	-	-	-	-	-	-
Other financial liabilities	3,937.59	33.44	111.90	655.99	-	4,738.92
Total undiscounted financial liabilities	14,868.37	10,421.74	38,783.69	43,902.95	9,606.17	1,17,582.91
Net undiscounted financial assets / (liabilities)	9,387.27	5,508.42	-9,099.87	26,971.59	25,660.29	58,427.70

The table below shows the contractual expiry by maturity of the Group contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Particulars	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years
As at March 31, 2020						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	-	-	-	-	-	-
As at March 31, 2019						
Guarantees and counter guarantees	-	-	-	-	66.27	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	25.33	-	-	-	-
Total commitments	-	25.33	-	-	66.27	-
As at April 01, 2018						
Guarantees and counter guarantees	-	-	-	-	100.68	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	-	-	-	-	100.68	-

IKF Finance Limited

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(Currency : INR in lakhs)

41.4 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. There are broadly two types of market risks: (1) Interest rate risk, and (2) Price risk. The Group has not made investments in quoted equity instruments or other quoted investments and hence is not exposed to Equity price risk. Interest rate risk is discussed below:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources.

The Group has taken borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Group seek to optimize borrowing profile between short-term and long-term loans. The Group adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings are as follows:

Impact on Profit before taxes	As at March 31, 2020	As at March 31, 2019
On Floating Rate Borrowings:		
1% increase in interest rates	(386.71)	(312.42)
1% decrease in interest rates	386.71	312.42

41.5 Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like ours when interest rates fall.

41.6 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

IKF Finance Limited

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(Currency : INR in lakhs)

42 Related Party Disclosure (continued)

a. Name of related party and nature of relationship:

Enterprises having a significant influence	India Business Excellence Fund -IIA Vistra ITCL (india) Limied (formerly known as IL and FS trust Company Limited) (Trustee of Business Excellence Trust -II - India Business Excellence Fund - II)
Subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited
Enterprises significantly influenced by Key Management Personnel and their relatives	IKF Infratech Private Limited
Relative of Key Management Personnel	Mrs. D. Vasantha Lakshmi Mr. V. Raghu Ram Mr. Sinha Satyanand Chunduri Mrs. Durga Rani Chunduri
Key Management Personnel (KMP)	Mr V.G.K.Prasad — Managing Director Mrs. V. Indira Devi — Whole time Director Mrs. K Vasumathi Devi — Executive Director Mr. K.P.Venkatesh — Chief Executive Officer(Upto Oct 18) Mr.Sreepal Gulabchand Jain-Chief Financial Officer(From 31-10-19) Mr.P.Chandra Sekhar - Chief Financial Officer (Upto 30-10-19) Mr. Ch.Sreenivasa Rao - Company Secretary

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

b. Transaction with related parties:

Name of related party	Nature of transaction	As at April 1, 2018	Transaction value for the year ended March 31, 2019	Received During the year	Paid During The year	As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During the Year	As at March 31, 2020
Key management personnel										
Mr. V G K Prasad	Rent paid	-	20.15	-	-	-	20.33	-	-	-
	Director's remuneration	-	45.00	-	-	-	55.42	-	-	-
	Director Commission Payable	-	-	-	-	-	35.66	-	-	35.66
	Rent deposit given	50.00	-	-	-	50.00	-	-	-	50.00
	Share Capital (INR 10/- Paid up)	1,473.17	-	-	-	1586.79 *	-	-	-	1,586.79
	Partly paid up shares (Rs 5.40 Paid Up)	94.66	-	94.66	-	189.31	-	-	-	189.31
	Premium on partly paid up shares	592.46	-	592.46	-	1,184.92	-	-	-	1,184.92
	Share Capital (INR 10/- Paid up) in IKF Home Finance	1,493.88	-	-	-	0.00	-	-	-	0.00
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	-	-	118.45	-	118.45	-	118.45	-	236.89
	Interest Paid in IKF Home Finance	-	-	-	-	-	-	0.40	-	-
Purchase of IKF Home Finance Limited Shares	-	-	-	(1,885.69)	-	-	-	-	-	
Mrs. V Indira Devi	Rent paid	-	41.58	-	-	-	43.56	-	-	-
	Director's remuneration	-	30.00	-	-	-	30.00	-	-	-
	Director Commission Payable	-	-	-	-	-	15.18	-	-	15.18
	Rent deposit given	38.50	-	-	-	38.50	-	-	-	38.50
	Share Capital (INR 10/- Paid up)	132.69	-	-	-	132.69	-	-	-	132.69
	Partly paid up shares (Rs 5.40 Paid Up)	8.67	-	8.67	-	17.35	-	-	-	17.35
	Premium Received on Allotment of Partly Paid up Shares	54.29	-	54.29	-	108.57	-	-	-	108.57
	Share Capital (INR 10/- Paid up) in IKF Home Finance	88.50	-	-	-	0.00	-	-	-	0.00
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	-	-	10.85	-	10.85	-	10.85	-	21.71
	Purchase of IKF Home Finance Limited Shares	-	-	-	(111.71)	-	-	-	-	-
Mrs.K.Vasumathi Devi	Director's remuneration	-	30.00	-	-	-	38.33	-	-	-
	Director Commission Payable	-	-	-	-	-	25.04	-	-	25.04
	Share Capital (INR 10/- Paid up)	213.13	-	-	-	213.13	-	-	-	213.13
	1st Call Money Received Against Allotment of Partly Paid up Shares	13.93	-	13.93	-	27.86	-	-	-	27.86
	Premium Received on Allotment of Partly Paid up Shares	87.20	-	87.20	-	174.39	-	-	-	174.39
	Share Capital (INR 10/- Paid up) in IKF Home Finance	187.96	-	-	-	0.00	-	-	-	0.00
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	-	-	17.43	-	17.43	-	17.43	-	34.87
Purchase of IKF Home Finance Limited Shares	-	-	-	(237.26)	-	-	-	-	-	
Mr.K.P.Venkatesh	Salary Paid	-	19.10	-	-	-	-	-	-	-
Mr.P.Chandra Sekhar	Salary Paid	-	21.00	-	-	-	24.00	-	-	-
	Staff Loan	14.05	-	(1.81)	71.00	83.24	-	(56.06)	-	27.19
	ESOP Compensation	-	-	-	-	-	0.79	-	-	0.79
Mr.Sreepal Gulabchand Jain	Salary Paid	-	-	-	-	-	32.54	-	-	-
Mr. Vishal Kumar Joshi	Salary Paid	-	3.48	-	-	-	6.92	-	-	-
		-	-	-	-	-	-	-	-	-
Mr.Ch.Sreenivasa Rao	Salary Paid	-	15.95	-	-	-	21.00	-	-	-
	Staff Loan	-	-	(0.50)	3.00	2.50	-	(2.50)	-	-
	ESOP Compensation	-	-	-	-	-	0.62	-	-	0.62
Relatives of key management personnel										
Mrs. D Vasantha Lakshmi	Salary Paid	-	-	-	-	-	-	-	-	-
	Director's remuneration	-	30.00	-	-	-	38.33	-	-	-
	Share Capital (INR 10/- Paid up)	200.61	-	-	-	200.61	-	-	-	200.61
	1st Call Money Received Against Allotment of Partly Paid up Shares	13.11	-	13.11	-	26.23	-	-	-	26.23
	Share Capital (INR 10/- Paid up) in IKF Home Finance	47.52	-	-	-	0.00	-	-	-	0.00
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	-	-	16.41	-	16.41	-	16.41	-	32.82
	Premium Received on Allotment of Partly Paid up Shares	82.08	-	82.08	-	164.15	-	-	-	164.15
Purchase of IKF Home Finance Limited Shares	-	-	-	(59.98)	-	-	-	-	-	
Mr. V Raghu Ram	Share Capital (INR 10/- Paid up)	144.97	-	-	-	144.97	-	-	-	144.97
	1st Call Money Received Against Allotment of Partly Paid up Shares	9.48	-	9.48	-	18.95	-	-	-	18.95
	Premium Received on Allotment of Partly Paid up Shares	59.31	-	59.31	-	118.62	-	-	-	118.62
	Share Capital (INR 10/- Paid up) in IKF Home Finance	66.00	-	-	-	0.00	-	-	-	0.00
Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	-	-	11.86	-	11.86	-	11.86	-	23.72	

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b. Transaction with related parties:

Name of related party	Nature of transaction	As at April 1, 2018	Transaction value for the year ended March 31, 2019	Received During the year	Paid During The year	As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During the Year	As at March 31, 2020
	Purchase of IKF Home Finance Limited Shares	-	-	-	(83.31)	-	-	-	-	-
Mr. Sinha Satyanand Chunduri	Share Capital (INR 10/- Paid up)	11.77	-	-	-	11.77	-	-	-	11.77
Mrs. Durga Rani Chunduri	Share Capital (INR 10/- Paid up)	149.41	-	-	-	149.41	-	-	-	149.41
Enterprises significantly influenced by key management personnel or their relatives										
	Purchase of IKF Home Finance Limited Shares	-	-	-	(645.02)	-	-	-	-	-
IKF Infotech Private Limited	Non Convertible Debentures	-	-	-	-	-	63.20	0.00	-	63.20
	Share Capital (INR 10/- Paid up) in IKF Home Finance	511.00	-	-	-	0.00	-	-	-	0.00
	Interest Paid in IKF Home Finance	-	-	-	-	-	16.78	-	-	-
	Interest Paid	-	-	-	-	-	(0.41)	-	-	-
Enterprises in which Directors are interested										
SVR Finance & Leasing Private Limited	Trade Advance	55.00	-	(265.00)	289.30	79.30	-	(79.30)	50.00	50.00
	Interest Paid	-	3.58	-	-	-	0.37	-	-	0.37
Enterprises having a significant influence										
India Business Excellence Fund-IIA	Share Capital (INR 10/- Paid up)	1,182.93	122.23	-	-	1,305.16	-	-	-	1,305.16
	Share Premium	-	-	-	-	1,100.05	-	-	-	-
	Compulsorily Convertible Preference Shares of Rs 100/- Each (Converted into equity shares during the FY 2018-19)	1,222.28	(1,222.28)	-	-	-	-	-	-	-
	Share premium on preference shares	-	-	-	-	-	-	-	-	-
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	Share Capital (INR 10/- Paid up)	707.32	73.08	-	-	780.40	-	-	-	780.40
	Share Premium	-	-	-	-	657.76	-	-	-	-
	Compulsorily Convertible Preference Shares of Rs 100/- Each (Converted into equity shares during the FY 2018-19)	730.85	(730.85)	-	-	-	-	-	-	-
	Share premium on preference shares	-	-	-	-	-	-	-	-	-

c. Key management personnel compensation

Particulars	As at March 31, 2020	As at March 31, 2019
Short-term employee benefits	322.42	194.53
Post-employment benefits#	-	-
Long-term employee benefits	-	-
Termination benefits	-	-
Employee-share based payment	1.41	-
Total compensation	323.83	194.53

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

* The increased value is relating to purchase of shares/debentures from the public

** The principle terms of Loans sanctioned to IKF Home Finance Ltd are (a) Interest @ 13.50% (b) tenor - 3-5 years and © Security Cover - 1.1 times

Notes:

(i) Transaction values are excluding taxes and duties.

(ii) Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with those parties.

(iii) Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business.

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(Currency : INR in lakhs)

43 First time adoption

These financial statements, for the year ended March 31, 2020, are the first annual financial statements the Group has prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2019, the Group prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by RBI (Indian GAAP or Previous GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for years ending on March 31, 2020, together with the comparative year data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2018, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

Exemption Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Investment in Subsidiary

Ind-AS 101 allows a first-time adopter to use a deemed cost when measuring an investment in a subsidiary in the separate opening statement of financial position. This deemed cost can be determined using either fair value at the date of transition to Ind-AS or a Previous GAAP carrying amount at that date. A first-time adopter is able to choose whether to use the deemed cost exemption on an investment-by-investment basis for its subsidiary.

Deemed cost for property, plant and equipment, investment property and intangible assets

IND AS 101 permits a first-time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40

The Group has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of April 1, 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

De-recognition of financial assets and liabilities

As per Ind AS 101 an entity shall apply the exception to the retrospective application in case of "derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event). The Group has opted not to re-evaluate financial assets derecognised in the past.

Fair value measurement of financial assets or financial liabilities at initial recognition

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Group has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

Impairment of financial assets

The Group has applied the exemption related to impairment of financial assets given in Ind AS 101. The Group has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2018.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

Leases

Under Indian GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS, (as explained in Note XX), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to Ind AS, the Group has applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

Mandatory Exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Classification and measurement of financial assets

The Group has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

The reconciliations of equity and total Comprehensive income in accordance with Previous GAAP to ind AS are explained below.

Reconciliation of Equity as at:

Particulars	Note number	As at March 31, 2019
Net Worth as reported under Indian GAAP		27,222.94
Impact on adoption of Ind AS 116 (Leases)	1	24.55
Effective interest rate on borrowings	2	(0.56)
Effective interest rate on loans	2	100.19
Income on financial assets not qualifying for derecognition	4	231.96
Excess interest spread on assigned loans	3	(217.92)
Excess interest spread receivable	3 & 4	1,073.68
Expected credit loss on loans and advances	5	(1,437.43)
Recognition of interest income on stage 3 assets	6	179.54
Reclassification of CCPS as debt instrument	8	-
Reclassification of actuarial gains/losses on post-employment benefits		1.32
Others		(1.15)
Tax effect on above adjustment	9	43.43
Total effect of transition to Ind AS		(2.38)
Equity as per Ind AS		27,220.58

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

Reconciliation of total comprehensive income for the year ended March 31, 2019

Particulars	Note number	For the year ended March 31, 2019
Net profit after tax as reported under Ind GAAP		3,591.45
Ind As Adjustment Increasing / (decreasing) net profit as reported under Indian GAAP:		
Impact on adoption of Ind AS 116 (Leases)	1	2.25
Effective interest rate on borrowings	2	(25.70)
Effective interest rate on loans	2	29.02
Income on financial assets not qualifying for derecognition	4	231.96
Excess interest spread on assigned loans	3	(137.72)
Excess interest spread receivable	3 & 4	(2,198.05)
Expected credit loss on loans and advances	5	(517.16)
Recognition of interest income on stage 3 assets	6	(66.74)
Remeasurements of post employment benefits obligation	7	0.17
Tax effect on above adjustment	9	964.61
Total effect of transition to Ind AS		(1,717.36)
Items that will not be reclassified to P&L - Remeasurement of actuarial gains and losses on defined benefit plans	7	1.15
Total Comprehensive Income as per Ind AS		1,875.24

Reference note for reconciliation of Equity and Profit & loss

1 Impact on adoption of Ind AS 116 (Leases)

Under Indian GAAP, operating lease payments are recognised as expense in the statement of profit or loss. Under Ind AS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments and lease equalisation.

2 Effective Interest Rate (EIR)

Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method.

Under Previous GAAP, the transaction costs related to borrowings were amortised in the Statement of profit and loss on a straight line-basis. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the Statement of profit and loss.

3 Direct assignment of loans

Under Previous GAAP, all the loans transferred through Direct Assignment (DA) have been de-recognised from the books as it meets the "true sale criteria" as per RBI guidelines.

As per Ind AS provisions, the direct assignment transactions entered by the Group, meets the derecognition criteria as the Group has substantially transferred risk and rewards.

Under previous GAAP, excess interest spread (EIS) income on the loan portfolio assigned (net of minimum retention ratio) was recognised as and when it was accrued i.e. over the life of the loan given. Under Ind AS such interest income is recognised upfront i.e. at the time of assignment transaction.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

4 Securitisation of loans

Under Previous GAAP, all the loans transferred through securitisation arrangement have been de-recognised from the books as it meets the "true sale criteria" as per RBI guidelines.

As per Ind AS provision, the securitisation transactions entered by the Group does not meets the derecognition criteria as the Group has substantially not transferred risk and rewards.

However, the Group has availed the first-time adoption exemption to not recognise the financial assets which were derecognised under previous GAAP. Therefore, securitisation transactions as on transition date are not recognised in the financial statement. In accordance with IND AS 109, the transfer resulted in entity acquiring a new financial asset named as "Excess Interest Spread (EIS) receivable".

5 Expected credit loss on Trade receivables /Loans and advances:

Under Indian GAAP, Non performing Assets ("NPA") provisioning was computed based on the RBI guidelines. Under Ind AS, the impairment is computed based on Expected credit loss model.

6 Interest income on Stage 3 Assets (credit impaired)

Under Indian GAAP, interest income on NPA was recognised on cash basis. However, under Ind AS interest income is recognised on credit impaired assets by applying the EIR on amortised cost of such assets net off ECL.

7 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of Profit and Loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

8 Reclassification of Compulsarily convertible preference shares as liability

Under Indian GAAP, preference shares formed part of Equity. The conversion feature of preference shares do not satisfy fixed for fixed criteria and hence are classified as liability under Ind AS.

9 Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments have led to deferred tax implications that the Group has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transaction in either retained earnings or other comprehensive income, on the date of transition.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2020

(Currency : INR in lakhs)

44 Impact due to COVID-19

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. Government too has imposed lockdowns starting from March 24, 2020. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on IKF's financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In assessing the recoverability of loans, receivables, intangible assets, goodwill and deferred tax assets the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

45 Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from April 1, 2020.

46 Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, the Company intends to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the current financial year

47 Event after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

48 Previous year's information have been regrouped/reclassified wherever necessary to correspond with current period's classification/disclosure.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

**JITENDRA
HIRACHAND
RANAWAT**

Digitally signed by JITENDRA
HIRACHAND RANAWAT
DN: cn=JITENDRA HIRACHAND
RANAWAT, c=IN, o=Personal,
email=jitendra.ranawat@srb.in
Date: 2020.10.01 17:54:24 +05'30'

per Jitendra H. Ranawat

Partner

Membership No.103380

Place: Mumbai

Date: 01-10-2020

For and on behalf of the Board of Directors of

IKF Finance Limited

CIN: U65992AP1991PLC012736

GOPALA
KISHAN
PRASAD
VUPPUTURI

Digitally signed by
GOPALA KISHAN
PRASAD VUPPUTURI
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V.G.K Prasad

Managing Director

DIN: 01817992

SREEPAL
GULABCHAND
JAIN

Digitally signed by
SREEPAL GULABCHAND
JAIN
Date: 2020.10.01 16:30:37
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Sreepal Jain

Chief Financial Officer

Place: Vijayawada

Date: 01-10-2020

INDIRA
DEVI
VUPPUTURI

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by INDIRA DEVI
VUPPUTURI
Date: 2020.10.01
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V.Indira Devi

Whole Time Director

DIN: 03161174

SRINIVASA RAO
CHAPALAMADUGU
UGU

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Date: 2020.10.01
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Ch.Sreenivasa Rao

Company Secretary

M.No. ACS14723