

# ***IKF FINANCE LIMITED***



***23<sup>rd</sup> Annual Report  
2013-2014***

# IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736



## BOARD OF DIRECTORS

Mr. V.G.K. Prasad  
Mrs. V.Indira Devi  
Mrs. K.Vasumathi Devi  
Dr. Sinha S. Chunduri  
Dr. Prasad J. Athota  
Mr. N.Haranadh  
Mr. S.Veerabhadra Rao  
Mr. P.S.V.Prasada Rao  
Mr. K.Satyanarayana Prasad

Managing Director  
Whole Time Director  
Executive Director  
Director (Alternate Director Mrs. D.Vasantha Lakshmi)  
Director (Alternate Director Mr. Ch.V.Rama Rao)  
Director  
Director  
Director  
Director

## AUDIT COMMITTEE

Mr. S.Veerabhadra Rao  
Mr. N. Haranadh  
Mr. P.S.V.Prasada Rao

## SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

Mr. N.Haranadh  
Dr. Prasad J. Athota  
(Alternate Director Mr. Ch.V.Rama Rao)

## MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad  
Mrs. V.Indira Devi  
Mrs. K.Vasumathi Devi

## REMUNERATION AND COMPENSATION COMMITTEE

Mr. P.S.V.Prasada Rao  
Mr. S.Veerabhadra Rao  
Mr. N.Haranadh

## NOMINATION COMMITTEE

Mr. P.S.V.Prasada Rao  
Mr. S.Veerabhadra Rao  
Mr. V.G.K.Prasad

## ASSET LIABILITY COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## 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

## AUDITORS

**M/s.Hanumaiah & Co.,**  
Chartered Accountants  
1 & 2 Ground, RAM'S VSR Apartments  
Mogalrajpuram,  
VIJAYAWADA - 520 010.

HDFC Bank Limited  
SIDBI

## LISTING

Bombay Stock Exchange Limited, Mumbai

## REGISTERED OFFICE

# 40-1-144,  
Corporate Centre,  
M.G. Road,  
Vijayawada - 520 010. (A.P.)

## SHARE TRANSFER AGENTS

M/s.Bigshare Services Private Limited  
306, 3rd Floor, Right Wing, Amrutha Ville,  
Opp. Yashoda Hospital, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082.

## CORPORATE OFFICE

# 6-3-902/A, 4th Floor,  
Central Plaza, Near Yashoda Hospital,  
Raj Bhavan Road, Somaji guda,  
HYDERABAD - 500 082. (A.P.)

## DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R.Kamani Marg, Ballard Estate,  
MUMBAI - 400 001.

<b>23<sup>RD</sup> ANNUAL GENERAL MEETING</b>	<b>CONTENTS</b>	<b>Page Nos</b>
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**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the **M/s.IKF Finance Limited** will be held at the Registered Office of the Company at Vijayawada - 520 010 on Tuesday, 30th September, 2014 at 4.30 p.m. to transact the following business:-

1. To consider and adopt the Balance Sheet as at March 31, 2014, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Dr. Sinha S Chunduri (DIN: 03644504), who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Dr. Prasad J Athota (DIN: 03618655), who retires by rotation and, being eligible, offers himself for re-appointment
4. Appointment of Statutory Auditors

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution

“RESOLVED THAT M/s. Hanumaiah & Co., Chartered Accountants (Firm Registration No. 009021S) recommended by the Audit Committee of the Board of Directors, be and are hereby re-appointed as Statutory Auditors of the Company for a period of three financial years i.e., to hold office from the conclusion of this Annual General Meeting till the conclusion of 26<sup>th</sup> Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company.”

**Special Business:**

5. Appointment of Sri. Veerabhadra Rao Sunkara (DIN: 01180981) as an Independent Director of the Company

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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Sri. Veerabhadra Rao Sunkara (DIN: 01180981), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.”

6. Appointment of Sri. Satyanarayana Vara Prasada Rao Parvathaneni (DIN: 02204359) as an Independent Director of the Company.

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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri Satyanarayana Vara Prasada Rao Parvathaneni (DIN: 02204359), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.”

7. Appointment of Sri. Haranadh Nallani (DIN: 03161131) as an Independent Director of the Company.

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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. Haranadh Nallani (DIN: 03161131), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

8. Appointment of Sri. Satyanarayana Prasad Kanaparti (DIN: 03598603) as an Independent Director of the Company.

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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. Satyanarayana Prasad Kanaparti (DIN: 03598603), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

**9. Increase in Borrowing powers 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** subject 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.750 Crores (Rupees Seven Hundred Fifty 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.”

**10. Creation of Charge on Movable and Immovable properties of the Company both present and future**

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 including any statutory modifications or re-enactments thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create mortgage and/or charge on all or any of the moveable and/or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more tranches, upto an aggregate limit of Rs. 750 Crores (Rupees Seven Hundred and Fifty Crores Only) together with interest as agreed, additional interest in case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered / to be entered into between the Company and the lenders/agents/investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution.”

**By Order of the Board**

**Place: Vijayawada  
Date : 30-08-2014**

**Sd/-  
(V G K Prasad)  
Managing Director**

**NOTES**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself. A Proxy need not be a member of the Company. Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members of the Company will remain closed from September 26, 2014 to September 30, 2014 (both days inclusive).
3. Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any.
4. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Electronic copy of the Notice of the 23rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. The detailed instructions for e-voting are given as a separate attachment to the Annual Report.

**7. Voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cutoff date i.e., August 29, 2014, may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, C/o. IKF Finance Limited, # 40-1-144, Corporate Centre, M G Road, Vijayawada - 520 010, Andhra Pradesh not later than Thursday, September 25, 2014 (6.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to [cs@ikffinance.com](mailto:cs@ikffinance.com) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach # 6-3-626, Parameswara Appartments, 5th Floor, 5-A, Anand Nagar, Khairatabad, Hyderabad-500004, Telangana not later than Thursday, September 25, 2014 (6.00 p.m. IST).

Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid

**The instructions for shareholders voting electronically are as under:**

- i. The voting period begins on Tuesday, September 23, 2014 at 10.00 a.m. and ends on Thursday, September 25, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Company Name: IKF Finance Limited" from the drop down menu and click on "SUBMIT"



- v. Now Enter your User ID,
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier 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 Members 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"><li>○ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>○ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SA00000001 in the PAN field.</li></ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>○ Please enter the DOB or Dividend Bank Details in order to login. If 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".</li></ul>

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant IKF FINANCE LIMITED EVSN Reference No: **140908046** on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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.



- viii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- ix. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- x. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xi. Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create 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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- i. 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- i) The e-voting period commence on Tuesday, September 23, 2014 (10.00 a.m.) and end on Thursday, September 25, (6.00 p.m.). During this period, member of the company holding share either in physical form or in dematerialize form as on August 29, 2014 may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii) The voting rights of members shall be incorporation to their shares of the paid-up equity share capital of the company as on August 29, 2014.
- iii) Mr. S.Srikanth, Company Secretary In Practice has been appointed as the scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) and in a fair and transparent manner.
- iv) The scrutinizer, shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make scrutinizer’s report of the vote cast in favour or against, if any, forthwith to the chairman of the company.

The results declared along with the scrutinizers report shall be placed on the company website [www.ikffinance.com](http://www.ikffinance.com) and with the website of CDSL within two days of passing of resolutions at the 23rd AGM of the company on September 30, 2014 and communicated to the BSE Limited where the share of the company are listed.

## Annexure to the Notice

Notes on Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Profile of Directors being Appointed/Re-appointed:

### Item No. 2

S.No.	Particulars	Dr. Sinha S Chunduri
1.	Date of Birth	02-02-1945
2.	Date of Appointment	01-02-1993
3.	Qualification	M.B.B.S., M.D.
4.	Experience	Management & Administration
5.	Other Directorships	Nil
6.	Member of the Committees	Nil

### Item No. 3

S.No.	Particulars	Dr. Prasad J Athota
1.	Date of Birth	04-05-1945
2.	Date of Appointment	01-02-1993
3.	Qualification	M.B.B.S., M.D.
4.	Experience	Management & Administration
5.	Other Directorships	Nil
6.	Member of the Committees	Share Transfer & Investor Grievance Committee

### Item No. 5

S.No.	Particulars	S.Veerbhadra Rao
1.	Date of Birth	01-06-1946
2.	Date of Appointment	30-12-2005
3.	Qualification	M.Sc.
4.	Experience	Finance Business in last 22 years
5.	Other Directorships	SVR Finance & Leasing (P) Ltd
6.	Member of the Committees	Audit Committee, Remuneration and Compensation Committee, Nomination Committee, Asset Liability Committee, Risk Management Committee

### Item No. 6

S.No.	Particulars	P.S.V.Prasada Rao
1.	Date of Birth	21-01-1937
2.	Date of Appointment	31-03-2011
3.	Qualification	Undergraduate
4.	Experience	Finance Business in last 28 years
5.	Other Directorships	DFL Finance Limited
6.	Member of the Committees	Audit Committee, Remuneration and Compensation Committee, Nomination Committee

### Item No. 7

S.No.	Particulars	N.Haranadh
1.	Date of Birth	14-11-1954
2.	Date of Appointment	23-01-1992
3.	Qualification	Undergraduate
4.	Experience	Finance Business in last 18 years
5.	Other Directorships	Nil
6.	Member of the Committees	Audit Committee, Share Transfer & Investor Grievance Committee, Remuneration and Compensation Committee

### Item No. 8

S.No.	Particulars	K.Satyanarayana Prasad
1.	Date of Birth	30-06-1951
2.	Date of Appointment	31-03-2011
3.	Qualification	B.E. (Civil), MIGS
4.	Experience	Construction Works in last 30 years
5.	Other Directorships	Nil
6.	Member of the Committees	Nil





**Explanatory Statement  
Pursuant to Section 102 (1) of the Companies Act, 2013**

**Item No. 5, 6, 7 and 8**

It is proposed to appoint Sri. Sunkara Veerabhadra Rao (DIN:01180981), Sri Satyanarayana Varaprasad Rao Parvathaneni (DIN:02204359), Sri Haranadh Nallani (DIN: 03161131), and Sri. Satyanarayana Prasad Kanaparti (DIN: 03598603) as Independent Directors under Section 149 of the Act to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.

Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti for the office of Directors of the Company.

The Company has also received declarations from Sri. Sunkara Veerabhadra Rao, Sri Satyanarayana Vara Prasada Rao Parvathaneni, Sri Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act.

In the opinion of the Board, Sri. Sunkara Veerabhadra Rao, Sri Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti fulfill the conditions for appointment as Independent Directors as specified in the Act. Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti are independent of the management.

Copy of the draft letters for respective appointments of Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti are interested in the resolutions set out respectively at Item Nos. 5, 6, 7 and 8 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 5, 6, 7 and 8 of the Notice for approval by the shareholders.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item Nos 5, 6, 7 and 8 of the accompanying Notice

**Item No. 9**

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.750 Crores (Rupees Seven Hundred Fifty Crores Only).

The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.9 of the accompanying Notice.

**Item No.10**

The Company is required to create security for the said facilities as mentioned under Item No.9 above in favour of the Lenders/ Trustees for the Non-Convertible Debentures and loans/ financial assistance availed by the Company, by way of creation of mortgage and/ or charge on the assets of the Company, as stated in the resolution.

In furtherance to the Resolution No.9 of this notice, the said borrowings/ issue of securities may be required to be secured by way of mortgage/ charge over all or any part of the movable and/or immovable assets of the Company and as per provisions of Section 180 (1) (a) of the Companies Act 2013, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence, requires approval from the shareholders of the Company.

Accordingly, it is proposed to pass an enabling resolution authorizing the Board to create charge on the assets of the Company for a value not exceeding Rs.750 Crores (Rupees Seven Hundred Fifty Crores Only)

Your Directors recommend the resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.10 of the accompanying Notice

**By Order of the Board**

Sd/-

(V G K Prasad)

Managing Director

Place: Vijayawada

Date : 30-08-2014

## DIRECTORS REPORT

Your directors have pleasure in presenting the 23<sup>rd</sup> Annual Report along with audited accounts of the Company for the year ended 31st March, 2014. The summarized financial results of the Company, are given hereunder:

### Financial Results:

(Rs.in Lacs)

Particulars	Year ended	
	31.03.14	31.03.13
Income from Operations	6073.48	4278.61
Total Expenditure	1002.73	681.64
Interest	3197.79	2422.27
Profit before Dep. & Taxes	1872.96	1174.70
Depreciation	31.46	26.83
Provisions NPA	29.21	26.52
Provision for Standard Assets	23.31	26.31
Provision for Current Tax	620.25	388.41
Provision for Deferred Tax	6.01	0.63
Profit After Tax	1162.72	706.00
Surplus brought forward	579.61	344.28
General Reserve	58.14	35.31
Reserve Fund	232.54	141.23
Dividend (proposed)	0.00	230.09
Dividend Tax	0.00	39.10
Prior Year Income Tax	8.22	24.94
Surplus Carried to Balance Sheet	1443.43	579.61

### Corporate Governance:

A detailed report on corporate governance, together with a certificate from the statutory auditors and a declaration by the Managing Director with regard to Code of Conduct in compliance with Clause 49 of the Listing Agreement, are attached as part of this Report.

Further, a certificate, duly signed by the Managing Director on the Financial Statements of the Company for the year ended March 31, 2014, as required under Clause 49 of the Listing Agreement, was submitted to the Board of Directors at their meeting held on August 30, 2014. The certificate is attached to the Report on Corporate Governance.

### Management's Discussion and Analysis:

#### Economic Environment:

GDP growth for the year 2013-14 is expected to be lower than 5% on account of poor performance of all most all the industrial sectors and slowdown in the services sector. The inflation remained on the higher side for quite some time. The banking system continued to grapple with rising Non Performing Assets (NPAs) and the core industries and the infrastructure sectors continues to witness lower growth and as such the overall business sentiment was not so positive in view of high interest rates coupled with Government's indecisiveness on various policy matters.

### Automotive Sector:

The slowdown of economy has cast its shadow on many sectors and automotive industry was one of the worst hit sectors. Medium and heavy commercial vehicles (M/HCV) segment registered a steep fall of 25% during 2013-14 as a direct result of continuing sluggishness in the manufacturing and infrastructure sectors. Light commercial vehicles were also registered a steep fall of 18% as against a growth of 14% in the previous year. Cars and multi-utility vehicles were down by 6% as against a growth of 2% in the previous year. Despite the cut in excise duties, the overall performance of the automotive sector was very disappointing in comparison to several other sectors. High interest rates, low freight rates and spiraling fuel prices, throughout the year, coupled with sluggish economic conditions have contributed to the steep decline in the growth of automotive sector.

### Future Outlook:

The current year is going to be a challenging year for the Indian economy. The economic growth for the FY 2014-15 is expected to be at around 6% in the light of positive signs of recovery in industrial front and the steps initiated by the new government to revive the infrastructure segment.

The chances of interest rate cuts are expected in the fourth quarter of the current financial year as inflation seems to be at moderate levels and the rupee is expected to be stabilized more or less at Rs.60 levels in view of positive inflows.

The course corrections measures taken by the new government in the recent past, strengthening rupee, moderating commodity prices and expectation of normal monsoon, though late, are expected to turnaround the economy.

The automobile sector is likely to remain sluggish in the short term with marginal recovery in the last two quarters of the current financial year. However, the same is subject to many factors such as good monsoon, proactive government policies, recovery in industrial production, crude prices and currency fluctuations. Competition is expected to increase in view of lower volumes and interest rates are expected to play a pivotal role.

Your Company continues to focus on Retail segment with focus on providing superior service to customers, lowering the cost of borrowings, maintaining the asset quality with enhanced operating efficiencies to sustain the growth and profitability. To cope up with the adversities, the management of your Company has already taken initiatives by launching new products like Top Up / Working Capital Loans to the existing customers, SME Loans, asset backed loans etc. Your Company is confident of sustaining the growth and profitability as it has built strong relationship with the customers over the last two 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 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.

**Internal Audit:**

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit team reviews all the control measures at regular intervals and recommends improvements / modifications / rectifications to the existing processes and systems, wherever necessary. The internal audit team reports directly to the Audit Committee of the Board and the Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control systems.

**Review of Operations:**

Your Company's performance for the year ended March 31, 2014 continues to be encouraging and has registered a growth of 41.95% in its Gross Receipts to Rs.60.73 Cr as against Rs.42.79 Cr and the Net Profit increased from Rs.7.06 Cr to Rs.11.63 Cr registering a growth of 64.69% for the corresponding previous year.

During the year, the disbursements have grown by 72% from Rs.162 Cr to Rs.279 Cr and the Loan Book has grown by 30% from Rs.229 Cr to Rs.297 Cr. The gross receivables managed by the Company, including Channel Business and receivables assigned / securitized stood at around Rs.392 Cr as at March 31, 2014 as against Rs.293 Cr in the previous year thereby registering a growth of 34%.

**Resource Mobilization:****Deposits**

Your Company has not mobilized any Public Deposits during the year under review and there were no outstanding Public deposits at the end of the year. During the year, your Company has surrendered the Deposit Accepting Status to the Reserve Bank of India as the management of the Company is not in favour of raising any Public Deposits in future. The Reserve Bank of India has re-classified the Company as non deposit accepting asset financing Company vide its Certificate of Registration dated May 12, 2014.

**Working Capital Limits**

Your company continues to enjoy Cash Credit Limits of Rs.250 Cr from the Consortium of Nine Banks led by **Central Bank of India**. The Lead Bank is in the process of considering your Company's request for enhancement of the existing limits.

**Term Loans**

Your Company has mobilized an Term Loan of Rs.25 Cr from HDFC Bank Limited and rs.5 Cr from Small Industries Development Bank of India (SIDBI) during the year under review. Besides, your company has mobilized Rs.42 Cr Term Loans from NBFCs - Sundaram Finance Limited, L & T Finance Limited and IFMR Capital Finance (P) Limited in line with the Management's overall business plan to have a judicious mix of resources.

**Securitization**

During the year, your Company has securitized / assigned loan receivables to the extent of Rs.71 Cr.

**Borrowing Profile**

Total borrowings of the Company for the year under review stood at Rs.258 Cr of which borrowings from Banks constituted 84.23%, borrowings from NBFCs 13.91%, Non Convertible Debentures (NCDs 1.33%) and Security Deposits & others 0.53%.

Your Company is continuously exploring all options to access low cost funds, mostly by way of Term Loans in the current financial year, to further expand the operations.

**Business Associations/Tie-Ups:**

Your Company has been continuing its association with **HDFC Bank Limited** and **Bajaj Finance Limited** (Channel Business Arrangement).

**Capital Adequacy:**

The Capital to Risk Assets Ratio of your company is **19.12%** as on 31.03.2014, well above the minimum of **15%** prescribed by the Reserve Bank of India, of which Tier I Capital constituted 18.73%.

**Credit Rating:**

During the current financial year, Brickwork Ratings India Private Limited has retained "**BWR A-**" (**Stable**) rating to your Company's Long Term Bank Loan limits of Rs.475 Cr (including a Bank Guarantee of Rs.15 Cr), signifying adequate degree of safety regarding timely servicing of financial obligations with low credit risk and "**BWR A2**" rating for Short Term Bank Loan limits of Rs.25 Cr, signifying strong degree of safety regarding timely payment of financial obligations with low credit risk

Credit Analysis and Research Limited (CARE) has retained "**BBB+**" rating to your Company for its Secured Non Convertible Debentures of Rs.5 Crs and earlier Bank Loan facilities of Rs.176 Cr, signifying adequate degree of safety regarding timely payment of interest and principle. The short term borrowings (commercial paper), backed by the Stand by Letter of Credit of the Lead Bank Central Bank of India by carving out the working capital limits sanctioned to the company, are rated "**A1+(SO)**" (highest safety)

## Directors:

Dr. Sinha S Chunduri and dr. Prasad J Athota retires by rotation and are eligible for re-appointment at the ensuing AGM.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has decided to term of Independent Directors as below;

Name of Director	Tenure upto	Remarks
S.Veerabhadra Rao	Till Conclusion of the 28th Annual General Meeting of the Company.	As per revised Clause 49, the first term of 5 years.
P.S.V.Prasada Rao	Till Conclusion of the 28th Annual General Meeting of the Company.	As per revised Clause 49, the first term of 5 years.
N.Haranadh	Till Conclusion of the 28th Annual General Meeting of the Company.	As per revised Clause 49, the first term of 5 years.
K.Satyanarayana Prasad	Till Conclusion of the 28th Annual General Meeting of the Company.	As per revised Clause 49, the first term of 5 years.

Your Directors are pleased to place on record their appreciation for the services rendered by them during their tenure as Directors and wish to recommend their re-appointment.

## Particulars of Employees:

During the year under review, none of the employees of your Company were in receipt of remuneration in excess of the limits prescribed for disclosure as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975 as amended from time to time.

## Information on Conservation of Energy, Technology absorption and Foreign Exchange earnings/out goings as per Section 217 (1) (e) of the Companies act, 1956:

Your Company has no activities relating to the conservation of energy and technology absorption. Your Company didn't have any foreign exchange earnings and / or expenses during the year under review.

## Directors' Responsibility Statement:

Your directors confirm that:

- In the preparation of the accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed.

- They have 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 of the Company for that period.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- They have prepared the accounts for the financial year ended 31st March 2014 on a "going concern" basis.

## Corporate Social Responsibility Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors in its meeting held on August 30, 2014 has constituted Corporate Social Responsibility Committee of three directors Mr. S Veerabhadra Rao, Mr. PSV Prasada Rao and Mr. VGK Prasad. The Committee is in the process of finalizing Company's CSR Policy.

## Auditors:

M/s. Hanumaiah & Co, Chartered Accountants, Vijayawada, retire and are eligible for re-appointment. A certificate from the Auditors that they satisfy the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder (including satisfaction of criteria under Section 141 of the Companies Act, 2013), has been received from them.

## Acknowledgement:

Your directors' great fully acknowledge the support and co-operation extended by all the Shareholders, Debenture holders, Customers, Vehicle Dealers and Business associates **HDFC Bank Limited, Bajaj Finance Limited, Sundaram Finance Limited, L & T Finance Limited & IFMR Capital Finance (P) Limited** for their continued support to your Company. Your directors wish to place on record their gratitude for the continued support provided by Company's bankers **Central Bank of India, Andhra Bank, Indian Overseas Bank, IDBI Bank Limited, The Federal Bank Limited, Axis Bank Limited, Punjab National Bank, Bank of India and State Bank of India**. Your Directors look forward to their continued support in the days to come.

Your Directors also place on record their appreciation for the dedication and commitment displayed by the employees at all levels for posting a satisfactory performance.

By Order of the Board

Place: Vijayawada  
Date : 30-08-2014

Sd/-  
(V G K Prasad)  
Managing Director



## **REPORT ON CORPORATE GOVERNANCE**

(as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

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 three 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. The Board comprises nine 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. The Executive Directors are Sri V G K Prasad - Managing Director, Smt. V.Indira Devi - Whole Time Director and Smt. K.Vasumathi Devi - Executive Director.

Sri S.Veerabhadra Rao, Sri. N.Haranadh, Sri. P.S.V.Prasada Rao and Sri. K Satyanarayana Prasad are the Independent Directors. The composition of the Board is in conformity with the listing requirements and in accordance with the best practice in Corporate Governance.

### **3. 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, Fifteen meetings of the Board of Directors were held on the following dates.

10-05-2013	30-05-2013	26-06-2013	02-07-2013	31-07-2013
30-08-2013	30-09-2013	14-10-2013	31-10-2013	19-11-2013
21-01-2014	14-02-2014	06-03-2014	13-03-2014	31-03-2014

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1st April, 2013 to 31st March, 2014 are as follows:

Name of the Director	Category of Board Directorship	No. of Board Meetings attended	% of total Meetings attended	Attendance at the last A G M	No. of Other Directorships	No. of Committee Memberships
V G K Prasad	Managing Director	15	100%	Present	2	4
V Indira Devi	Whole Time Director	14	93%	Present	1	1
K Vasumathi Devi	Executive Director	15	100%	Present	---	3
N Haranadh	Director	7	47%	Present	—	3
Prasad J Athota (Alternate Director Ch V Rama Rao)	Director	15	100%	Present	—	1
Sinha S Chunduri (Alternate Director D.V.Lakshmi)	Director	15	100%	Present	—	—
S Veerabhadra Rao	Director	13	87%	Present	1	5
P.S.V.Prasada Rao	Director	15	100%	Present	2	3
K Satyanarayana Prasad	Director	10	67%	Present	---	—

#### 4. 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 all of them being Independent Directors. The Committee comprises of Sri. S Veerabhadra Rao as Chairman of the Committee and Sri. N Haranadh and Sri. P S V Prasada Rao as Members.

The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings. During the year the committee met 4 times on 30.05.2013, 31.07.2013, 14.10.2013 and 14.02.2014. 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
S.Veerabhadra Rao	4	100%
N Haranadh	2	50%
P S V Prasada Rao	4	100%

#### 5. Remuneration and Compensation Committee:

The Remuneration & Compensation Committee was constituted in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and Clause 49 of the Listing Agreement and SEBI (Employee Stock Option Scheme) Guidelines, 1999 comprises of Sri. PSV Prasada Rao as Chairman, Sri S Veerabhadra Rao and Sri. N.Haranadh 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 the committee met on 30-09-2013.

#### 6. Remuneration of 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 2013-2014 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.22,50,000.00	Nil	Nil
V Indira Devi	Rs.15,00,000.00	Nil	Nil
K Vasumathi Devi	Rs.15,00,000.00	Nil	Nil

The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

#### 7. Share Transfer and Investor Grievance Committee:

The Share Transfer and Investor Grievance Committee comprises of Sri N.Haranadh as Chairman and Sri Ch.V.Rama Rao as Member. The Share Transfer and Investor Grievance Committee was formed in accordance with the provisions of Clause 49 of the Listing Agreement to monitor transfers and transmission of shares and to address the Investor Grievances. During the year 2013-2014 the committee met 5 times on 10-05-2013, 26-06-2013, 21-01-2014, 06-03-2014 and 31-03-2014 and all the members were present at the committee meeting.

All the complaints received during the year under review, were resolved and there were no grievances remaining unresolved as on 31st March, 2014.



**8. Asset Liability Management Committee:**

The Asset Liability Management Committee comprises of Sri. V G K Prasad as Chairman, Sri. S Veerabhadra Rao and Smt. K Vasumathi Devi as Members. 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 2013-2014 the committee met 4 times on 30-05-2013, 31-07-2013, 14-10-2013 and 14-02-2014 and all the members were present at the committee meeting.

**9. Risk Management Committee:**

The Risk Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri S.Veerabhadra Rao and Smt K.Vasumathi Devi as Members. The Risk Management Committee was formed to review and monitor Risk Management policies and systems from time to time. During the year 2013-2014 the committee met 4 times on 10-05-2013, 02-07-2013, 14-10-2013 and 14-02-2014 and all the members were present at the committee meeting.

**10. Nomination Committee:**

The Nomination Committee comprises of Sri P.S.V.Prasada Rao as Chairman, Sri S.Veerabhadra Rao and Sri V.G.K.Prasad as members to identify fit and proper persons for the directorship of the company. No meeting of the committee was held during the year.

**11. General Body Meetings:**

Time and location of last three Annual General Meetings

General Body Meeting	Day	Date	Time	Location
22nd Annual General Meeting	Friday	30-08-2013	4.30 PM	Registered Office of the Company, Vijayawada-10.
21th Annual General Meeting	Saturday	29-09-2012	4.30 PM	Registered Office of the Company, Vijayawada-10.
20th Annual General Meeting	Monday	19-09-2011	4.30 PM	Registered Office of the Company, Vijayawada-10.

- a) Special Resolution was passed through postal ballot during the last year - To approve the delisting of Company Equity Shares.  
b) No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

The following Special Resolutions were passed by the members during the past 3 years Annual General Meetings:

22<sup>nd</sup> Annual General Meeting held on 30-08-2013: None

21<sup>st</sup> Annual General Meeting held on 29-09-2012: None

20<sup>th</sup> Annual General Meeting held on 19-09-2011:

- a) To approve raising of capital from the Promoters / Non Promoters by issue of Fully Convertible Debentures (FCDs) upto an amount Rs.7.66 Crores.  
b) To approve raising of capital from the Promoters / Non Promoters by issue of Warrents upto an amount Rs.2.24 Crores.

**12. 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.

**13. Means of Communication:**

Quarterly/Annual un-audited results of the Company were published in accordance with the Stock Exchange Listing Agreement in "Business Standard" (English) and "Andhra Prabha" (Telugu).

Management's Discussion and Analysis forms are part of the Annual Report.

**14. General Information to Shareholder:**

General Body Meeting	Day	Date	Time	Location
23rd Annual General Meeting	Tuesday	30-09-2014	4.30 PM	Registered Office, # 40-1-144, Corporate Centre, M.G.Road, Vijayawada-520 010.

**Financial Calendar**

Financial Year - 1st April 2014 to 31st March 2015

Book Closure dates 26-09-2014 to 30-09-2014.

Last date for receipt of proxy forms 28th September, 2014 (Before 4.30 PM).

Un-audited Results for the quarter ending 30.06.2014 - Second week of August, 2014.

Un-audited Results for the quarter ending 30.09.2014 - Second week of November, 2014.

Un-audited Results for the quarter ending 31.12.2014 - Second week of February, 2015.

Un-audited Results for the quarter ending 31.03.2015 - Second week of May, 2015.



The Company's shares are listed on Bombay Stock Exchange Limited, (BSE) Mumbai.

The Company has paid the listing fee to Bombay Stock Exchange Limited, Mumbai for the financial year 2013-2014.

BSE Stock Code : 530719

ISIN : INE859C01017

### 15. Market Price Data:

Month	High	Low	Month	High	Low
April, 2013	13.15	12.12	October, 2013	18.62	13.42
May, 2013	12.80	11.69	November, 2013	18.00	14.65
June, 2013	12.81	11.77	December, 2013	20.05	17.10
July, 2013	13.00	11.35	January, 2014	18.05	12.95
August, 2013	13.95	11.51	February, 2014	15.95	13.38
September, 2013	15.90	11.51	March, 2014	16.44	13.60

Share transfer requests were processed and share certificates dispatched within 30 days from the date of lodgement, in case of physical transfers, in accordance with the stock exchange listing agreement.

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 Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s. Bigshare services (P) Ltd., 306, 3rd Floor, Right Wing, Amrutha ville, Opp. Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-500082, Tel.No.040-23374967, Fax No.040-23374295 Email : [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com).

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31.03.2014 - 70.22%.

### 16. Distribution of Shareholding as on 31st March, 2014:

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	1171	65.97%	24,49,040	0.76%
5,001	10,000	250	14.09%	22,39,340	0.70%
10,001	20,000	128	7.21%	20,50,630	0.64%
20,001	30,000	53	2.99%	13,97,590	0.44%
30,001	40,000	26	1.46%	9,37,420	0.29%
40,001	50,000	18	1.01%	8,86,900	0.28%
50,001	1,00,000	26	1.47%	20,36,620	0.63%
1,00,001	& above	103	5.80%	30,90,02,460	96.26%
Total		1775	100.00%	32,10,00,000	100.00%

### 17. Shareholding Pattern as on 31.03.2014:

Category	No. of Shares	% of Shareholdings
Indian Promoters	1,45,54,335	45.34%
Foreign Promoters (NRI's)	21,37,800	6.66%
Banks/Financial Institutions	0	0.00%
Indian Private Corporate bodies	29,83,093	9.29%
Indian Public	1,01,18,814	31.52%
Non Resident Indians	23,05,958	7.19%
Total	3,21,00,000	100.00%

Address for correspondence and any assistance/clarification

#### Compliance Officer:

Mr.Ch.Uma Mahesh, IKF Finance Limited, D.No.: 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.

Phone No.: (0866) 2474 644, 2474 633, Fax No.: (0866) 2485 755, E-mail : [ikf.investor@gmail.com](mailto:ikf.investor@gmail.com)



**CEO CERTIFICATION**

We, to the best of our knowledge and belief, certify that

- a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2014 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that:
  - i. There were no material deficiencies in internal controls over financial reporting during the year;
  - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statement; and
  - iii. There were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

By Order of the Board

Place: Vijayawada  
Date : 30-08-2014

Sd/  
(V G K Prasad)  
Managing Director

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

The Board of Directors of IKF Finance Limited have adopted a Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2014.

By Order of the Board

Place: Vijayawada  
Date : 30-08-2014

Sd/  
(V G K Prasad)  
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of **IKF Finance Limited**

We have examined the compliance of conditions of corporate governance by **M/s. IKF Finance Limited**, Vijayawada for the year ended on 31st March, 2014 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/Investor grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Hanumaiah & Co.**  
Chartered Accountants  
Firm Registration No: 009021S

Sd/-  
**K Hanumaiah, FCA**  
Partner  
Membership No: 201719

Place: Vijayawada  
Date: 27-05-2014

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **IKF FINANCE LIMITED**

We have audited the attached Balance Sheet of **IKF FINANCE LIMITED**, (the "Company") as at March 31, 2014, and the related Profit and Loss Statement and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit a statement on matters specified in the said order has been given in the annexure hereof.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- a) we have 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, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion and according to the information and explanations given to us, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors and taken on record by the company, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274, of the Companies Act, 1956;
- f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of Balance Sheet, of the state of affairs of the company as at March 31, 2014;
  - ii) in the case of Statement of Profit and Loss, of the profit of the company for the year ended on that date; and
  - ii) in the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For Hanumaiah & Co.**  
Chartered Accountants  
Firm Registration No: 009021S

Sd/-  
**K Hanumaiah, FCA**  
Partner  
Membership No: 201719

Place: Vijayawada  
Date: 27-05-2014

**ANNEXURE TO AUDITORS' REPORT**  
**(Referred to in paragraph 3 of our report of even date)**  
**Re: IKF FINANCE LIMITED ("the company")**  
**Financial Year Ended March 31, 2014**

- I. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.
- (c) The Company has disposed off vehicles from fixed assets of which are actually part of its business activity, as such the assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- II. In our opinion and as per the information and explanations given to us the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 (the Act).
- III. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the above controls and therefore the reporting of the same does not arise.
- IV. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section, and
- (b) According to the information and explanations given to us, where each of such transactions in respect of any party, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- V. The Company has not accepted public deposits in accordance with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- VI. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
- VII. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
- VIII. (a) According to the records of the Company and information and explanations given to us, undisputed statutory dues including provident fund, Investor education and protection fund, Employee's State Insurance, Income tax, Wealth tax, service tax, as applicable were regularly deposited during the year with the appropriate authorities etc. and there exist no dues which is outstanding for a period exceeding six months as at the last day of the financial year.
- (b) According to the information and explanations given to us and the books and records examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of dispute which is outstanding for a period exceeding six months as at the last day of the financial year.
- IX. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the current and immediately preceding financial year.



- X. Based on our audit procedures and as per information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
- XI. According to the information and explanations given to us and based on our examination of books and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- XII. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society.
- XIII. Based on our examination of records and the information and explanations given to us, the Company does not deal / trade in shares, securities and debentures and other investments.
- XIV. In our opinion and according to the information and explanations given to us, the Company has given guarantees, in respect of loans, sanctioned to the various finance creditors under the Channel Business activity undertaken by the Company as detailed below. The terms and conditions thereof are not prejudicial to the interest of the Company.

(Rs. In Lacs)

Sl.No.	Name of the Activity	Outstanding Amount
1	Channel Business	1670.17

- XV. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained other than temporary deployment, pending application.
- XVI. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investment.
- XVII. According to the information and explanations given to us, the company has allotted 30,00,000 Equity Shares of Rs.10/- each with a Premium of Rs.3/- per Share on September 30, 2013, consequent to conversion of Warrants allotted on September 30, 2013, to both the Promoters and Promoter Group in terms of SEBI Preferential Issue Guidelines and therefore we are of the opinion that the same are not prejudicial to the interest of the Company.
- XVIII. According to the information and explanations given to us, the Company has created securities by way of floating charges in respect of secured debentures issued.
- XIX. The Company has not raised money by Public issue of Shares during the year.
- XX. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the course of our audit.
- XXI. In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year have been such that clause (ii) of paragraph 4 of the Companies (Auditors') Report Order, 2003 are not applicable to the Company for the year.

For **Hanumaiah & Co.**  
Chartered Accountants  
Firm Registration No: 009021S

Sd/-  
**K Hanumaiah, FCA**  
Partner  
Membership No: 201719

Place: Vijayawada  
Date: 27-05-2014

**BALANCE SHEET AS AT 31-03-2014**

(Rs. in Lacs)

Particulars	Notes	31-03-2014	31-03-2013
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	3	3,210.00	2,910.00
Reserves and Surplus	4	3,457.70	2,180.70
Money Received against Share Warrants	3.4	0.00	164.28
		<b>6,667.70</b>	<b>5,254.98</b>
Share Application Money Pending Allotment		0.00	0.00
		<b>0.00</b>	<b>0.00</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	5	3,967.43	1,097.58
Deferred Tax Liabilities (Net)	6	94.89	88.87
Other Long-term Liabilities	7	64.77	44.06
Long-term provisions	8	117.97	115.81
		<b>4,245.06</b>	<b>1,346.32</b>
<b>Current Liabilities</b>			
Short-term Borrowings	9	21,795.05	17,546.25
Other Current Liabilities	10	227.40	132.96
Short-term Provisions	11	256.14	536.93
		<b>22,278.59</b>	<b>18,216.14</b>
<b>Total</b>		<b>33,191.35</b>	<b>24,817.44</b>
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>			
<b>Fixed Assets:</b>			
Tangible Assets	12	247.90	259.21
Intangible Assets	12	25.80	5.17
Long-term Loans and Advances	13	13,528.81	13,330.12
Other Non-current Assets	14	0.97	18.13
		<b>13,803.48</b>	<b>13,612.63</b>
<b>Current Assets</b>			
Cash and Bank Balances	15	2,845.68	1,306.06
Short-term Loans and Advances	16	16,377.12	9,709.71
Other Current Assets	17	165.07	189.04
		<b>19,387.87</b>	<b>11,204.81</b>
<b>Total</b>		<b>33,191.35</b>	<b>24,817.44</b>
Significant Accounting Policies and notes to the Accounts 1 to 29		-	-

The notes referred to above form an integral part of the financial statements.

As per our report even date  
**For Hanumaiah & Co.**  
Chartered Accountants  
Firm Registration No: 009021S

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

Sd/-  
**K. Hanumaiah**  
Partner  
Membership No: 201719

Sd/- Sd/-  
**(V. G. K. Prasad)** **(K. Vasumathi Devi)**  
Managing Director Executive Director

Place: Vijayawada  
Date : 27-05-2014



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2014**

(Rs. in Lacs)

<b>Particulars</b>	<b>Notes</b>	<b>31-03-2014</b>	<b>31-03-2013</b>
Revenue from Operations	18	5,960.43	4,205.29
Other Income	19	113.05	73.32
<b>Total Revenue</b>		<b>6,073.48</b>	<b>4,278.61</b>
<b>Expenses:</b>			
Employee benefits expenses	20	570.05	317.20
Finance cost	21	3,197.79	2,422.27
Depreciation		31.46	26.83
Other expenses	22	399.16	331.72
Provisions & write offs (net)	23	86.04	85.55
<b>Total expenses</b>		<b>4,284.50</b>	<b>3,183.57</b>
<b>Profit before tax</b>		<b>1,788.98</b>	<b>1,095.04</b>
<b>Tax expense:</b>			
- Current tax		620.25	388.41
- Deferred tax		6.01	0.63
<b>Total tax expense</b>		<b>626.26</b>	<b>389.04</b>
<b>Profit after tax from continuing operations</b>		<b>1,162.72</b>	<b>706.00</b>
<b>Earnings per equity share:</b>			
Equity shares of par value ₹10/- each			
Basic (₹)		<b>3.80</b>	3.07
Diluted (₹)		<b>3.71</b>	2.94

Significant Accounting Policies and notes to the Accounts 1 to 29

The notes referred to above form an integral part of the financial statements.

As per our report even date  
**For Hanumaiah & Co.**  
 Chartered Accountants  
 Firm Registration No: 009021S

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

Sd/-  
**K. Hanumaiah**  
 Partner  
 Membership No: 201719

Sd/-  
**(V. G. K. Prasad)**  
 Managing Director

Sd/-  
**(K.Vasumathi Devi)**  
 Executive Director

Place: Vijayawada  
 Date : 27-05-2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2014**

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
<b>Cash flow from Operating activities</b>		
Net profit before taxation	1,788.98	1,095.04
Add: Financial Expenses	3,197.79	2,422.27
- Depreciation and amortization	31.46	26.83
- Provision for non performing assets (net)	29.21	26.52
- Contingent Provision on Standard assets	23.31	26.31
- Provision for Gratuity	0.00	7.90
<b>Operating profit before working capital changes</b>	<b>5,070.75</b>	<b>3,604.87</b>
(Increase) / decrease in Long-term loans and advances	(198.69)	(3,038.53)
(Increase) / decrease in other non-current assets	17.16	51.41
(Increase) / decrease in Bank Deposits	(458.98)	(491.12)
(Increase) / decrease in Short-term loans and advances	(6,667.41)	(2,856.90)
(Increase) / decrease in other current assets	23.97	(144.82)
Increase / (decrease) in Long Term liabilities	20.71	(10.70)
Increase / (decrease) in other current liabilities	94.44	98.46
<b>Cash generated from operation</b>	<b>(2,098.05)</b>	<b>(2,787.33)</b>
Financial Expenses	(3,197.79)	(2,422.27)
Direct taxes paid	(690.40)	(343.20)
<b>Net Cash flow from/(used in) operating activities (A)</b>	<b>(5,986.24)</b>	<b>(5,552.80)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed and intangible assets	(44.55)	(114.90)
Proceeds from sale of fixed assets	3.77	0.37
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(40.78)</b>	<b>(114.53)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity share capital including securities premium and share application money\	258.21	519.03
Increase / (decrease) of long-term borrowings	2,869.85	(603.49)
Increase / (decrease) of short-term borrowings	4,248.80	5,114.92
Dividend Paid	(230.09)	(122.30)
Tax on dividend	(39.10)	(19.84)
<b>Net Cash flow from/(used in) financing activities (C)</b>	<b>7,107.67</b>	<b>4,888.31</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,080.64</b>	<b>(779.02)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>178.59</b>	<b>957.61</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,259.23</b>	<b>178.59</b>
<b>Component of cash and cash equivalents</b>		
<b>Particulars</b>	<b>31-03-2014</b>	<b>31-03-2013</b>
Cash on hand	122.34	130.65
Balances with Banks - Current Account	1,136.89	47.94
<b>Total Cash and cash equivalents</b>	<b>1,259.23</b>	<b>178.59</b>
Significant Accounting Policies and notes to the Accounts 1 to 29		
As per our report even date <b>For Hanumaiah &amp; Co.</b> Chartered Accountants Firm Registration No: 009021S	For and on behalf of the Board of Directors of <b>IKF Finance Limited</b>	
Sd/- <b>K. Hanumaiah</b> Partner Membership No: 201719 Place: Vijayawada Date : 27-05-2014	Sd/- <b>(V. G. K. Prasad)</b> Managing Director	Sd/- <b>(K. Vasumathi Devi)</b> Executive Director



**Notes forming part of the financial statements for the year ended March 31, 2014****1. Corporate Information**

IKF Finance Limited (the company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Ltd. (BSE) and Ahamadabad Stock Exchange Ltd. (ASE). However, the Company has applied for delisting of its Equity Shares from the Stock Exchanges and got the In Principle Approvals for delisting from the respective Stock Exchanges. The company is Classified as Asset Financing - Deposit Accepting - Non Banking Finance Company (NBFC-AFC-D) registered with Reserve Bank of India (RBI). However, the Company has surrendered the Deposit Accepting status in March 13, 2014 and as such Reserve Bank of India has reclassified the Company as Asset Financing - Non Deposit Accepting - Non Banking Finance Company (NBFC - AFC) vide its CoR dated May 12, 2014.

**2. Basis of Preparation**

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies.

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

**Significant Accounting Policies****Presentation and disclosure of financial statements**

The Presentation in the Balance Sheet, Profit and Loss Statement and Notes to the Accounts is in Terms of the Revised Schedule VI to the Companies Act, 1956 which has become mandatory with effect from 1st April 2011. The Assets and Liabilities have been classified as Current and Non Current based on a Twelve months operating cycle. Previous years figures have been regrouped / reclassified wherever necessary to conform to the Current year's presentation

**Fixed Assets**

The Company capitalized fixed assets at cost inclusive of all incidental expenses incurred in acquisition of such assets.

**Depreciation**

Depreciation on all assets has been provided in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956 on Straight Line Method.

**Impairment of Assets**

The company assesses at each balance sheet date if there is an indication of impairment of any asset. If any indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is greater of net selling price and value in use of the asset. Where the carrying amount of an asset is more than its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**Provisions**

Provision are recognized when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Non performing loans are written off / provided for, as per estimates of management, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Provision on standard asset is made as required under Reserve Bank of India (RBI) notification No. DNBS.222/CGM (US-2011) dated January 17, 2011.

**Income Recognition**

- (i) Income from financing activities is accounted on the basis of Internal Rate of Return method (net of business origination cost).
- (ii) Additional finance charges / additional interest are treated to accrue on realisation due to uncertainty of its realisation.
- (iii) Gain arising on securitization / direct assignment of assets is recognised over the tenure of agreements as per the guidelines on securitisation of standard assets issued by RBI.
- (iv) The prudential norms for income recognition prescribed under Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are followed.
- (v) Interest spread from Channel Business (net of related expenditure) and other Income has been recognized on accrual basis.

**Taxation**

Current Tax is provided on the taxable income for the year. Deferred Tax liabilities arising from timing differences have been fully provided.

**Segment Reporting**

The company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard - 17 - 'Segment Reporting' issued by ICAI

**3. Share Capital**

Particulars	(Rs. in Lacs)	
	31-03-2014	31-03-2013
<b>Authorized Share Capital</b>		
3,50,00,000 (March 31, 2013: 3,50,00,000) equity shares of '10/- each *	3,500.00	3,500.00
	<b>3,500.00</b>	<b>3,500.00</b>
<b>Issued, subscribed and fully paid-up Equity Shares</b>		
3,21,00,000 (March 31, 2013: 2,91,00,000) shares of '10/- each	3,210.00	2,910.00
	<b>3,210.00</b>	<b>2,910.00</b>
<b>Total Issued, subscribed and fully paid-up share capital</b>	<b>3,210.00</b>	<b>2,910.00</b>

**3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period****Equity Shares**

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	' in lacs	Number	' in lacs
At the beginning of the year	29,100,000	2,910.00	18,590,000	1,859.00
Issued during the year - Preferential Issue	3,000,000	300.00	10,510,000	1,051.00
Outstanding at the end of the year	32,100,000	3,210.00	29,100,000	2,910.00

**3.2 Terms / Rights attached to Equity Shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of the equity shares is entitled to one vote per share.

**3.3 Details of shareholders holding more than 5% shares in the company**

Name of the shareholders	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity share of Rs.10 each fully paid</b>				
IKF Infratech (P) Limited	6,046,400	18.84%	5,232,400	17.98%
IKF Financial Services (P) Limited	2,631,600	8.20%	1,116,600	3.84%
Gautam Padala	2,043,500	6.37%	2,042,000	7.02%
Vedika Realty Private Limited	1,923,000	5.99%	1,923,000	6.61%
Vamsi Mohan Athota	1,850,400	5.76%	1,850,400	6.36%

**3.4 Preferential Allotment of Equity Shares**

The company has issued / allotted 30,00,000 equity shares at a subscription price of Rs.13.00 per equity share (which includes a premium of Rs 3.00 per equity share) on 30th September 2013, consequent to conversion of 30,00,000 Warrants issued on March 31, 2012, being the price higher than the price determined under chapter VII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 to Promoters for cash. The Company has forfeited 10,00,000 Warrants on failure of the allottee/s in exercising the option and as such Rs.32.50 lacs received towards subscription to the Warrants was credited to the Securities Premium Account.



## 4. Reserves & Surplus

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
<b>Securities Premium Reserve</b>		
Opening balance	777.57	453.13
Add : securities premium credited during the year	122.50	324.44
<b>Closing balance</b>	<b>900.07</b>	<b>777.57</b>
<b>Statutory Reserve (in pursuant to section 45-IC of the RBI act, 1934)</b>		
Opening balance	680.35	539.12
Add: transfer from statement of profit & loss	232.54	141.23
<b>Closing balance</b>	<b>912.89</b>	<b>680.35</b>
<b>General reserve</b>		
Opening balance	143.17	107.86
Add: transfer from statement of profit & loss	58.14	35.31
<b>Closing balance</b>	<b>201.31</b>	<b>143.17</b>
<b>Surplus in the statement of Profit &amp; Loss</b>		
Opening balance	579.61	344.28
Add: net profit for the year	1,162.72	706.00
<u>Less: Appropriations</u>		
- Proposed equity dividend	0.00	(230.09)
- Tax on proposed equity dividend	0.00	(39.10)
- Transfer to statutory reserve (in pursuant to section 45-IC of the RBI act, 1934)	(232.54)	(141.23)
- Transfer to general reserve	(58.14)	(35.31)
- Prior Year Adjustments	(8.22)	(24.94)
Net surplus in the statement of Profit & Loss	<b>1,443.43</b>	<b>579.61</b>
<b>Total</b>	<b>3,457.70</b>	<b>2,180.70</b>

## 5. Long-term Borrowings

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
<b>Secured</b>		
Term loan from banks	1,608.37	83.23
Term loan from financial institutions / NBFCs	1,958.82	427.46
Non-convertible debentures	344.46	349.95
<b>Total secured long-term borrowing</b>	<b>3,911.65</b>	<b>860.64</b>
<b>Unsecured</b>		
Security deposits	7.31	186.47
Deposits from Directors	48.47	48.47
Chit Liabilities	0.00	2.00
<b>Total unsecured long-term borrowing</b>	<b>55.78</b>	<b>236.94</b>
<b>Total</b>	<b>3,967.43</b>	<b>1,097.58</b>


**5.1 Secured loans - Long Term Borrowings**
**A. Privately placed Secured Redeemable Non Convertible Debentures of (NCDs) Rs.100/- each - Unquoted**
**Terms of Repayment**

(Rs. in Lacs)

Maturity Pattern	Rate of Interest	31-03-2014	Rate of Interest	31-03-2013
48-60 Months	13%-14%	-	13%-14%	-
36-48 Months	13%-14%	-	13%-14%	-
24-36 months	13%-14%	-	13%-14%	349.95
12-24 months	13%-14%	344.46	13%-14%	-
Total non-current portion		<b>344.46</b>		<b>349.95</b>
12 months	13%-14%	-	13%-14%	149.76
Total current maturities		-		<b>149.76</b>
<b>Grand Total</b>		<b>344.46</b>		<b>499.71</b>

\* Put Option / Re-purchase Option available to the Debentureholders.

**Nature of Security**

The redemption of principal amount of secured redeemable non-convertible debentures together with interest there on are secured by way of floating charge on the company's movable Current assets with a Security Cover of 100% in favour of the Debenture Trustee **M/s. IDBI Trusteeship Services Limited**.

These secured redeemable non-convertible debentures are redeemable at par in the case of Regular Income Debentures, and with interest in case of Cumulative Debentures in terms of respective Information Memorandum.

Secured redeemable non-convertible debentures may be bought back (Repurchase) and the Company has the Right to cancel or reissue the same from time to time subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company and, upon such reissue, the person entitled to the Debentures shall have and shall be deemed always to have had, the same rights and priorities as if the Debentures had never been redeemed.

Credit Rating Agency - Credit Analysis and Research Limited (CARE) has reaffirmed the rating of "BBB+" assigned to these Non Convertible Debentures on 27th March 2014

**B. Term loan from Bank**
**Terms of Repayment as at March 31, 2014**

(Rs. in Lacs)

Tenor	Bank	Rate of interest	Non-Current Portion		Current Maturities	
			As at March 31,		As at March 31,	
			2014	2013	2014	2013
60 Months	HDFC Bank Ltd	10.00% to 11.00%	4.21	0.00	1.04	0.00
48 Months	SIDBI	12.00% to 13.00%	300.02	0.00	133.32	0.00
36 Months	HDFC Bank Ltd	12.00% to 13.00%	1304.14	0.00	782.79	0.00
36 Months	Andhra Bank	15.25% to 15.50%	0.00	83.22	0.00	333.32
<b>Grand Total</b>			<b>1,608.37</b>	<b>83.22</b>	<b>917.15</b>	<b>333.32</b>

**Nature of Security**

Term Loan from the bank is secured by an exclusive charge by way of hypothecation of Loan Receivables created out of the loan proceeds and Cash Collateral by way of Fixed Deposits besides property/ies collateral of the Directors and the personal guarantee of Promoter Directors.



## C. Term Loan from Institutions / NBFCs

(Rs. in Laacs)

Tenor	FI / NBFC	Rate of interest	Non-Current Portion		Current Maturities	
			As at March 31,		As at March 31,	
			2014	2013	2014	2013
36 Months	Sundaram Finance Ltd	13.00% to 14.00%	1,230.08	427.46	647.93	123.73
34 Months	L & T Finance Ltd	13.00% to 14.00%	363.97	0.00	488.13	0.00
24 Months	IFMR Capital Finance	13.00% to 14.00%	364.77	0.00	487.55	0.00
<b>Grand Total</b>			<b>1,958.82</b>	<b>427.46</b>	<b>1,623.61</b>	<b>123.73</b>

### Nature of security

Term Loans from Financial Institutions / NBFCs are secured by an exclusive charge by way of hypothecation of specific Loan Receivables and personal guarantee of Directors.

## 5.2 Unsecured loan - Long Term Borrowings

### A. Security Deposits

Security Deposits consist of deposits received from various individual borrowers to secure the repayment of loans arranged by the company through its business associates besides deposits received from Company's franchisees / Marketing Associates.

The primary objective behind the collection of security deposits is to cover up losses, if any, which may accrue in respect of the loan transaction and aimed to minimize the Company's liability to the extent possible.

Security Deposits collected from the borrowers are free of interest and the same will be either adjusted towards the installments of the loan availed or refunded to the borrower in case all the loan installments are paid by the borrower

### B. Chit Liabilities

The company has subscribed to Chit Funds as an Investment option, which derives higher spread, and also as a source for mobilization of funds, in case of need, and has drawn / availed the bid amount which is to be payable over the term of Chit.

## 6. Deferred Tax Liability (Net)

(Rs. in Laacs)

Particulars	31-03-2014	31-03-2013
<b>Deferred tax liabilities</b>		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	94.89	88.87
<b>Gross deferred tax liabilities (A)</b>	<b>94.89</b>	<b>88.87</b>
<b>Deferred tax asset</b>		
NIL	0.00	0.00
<b>Gross deferred tax Assets (B)</b>	<b>0.00</b>	<b>0.00</b>
<b>Deferred tax Liability (Net) (B-A)</b>	<b>(94.89)</b>	<b>(88.87)</b>

## 7. Other Long Term Liabilities

(Rs. in Laacs)

Particulars	31-03-2014	31-03-2013
Interest accrued but not due on debentures	64.77	44.06
<b>Total</b>	<b>64.77</b>	<b>44.06</b>

**8. Long Term Provisions**

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Provision Employee Benefits	0.00	21.15
Provision for standard assets	117.97	94.66
<b>Total</b>	<b>117.97</b>	<b>115.81</b>

**9. Short Term Borrowings**

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
<b>Secured</b>		
Term Loans from Banks	917.15	333.33
Term Loans from Financial Institutions / NBFCs	1,623.61	123.73
Non Convertible Debentures	0.00	149.76
Cash Credit from Banks	19,173.19	16,736.90
	<b>21,713.95</b>	<b>17,343.72</b>
<b>Unsecured</b>		
Security Deposits	75.77	133.53
Deposits from Directors	0.00	0.00
Chit Liabilities	2.00	44.00
Inter Corporate Deposit	3.33	25.00
	<b>81.10</b>	<b>202.53</b>
<b>Total</b>	<b>21,795.05</b>	<b>17,546.25</b>

**Nature of security****Cash Credit Limits**

Cash credit limits from banks are secured by way of hypothecation of loan receivables, book debts and other current assets, mortgage of company's office premises, personal properties of directors, their relatives and associate company/ies besides their personal guarantee in favour of the **Lead Bank - Central Bank of India**.

**10. Other Current Liabilities**

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Interest accrued but not due on debentures	0.00	23.51
Debentures matured & due for payment with interest*	0.00	36.09
Tax deducted at source	18.58	15.24
Other Liabilities	208.82	58.12
<b>Total</b>	<b>227.40</b>	<b>132.96</b>

\* Debentures were matured on March 31, 2013.

**11. Short Term Provisions**

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Provision for Non Performing Assets & Repossessed Assets	67.01	37.80
Provision for Income Tax (Net of Advance Income Tax & TDS)	189.13	229.94
Proposed dividend	0.00	230.09
Dividend Distribution Tax	0.00	39.10
<b>Total</b>	<b>256.14</b>	<b>536.93</b>



## 12. Tangible and Intangible Fixed Assets

(Rs. in lacs)

Description	GrosS Block at Cost				Depreciation				Net Block	
	As at 31-03-13	Additions	Deductions	As at 31-03-14	Upto 31-03-13	For the Year	Deductions	Upto 31-03-14	As at 31-03-14	As at 31-03-13
<b>Tangible Assets</b>										
Office Building	10.72	-	-	10.72	2.88	0.17	-	3.05	7.67	7.84
Plant and Machinery	8.08	1.45	-	9.53	3.23	0.44	-	3.67	5.86	4.85
Furniture and Fixtures	329.40	3.68	0.60	332.48	112.45	19.96	0.23	132.18	200.30	216.95
Computers & Other Accessories	47.55	5.38	-	52.93	25.76	5.44	-	31.20	21.73	21.79
Vehicles	19.68	9.91	4.34	25.25	11.90	1.95	0.94	12.91	12.34	7.78
	415.43	20.42	4.94	430.91	156.22	27.96	-	183.01	247.90	259.21
<b>Intangible Assets</b>										
Computer Software	13.89	24.13	-	38.02	8.72	3.50	-	12.22	25.80	5.17
<b>Grand Total</b>	<b>429.32</b>	<b>44.55</b>	<b>4.94</b>	<b>468.93</b>	<b>164.94</b>	<b>31.46</b>	<b>1.17</b>	<b>195.23</b>	<b>273.70</b>	<b>264.38</b>
<b>Previous Year</b>	<b>316.04</b>	<b>114.90</b>	<b>1.62</b>	<b>429.32</b>	<b>139.36</b>	<b>26.83</b>	<b>1.25</b>	<b>164.94</b>	<b>264.38</b>	<b>176.68</b>

## 13. Long Term Loans and Advances

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Assets under financing activities :		
- Secured, Considered - Good	13,331.50	13,190.71
- Secured, Considered - Substandard	17.99	51.79
Other Advances & Deposits :		
- Unsecured, Considered - Good	179.32	87.62
<b>Total</b>	<b>13,528.81</b>	<b>13,330.12</b>

Assets under financing activities includes over collateral offered to the securitisation SPVs (Trusts)

## 14. Other Non Current Assets

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Un-matured Chit Loss	0.97	18.13
<b>Total</b>	<b>0.97</b>	<b>18.13</b>

## 15. Cash and Bank balances

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
<b>Cash and cash Equivalents :</b>		
Balances with banks:		
- Current Account	1,136.89	47.94
- Bank Deposit with maturity of less than 3 months	-	-
Cash on hand	122.34	130.65
	<b>1,259.23</b>	<b>178.59</b>
<b>Bank Deposits</b>		
Maturity for more than 3 months but less than 12 months	791.12	547.00
Maturity for more than 12 months	795.32	580.47
	<b>1,586.44</b>	<b>1,127.47</b>
<b>Total</b>	<b>2,845.67</b>	<b>1,306.06</b>

Bank deposits have been provided as collateral for the assests securitized/credit facilities availed from banks / FIs / NBFCs.





## 16. Short Term Loans and advances

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Assets under financing activities :		
- Secured, Considered - Good	16,160.64	9,552.46
- Secured, Considered - Substandard	170.01	56.21
- Secured, Considered - Doubtful	36.95	46.13
Other Advances & Deposits :		
- Unsecured, Considered good	9.52	54.91
<b>Total</b>	<b>16,377.12</b>	<b>9,709.71</b>

## 17. Other Current assets

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Other Assets	3.18	21.17
Repossessed Assets	161.89	167.87
<b>Total</b>	<b>165.07</b>	<b>189.04</b>

100% provision was made on the shortfall in the realisable value against the book value of the repossessed assets.

## 18. Revenue from operation

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Interest Income from financing Activities	5,960.43	4,205.29
<b>Total</b>	<b>5,960.43</b>	<b>4,205.29</b>

## 19. Other income

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Interest on deposits with banks	105.52	66.14
Rental Income	6.89	6.95
Miscellaneous income	0.64	0.23
<b>Total</b>	<b>113.05</b>	<b>73.32</b>

## 20. Employee benefits expenses

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Salaries and incentives	555.83	294.93
Contributions to -Provident fund and Gratuity	7.74	15.32
Staff welfare expenses	6.48	6.96
<b>Total</b>	<b>570.05</b>	<b>317.20</b>

## 21. Finance cost

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Interest expense on :		
Non Convertible Debentures	75.05	76.48
Loans from banks	2,716.34	2,063.52
Loans from institutions and others	131.55	150.90
Chit Loss	15.69	41.26
Processing and other Borrowing charges	259.16	90.11
<b>Total</b>	<b>3,197.79</b>	<b>2,422.27</b>



## 22. Other Expenses

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Rent	105.69	102.45
Power and fuel expenses	17.10	12.52
Repairs & maintenance	22.43	34.80
Rates, duties, Licences & taxes	136.81	57.32
Printing & stationery	7.96	10.87
Travelling & conveyance	37.50	43.75
Advertisement	2.24	1.97
Bank Charges	9.40	12.05
Communication expenses	39.87	38.30
Miscellaneous expenses	20.16	17.69
<b>Total</b>	<b>399.16</b>	<b>331.72</b>

## 23. Provisions & write offs

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Provision for standard assets	23.31	26.31
Provision for non performing assets	15.16	13.36
Provision for pepossed assets	14.05	13.16
Bad debts written off	33.52	32.72
<b>Total</b>	<b>86.04</b>	<b>85.55</b>

## 24. Earnings per share (EPS)

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
Net profit after tax and share of loss of Associates as per statement of profit and loss (Rs. in lacs) (A)	1162.72	706.00
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	305.98	229.80
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	313.40	239.80
Basic earnings per equity share (in Rupees) (Face value of Rs.10/- per share) (A) / (B)	3.80	3.07
Diluted earnings per equity share (in Rupees) (Face value of Rs.10/- per share) (A) / (C)	3.71	2.94

## 25. Related Party Disclosure

Related Party disclosures, as required by Accounting Standard - 18 - 'Related Party Disclosures' issued by ICAI are given below;

### (i) Associates

IKF Financial Services (P) Limited  
IKF Infratech (P) Limited

### (ii) Key Managerial Personnel

Mr. V G K Prasad, Managing Director  
Mrs.V Indira Devi, Whole Time Director  
Mrs.K Vasumathi Devi, Executive Director  
Mrs.D Vasantha Lakshmi, Vice President


**(iii) Relatives of Key Managerial Personnel**

Mr.V.G.K.Prasad	Mr. V Raghuram Mrs.Durga Rani Chunduri Mrs.Kasturi Athota	Son Sister Sister
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**(iv) Related Party Transactions for the year ended 31st March, 2014**

(Rs. in Lacs)

	Associates	Key Management Personnel	Relatives of Key Management Personnel	31-03-2014	31-03-2013
<b>Payments/Expenses :</b>					
Remuneration	-	67.50	-	<b>67.50</b>	<b>37.50</b>
Rent paid	-	29.80	-	<b>29.80</b>	<b>28.80</b>
Dividend paid	42.26	65.40	22.74	<b>130.40</b>	<b>60.22</b>
<b>Balances Outstanding :</b>					
Rent Advance paid by the Company	-	88.54	-	<b>88.54</b>	<b>88.54</b>
Credit in Current Accounts	22.13	26.51	2.44	<b>51.08</b>	<b>24.18</b>
Credit in Share Application Money	-	-	-	-	-
Inter Corporate Deposit Received	3.33	-	-	<b>3.33</b>	<b>25.00</b>

**26. Contingent liabilities**

(Rs. in Lacs)

Particulars	31-03-2014	31-03-2013
a. Channel Business	250.95	341.20
b. Securitization / Direct Assignment	-	168.71
<b>Total</b>	<b>250.95</b>	<b>509.91</b>

The Company has extended its Corporate Guarantee to HDFC Bank Limited, Bajaj Finance Limited and in connection with the Channel Business (Joint Lending Arrangement) and Securitization. The outstanding Liability under the above is net of Security Deposits accepted from the beneficiaries.

**27. Utilization of money raised through preferential issue of equity shares**

The money raised through the Preferential allotment of 30,00,000 Equity Shares, consequent to conversion of Warrants, was utilised to meet the working capital requirements of the Company.

**28. Securitisation / Assignment**

The details of Securitized assets outstanding as on 31.03.2014 as per books of the Special purpose Vehicles (SPVs) sponsored by the Company are given below;

S.No.	Particulars	No. / Amount in Rs. in Lacs	
		31-03-2014	31-03-2013
01.	No of SPVs sponsored by the NBFC for securitization transactions	4	1
02.	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	8,082.14	2,473.50
03.	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	b) On-balance sheet exposures		
	* First Loss	1,515.42	495.00
	* Others	0.00	0.00



S.No.	Particulars	No. / Amount in Rs. in Lacs	
		31-03-2014	31-03-2013
04.	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	ii) Exposure to third party securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	ii) Exposure to third party securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00

During the year, the Company assigned a part of its Hypothecation Loan Receivables "at par" representing the principle component, the details of which are given below:

Particulars	(Rs. in lacs)	
	31-03-2014	31-03-2013
Total Number of Assets	471	-
Total Book Value of Assets (Rs. in lacs)	1,475.12	-
Sale Consideration Received (Rs. in lacs)	1,430.87	-
Minimum Retention Requirement Outstanding as on 31.03.2014	163.90	-

The credit enhancement and liquidity support were provided in the form of bank deposits for Rs.1052.30 lakhs and the rest by way of Overcollateral and the Company continues to collect and service the receivables in respect of the securitized assets.

29. There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006.

As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007		
(Rs. in Lacs)		
Particulars	Amount	Amount
Liabilities side	Outstanding	Overdue
<b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
(a) Debenture : Secured	409.23	-
: Unsecured (other than falling within the meaning of public deposits)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	2,525.52	-
(d) Inter-corporate loans and borrowing	3,582.43	-
(e) Commercial Paper	-	-
(f) Public Deposits	-	-
(g) Other Loans - Bank Cash Credit	19,173.19	-
- Security Deposits & Others	136.88	-
<b>Total (1)</b>	<b>25,827.25</b>	<b>-</b>
<b>(2) Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):</b>		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-
<b>Total (2)</b>	<b>-</b>	<b>-</b>
Assets side	Amount	Outstanding
<b>(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>		
(a) Secured		-
(b) Unsecured		188.84
<b>Total (3)</b>		<b>188.84</b>
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		-
(b) Operating lease		-
(ii) Stock on Hire including hire charges under sundry debtors :		
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Other loans counting towards AFC Activities :		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		29,878.98
<b>Total (4)</b>		<b>29,878.98</b>
<b>(5) Break-up of Investments :</b>		
Current Investments :		
1. Quoted :		
(I) Shares: (a) Equity		-
(b) Preference		-
(ii) Debenture and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Please specify)		-

2. Unquoted :			
(I) Shares: (a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (Please specify)			-
Long Term investments :			
1. Quoted :			
(I) Shares: (a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (Please specify)			-
2. Unquoted :			
(I) Shares: (a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (Please specify)			-
<b>Total (5)</b>			-
<b>(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :</b>			
Please see Note 2 below			
<b>Category</b>	<b>Amount (Net of Provisions )</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	29,878.98	188.84	30,067.82
<b>Total (6)</b>	<b>29,878.98</b>	<b>188.84</b>	<b>30,067.82</b>
<b>(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>			
<b>Category</b>	<b>Market Value/ break-up or fair value or NAV</b>	<b>Book Value (net of provisions)</b>	
1. Related Parties			
(a) Subsidiaries	-		-
(b) Companies in the same group	-		-
(c) Other related parties	-		-
2. Other than related parties	-		-
Government securities	-		-
Provision on government securities	-		-
<b>Total (7)</b>	<b>-</b>		<b>-</b>
<b>(8) Other information</b>			
<b>Particulars</b>	<b>Amount</b>		
<b>i) Gross Non-Performing Assets</b>			
(a) Related parties			-
(b) Other than related parties			224.95
<b>ii) Net Non-Performing Assets</b>			
(a) Related parties			-
(b) Other than related parties			157.94
<b>iii) Assets acquired in satisfaction of debt</b>			-

## ATTENDANCE SLIP



### IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.

D.P.Id		NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER
Client Id / Folio No.		
No. of Shares		

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.  
I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company at the Registered Office of the Company, Vijayawada - 520 010, on Tuesday, 30th September, 2014 at 4:30 p.m.

\_\_\_\_\_  
SIGNATURE

Note : Please complete this and hand it over at the entrance of the hall.

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014]



### IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.

Name of the member(s)			
Registered Address			
Email ID			
Folio No. / Client ID		DP ID	

I/We, being the member(s) of \_\_\_\_\_ shares of **IKF Finance Limited**, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company, to be held at Registered Office of the Company, Vijayawada-520 010 on Tuesday, 30th September, 2014 at 4:30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Item No.	Resolutions	For	Against
1	Adoption of Financial Statements for the year ended March 31, 2014		
2	Re-appointment of Dr. Sinha S Chunduri, Director retiring by rotation.		
3	Re-appointment of Dr. Prasad J. Attota Director retiring by rotation.		

Item No.	Resolutions	For	Against
4	Appointment of Auditors		
5	Appointment of Sri. Sunkara Veerabhadra Rao as an Independent Director of the Company		
6	Appointment of Sri Satyanarayana Varaprasad Rao Parvathaneni as an Independent Director of the Company		
7	Appointment of Sri. Haranadh Nallani as an Independent Director of the Company		
8	Appointment of Sri. Satyanarayana Prasad Kanaparti as an Independent Director of the Company		
9	Increase in Borrowing powers of the Company		
10	Creation of Charge on Movable and Immovable properties of the Company both present and future		

Affix a  
1 Rupee  
Revenue  
Stamp

Signed this ..... day of ..... 2014

Signature shareholder : .....

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

**Note:**

- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) **A Proxy need not be a member of the Company.**
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*\* (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.





# IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.  
23rd Annual General Meeting – Tuesday, 30<sup>th</sup> September, 2014

## BALLOT FORM

(In lieu of e-voting)

01. Name and Registered Address of the Sole/first named Shareholder :
02. Name(s) of the Joint Shareholder(s), if any :
03. Folio No. / DPID No. and Client ID\* :
04. Number of Equity Share(s) held :

I/We hereby exercise my/our vote in respect of the following resolution(s) to be passed at the Twenty Third Annual General Meeting of the Company, to be held on Tuesday, 30<sup>th</sup> September, 2014 at 4.30 p.m. at # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010 in respect of businesses as stated in the Notice dated 30th August, 2014 by conveying my/our assent or dissent to the said resolution(s) by placing the tick (✓) mark at the box against the respective matters:

Item No	Description	No. of equity shares held	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	Adoption of Financial Statements for the year ended March 31, 2014			
2	Re-appointment of Dr. Sinha S Chunduri, Director retiring by rotation.			
3	Re-appointment of Dr. Prasad J. Attota Director retiring by rotation.			
4	Appointment of Auditors			
5	Appointment of Sri. Sunkara Veerabhadra Rao as an Independent Director of the Company			
6	Appointment of Sri Satyanarayana Varaprasad Rao Parvathaneni as an Independent Director of the Company			
7	Appointment of Sri. Haranadh Nallani as an Independent Director of the Company			
8	Appointment of Sri. Satyanarayana Prasad Kanaparti as an Independent Director of the Company			
9	Increase in Borrowing powers of the Company			
10	Creation of Charge on Movable and Immovable properties of the Company both present and future			

Place : \_\_\_\_\_

Date : \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder

**Note:** Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 6.00 p.m. on September 25, 2014 shall only be considered.

### ELECTRONIC VOTING PARTICULARS

Users who wish to opt for e-voting may use the following login credentials.

EVSN (E-Voting Sequence No.)	USER ID	PASSWORD
140908046		

Please follow steps for e-voting procedure as given in the notes annexed with the Notice of 23<sup>rd</sup> Annual General Meeting.

**BOOK POST**  
**(Printed Matter)**

If undelivered, please return to :

**IKF FINANCE LIMITED**

**CIN : L65992AP1991PLC012736**

# 40-1-144, Corporate Centre,

M.G. Road,

VIJAYAWADA - 520 010.

ANDHRA PRADESH.

Phones : (0866) 2474 644, 2474 633

Email : [ikffinance@gmail.com](mailto:ikffinance@gmail.com)

Web : [ikffinance.com](http://ikffinance.com)