IKF Finance Limited

IKF FINANCE

LEGACY THAT INSPIRES, TECHNOLOGY THAT DELIVERS.

ANNUAL REPORT
2020-21

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www.ikffinance.com

The year 2021 marks three successful decades in asset financing for IKF Finance Limited (IKF Finance). Over this period, we have stayed true to our objective of serving the aspirations of underserved India and partnering financial inclusion. Our transparent and responsible way of working has earned us the trust of marquee lenders. Backed by our growing product portfolio, expanding network and robust risk management, we have delivered profit every year since our inception. This proud legacy has become our inspiration for future performance.

In 2021, while our objective of serving financial needs remains unchanged, the tools with which we are realizing this objective is undergoing a massive transformation. We are actively leveraging advanced technology for driving customer-friendly experience, launching customized new products, enabling pro-active risk management, creating an agile and scalable business, expanding into niche and underserved markets and ensuring business compliance.

With a LEGACY THAT INSPIRES and TECHNOLOGY THAT DELIVERS,

IKF Finance is ready to create value for the next three decades and beyond...

IKF FINANCE

IKF FINANCE - OVERVIEW

INSPIRING TRUST AND DELIVERING GROWTH SINCE 1991

IKF Finance is among India's prominent Non-Banking Finance Companies (NBFCs) with 30 years of experience in asset financing. We started our journey in 1991 with the primary objective of catering to the funding needs of small road transport operators. Over the years, we have expanded our product profile to serve diverse financial needs including housing loans.

We operate from over 98 network locations spread across nine states, with a strong presence in Southern India and a growing presence in Western and Central India. We are actively leveraging technology for driving customer satisfaction, business efficiency and strong asset quality. Our operations are led by an experienced and professional management team, guiding us to reach new benchmarks of excellence. Today, underpinned by the strengths we have built into our business, we have a customer base of over 47,000 customers.

FAST FACTS

30 years
of operations

9 states

98 branches

47,000+
active customers

600+
employees

~₹ 1,500 Cr
Assets under management

Rated A (Stable)
for term loan and NCD

Long-standing relationship with lenders spanning across decades

all figures are as on September 2021

OUR VISION

To be one among the premier league of asset financing NBFCs

OUR MISSION

To build strong, profitable relationships with a broad spectrum of stakeholders

OUR VALUES

Ethical business practices, business prudence, dedication, transparency, and excellence in customer service

OUR PRINCIPLES

- Committed customer service
- Secure financial policies
- Transparent business practices
- Retention of trusted customers

OUR JOURNEY

1991
- Incorporated as a private company
- Commenced operations with MCV & HCV financing

1994
- Converted into a public limited company

1995
- Public issue of ₹ 2.1 Cr

1998
- Rights Issue of ₹ 2.3 Cr
- Started Construction Equipment (CE) financing in 1998

2003
- Preferential Issue of ₹ 2.3 Cr

2004
- Entered into channel business arrangement with HDFC Bank

2007
- Preferential Issue of ₹ 8 Cr

2010
- Focus shifted to growth of On book AUM

2012
- On-books AUM crossed ₹ 100 Cr
- Entry into Gujarat

2015
- Maiden PE investments from MOPE Investment Advisors Pvt. Ltd.
- AUM crossed ₹ 500 Cr
- Started SME financing
- Expanded operations to Maharashtra and Madhya Pradesh

2017
- Received housing finance license
- Started IKF Home Finance as an independent entity
- Expanded operations in Rajasthan
- Credit Rating upgraded to "A-" in 2016

2018-2020
- Second round equity infusion
- Consolidated AUM crossed ₹ 1500 Cr
- Diversified portfolio into financing for cars and Multi Utility Vehicles (MUVs), Small Commercial Vehicles (SCVs) and Light Commercial Vehicles (LCVs), Housing and LAP
- Credit Rating upgraded to "A"

2021
- Consolidated AUM crossed ₹ 1800 Cr, as on September 2021
- Equity infusion of ~₹ 10.15 Cr by Promoters

PRODUCT PORTFOLIO

Commercial Vehicle Loans

Tractor Loans

Two-wheeler Loans

Three-wheeler Loans

Cars & Multi Utility Vehicle (MUV) Loans

Construction Equipment Loans

Home Loans

Secured MSME Loans

Loan Against Property (LAP)

Customer-Centricity

Our customers come first for us. Through relevant products and best processes, we are single-mindedly focused on the promise of customer-centricity. In this pursuit of customer-centric excellence, we are actively embracing technology to provide superior and convenient customer service.

Srinivasa Rao Vithanala

Customer, Karimnagar

IKF assisted in buying my first asset (SCV) based on my LMV DL, which enables me to earn an income of ₹ 50,000 per month from daily market load transport and rental on tent items.

I am paying EMIs' regularly as well as earning my monthly income as the interest charged by IKF is competitive and affordable.

Ramesh Anela

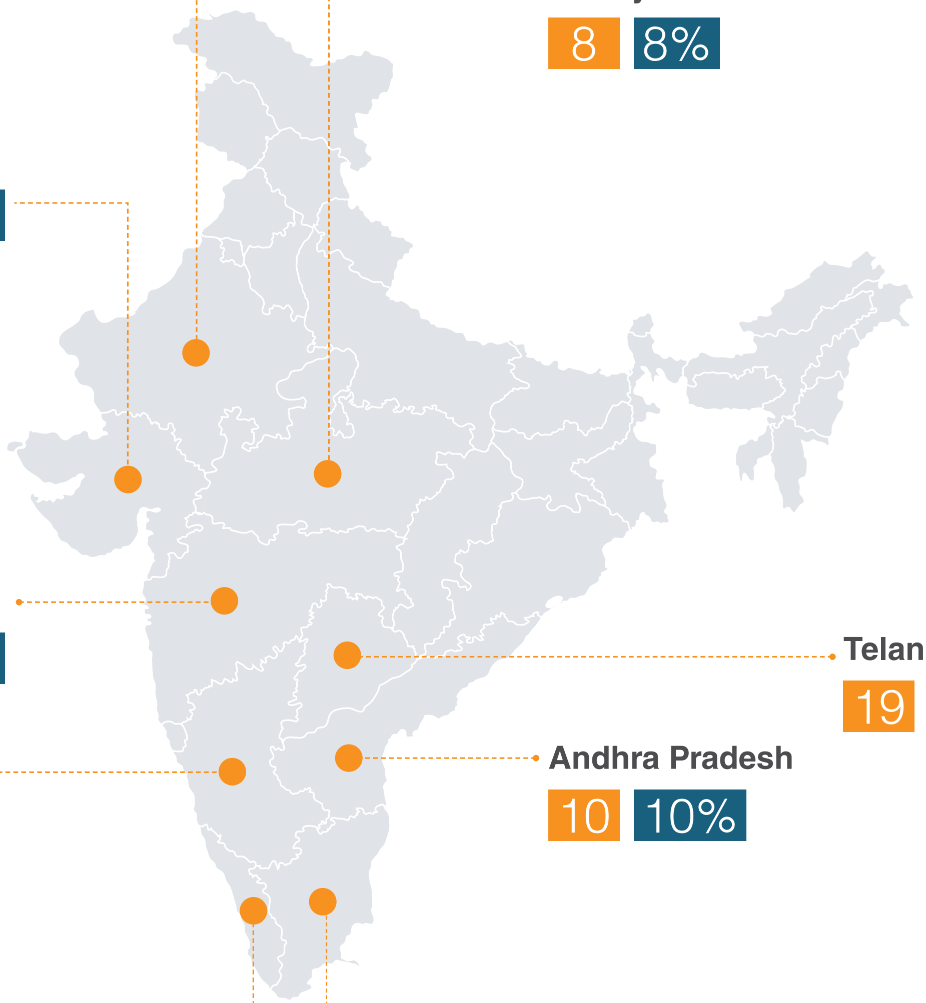
Customer , Hyderabad

I am an existing customer of IKF Finance. Earlier, I received funding for tipper and closed the loan account in the year 2018. I was facing difficulties in securing loan to buy my dream car as most of the financiers were not accepting my income out of Civil works and agriculture income. Finally, I approached IKF and received finance to buy a used car (Maruti Make) at competitive interest rate. I am happy with IKF for extending finance in buying my dream car.

BRANCH NETWORK

■	Number of branches
■	Percentage share of branches

98 branches
Total branch count



Rajasthan
6 | 6%

Madhya Pradesh
8 | 8%

Gujarat
16 | 16%

Maharashtra
12 | 12%

Telangana
19 | 19%

Karnataka
8 | 8%

Andhra Pradesh
10 | 10%

Kerala
1 | 1%

Tamil Nadu
18 | 18%

Map not to scale. For illustrative purposes only.

**as on September 2021*

JOURNEY OF IKF HOME FINANCE

At IKF Finance, we have consistently built on our product portfolio. Starting with offering financing solutions for commercial vehicles, we successfully expanded our product suite to include loans for SMEs. Inspired by our past and to meet the unmet needs of customers, we further diversified into the home loans segment through our subsidiary IKF Home Finance.

IKF Home Finance was started as an independent entity in FY 2015-16 to offer affordable housing loans to the low and middle-income segment. The company was subsequently acquired by IKF Finance in FY 2018-19. Our home finance business has a network of 37 branches spanning over 6 states, as of September 2021.

Commenced operations at Vijayawada, Andhra Pradesh

On-books AUM of ₹ 1.57 Cr

Commenced operations at Hyderabad, Telangana

Commenced operations in Maharashtra, Karnataka

Commenced operations in Tamil Nadu

- Operations commenced in Gujarat
- Access to SARFAESI Act
- Crossed AUM of ₹ 300 Cr, as on September 2021

- Received funding from National Housing Bank (NHB)
- Crossed AUM of ₹ 200 Cr

- 1,058 Accounts with AUM of ₹ 150.99 Cr

- Loan disbursements crossed ₹ 100 Cr
- Became a subsidiary of IKF Finance

- On-books AUM of ₹ 59.97 Cr

PRODUCT PORTFOLIO

Home Purchase Loans

Home Construction Loans

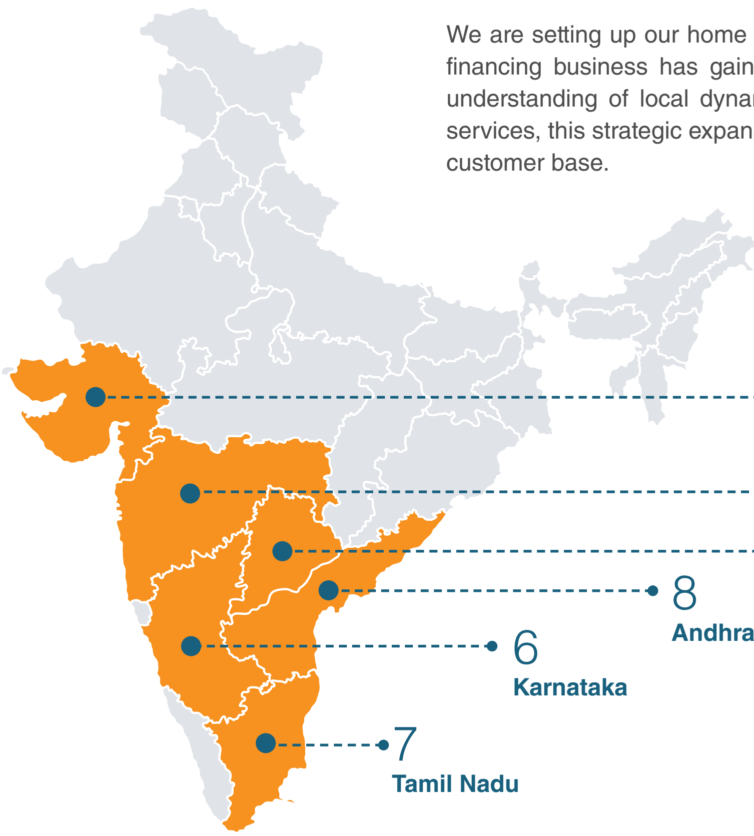
Home Improvement Loans

Loan Against Property

BRANCH FOOTPRINT STRATEGY

We are setting up our home financing business in cities where our asset financing business has gained a strong foothold. Backed by our deep understanding of local dynamics and the trust we have gained for our services, this strategic expansion positions us well to reach out to a larger customer base.

37 Total branch count



**as of September 2021*

Map not to scale.
For illustrative purposes only.

KEY PERFORMANCE HIGHLIGHTS

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Disbursement (₹ in Cr)	115.43	114.01	95.22
AUM (₹ in Cr)	151.00	228.32	288.20
Net Worth (₹ in Cr)	39.79	49.76	58.83
PAT (₹ in Cr)	0.46	7.95	9.05
RoA (on avg. AUM)	0.11%	4.19%	3.50%
RoE (on avg. Net Worth)	1.34%	17.76%	16.67%
AUM (Net Worth)	1.33x	2.37x	4.49x

Particulars	Home Loans	Loan Against Property
AUM Split	69.34%	30.66%
Disbursement Split	74.60%	25.40%

OUR TECHNOLOGY

LEVERAGING TECHNOLOGY FOR REIMAGINING OUR FUTURE

Our legacy inspires us to continually evolve. To meet the demands of the changing world, we are actively leveraging new technologies to serve our customers better, lower the cost of operations, and strengthen risk and compliance management.

OUR OBJECTIVES

- Portfolio performance analysis and product innovation driven by analytics.
- Leverage machine learning, big data, and artificial intelligence to eliminate human error.
- Digital communication with partners and vendors.
- Non-linear business expansion
- Increase in share of unstructured data to structured data for business analytics.
- Achieve greater level of customer-centricity through digital transformation.

Technology Roadmap

A technology roadmap has been drawn up to realize our stated objectives. Significant achievements have already been made in the area of digitalization. Over the next year, the goal is to move towards paperless office by further increasing digitalization; drive business scalability through artificial intelligence processes and capabilities; and focus on digital marketing driven inbound leads rather than sales outreach. As we drive digital transformation across our business, we will be well placed to deliver customized fintech solutions and reinforce our role in the democratization of financial services.

CURRENT DIGITALIZATION STATUS

75-80% processes digitized	Mobile-driven sales/Financial Inclusion/collections	90% external vendors integrated	Use of analytics
KPI improvement	Automation of Partner Portal - Portal for Partners a reference marketing tool, ability to upload leads with required credit docs, No dependency on stage wise case status till disbursement, ability to upload PDD's and generate e-invoice for payouts.	Score-card based approvals for Fast track loans	

Technology Implementation and Achievements

Better customer serviceability: We firmly believe that satisfied customers can be our biggest brand ambassadors through word-of-mouth advertising. To deliver customer delight, our steadfast focus is on making every service and facility available at our customers' fingertips. Our field staff has been provided with digital devices for connecting with customers in a seamless and personalized manner. Digital access also enables our team to multi-task and handle various loan products on-the-spot in a cost-effective manner.

Business scalability: The use of technology in our operations is providing us with a better understanding of our target customers. This enables us to introduce customized and relevant products, tailored to align with customer's business seasonality, leading to business growth. We are also leveraging technology to focus on niche markets and segments. Better utilization of available assets and manpower through the use of technology is facilitating business acceleration while reducing operational costs.

Data acquisition for better decisions: The deployment of advanced technology is enabling accurate data capturing and analysis, thereby helping us focus our efforts on opportunities that are likely to generate success. We have also integrated validations from government websites for KYC details, asset verification, etc. as part of data capturing. This reduces the chances of lending to a fraudulent customer and pre-empt fraud scenarios and enables proactive management of credit risk. At the same time, genuine customers can be clearly identified, paving the way for safer and risk-free customer onboarding. We have also invested in technology for the automatic analysis of unstructured data to facilitate better decision-making.

Process automation: We deal with huge amounts of data which demands a high degree of incisiveness and automation for speed, accuracy and efficiency. The automation of manual and repetitive processes is helping us unlock several benefits. Increased compliance, minimization of chances of human error, increased operational efficiency and transformed customer experience are some of the positives from process automation.

Business efficiency: The use of technology is helping us optimize our business processes, thereby reducing the time to market and helping improve customer experience. For instance, loan approvals are being given on scanned documents, which has reduced overall file movement and the chances of file misplacement and improved turnaround time (TAT). With technology implementation reducing the cost-to-serve, it is also facilitating business operations and expansion.

OUR IT PROJECTS

- **IT Policy Framework Automation** for risk and compliance management.
- **IT Penetration and Vulnerability** assessment by ethical hackers.
- **Open API Frameworks** for all franchisees and partners to enable seamless deal flow.
- **Digital Training Platform** and Certification for employees.
- **Seamless Communication Network** by private chat and/or task management tool to reduce email and phone conversations for improvement of operations management.

ORIENTATION TO FINTECH

Portfolio Analysis - Helps understand pain points and take corrective action specific to products, customer category and geography/markets

Fully Digitized Processes - Ensures continuous monitoring of loan disbursements and drive customer experiences

Performance Analytics - Enables early and suitable course correction at branch and individual level

Loan Collection - Facilitates efficiency through newer modes of cashless collections and system-based allocation of cases to FoS

Business Opportunity Analysis - Helps understand potential for newer products, markets and customer categories

COVID-19 BUSINESS RESPONSE

INSPIRED TO DELIVER DESPITE CHALLENGES

As seen globally, the era-defining health crisis also had serious repercussions on India's economic and social activities. At IKF Finance, we responded with prudence and agility to the unprecedented challenges, enabling us to deliver a resilient performance for the year.

Strict adherence to COVID-19 protocols

At the outset, we strictly followed the COVID-19 guidelines for the safety of our employees and customers. Our employees quickly transitioned to the work-from-home model, being equipped with the necessary tools and technology.

Uninterrupted business with technology

In a year that necessitated contactless interactions, digitalization enabled our employees to connect seamlessly with their customers and carry out their routine work. During the lockdown, supported by our technology solutions, our employees continued to disburse loans and recover payments. Further, digitalization of the credit and collection process increased the productivity of our credit officers.

Enhancing asset quality

As per the RBI guidelines, several customers were given moratorium till August 2020. This, combined with the strict lockdown, resulted in a marginal dip in collections in FY 2020-21. While disbursements were insignificant in the first half of FY 2020-21, in the second half the disbursements picked up and reached ₹ 595 Cr for the full year. Further, given the uncertain operating environment, the following measures were introduced to support asset quality.

- Changed the credit policy to restrict funding to negative products/profiles like school buses, travel operators, restaurants, passenger transport vehicles etc.
- Started doing geography/product-wise analytics on credit-bureau data to identify the new locations for branch opening and also for aligning the recovery and credit policies/processes from time to time.
- Implemented predictive analytics to understand the product/customer performance and initiate the steps to enhance/re-align recovery efforts for probable delinquency cases.

Portfolio quality & collections

Due to the unforeseen circumstances, Gross NPA increased marginally from 2.69% as of 31st March, 2020 to 2.98% as of 31st March, 2021. However, recovery from NPAs remained strong at 82% in FY 2020-21, with provisioning coverage at 28%. We also reduced the cost of funds to 9.7% in FY 2020-21 from 11.0% in FY 2019-20. The Company carries provisions of ₹ 32.4 Cr (2.26% of advances) to provide liquidity cushion against future slippages. We also maintained a Return On Total Assets (ROTA) of 2.4% in FY 2020-21 despite the challenging environment.

The impact of the second wave of the pandemic in the country has been milder upon the Company's performance. In June 2021, collection efficiency reached 91% as against 96% in June 2019. The bounce back is commendable as it has been achieved without resorting/extending to restructuring, emergency line of credit or excessive repossessions.

Staying focused on network expansion

Despite the external challenges, we stayed focused on our branch expansion strategy. We opened 18 new branches across Telangana, Gujarat, Madhya Pradesh and Tamil Nadu to increase penetration and business volumes.

IKF FINANCE

PERFORMANCE HIGHLIGHTS

DELIVERING VALUE CONSISTENTLY

Particulars (₹ in Cr)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Accounting Standard	**IGAAP**	**IGAAP**	**IND AS**	**IND AS**	**IND AS**
Disbursement	487.16	682.05	778.55	744.94	594.59
AUM	839.28	1,031.31	1,227.88	1,315.14	1,489.27
Gross NPA	34.29	37.35	44.01	34.91	42.76
Net NPA	30.06	31.78	31.96	24.86	30.68
Gross NPA %	4.98%	5.17%	3.93%	2.69%	2.98%
Net NPA %	4.56%	4.44%	2.92%	1.97%	2.19%
CRAR % Tier I Capital	21.58%	27.90%	19.32%	19.54%	21.50%
CRAR % Tier II Capital	5.83%	4.45%	1.55%	1.65%	2.17%
CRAR %	27.41%	32.35%	20.86%	21.19%	23.66%

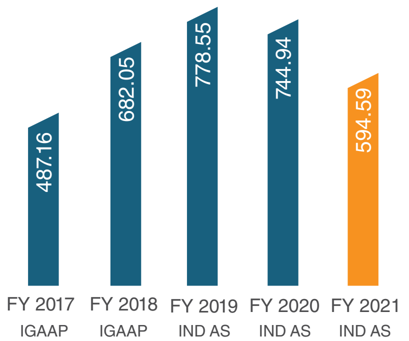
Particulars (₹ in Cr)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Accounting Standard	**IGAAP**	**IGAAP**	**IND AS**	**IND AS**	**IND AS**
Income from Operations	123.29	135.7	155.05	205.69	204.07
Other Income	0.09	0.09	0.27	0.19	0.16
EBITDA	97.23	100.86	110.65	154.94	161.83
PBT	25.69	29.35	24.55	37.94	44.3
PAT	16.86	19.15	18.17	27.73	32.01
Equity	45.53	66.46**	50.28	50.28	51.67
Net Worth	170.38	224.26	269.73	297.61	339.9
Borrowings	596.3	548.76	899.24	1057.12	1254.31
Debt to Equity	3.5	2.45	3.33	3.55	3.69
Total Outstanding Liabilities/Total Net Worth	3.69	2.74	3.51	3.66	3.78
Total Assets	798.68	837.98	1,217.78	1,385.38	1,625.05
Return on Assets*	2.1%	2.3%	1.8%	2.1%	2.1%
Return on Equity*	10.4%	11.9%	9.0%	11.6%	11.9%

*ROA on average assets

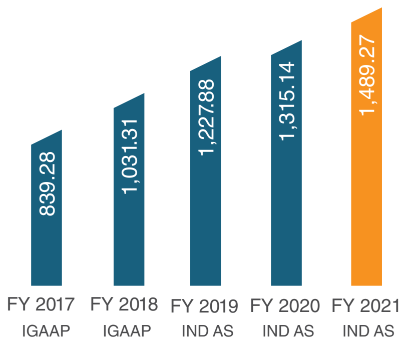
*ROE on average net worth

**includes Preference Share Capital

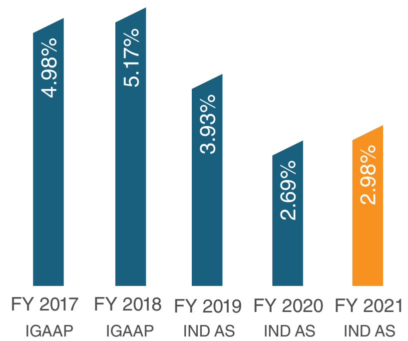
Disbursement (₹ in Cr)



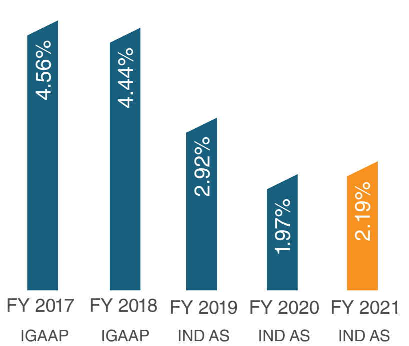
AUM (₹ in Cr)



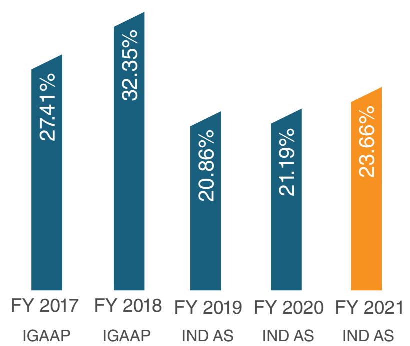
Gross NPA (%)



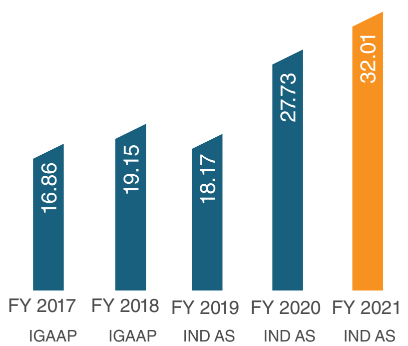
Net NPA (%)



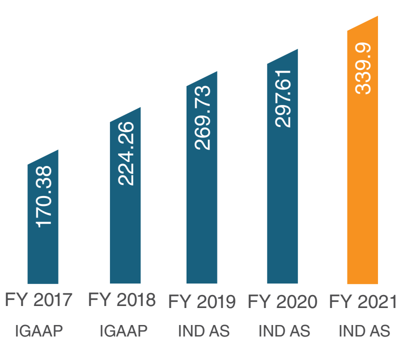
CRAR (%)



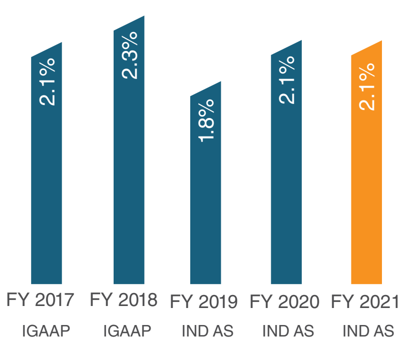
PAT (₹ in Cr)



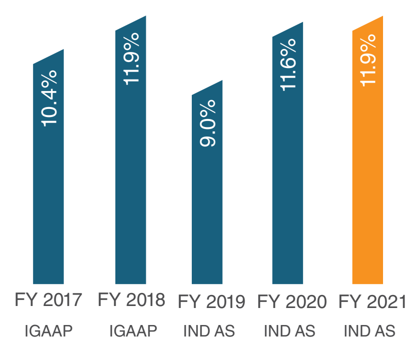
Net Worth (₹ in Cr)



ROA* (%)



ROE* (%)



*ROA on average assets

*ROE on average net worth

LETTER FROM THE MANAGING DIRECTOR

Dear Stakeholders,

The past fiscal had the entire world caught in the throes of the COVID-19 pandemic. Like many other countries, India too saw a sharp decline in growth as economic and social activity plummeted due to the nationwide lockdown followed by restrictions in different parts of the country. In the third and fourth quarters, with the easing of restrictions, the economy showed encouraging signs of revival driven by strong festive sales and pent-up demand.

Entering FY 2021-22, it was thought that India had seen the worst of the global health crisis. Sadly, that was not the case with the strong resurgence of the pandemic in April and May claiming innumerable lives and causing widespread agony. Despite our best efforts to protect our people, the COVID-19 outbreak caused deaths within our Company as well. We lost three young employees - Tushar Biswas, Jitendra Sambhajirao Bhosale, Anil Kumar Verma. This loss has been very tragic, and I place homage to the departed souls and condolences to the bereaved families.

Despite all the turmoil, our nation has demonstrated a strong resolve to overcome the unprecedented challenges. Further, unlike in the case of the first wave, the lockdowns across the country were neither uniform nor total during the second wave. This permitted some amount of economic activity. Looking ahead, the acceleration of the mass vaccine rollout and the learnings from weathering the crisis in FY 2020-21 provide optimism in keeping the pandemic situation under control.

As I reflect on the past fiscal as well the early months of the current fiscal, I am pleased to share that our Company has battled the crisis exceptionally well, while also charting the future strategy for growth. What makes our performance even more enduring is that it has been achieved while always ensuring the health and safety of our employees, customers and all other stakeholders.

Our operational performance for the year is testimony to the resilience of our business model. While our disbursements declined in the first half of FY 2020-21 due to the uncontrollable external factors, with the lifting of lockdown we hit the ground running to partly offset this impact. Our disbursements for FY 2020-21 stood at ₹ 595 Cr, as compared to ₹ 744.94 Cr in the previous year, a creditable comeback with nearly six months of restricted operations. Total Assets Under Management (AUM) stood at ₹ 1,489.27 Cr, an increase of 13% over the previous fiscal. With the onset of the pandemic, several customers were given moratorium till August 2020 in line with Reserve Bank of India's directive. We have since then steadily increased our collections. Our collection efficiency in June 2021 has inched closer to pre-COVID levels, indicating that we have bounced back strongly post the second wave of the pandemic. This is a noteworthy accomplishment as it has been realized without resorting/extending to restructuring, emergency line of credit, excessive repossessions or unfair collection practices. I am also pleased to share that driven by our customer-centric culture, we educated customers and worked with them throughout the year to manage and protect their credit track record.

Against a tough operating backdrop, our financial performance has also been commendable. Profit after Tax (PAT) stood at ₹ 32.01 Cr as against ₹ 27.73 Cr in the previous year, reflecting a growth of 15.4%. It is pertinent to share that these numbers have been achieved despite higher credit costs and muted disbursements. Our Gross Non-Performing Assets (NPA) stood at 2.98% as compared with 2.69% in the previous year, the marginal increase attributable to the severity of the pandemic's impact on the economy. Our strong credit and risk assessment, coupled with our well-regulated and data-driven loan collection and recovery system, enabled us to keep our NPAs within limits. Keeping the prevailing uncertainty in perspective, we also introduced new credit measures to support asset quality.

Backed by our long-standing track record in the asset financing business, increased geographic and product diversification and rich industry experience, along with our robust asset quality, our external credit rating was retained at CARE A with a stable outlook. This reaffirmation of our financial health along with our strong liquidity profile enables us to secure funds at competitive costs. At the same time, our capital adequacy ratio stood strong at 23.66%, well above the statutory requirement of 15%, underpinning our strong focus on maintaining asset quality.

Our solid performance in a difficult year was driven by the dedication of our people. Following the COVID-19 outbreak, they quickly adjusted to a work-from-home model without letting it impact their productivity. Making this transition easier are the continued investments being made in digitizing our systems and processes. Being equipped with the necessary technology tools, our employees could seamlessly engage with our customers through the digital platform and achieve healthy performance on both the collection and disbursement front.

Throughout this ongoing crisis, our foremost priority has remained the health and safety of our employees. Several initiatives were rolled out to ensure their well-being, including special COVID-19 leave and enhanced medical reimbursement. Vaccination drives are being conducted in full earnest at all our locations for our employees and their families.

The year 2021 is a landmark year for our Company, marking our three successful decades in asset financing. In this memorable journey, we have built a glorious legacy of delivering value for our customers, employees, lenders, investors, communities and all other stakeholders. Our focus has been on growing our reach and product portfolio to support financial inclusion, capital formation and sustained economic growth. As we enter the next phase of our journey, we reaffirm our commitment to building further on our legacy, while staying true to the same values that have got us this far.

The emergence of new technology as well as the growing shift to digital ways of working in the post-pandemic era demand business transformation. At IKF Finance, we have been aggressively leveraging technology to embrace the new normal and drive business scalability. Process automation, data analytics and artificial intelligence are among the tools being deployed to help in better customer credit profiling, reduce costs, launch new products quickly, improve customer experience and strengthen risk management. As we move with intensity on our technology roadmap, we are confident of realizing our growth ambitions and further democratizing financial services.

Despite the near-term challenges, the medium and long-term business growth drivers remain intact. In the vehicle financing segment, increase in private consumption and e-commerce sectors will drive the market for logistics vehicles. The government focus on road infrastructure and the introduction of the vehicle scrappage policy also augur well for the demand for vehicles. Further, rural incomes are expected to increase with the government's continued thrust on the agriculture sector. The uptick in the rural economy will support the demand for used and new vehicles. In the short term, with the demand for new commercial vehicles still sluggish, several factors point towards a large market for used commercial vehicle financing. Our vast experience and proven capabilities in the used vehicle market make us particularly well-positioned to leverage this attractive opportunity.

As we move with intensity on our technology roadmap, we are confident of realizing our growth ambitions and further democratizing financial services.

Backed by government policies and support measures, rising population and increasing urbanization, India offers a favorable environment for affordable housing. The pandemic-induced slowdown notwithstanding, industry data indicates that the demand for housing is steadily returning, both in lower-income and middle-income segments. Near-stagnant real estate prices have also led to increase in affordability, thus supporting demand recovery. We will continue to increase our geographical presence and capitalize on our local expertise to grow our disbursements in home financing. Further, the various liquidity measures announced to boost economic activity will also help us to increase our MSME loans.

In closing, I take this opportunity to thank our employees for their resilience and commitment in this exceptional year. I would also like to extend my gratitude to our financing partners for their steadfast support and all other stakeholders for their continued confidence in our Company. With your sustained support, we will continue our purposeful journey of partnering the aspirations of New India.

Yours sincerely,

VGK Prasad
Founder & Managing Director

INSPIRED TO MAKE A DIFFERENCE

At IKF Finance, we embrace the purpose of creating societal value. By supporting the well-being of our employees, customers and communities, we aim to make a meaningful difference in areas where we live and work.

COVID-19 support

In the wake of COVID-19 crisis, our initiatives were aligned to help reduce the struggles faced by our communities. We reached out to our customers and dealers across branches and provided them with N95 safety masks to protect themselves against COVID-19 infections. We also briefed them on COVID-19 safety measures advised by the government and health department.

As a responsible corporate, we assisted the migrant workers, pavement dwellers, and other low-income group people with food essentials, as this segment of the society has been most vulnerable to the impact of the pandemic. The support was extended to about 6,000 families during the lockdown period.

Employee Support Activities

With health and safety of our people being our topmost priority, we quickly transitioned to a work-from-home model for our employees. Free distribution of masks, COVID-19 Kavach policy coverage, covering COVID-19 claims under GMC and assistance for faster claim reimbursement, and COVID-19 Special Leave were among the other measures taken for the well-being of our people. Vaccination drives have been rolled out across all our locations for our employees and their families. We continue to strictly adhere to all COVID-19 appropriate protocols at all our branches.

Financial inclusion

We strongly believe in extending financial access to all sections of people for driving sustained and equitable economic growth. We provide financial access to First Time Buyers (FTB) and First Time Users (FTU) to purchase their dream asset for their occupational purpose.

AGRICULTURE SEGMENT

Disbursed
₹ 15.25 Cr with
380+farmers
for purchase of tractors

KEY LENDERS

LEGACY OF TRUSTED RELATIONSHIPS

Our transparent practices, strong liquidity mechanism, robust risk management and consistent business growth have inspired long-standing relationships with a diverse group of lenders. More than 50% of our lender-relationships are of more than 10 years, with several marquee associations even going beyond 20 years.

RELATIONSHIP WITH 30+ LENDERS

MAJOR PUBLIC SECTOR BANKS

- State Bank of India
- Union Bank of India
- Central Bank of India
- Bank of India
- Indian Overseas Bank
- Bank of Baroda
- Bank of Maharashtra
- punjab national bank
- Indian Bank
- Canara Bank

MAJOR PRIVATE SECTOR BANKS

- HDFC BANK
- ICICI Bank
- DCB BANK
- YES BANK
- FEDERAL BANK
- SOUTH INDIAN Bank
- AU SMALL FINANCE BANK
- ujjivan
- IndusInd Bank
- WOORI BANK
- Utkarsh Small Finance Bank
- SBM bank
- IDBI BANK
- SURYODAY
- DBS BANK
- Dhanlaxmi Bank
- Jana Small Finance Bank

MAJOR NBFC's

- NABKISAN FINANCE LIMITED
- HINDUJA LEYLAND FINANCE
- NORTHERN ARC
- MANAPPURAM FINANCE LIMITED
- SUNDARAM FINANCE
- OIKO CREDIT
- Maanaveeya Development & Finance Private Limited
- UNIFI Capital

FINANCIAL INSTITUTIONS

- sidbi
- mudra
- NATIONAL HOUSING BANK

IKF FINANCE

BOARD OF DIRECTORS

LEADERSHIP THAT INSPIRES EXCELLENCE

Mr. VGK Prasad

Founder & Managing Director

Mr. VGK Prasad is a veteran in Vehicle Finance business, Mr. Prasad founded IKF in 1991. He has partnered with industry giants such as BHPC (Bureau of Hire Purchase and Credit) of TELCO, HDFC Bank, Sundaram Finance, etc. He has served as the President of Krishna District Auto Financiers Association & Federation of Indian Hire Purchase Associations (FIHPA), the apex body of Asset Financing Companies. Apart from IKF Finance, he has promoted IKF Home Finance, the subsidiary of IKF Finance.

Ms. Indira Devi

Whole Time Director

Ms. Indira Devi, one of the core promoters of the Company, has been in the Vehicle finance space for over the three and a half decades and has been instrumental in the growth of the Company. Previously, Ms. Devi has promoted IKF Home Finance Limited (formerly IKF Financial Services (P) Limited), which got CoR from NHB in April 2016, and IKF Infratech (P) Limited.

Ms. K Vasumathi

Executive Director

Ms. K Vasumathi has been associated with the Company for the past 15 years. She leads the overall Vehicle Financing business and specifically focuses on credit, systems, and technology. She expanded IKF Finance to western and central India and has undertaken upgradation of IT infrastructure and automation of various processes. She has a prior experience of over 10 years in IT and Telecommunications in USA.

Ms. Vasantha Lakshmi

Director & Managing Director of IKF Home Finance

Ms. Vasantha Lakshmi has been associated with the Company for the past 10 years. She oversees all aspects of the Housing Finance Business. Previously, she has overseen operations of select states for IKF Finance. She has vast experience in coordination and administration roles at a US pharmacy chain.

Mr. Sinha S Chunduri

Director

Mr. Sinha S Chunduri is a specialist in Diagnostic Gastro Entrology and is engaged in the medical profession for the last 35 years in the USA. Besides being engaged in the medical profession, he is also associated with several medical institutions in USA as a consultant and director.

Mr. S. Veerabhadra Rao

Independent Director

Mr. S. Veerabhadra Rao is a post-graduate in science and a veteran in the finance business with three decades of rich experience in the field of Vehicle Finance and Management. Currently, he is the Managing Director of SVR Finance & Leasing (P) Limited. He has served as the President of Krishna District Auto Financiers Association and is the Member of the Governing Council of Federation of Indian Hire Purchase Associations for two consecutive terms.

Mr. K Satyanarayana Prasad

Independent Director

Mr. K Satyanarayana Prasad is a qualified BE(Civil), MIGS. He has more than three decades of experience in the field of Civil Engineering. He has served as the Government of Andhra Pradesh for over two and half decades in various capacities and has been instrumental in planning, designing, and executing various prestigious projects in Andhra Pradesh.

Mr. Vinit Mukesh Mehta

Nominee Director

Mr. Vinit Mukesh Mehta is a Chartered Accountant and holds a bachelor's degree in Commerce from Mumbai University. He has over 15 years of experience in investment banking (Kotak, KPMG), private equity and Corporate Banking (HDFC Bank). Before joining MOPE, he was associated with Kotak Investment Bank where he led and executed over 40 transactions and successfully helped raise more than USD 25 bn across M&A, Private Equity and Capital Markets.

SENIOR MANAGEMENT TEAM - IKF FINANCE

Mr. Rama Raju

Chief Executive Officer (MBA post Graduate)

Mr. Rama Raju is the Ex CEO of AML Finance (wholly – owned subsidiary of Automotive Manufacturers Ltd); Ex Zonal Business Head of SREI; Kotak Mahindra Bank and Tata Finance Ltd . Currently, he is leading to further professionalize the team, creating systems and process for the next phase of growth. With over 30 years of experience, he has successfully recruited several senior management team members from the industry across diverse verticals.

Mr. Sreepal Gulabchand Jain

Chief Financial Officer (FCA and MCOM)

Mr. Sreepal Jain is a Chartered Accountant and a post-graduate in Commerce with more than 12 years of experience in accounting & financial management, controllership & decision support, business planning & analysis, fund raising & Treasury management, MA & Integration. He has been associated with IIFL group for more than 5 years and has varied experience in managing real estate company finance & accounts function, Micro Finance Industry in the capacity of CFO. He has also been associated with KPMG in Audit and consultancy practice for more than three years and with IL&FS as part of accounts & Finance domain for two years.

Mr. Paruchuri Chandra Sekhar

Vice President- Finance (M.Com and LLB)

Mr. Paruchuri Chandra Sekhar is an M. Com and LLB and has been associated with the Company for the last 25 years; He takes care of all aspects of Finance, Accounts, and Legal & Administration. He holds two decades of experience in Asset Finance business in various capacities.

Mr. Chapalamadugu Sreenivasa Rao

Company Secretary (CS)

Mr. Chapalamadugu Sreenivasa Rao is a Qualified Cost Accountant & Company Secretary and has 17 + years of experience in Cost accounting & Company Secretarial Matters. Previously, he has worked with BBM Bommidalla Group.

Mr. Raghuram K

National Sales Manager (Masters)

Mr. Raghuram K holds a master's degree in business administration (Finance Specialization) and has over 25 years of experience in asset financing business. His expertise includes formulating and implementing sales enhancement strategies, accomplishing the given targets in budgeted parameters, sales, administration, and recovery. Previously, he has worked with ICICI Bank, G E Capital, HDFC Bank, SREI finance, etc. He is highly proficient in tapping new markets and clients and generating business for enhancing the profitability of the Company.

Mr. Chakrapani Gollamudi

National Credit Head (B.Sc)

Mr. Chakrapani Gollamudi is a Bachelor of Sciences, Risk Management Executive program from IIM Bangalore, He has over 27 years of experience in Credit, Sales and Recovery. He has also worked with Kotak Mahindra Bank, HDFC Bank, Citicorp Finance India Limited and Ashok Leyland Finance. His last assignment was with Kotak Mahindra Bank for 14 years where he had handled Zonal Position for West and South regions for all Commercial vehicle related products, handled National Credit Head position for Used Vehicle loans. He has also had handful experience relating to Siebel CRM and was very instrumental in building up of various customized functionalities like Marketing, Sales and Service modules and it's successful implementation PAN India. He was very instrumental in building up of Credit Score Card based approval system for retail CV loans. He has also actively been involved in identifying untapped markets and products with good potential, thereby contributing to the overall growth and profitability.

Mr. H Srinivas

National Collections Head (Post Graduate)

Mr. H Srinivas has over 29 years of experience in Collections, Credit Appraisal and Team Management in the Banking / Financial Services industry. He is proficient in handling the collection operations for minimizing the delinquency level and accomplishing the assigned targets. With proven abilities in designing plans for augmenting collections; and maintaining relations with third party collection agencies, he has demonstrated business acumen in leading and managing the operations and achieved higher rate of organic growth. Previously, he has worked with Apple credit corporation limited, CITI Group, REI finance and Midwest Leasing & Finance Ltd.

Mr. Raman Chidambarasubramanian

Head HR (Post Graduate)

Mr. Raman is a post-graduate and comes with 17+ years of experience in BFSI & IT sectors. His previous roles include association with Equitas Small Finance Bank Ltd, SREI, BNP Paribas, ABC consultants, Randstad India ltd, Inforide technologies and RK IT Solutions.

SENIOR MANAGEMENT TEAM - IKF HOME FINANCE

Mr. S. Aryendra Kumar

Executive Director & CEO

Mr. S. Aryendra Kumar holds a master's degree in Business Administration, bachelor's degree in Civil Engineering and is a Fellow of Institute of Valuers (FIV), Mr. Aryendra has more than two decades of multinational experience in retail asset business with Banks, Housing Finance Institutions, Micro Finance Institutions, NBFC and IT Service Providers of Repute. He has served as the MD & CEO – NCML Finance Pvt Ltd, a Fairfax company. His other assignments include Head – MSE & Housing Finance at Ujjivan Small Finance Bank. He was also the founding member for the overall setup of the Company in articulating the Vision & Mission of IKF Home Finance Limited.

Mr. Anand Srinivasan

Business Head

Mr. Anand Srinivasan holds an MBA from the International Business School of Hyderabad and has 14+ years' experience in administrative leadership and management in retail and commercial banking for home loans and mortgage loans. He has worked with several leading banks and financial services companies, including HSBC, IndusInd, Federal, IIHFL and GE.

Mr. Lakshmi Kanth

Ch - Head - Risk, Credit Compliance, Credit & Strategy

Mr. Lakshmi Kanth holds an MBA in Finance from Nagarjuna University and CFA from ICFAI University. He is a multi-faceted professional with outstanding record of performance in a quantitative environment and strong business background with 14+ years of proven experience in credit underwriting & risk management of Home Loans, Mortgage Loans, Gold Loans, Commercial Vehicle Loans & Health care Equipment Loans. He has worked with several banks and financial services companies including Ujjivan Small Finance Bank, Karvy, Deutsche Postbank Home Finance Ltd & Reliance Capital.

Mr. Sunil Kumar Pradhan

Head of Operations

Mr. Sunil Kumar Pradhan holds an MBA in Finance & Marketing from Punjab Technical University and has 16+ years of experience in Operations Management, Credit Management, Strategic Planning and Training, Project Management, Team Management and Customers Services. He has worked with several financial services companies including GE, Kotak Home Finance, India Bulls, Capital First, Bajaj Finserv, Religare Finvest Ltd. He has also worked as Zonal Credit Operation Head – South for Religare Finvest Ltd during his last assignment.

CORPORATE INFORMATION

Board of Directors

Shri V.G.K. Prasad
Managing Director

Smt. V. Indira Devi
Whole Time Director

Smt. K Vasumathi Devi
Executive Director

Dr. Sinha S Chunduri
Director

Shri S Veerabhadra Rao
Independent Director

Shri K Satyanarayana Prasad
Independent Director

Shri Vishal Tulsyan
Nominee Director (Up to 01.10.2020)

Shri Vinit Mukesh Mehta
Nominee Director (From 01.10.2020)

Smt. D. Vasantha Lakshmi
Alternate Director to Dr. Sinha S Chunduri

Key Management Persons

Shri Sreepal Gulabchand Jain
Chief Financial Officer

Shri Ch. Sreenivasa Rao
Company Secretary

Board Committees

Audit Committee:

Shri S Veerabhadra Rao
Shri Vishal Tulsyan *(Up to 01.10.2020)*
Shri Vinit Mukesh Mehta *(From 01.10.2020)*
Shri K Satyanarayana Prasad

Stakeholders Relationship Committee

Shri S Veerabhadra Rao
Shri K Satyanarayana Prasad

Independent Directors Committee

Shri K Satyanarayana Prasad
Shri S Veerabhadra Rao

Management Committee:

Shri V.G.K. Prasad
Shri S Veerabhadra Rao
Smt. K Vasumathi Devi

Corporate Social Responsibility Committee:

Shri S Veerabhadra Rao
Shri V.G.K. Prasad
Shri Vishal Tulsyan *(Up to 01.10.2020)*
Shri Vinit Mukesh Mehta *(From 01.10.2020)*

Nomination & Remuneration Committee:

Shri K Satyanarayana Prasad
Shri S Veerabhadra Rao
Shri Vishal Tulsyan *(Upto 01.10.2020)*
Shri Vinit Mukesh Mehta *(From 01.10.2020)*

Asset Liability Management Committee:

Shri V.G.K. Prasad
Shri S Veerabhadra Rao
Smt. K Vasumathi Devi
Shri Vishal Tulsyan *(Up to 01.10.2020)*
Shri Vinit Mukesh Mehta *(From 01.10.2020)*

Risk Management Committee:

Shri V.G.K. Prasad
Shri S Veerabhadra Rao
Smt. K Vasumathi Devi
Shri Vishal Tulsyan *(Up to 01.10.2020)*
Shri Vinit Mukesh Mehta *(From 01.10.2020)*

Registrar & 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

Statutory Auditors:

Existing (Up to this AGM)

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

New Auditors (From the conclusion of AGM)
M/s. SGCO & Co., L.L.P.,
Chartered Accountants
4A, Kaledonia, 2nd Floor, Sahar Road
Near Andheri Station, Andheri (East)
Mumbai - 400 069

Secretarial Auditors
B S S & Associates
Company Secretaries
Office: Parameswara Apartments
6-3-626, 5th Floor, 5-A
Anand Nagar, Khairatabad
Hyderabad - 500 004

Internal Auditors
M/s Brahmayya & Co
Chartered Accountants
No. 33-25-33/3, Govinda Rajulu Naidu Street,
Surya Rao Pet, Vijayawada - 520 010
Andhra Pradesh

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

2. Milestone Trusteeship Services Private Limited
602, Hallmark Business Plaza, Sant Dyaneshwar
Marg, Opp. Gurunanak Hospital, Bandra (East)
Mumbai - 400 051

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

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

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

30th Annual General Meeting

Date	:	30th November, 2021
Time	:	11.00 AM
Day	:	Tuesday
Venue	:	Registered Office of the Company # 40-1-44, Corporate Centre, M G Road, Vijayawada - 520 010 Krishna District, Andhra Pradesh

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of **IKF Finance Limited** will be held on Tuesday**,** the 30th day of November 2021, through Video Conference ("VC")/ Other Audio Visual Means ("OAVM") at 11.00 A.M., to transact the following business**:**

Ordinary Business:

1. To receive, consider, approve and adopt the audited Financial Statements (both Standalone and Consolidated) for the financial year ended 31st March, 2021 together with the Reports of the Directors and Auditors thereon

2. To appoint a Director in place of Shri Gopala Kishan Prasad Vupputuri (DIN:01817992), who retires by rotation and, being eligible, offer himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

   "**RESOLVED THAT** Shri Gopala Kishan Prasad Vupputuri (DIN:01817992), who retires by rotation in accordance with Section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

3. To appoint a Director in place of Mrs. Vupputuri Indira Devi (DIN: 03161174), who retires by rotation and, being eligible, offer herself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

   "**RESOLVED THAT** Mrs. Vupputuri Indira Devi (DIN: 03161174), who retires by rotation in accordance with Section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

4. **To appoint M/s. SGCO & Co. LLP (Firm Registration No. 112081W/W100184), Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED that in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCA's) Statutory Auditors (SAs) of Commercial Banks (excluding RRBs) and NBFCs(including HFCs) issued by Reserve Bank of India (RBI) vide Notification Ref. No. DOS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 (RBI Guidelines) and pursuant to the provisions of Sections 139, 142 of the Companies Act, 2013 read /with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force), M/s. SGCO & Co. LLP (Firm Registration No. 112081W/ W100184), Chartered Accountants, be and is hereby appointed as Statutory Auditors of the Company for a period of 3 (Three) years to hold office from the conclusion of this 30th Annual General Meeting of the Company till the conclusion of the 33rd Annual General Meeting of the Company to be held in the year 2024 on such remuneration plus applicable taxes and out-of-pocket expenses, as may be mutually agreed upon by the audit committee/Board of Directors and the Statutory Auditors.

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

Special business:

5. **To renew the Borrowing Powers of the Company of ₹ 5000Crores**

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

   "**RESOLVED THAT** pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board, including any committee thereof for the time being exercising the powers conferred on them by this resolution), be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial

Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/ entities and/or authority/ authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding ₹ 5000 Crores (Rupees Five Thousand Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company, its free reserves and securities premium that is to say, reserves not set apart for any specified purpose."

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

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

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

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

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

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

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

"**RESOLVED THAT** pursuant to the provisions of section 42 and other applicable provisions of the Companies Act, 2013, read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions of the Companies Act, 2013, to the extent notified, and as applicable and the Companies Act, 1956, as amended and in force, in accordance with the memorandum and articles of association, the Board of Directors of the Company be and is hereby authorized to issue, offer or invitation and allot secured/unsecured, redeemable, non-convertible, listed / unlisted, senior/subordinated bonds/debentures/ Commercial Paper/ Tier II Debt/ Other debt securities

(“Bonds”) of value aggregating upto ₹ 2000 Cr (Rupees Two Thousand Crores Only) through private placement offer letter(s) in one or more tranches in conformity and in compliance with the all applicable rules, regulation, directions made in this regard, as amended from time to time to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals, as the case may be or such other person/persons as the board of directors may decide so.”

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

For and on Behalf of the Board
IKF Finance Limited

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

Place: Vijayawada
Date : 20th October, 2021

NOTES

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, (‘the Act’) relating to the Special Business to be transacted at the Annual General Meeting (‘AGM’) is annexed hereto. The Board of Directors have considered and decided to include the Item No.5, 6 and 7 given above as Special Businesses in the forthcoming AGM, as it is unavoidable in nature.

2. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No.02/2021 dated 13th January, 2021, Circular No. 14/2020 dated 08th April, 2020, Circular No.17/2020 dated 13th April, 2020 and Circular No. 20/2020 dated 05th May, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated 13th January, 2021, 08th April, 2020, 13th April, 2020 and 05th May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 30th AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM.

4. Pursuant to the provisions of the Act, normally, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

5. In accordance with, the General Circular No. 20/2020 dated 05th May, 2020 issued by MCA, owing to the difficulties involved in dispatching of physical copies of

the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

8. Pursuant to MCA Circular No. 14/2020 dated 08th April, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

9. **Voting during the AGM:** Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting, may cast their vote during the e-AGM through the e-voting system provided by CDSL in the Video Conferencing platform during the e-AGM. Kindly refer below for instruction for e-voting during the AGM.

10. The Company has fixed 22nd November, 2021 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.

11. The Register of Members and Transfer Book of the Company will be closed from 22nd November 2021, to 30th November, 2021 (both days inclusive).

12. In compliance with the aforesaid MCA Circulars, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March, 2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at www.ikffinance.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

13. The relevant details required to be given under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of directors seeking appointment/ re-appointment at this AGM are given in the Annexure.

14. In terms of Section 152 of the Act, Shri Gopala Kishan Prasad Vupputuri and Mrs Vupputuri Indira Devi are liable to retire by rotation at this Annual General Meeting and being eligible, offers themselves for re-appointment.

15. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility.

16. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to sreenivas@ikffinance.com.

17. Members whose shareholding is in electronic mode are requested to update the change of address, With a view to using natural resources responsibly, we request

the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.

18. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

18. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e- AGM.

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

(i) The voting period begins on Saturday, 27st day of November, 2021 at 9.00 a.m. IST and ends on Monday, 29th day of November, 2021 at 5.00 p.m. IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, the 22nd day of November, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN **211022004** for the relevant **IKF FINANCE LIMITED** on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to bsshyd@bigshareonline.com,.

2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to bsshyd@ bigshareonline.com,.

3. The RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

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

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **72 Hours prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at agmparticipant@bigshareonline.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **2 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at sreenivas@ikffinance.com. These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

7. voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com , under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

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

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

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

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

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

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

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

GENERAL INSTRUCTIONS AND INFORMATION FOR SHAREHOLDERS

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

By Order of the Board of Directors of
IKF Finance Limited

(Ch Sreenivasa Rao)
Company Secretary
M No. A14723

Place: Vijayawada
Date : 20th October, 2021

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

Ordinary Business

Item No:4

At the 29th Annual General Meeting held on 24.12.2020, the shareholders approved the re-appointment of M/s S.R.Batliboi, Chartered Accountants, (ICAI Firm Registration No: 301003E), as Statutory Auditors of the Company to hold office for their second term of 5 (five) years from the conclusion of 29th of Annual General Meeting till the conclusion of 34th Annual General Meeting.

Reserve Bank of India(RBI) vide Notification Ref. No. DOS. CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 issued guidelines for appointment statutory auditors of NBFCs, and as per the provisions of RBI guidelines, the existing statutory auditors would not be eligible to continue as the Statutory Auditors. Therefor M/s M/s S.R.Batliboi, Chartered Accountants, (ICAI Firm Registration No: 301003E) have conveyed their intention to demit office as Statutory Auditors of the Company. Hence in due compliance of guidelines your Board of Directors has recommended to appoint M/s SGCO & Co. LLP., Chartered Accountants (Firm Regn No 112081W/W100184) for a term of 3 (Three) consecutive years from the conclusion of 30th Annual General Meeting to be held on 30.11.2021 to the conclusion of 33rd Annual General Meeting for the approval of shareholders.

Item No: 5

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings together with the monies already borrowed (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, its free reserve and securities premium 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 of ₹ 5000 Crores (Rupees Five Thousand Crores Only) be renewed. Directors recommends the resolution for members' approval as a Special Resolution.

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

Item No. 6

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

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

Item No.7

As mentioned in Item No.7, and the rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 and other applicable provisions, if any, of the Companies Act, 2013 of the Act deals with private placement of securities by a company. Sub-rule (1) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures, on private placement, the company shall obtain previous approval of its members by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures. In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, the Board, which term shall include any Committee constituted by the Board, may at an appropriate time, offer or invite subscriptions for NCDs, Bonds, Tier II Debt, Commercial Paper or any other debt securities on a private placement basis, in one or more tranches, upto an amount not exceeding ₹ 2,000 Crore, within the overall borrowing limits of the Company, as approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price, of the NCDs, Tier II Debt, Commercial Paper or any other Debt Instruments.

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

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

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

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

For and on Behalf of the Board
IKF Finance Limited

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

Place: Vijayawada
Date : 20th October, 2021

ANNEXURE TO THE NOTICE

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

Name of the Director	Vupputuri Gopala Kishan Prasad	Vupputuri Indira Devi
DIN	01817992	03161174
Date of Birth	02.09.1947	01.12.1959
Date of first Appointment on the Board	30.05.1991	30.05.1991
Age	74 Years	62 Years
Qualification	B.Sc	Under Graduate
Experience	Mr.Prasad has contributed a lot in institutionalizing the Automobile finance business operated by individuals in Andhra Pradesh. Mr. Prasad has presided over the Krishna District Auto Financiers Association, considered to be one of the strongest and most organized Financiers Association in India, for quite a considerable period. Mr.Prasad has occupied various positions in the Federation of Indian Hire Purchase Associations (FIHPA), the Apex body of Asset Financing Companies, and has acted as the Secretary General till 2010 and as President till 2012. Mr.Prasad has always been a strong advocate for Retail lending since times, which caught the fancy of the Banks and favored retail automobile loans later on, which kept IKF Finance it ahead of its contemporaries.	Ms. Indira Devi, being one of the Core Promoter of the Company, has been in to the Vehicle finance space for over the last three and half decades and has been instrumental in the growth of the Company since its inception.
Terms and conditions of appointment	As per the shareholders resolution passed on dt 30.09.2017	As per the resolution passed on 30.09.2017
Remuneration sought to be paid	₹ 70,00,000	₹ 30,00,000
Remuneration last drawn	₹ 70,00,000	₹ 30,00,000
Relationship with other director/Manager and other KMP	i)Husband of Smt.V.Indira Devi, Wholetime Director ii) Father of Smt.K.Vasumathi Devi, Executive Director iii) Father of Smt.V.Vasantha Lakshmi, Alternate Director iv. Brother in law of Sri Satyanad Sinha Chunduri, Director	i) Wife of Sri.V.G.K.Prasad, Managing Director ii) Mother of Smt.V.Indira Devi, Wholetime Director & Smt.V.Vasantha Lakshmi, Alternate Director

Name of the Director	Vupputuri Gopala Kishan Prasad	Vupputuri Indira Devi
No of Meeting of the Board Attended during the FY- 2020-21	7	5
No of Shares held in the Company	1,58,75,616 No of Fully Paid up (₹ 10 Paid up) Shares of the Company 35,05,821 No of Partly Paid up (₹ 8.40 Paid up) Shares of the Company Total 1,93,81,437 shares equivalent to 36.81% of the capital of the Company	13,26,902 No of Fully Paid Paid up (₹ 10/-Paid up) Shares of the Company. 3,21,240 No of Partly Paid up (₹ 8.40 Paid up) Shares of the Company Total 16,48,142 No of shares equivalent to 3.13% of the capital of the Company
Directorships of other Board	Director of IKF Home Finance Limited Director of IKF Infratech Private Limited	Director of IKF Home Finance Limited Director of IKF Infratech Private Limited
Membership/Chairmanship of Committees of other Board	4	Nil

IKF FINANCE

DIRECTOR'S REPORT

To,

The members of IKF Finance Limited.

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Accounts for the financial period ended 31st March, 2021.

Financial Results:

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

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	20,406.63	20,569.07	23751.57	23876.55
Other Income	16.29	19.22	57.33	73.67
Profit (loss) before depreciation, interest, tax and exceptional items	16,173.41	15,494.50	18370.08	17543.58
Depreciation/amortization	144.14	149.12	193.18	194.80
Finance cost	11,609.00	11,551.63	12865.82	12534.48
Impairment expense on loans	-429.52	1,067.01	-295.10	1472.49
Portfolio Loans & other balances written off	1,076.67	567.73	1076.67	567.73
Profit (loss)before tax	4,420.27	3,793.75	5311.09	4814.30
Provision for tax/deferred tax	1,229.76	1,020.38	1520.93	1230.07
Profit (loss) after tax before exception item	3190.51	2773.37	3790.16	3584.23
Less: Other comprehensive income / (loss)	10.06	-3.56	12.12	-2.91
Net profit (loss) after exceptional items	3,200.57	2,769.81	3802.28	3581.32
Balance brought forward from previous year	11,188.37	9,111.90	11845.59	9132.53
Dividend on Equity Shares	0.00	0.00	0.00	0.00
Tax on dividend	0.00	0.00	0.00	0.00
Transfer to Statutory Reserve as required by Section 45-IC of Reserve Bank of India Act, 1934	638.10	554.67	971.97	645.78
Transfer to General reserve	159.53	138.67	159.53	138.67
Transferred to Share Based payment reserve	13.09	17.56	13.09	17.56
Surplus carried to Balance sheet	2,402.94	2,076.46	2594.40	2713.05

Review of Operations:

Standalone:

Amidst widespread unprecedented disruptions in the economic activities across the globe due to the COVID Pandemic, your Company has sailed smoothly with minimum impact and it's performance for the year ended 31st March, 2021 is stable almost at the same level of last year, i.e., Revenue from operations ₹ 204.07 Cr as against ₹ 205.69 Cr during the financial year 2019-20 and Net Profit increased to ₹ 31.91 Cr as against ₹ 27.73 Cr registering a growth of 15% for the corresponding previous year. During the year, the Loan Book has grown by 11% from ₹ 1297 Cr to 1434 Cr (before Impairment loss allowance). The total assets managed by the Company, including receivables assigned / securitized stood at around ₹ 1489 Cr as at 31st March, 2021 as against ₹ 1315 Cr in the previous year thereby registering a growth of 13%.

Consolidated:

Your Company's performance for the year ended 31st March, 2021 is stable almost at the same level of last year Revenue from operations to ₹ 237.52 Cr as against ₹ 238.77 Cr and Net Profit increased to ₹ 37.90 Cr from ₹ 35.84 Cr registering a growth of 5.75 % for the corresponding previous year.

Future Outlook:

Though the current financial year has started with a positive outlook, COVID Wave 2.0 has again posed challenges to the social and economic environment in the country, the outlook for the current financial year continues to remain uncertain, as the apprehensions of advent of Wave 3.0 is still live. However, the adverse implications of Wave 2.0 are marginal when compared with Wave 1.0 and are expected to be modest even if the fears of Wave 3.0 come true on the backdrop of progress in the Vaccination programme and improved medical infrastructure All the sectors of the economy are expected to perform far better when compared with the last year. The GDP growth forecast is now expected to be at around 9.50% for FY 2022, as against the earlier projection of above 12%, as all the sectors have started coming out of Pandemic blues. The Government's sector specific stimulus packages and liquidity support schemes together with RBI's proactive initiatives by continue to maintain the repo and reverse repo rates at current levels are expected to boost the economic activities to certain extent. However, abnormal increase of fuel prices is a big challenge and a cause for serious concern as it will have a cascading effect on every spear of the economic activity.

During Q1-FY22, the vehicle prices were hiked at least twice by the vehicle manufactures and the fuel prices were hiked 32 times by the Oil Companies and as such the consumer sentiments. which were already low, further weakened and delayed their decision to purchase a vehicle. During June quarter, cumulative wholesales for all segments was lower than previous quarter, but higher by a large margin than Q1-FY21. When compared with Q1-FY19, only tractors performed well, which shows that tractors demand has remained unaffected in this pandemic. The demand for passenger vehicles (PVs) is much more resilient, compared with two–wheelers as PVs are used by high income groups, which are relatively lesser affected in the ongoing pandemic. Two-wheelers demand suffers due to its high dependency on the rural segment.

However, the domestic automobile sales volumes were significantly strong in the month of June 2021 as a result of the ease in lockdown restrictions. On a sequential basis, the wholesale volumes in June 2021 grew 2.6 times for passenger vehicles, tripled for two-wheelers, grew 7.5 times for three-wheelers, doubled for tractors and commercial vehicles. However, a comparison with June 2019 shows that the demand has still not reached pre-covid levels for two, three wheelers and commercial vehicles.

Q2, FY 22 onward, the turnaround of the automobile sales are expected on the backdrop of acceleration in the vaccination programme, implementation of Vehicle Scrappage Policy, pent up demand and economic growth as the same is showing the signs of recovery driven by growth in various sectors.

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

Risk Management & Credit Monitoring:

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

Corporate Governance

As specified under regulation 15(2) of the SEBI (LODR) Regulations, 2015, the requirement of furnishing report on corporate governance is not applicable to your company as none of it's specified securities is listed. On 30th July, 2020, your Company's Non-convertible debt securities got listed with Bombay Stock Exchange. A report on the Corporate Governance along with a declaration by the Managing Director with regard to code of conduct to be presented to the members of the Company as such a report on Corporate Governance Report are voluntary attached as part of this report.

Management's Discussion and Analysis:

Economic Environment:

In spite of various proactive steps initiated by both the Central Government and RBI, COVID 19 has caused significant disruptions in the social and as well as the economic activities which led to crash of the economy with negative growth of around 7.3% YOY.

Automotive Sector:

FY 20-21 is another difficult year for the automobile industry as COVID related disruptions have further weakened economic activity resulted in historical lower sale of automobiles.

The automotive sector which has already been reeling under pressure even before the FY 2020-21, COVID-19 pandemic has resulted in further worsening of the situation in this sector. The commercial vehicles (CV) segment was the worst affected, given its close linkages to overall economic growth by registering a 28% YOY drop in MHCV volumes and a 17% YOY drop in LCV volumes.

The sale of Two Wheelers declined by 13% YOY on account of concerns around job losses and weakness in urban demand. The increased need for personal mobility led to a much lesser impact on passenger vehicle (PV) volumes that contracted by a mere 2% YOY. However, within the PV segment, utility vehicles witnessed growth of 8% YOY, as customers with higher income profiles were relatively less affected by the pandemic.

The Tractor segment is the only one which fared well, in line with the performance of the agri sector, with 27% YOY growth

Resource Mobilization:

Deposits:

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

Working Capital Limits:

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

During the year your company has mobilised working capital demand loan of ₹ 15 Cr from DCB Bank and ₹ 20 Cr from Yes Bank.

Term Loans:

During the year your Company has mobilized Term Loan(s) of ₹ 10 Cr from Ujjivan Small Finance Bank, ₹ 50 Cr from Bank of India, ₹ 30 Cr from Central Bank of India, ₹ 15 Cr from Federal Bank, ₹ 25 Cr from HDFC Bnak, ₹ 25 Cr from IDBI Bank Limited, and ₹ 20 Cr from State Bank of Mauritius.

In addition to above, the company has mobilized ₹ 75 Cr from Small Industries Development Bank of India under special liquidity scheme

Commercial Paper:

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

Non-Convertible Debentures:

During the year under review, your Company has mobilized ₹ 50 Cr from Bank of India and ₹ 50 Cr from State Bank of India by issuing Secured Non Convertible Debentures under TLTRO and ₹ 30 Cr from Indian Overseas Bank, ₹ 25 Cr from Union Bank of India, ₹ 100 Cr from State Bank of India and ₹ 50 Cr from Bank of Baroda by issuing Secured Non Convertible Debentures under PCG Schemes.

Particulars	Bank of India- ₹ 50 Cr	State Bank of India- ₹ 50 Cr	Indian Overseas Bank- ₹ 30 Cr	Union Bank of India- ₹ 25 Cr	State Bank of India- ₹ 100 Cr	Bank of Baroda- ₹ 50 Cr
(a) date of issue and allotment of the securities;	19.06.2020	23.07.2020	20.08.2020	27.08.2020	18.09.2020	31.12.2020
(b) number of securities	500	500	300	250	1000	500
(c) whether the issue of the securities was by way of preferential allotment, private placement or public issue;	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
(d) brief details of the debt restructuring pursuant to which the securities are issued;	Nil	Nil	Nil	Nil	Nil	Nil
(e) issue price	₹ 10,00,000	₹ 10,00,000	₹ 10,00,000	₹ 10,00,000	₹ 10,00,000	₹ 10,00,000
(f) coupon rate	10.25%	10.25%	9.10%	9.25%	9.25%	9.20%
(g) maturity date;	19.06.2023	21.04.2023	20.02.2022	27.02.2022	18.03.2022	30.06.2022
(h) amount raised	₹ 50 Cr	₹ 50 Cr	₹ 30 Cr	₹ 25 Cr	₹ 100 Cr	₹ 50 Cr

Tier II Capital / Sub Debt:

During the year under review, your Company has raised ₹ 25 Cr Tier II Debt from Northern Arc Capital Limited.

Particulars	
(a) date of issue and allotment of the securities;	19.01.2021
(b) number of securities	250
(c) whether the issue of the securities was by way of preferential allotment, private placement or public issue;	Private Placement
(d) brief details of the debt restructuring pursuant to which the securities are issued;	Nil
(e) issue price	₹ 10,00,000
(f) coupon rate	13.25%
(g) maturity date;	20.07.2026
(h) amount raised	₹ 25 Cr

Credit Rating of Securities

Transaction Name	Amount ₹ in Cr	No. of Debenture	Date of Credit Rating	Date of Allotment	Redemption Date	Credit Rating	Secured / Unsecured
Bank of India	50	500	12-Jun-20	19-Jun-20	19-Jun-23	CARE A/Stable	Secured
State Bank of India	50	500	12-Jun-20	23-Jul-20	21-Apr-23	CARE A/Stable	Secured
Indian Overseas Bank	30	300	20-Jul-20	20-Aug-20	20-Feb-22	CARE A/Stable	Secured
Union Bank of India	25	250	24-Aug-20	27-Aug-20	27-Feb-22	CARE A/Stable	Secured
State Bank of India	100	1000	24-Aug-20	18-Sep-20	18-Mar-22	CARE A/Stable	Secured
Bank of Baroda	50	500	29-Dec-20	31-Dec-20	30-Jun-22	CARE A/Stable /BWR A	Secured
Northern Arc Capital	25	250	29-Dec-20	19-Jan-21	20-Jul-26	CARE A/Stable	Unsecured

Securitization / Assignment of Loan Receivables:

During the year, your Company has Securitized loan receivables to the tune of ₹ 27.50 Cr and Direct Assignment receivables to the tune of ₹ 43.91 Cr.

Borrowing Profile:

Total borrowings of the Company for the year under review (at amortized cost) stood at ₹1254 Cr of which borrowings from Banks constituted 55.37%, borrowings from NBFCs & FIs 7.57%, Non-Convertible Debentures 26.86%, associated liabilities in respect of Securitized transactions 5.43% and Tier II Capital / Sub-Debt 4.77%. Your Company is continuously exploring all options to access low cost funds, mostly by way of Term Loans and Cash Credit in the current financial year, to further expand the operations.

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 23.66% as on 31.03.2021, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 21.50% and Tier II constituted 2.17%.

Credit Rating:

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

Dividend

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2021 since it is proposed to retain the same in the business.

Transfer of unclaimed dividend to Investor Education and Protection Fund

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

Share Capital

a. Authorized Share Capital

During the year there was no change in the Authorised Share Capital of the Company. As on 31.03.2021, the Authorized Share Capital was ₹ 85,00,00,000/- (Rupees Eighty Five Crores only) divided into 6,00,00,000(Six Crore only) Equity Shares of ₹ 10/- (Rupees Ten only) each and 25,00,000 (Twenty Five Lac only) Preference Shares of ₹ 100/- (Rupees One Hundred only) each.

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b. **Paid up Share Capital**

The total Paid up Share Capital of the Company as on 31.03.2021 was ₹ 51,67,49,262.80 consisting 4,74,79,379 fully paid shares of ₹ 10/- each and 51,79,688 partly paid (₹ 8.10 paid per Share) shares of ₹ 10/- each. There was no change in the paid up capital of the Company during the year except second call of ₹ 2.70 per share was received on 51,79,688 partly paid (₹ 8.10 paid per Share, Previous Year ₹ 5.40 paid up)) shares

c. **Compulsorily Convertible Preference Shares.**

There are no Compulsorily Convertible Preference Shares outstanding as on 31.03.2021

d. **Issue of Shares with differential voting rights**

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

e. **Buy Back of Securities**

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

f. **Sweat Equity**

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

g. **Bonus Shares**

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

h. **Employees Stock Option**

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

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

(a)	options granted	5,62,860
(b)	options vested	**71,386**
(c)	options exercised	Nil
(d)	the total number of shares arising as a result of exercise of option	Nil
(e)	options lapsed	2,05,930
(f)	the exercise price	₹ 120/-
(g)	variation of terms of options	NA
(h)	money realized by exercise of options	NA
(i)	total number of options in force	3,56,930
(j)	employee wise details of options granted to:	
(i)	key managerial personnel	Ch Sreenivasa Rao, Company Secretary-15,180 Options
(ii)	any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	1. D Nagaraj Goud, National Business Head, 80,140 Options-14.24% 2. G Chakrapani, National Credit Manager-51,500 Options-9.07% 3. M Girish Kumar, National Head-Collections-51,500 Options-9.07% 4. Hardik Harish Joshi-Zonal Manager-34,000 Options-6.04%
(iii)	identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	**Nil**

Transfer to Reserves

The Directors of the Company propose to transfer ₹ 159.53 Lacs to General Reserves out of the current year profits for the year as against ₹ 138.67 Lacs during the Financial Year 2019-20. Further your Directors also propose to transfer ₹ 638.10 Lacs as against ₹ 554.67 Lacs (I Gap) during the Financial Year 2019-20 to Statutory Reserve @ 20% profit after tax as required under Section 45-IC of Reserve Bank of India Act, 1934. Further ₹ 13.09 Lacs was transferred to Share Based payment reserve as against ₹ 17.56 Lacs during the Financial Year 2019-20. Further the Company has transferred ₹ 875.33 Lacs to share premium account out of the 2nd call money proceeds of 51,79,688 Partly paid up shares allotted to the promoters during the year 2017-18.

Details of Subsidiary, Associate and Joint Venture Companies

The Company is not having any Associate and Joint Venture Companies as on date by virtue of Section 2 (6) of the

Companies Act, 2013. As on 31.03.2021, IKF Home Finance Limited is the Subsidiary Company in which the Company holds diluted stake of 91.48%. Policy for determining 'material' subsidiaries is available on the company's website and can be accessed at www.ikffinance.com.

No Company has become or ceased to be the Company's Subsidiaries, joint ventures or associate companies during the year.

Salient features of the financials of the above mentioned subsidiary have been given in Form AOC-1 as **Annexure-I** to this report

Auditors

Statutory Auditors

M/s. S.R.Batliboi & Co.LLP, Chartered Accountants (ICAI Registration No 301003E/E300005) were re appointed as Statutory Auditors for a further period 5 (five) years at the 29th Annual General Meeting to hold the office of Statutory Auditors from the conclusion of 29th Annual General Meeting to till the conclusion of 34th Annual General Meeting of the Company.

Reserve Bank of India(RBI) vide Notification Ref. No. DOS. CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 issued guidelines for appointment statutory auditors of NBFCs, and as per the provisions of RBI guidelines, the existing statutory auditors would not be eligible to continue as the Statutory Auditors. Therefor M/s S.R.Batliboi, Chartered Accountants, (ICAI Firm Registration No: 301003E) have conveyed their intention to demit office as Statutory Auditors of the Company. Hence in due compliance of guidelines your Board of Directors has recommended to appoint M/s SGCO & Co., LLP., Chartered Accountants (Firm Regn No 112081W/W100184) for a term of 3 (Three) consecutive years from the conclusion of 30th Annual General Meeting to be held on 30.11.2021 to the conclusion of 33rd Annual General Meeting for the approval of shareholders.

Qualification by the Statutory Auditor

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

Secretarial Auditor

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

Qualification by Secretarial Auditor

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

Cost Audit

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

Internal Audit and Auditor:

As part of the effort to evaluate the effectiveness of the internal control systems, and to maintain its objectivity and independence and on recommendations of the Audit Committee your directors have re-appointed M/s. Brahmaiah & Co, Chartered Accountant as internal auditor of the Company for the year ended 31st March, 2021 who shall report to the Audit Committee / Board. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon were presented to the Audit Committee / Board.

Internal Financial Controls

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

Vigil Mechanism / Whistle Blower Policy

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

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

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

Corporate Social Responsibility Committee:

During the year under review the Company has spent an amount of ₹ 245.06 Lacs under the CSR activity. The report on CSR activities for FY 2020-21 is enclosed as **Annexure-III**. This Corporate Social Responsibility policy is available on the website of the company, www.ikffinance.com

Extract of the Annual Return

As required under Section 92(3) of the Companies Act, 2013, Annual return in Form MGT-7 is available on the company's website and can be accessed at www.ikffinance.com.

Material Changes and Commitments, if any

There are no material Changes and Commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

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

There are no material Changes and Commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

Directors:

Shri Satyananda Sinha Chunduri (DIN: 03644504) and Mrs. Vasumathi Devi Koganti (DIN: 03161150) retired and re-elected at the last Annual General Meeting of the Company held on 24.12.2020. In terms of Section 152 of the Companies Act, 2013.

During the year there was a change in the composition of Board of Directors, on 01.10.2020. ShriVinit Mukesh Mehta was appointed as Nominee Director of Motilal Oswal Private Equity in place of ShriVishal Tulsyan. Except this there was no other changes in the composition of Board

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

Key Managerial personnel:

During the financial year, there was no changes in the appointment of Key Managerial Personnel. .

Declaration by Independent Directors

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

Familiarization programme for Independent Directors

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

Independent Directors' Meeting

The Independent Directors met on 15.03.2021, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year:

During the year, the Company has not appointed any Independent Director.

Board Evaluation:

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

Change in the nature of business:

There is no change in the nature of business of the Company during the financial year 2020-2021.

Number of meetings of the Board of Directors:

During the financial year 2020-21 the Board of Directors has met Seven times viz 04/04/2020, 06/06/2020, 10/07/2020, 01/10/2020, 14/11/2020, 28/12/2020 and 15/02/2021. The details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard-1.

Audit Committee

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

Nomination and Remuneration Policy

The Nomination and Remuneration Policy containing guiding principles for payment of remuneration to Directors, Senior Management, Key Managerial Personnel and other employees including Non-executive Directors along with Board Evaluation criteria are provided in the Corporate Governance Report. . The terms of reference are placed on Company's website www.ikffinance.com.

Criteria of making payments to non-executive directors is provided in the Corporate Governance Report.

Particulars of loans, guarantees or investments under Section 186:

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

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

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

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

Particulars of Employees and Related Disclosures

The information relating to employees and other particulars required under Section 197 of the Act, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members, excluding the information on employees, particulars of which are available for inspection by the Members at the Registered Office of the Company during the business hours on all working days of the Company upto the date of the forthcoming Annual General Meeting. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in the said regard.

Particulars of contracts or arrangements with related parties:

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

There were no materially significant transactions with Related Parties during the financial year 2020-21 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure-IV** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts for the period ended 31st March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

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(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

The Company has complied with provisions relating to the constitution of Internal Complaints Committee There was no case of sexual harassment reported during the year under review.

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

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

Disclosure under Regulation 53(e) of SEBI LODR

Name of the debenture trustees with full contact details

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

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

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

Details of revision of financial statement- Nil

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Listing Regulations:

During the year under review, the Company had raised ₹ 255,00,00,000 (Rupees Two Hundred and Fifty Five Crores) through preferential issue/private placement Non-Convertible Debentures ('NCDs'), Commercial papers and Tier II Debt. The funds were utilised by the Company for its general corporate purposes. There has been no deviation in the utilisation of issue proceeds of Private Placement of Non-Convertible Debentures ('NCDs'), Commercial papers and Tier II Debt, from the Objects stated in the Private Placement Offer Letter.

Auction:

The Company has not conducted any auctions during the financial year.

Secretarial Standards

The Company complies with all applicable Secretarial Standards.

Other Disclosures

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

Disclosures by NBFC Systemically Important Non-Deposit Taking Company and Deposit taking Company

Auction: Nil

Pecuniary relationship/transaction with non-executive directors:

During the year under review, there were no pecuniary relationship/transactions of any non–executive directors with the Company, apart from remuneration as directors.

Customer Complaints

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	12	8
(c) No. of complaints redressed during the year	10	8
(d) No. of complaints pending at the end of the year	2	-

Perpetual Debt Instruments (PDI):

During the financial year, the Company has not issued any Perpetual Debt Instruments (PDI).

Registrar and Share Transfer Agency

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

Human Resources

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

Awards and recognition

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

Cautionary Statement

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

Conservation of Energy, Technology Absorption and

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

Foreign Exchange Earnings and Outgo

Total foreign exchange earned	Nil
Total foreign exchange used	Nil

Code of conduct

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

Industrial Relations

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

Acknowledgments

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

For and on behalf of the Board
IKF FINANCE LIMITED

Place: Vijayawada	**(V G K Prasad)**	**(V. Indira Devi)**
Date : 20th October, 2021	Managing Director	Whole-time Director
	DIN: 01817992	DIN: 0316117

REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on Code of Governance:

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

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

2. Board of Directors:

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

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent Directors to ensure proper governance and management. As on 31.03.2021, the Board comprises seven members who have experience in diverse fields like Finance, Accounts and Management. Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. During the year there was a change in the composition of Board of Directors, on 01.10.2020 Sri Vinit Mukesh Mehta was nominated by Motilal Oswal Private Equity as Nominee Director in the place of Sri. Vishal Tulsyan. The Executive Directors as on 31.03.2021 were Sri V.G.K.Prasad - Managing Director, Smt. V.Indira Devi - Whole Time Director and Smt. K.Vasumathi Devi - Executive Director.

As on 31.03.2021, the Independent Directors were S.Veerabhadra Rao and Sri K.Satyanarayana Prasad. Sri.Satyanand Sinha Chunduri was the Non-Executive Non-Independent Director and Smt. Vupputuri Vasantha Lakshmi is the alternate director to Sri Satyanand Sinha Chunduri.

Relationships between Directors:

Sri.V.G.K.Prasad, Manaing Direcotor is husband of Smt V.Indira Devi, whole time Director. Sri.V.G.K.Prasad and Smt.V.Indira Devi are parents of Smt.K.Vasumathi Devi, Executive Director and Smt.V.Vasnahta Lakshmi, Alternate Director. Sri Satyanand Sinha Chunduri. is brother-in-law is the brother in-law

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, seven meetings of the Board of Directors were held on the following dates.

04-04-2020	06-06-2020	10-07-2020	01-10-2020
14-11-2020	28-12-2020	15-02-2021	

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, 2020 to 31st March, 2021are as follows:

Name of the Director	Category of Board Directorship	No. of Board Meetings attended	% of total meetings attended	Attendance at the last AGM	No of other Directorships	No of Committee Memberships
V G K Prasad	Managing Director	7	100%	Yes	2	4
V Indira Devi	Whole Time Director	5	71%	Yes	1	0
K Vasumathi Devi	Executive Director	7	100%	Yes	1	3
K Satyanarayana Prasad	Independent Director	6	86%	Yes	1	3
Sinha S Chunduri	Director	-	-	Yes	-	-
V Vasantha Lakshmi	Alternate Director	7	100%	Yes	1	-
S Veerabhadra Rao	Independent Director	5	71%	Yes	1	6
Vishal Tulsyan (Upto 01.10.2020)	Nominee Director	2	50%	Not Applicable	8	5
Vinit Mukesh Mehta (From 01.10.2020)	Nominee Director	1	25%	No	-	5

None of the Directors holds any directorship in other listed entities.

During the financial year, the Board has accepted all the recommendation of all the Committees of the board

4. Audit Committee:

The terms of reference of the Audit Committee are broadly inter alia as follows:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;

e. Review of compliances and review of systems and controls;

f. approval or any subsequent modification of transactions with related parties

The Audit Committee provides direction to the Audit function and monitors the quality of internal controls and systems. The responsibilities of the Audit Committee include the overseeing of financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, review of adequacy of internal control systems and the internal audit functions. The Audit Committee comprises three Non-Executive Directors with two Independent Directors and one Nominee Director. The Committee comprises of Sri S.Veerabhadra Rao as Chairman of the Committee and Sri. Vishal Tulsyanand Sri K Satyanarayana Prasad as Members. The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings. During the year there was a change in the composition of Audit Committee, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vihsal Tulsyan, due to Sri Vishal Tulsyan resignation. At present Audit Committee consists with two Independent Directors and one Nominee Director.

During the year the committee met 5 times on 06.06.2020, 10.07.2020, 01.10.2020, 14.11.2020 and 15.02.2021. The details of members and their attendance at the committee meetings are given below:

Name of the Director	No.of Audit Committee Meetings attended	% of total Meetings attended
Sri. S.Veerabhadra Rao	5	100%
Sri.K.Satyanarayana Prasad	5	100%
Sri Vishal Tulsyan (Upto 01.10.2020)	1	33%
Sri Vinit Mukesh Mehta (From 01.10.2020)	1	50%

The previous Annual General Meeting ("AGM") of the Company was held on 24th December, 2020 and was attended by Sri. S.Veerabhadra Rao, Chairman of the audit committee.

IKF FINANCE

5. Nomination, Remuneration & Compensation Committee:

The Nomination and Remuneration & Compensation Committee was constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 comprises of Sri S.Veerabhadra Rao as the Chairman and Sri.K.Satyanrayana Prasad and Sri Vishal Tulsyan as Members. The Committee determines the remuneration package of Executive Directors (Whole Time Directors) of the Company and to grant Stock Options to eligible employees from time to time. During the year there was a change in the composition of the Committee, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vihsal Tulsyan, due to Sri Vishal Tulsyan resignation. During the year the committee met one time 01.10.2020.

The terms of reference of the Committee, inter alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the Board. The Committee also reviews the remuneration of the senior management team.

During the year 2019-20, your Company has granted 5,62,860 [Five Lac Sixty Two Thousand Eight Hundred and Sixty only] employee stock options to the eligible employees of the Company, determined in terms of **ESOP 2019**, at a price of ₹ 120/- (Rupees One Hundred and Twenty only) per share.

Attendance of each Director at Nomination &Compensation Committee Meeting

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

Criteria for Performance evaluation:

(I) Remuneration Policy:

The Policy inter alia provides for the following:

(a) attract, recruit, and retain good and exceptional talent;

(b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;

(c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;

(d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;

(e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and

(f) fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

(II) Remuneration paid to Directors

Remuneration to Executive Directors:

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

Name of the Director	Remuneration	Allowances	Commission
V G K Prasad	₹ 70,00,001	NIL	₹ 41,55,040
V Indira Devi	₹ 30,00,000	NIL	₹ 17,68,012
K Vasumathi Devi	₹ 50,00,004	NIL	₹ 29,17,369

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

Remuneration to Non-Executive Directors

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

a) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2020-2021.

The details of sitting fees paid/payable to Non-Executive Directors during the financial year 2020-2021 was Nil.

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

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

b) Number of Shares and Convertible Instruments held by Non-executive Directors:

Name of the Non-Executive Director	No. of Equity Shares	No. of Convertible Instruments
Shri. S.Veerabhadra Rao	Nil	Nil
Shri. K.Satyanarayana Prasad	Nil	Nil
Shri. Satyanand Sinha Chunduri	1,17,700	Nil
Smt. Vupputuri Vasantha Lakshmi	24,91,794	Nil

c) Familiarisation Programme:

The Company has Familiarisation Programme for the Independent Directors with respect to the Company, their roles, rights, responsibilities and details of such Familiarisation Programme is available in the Company's website at this web address: www.ikffinance.com.

d) The list of core skills/ expertise/competencies as identified by the Board of Directors as required in the context of business and sector for it to function effectively and those actually available with the Board of Directors:

Industry, Accounts & Finance, Taxes, Legal, Marketing, Branding, Risks, Administration and Governance.

List of Directors possessing the skills/expertise and competencies:

Name of the Director	Skills/Expertise and Competencies
V G K Prasad	Industry, Marketing, Branding, Risks, Administration
V Indira Devi	Industry, Marketing, Branding, Risks, Administration
K Vasumathi Devi	Industry, Marketing, Branding, Risks, Administration
K Satyanarayana Prasad	Risks, Administration and Governance
Sinha S Chunduri	Accounts & Finance
S Veerabhadra Rao	Risks, Administration and Governance
Vishal Tulsyan (Upto 01.10.2020)	Accounts & Finance, Taxes, Legal & Governance
Vinit Mukesh Mehta (From 01.10.2020)	Accounts & Finance, Taxes, Legal & Governance

e) Confirmation by the Board:

The Board hereby confirms that the independent directors fulfill the conditions specified in these regulations and are independent of the management.

f) Resignation of Independent Director:

During the year none of the Independent Directors has resigned.

6. Stakeholder Relationship Committee:

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

7. Asset Liability Management Committee:

The Asset Liability Management Committee comprises of Sri V G K Prasad as Chairman, Sri S.Veerabhadra Rao, Sri.Vishal Tulsyan and Smt. K.Vasumathi Devi as Members. During the year there was a change in the composition of the Committee, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vihsal Tulsyan, due to Sri Vishal Tulsyan resignation.. The Asset Liability Management Committee was formed to review and monitor liquidity and interest rate risk arising out of maturity mismatch of assets and liabilities and to address the mismatches, if any, from time to time. During the year 2020-2021the committee met 3 times on 10.07.2020, 01.10.2020 and 15.02.2021.

Attendance of each Director at Asset Liability Management Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V G K Prasad	Executive	3	3
S.Veerabhadra Rao	Independent Director	3	3
K.Vasumathi Devi	Whole Time Director	3	3
Sri Vishal Tulsyan (Upto 01.10.2020)	Nominee Director	2	0
Sri Vinit Mukesh Mehta (From 01.10.2020)	Nominee Director	2	0

8. Risk Management Committee:

The Risk Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri. S Veerabhadra Rao Sri.Visal Tulsyanand Smt K.Vasumathi Devi as Members. During the year there was a change in the composition of Committee, on 01.10.2020 the committee was reconstituted as Sri Vinit Mukesh Mehta was replaced in place of Sri Vihsal Tulsyan, due to Sri Vishal Tulsyan resignation. The Risk Management Committee was formed to review and monitor Risk Management policies and systems from time to time. During the year 2020-2021 the committee met 3 times 10.07.2020, 01.10.2020 and 15.02.2021.

The terms of reference of the Committee to include, review of operational, reputational and market risks. The other terms inter alia, include, managing the integrated risk, laying down procedures to inform the Board about risk assessment and minimisation procedures in the Company, and framing, implementing, monitoring the risk management plan for the Company.

Attendance of each Director at Risk Management Committee Meetings

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V G K Prasad	Executive	3	3
S.Veerabhadra Rao	Independent Director	3	3
K.Vasumathi Devi	Whole Time Director	3	3
Vishal Tulsyan (Upto 01.10.2020)	Nominee Director	2	0
Vinit Mukesh Mehta (From 01.10.2020)	Nominee Director	2	0

9. Management Committee:

The Management Committee comprises of Sri. VG.K.Prasad as Chairman, Sri. S Veerabhadra Rao and Smt K.Vasumathi Devi as Members. During the year there was no change in the composition of Committee. The management Committee was formed to review and monitor borrowings, assignment and securitization transactions, day to day management activities etc from time to time. During the year 2020-2021 the committee met 24 times 04.05.2020, 17.06.2020, 19.06.2020, 14.07.2020, 22.07.2020, 17.08.2020, 20.08.2020, 24.08.2020, 27.08.2020, 15.09.2020, 18.09.2020, 23.10.2020, 05.11.2020, 22.12.2020, 28.12.2020, 31.12.2020, 18.01.2021, 19.01.2021, 17.03.2021, 22.03.2021, 25.03.2021, 26.03.2021, 30.03.2021 and 31.03.2021.

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V G K Prasad	Executive	24	24
S.Veerabhadra Rao	Independent Director	24	24
K.Vasumathi Devi	Whole Time Director	24	24

10. Remuneration of directors

Pecuniary relationship/transaction with non-executive directors

During FY2021, there were no pecuniary relationship/ transactions of any non–executive directors with the Company. During FY2021, the Company did not advance any loans to any of its directors.

Criteria of making payments to non-executive directors

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company.

Details of Remuneration of directors

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

Details of remuneration, sitting fees and commission paid to the Directors are provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at www.ikffinance.com.

11. General Body Meetings:

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

AGM	Day	Date	Time	Venue	Special Resolutions passed
29th AGM	**Thursday**	**24.12.2020**	**11.00 AM**	**Audio Visual**	• Enhance the Borrowing Powers of the Company from ₹ 4000 crores to ₹ 5000 crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis
28th AGM	Wednesday	04.12.2019	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	• Re-Appointment of ShriSatyanarayana Prasad Kanaparthi (DIN 03598603), as Independent Director. • Re-Appointment of Shri Veerabhadra Rao Sunkara (DIN 01180981), as Independent Director • Enhance the Borrowing Powers of the Company from ₹ 3000 crores to ₹ 4000 crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis
27th AGM	Saturday	29.09.2018	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	• Enhance the Borrowing Powers of the Company from ₹ 2000 crores to ₹ 3000 crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis.
26th AGM	Thursday	30-11-2017	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	• Enhance the Borrowing Powers of the Company from 1500 Crores to 2000 Crores • Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company • Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis.

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

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

12. Means of Communication:

The half yearly financial results are published in "Business Line" (English) and "Praja Shakthi" (Telugu) and website of the Company www.ikffinance.com.

The Company has not made any presentations to institutional investors or to the analysts.

13. General Information to Shareholder:

General Body Meeting, Day, Date, Time & Location

30th Annual General Meeting will be held on Tuesday, 30th November, 2021 at 11.00 A,M., at the Registered Office situated at # 40-1-144, Corporate Centre, M.G. Road, Vijayawada - 520 010.

Pursuant to Ministry of Corporate Affairs ('MCA') circulars dated 08th April 2020, 13th April 2020, 5th May 2020 and 13th January 2021, the ensuing 30th Annual General Meeting ('AGM') is being conducted through VC or OAVM.

Financial Calendar

Financial Year - 1st April 2020 to 31st March 2021.

Dividend Payment

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2021 since it is proposed to retain the same in the business.

Stock Exchange(s) at which the securities are listed

None of the equity shares and convertible securities are listed on any Stock Exchange.

The Non-convertible Debentures are listed on the debt market of BSE.

Annual listing fees, as prescribed, have been paid to the said stock exchange.

Stock Code:

959773

Market price data- high, low during each month in last financial year

Not Applicable as the Securities of the Company are not traded on the Stock Exchange.

Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc

Not Applicable as the Securities of the Company are not traded on the Stock Exchange.

Book Closure dates

22nd November, 2021 to 30th November, 2021

Share Transfers

There was no physical transfer of shares.

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

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

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2021– 98.64%. (Fully Paid up shares)

Outstanding GDRs or ADRs or Warrants or any Convertible Instruments, conversion date and likely impact on equity

Not Applicable as the Company doesn't issued any GDRs or ADRs or Warrants or any Convertible Instruments.

Commodity price risk or foreign exchange risk and hedging activities

The Company does not hedge its exposure to commodity price risks. The Company also does not hedge foreign exchange risks.

Plant location

Not Applicable.

14. Distribution of Shareholding as on 31st March, 2021:

Fully Paid up Shares

Shareholdings		Shareholders		Share Amount	
₹	₹	No	% of total	₹	% of total
Upto	5,000	1085	72.09%	2054990	**0.43%**
5,001	10,000	198	13.16%	1757010	**0.37%**
10,001	20,000	111	7.38%	1763460	**0.37%**
20,001	30,000	30	1.99%	791400	**0.17%**
30,001	40,000	23	1.53%	843340	**0.18%**
40,001	50,000	12	0.80%	590600	**0.12%**
50,001	1,00,000	14	0.93%	1124100	**0.24%**
1,00,001	& above	32	2.13%	465868890	**98.12%**
	Total	**1505**	**100.00%**	**474793790**	**100.00**

Partly Paid Up Shares

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

15. Shareholding Pattern as on 31.03.2021:

Category	Total Shareholders	% of Shareholders	Total Shares	%
Clearing Member	3	0.20%	526	0.001%
Corporate Bodies	24	1.59%	40536	0.085%
Foreign Company	1	0.07%	13051546	27.489%
Foreign Promoters	2	0.13%	1611800	3.395%
Non Resident Indians	8	0.53%	5206	0.011%
Promoters	5	0.33%	22789621	47.999%
Public	1461	97.08%	2176126	4.583%
Trusts	1	0.07%	7804018	16.437%
Total	**1505**	**100.00%**	**47479379**	**100.0000**

Partly Paid Up Shares

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

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2021– 98.64%. (Fully Paid up shares)

Outstanding GDRs or ADRs or Warrants or any Convertible Instruments, conversion date and likely impact on equity

Not Applicable as the Company doesn't issued any GDRs or ADRs or Warrants or any Convertible Instruments.

Commodity price risk or foreign exchange risk and hedging activities

The Company does not hedge its exposure to commodity price risks. The Company also does not hedge foreign exchange risks.

Plant location

Not Applicable.

Address for correspondence and any assistance/ clarification

16. Compliance Officer:

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

17. Other Disclosures:

Materially significant related party transactions

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 that may have potential conflict with the interests of listed entity at large.

Details of non-compliance by the listed entity

During the year company has paid ₹ 50,740/- to BSE under protest as per SEBI Circular No. SEBI/HO/ DDHS/ DDHS /CIR/P/2020/231 dated 13th November, 2020

Total fees for all services paid by to the statutory auditor (in Lacs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Auditor's remuneration		
- Audit fees	31.50	29.50
In other capacity	-	-
- Certification services	8.75	1.50
Other of pocket expenses	1.00	1.57
Total	**41.25**	**32.57**

The following are clearly detailed in the Directors' Report

i. Credit Rating of Securities

ii. Establishment of vigil mechanism/whistle blower policy

iii. Policy for determining 'material' subsidiaries

iv. Details of utilization of funds raised through preferential allotment

v. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

vi. web link where policy on dealing with related party transactions

ANNEXURE-I

Statement containing the salient features of the financial statements of subsidiaries / associate companies / joint ventures

[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-1]

Part "A": Subsidiaries

(Amount in Rupees)

Name of the subsidiary	IKF Home Finance Limited
Financial period ended	31.03.2021
Exchange rate	Not Applicable
Share capital	41,11,47,530
Reserves & surplus	17,71,57,216
Total assets	229,84,41,523
Total liabilities (excluding share capital and reserves & surplus)	168,75,53,663
Investments	Nil
Turnover	40,21,41,230
Profit/(Loss) before taxation	11,96,49,744
Provision for taxation	2,91,15,744
Profit / (Loss) after taxation	9,05,33,999
% of shareholding	91.48% (Fully Diluted Basis)

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associate Company

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Company.

As on 31.03.2021, the Company did not have any associate or joint venture company.

1. Names of associates or joint ventures which are yet to commence operations: Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors
IKF FINANCE LIMITED

	(V G K Prasad)	**(V. Indira Devi)**
Place: Vijayawada	Managing Director	Whole-time Director
Date : 20th October, 2021	DIN: 01817992	DIN: 03161174

ANNEXURE-II

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended on 31st March, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the audit period)**

(d) The Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; **(Not applicable to the Company during the audit period)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**

(vi) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;

(vii) Employees State Insurance Act, 1948;

(viii) Employers Liability Act, 1938;

(ix) Equal Remuneration Act, 1976;

(x) Maternity Benefits Act, 1961;

(xi) Minimum Wages Act, 1948;

(xii) Negotiable Instruments Act, 1881;

(xiii) Payment of Bonus Act, 1965;

(xiv) Payment of Gratuity Act, 1972;

(xv) Payment of Wages Act, 1936 and other applicable labour laws;

(xvi) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:

- NBFC – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Regulations, Guidelines, Circulars, Notifications, etc

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

  (i) Secretarial Standards issued by the Institute of Company Secretaries of India;

  (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the disclosure of statement on investor complaints under regulation 13(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended December 2020. In this regard BSE has imposed a penalty of ₹ 50,740/- on the company and penalty has been paid by the Company.

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

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

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

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

   i. To enhance the Borrowing Powers of the Company from ₹ 4,000 Crores to ₹ 5,000 Crores.

   ii. Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company up to an amount of ₹ 5000 Crores.

   iii. Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis up to an amount of ₹ 2000 Crores.

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

B. Sathish
Partner
ACS No.: 27885
C P No.: 10089
UDIN: A027885C000557634

Place: Hyderabad
Date: 30th June, 2021

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

ANNEXURE-A

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, that we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is not an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

B. Sathish
Partner
ACS No.: 27885
C P No.: 10089
UDIN: A027885C000557634

Place: Hyderabad
Date: 30th June, 2021

ANNEXURE-III

Annual Report on CSR Activities

[Pursuant to Clause (o) of sub section (3) of Section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules 2014]

1. Brief outline on CSR Policy of the Company.

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

a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;

b. Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects;

c. Promoting gender equality, empowering women;

d. Ensuring environmental sustainability, ecological balance;

e. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central / State Government for socio-economic development and relief;

f. Rural Development projects;

g. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sri S.Veerabhadra Rao	Chairman	5	5
2	Sri V.G.K.Prasad	Member	5	5
3	Sri Vishal Tulsayn(Upto 01.10.2020)	Member	1	0
4	Sri.VinitMukesh Mehta (From 01.10.2020)	Member	4	0

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company www.ikffinance.com.

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:

As the Company is not having average CSR obligation of ₹ 10 Crores or more in pursuance of subsection (5) of section 135 of the Act an impact assessment is not applicable to the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year:

The Company has not spent an amount in excess of requirement provided under sub section (5) of section 135 of the Companies Act, 2013, therefore no amount is required to be set-off against the requirement to spend under sub section (5) of section 135 of the Companies Act, 2013 up to immediate succeeding three financial years.

6. Average net profit of the company as per section 135(5):
₹ 39,47,51,110

IKF FINANCE

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 78,95,022

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 78,95,022

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
2,45,06,400	Nil	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	NA	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name.	CSR registration number
1.	Support to contagious general public impacted by Covid-19	(i)	Yes	Andhra Pradesh	Krishna	30,00,000	Yes	NA	NA
2.	Donation School Lunch Programme	(i)	Yes	Andhra Pradesh	Krishna	6,400	Yes	NA	NA
3.	Donation to Vaishnavi Educational & Sports Development Socieuty	(ii)	Yes	Andhra Pradesh	Krishna	15,00,000	Yes	NA	NA
4	Donation to Arasavelli Charitable Trust	(i)	Yes	Andhra Pradesh	Krishna	10,00,000	Yes	NA	NA
5	Donation to Help Foundation	(i)	Yes	Andhra Pradesh	Krishna	1,75,00,000	Yes	NA	NA
	Total								

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable : Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 2,45,06,400

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	78,95,022
(ii)	Total amount spent for the Financial Year	2,45,06,400
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,66,11,378
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2019-20	Nil	19,92,467	NA	NA	NA	Nil
2.	2018-19	Nil	49,15,947	NA	NA	NA	Nil
3.	2017-28	Nil	46,87,333	NA	NA	NA	Nil
	Total		1,15,95,747	NA	NA	NA	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing
1	NA	NA	NA	NA	NA	NA	NA	NA
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s): Nil

(b) Amount of CSR spent for creation or acquisition of capital asset: Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Nil

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).: Not Applicable.

For and on behalf of the CSR Committee
IKF FINANCE LIMITED

	(V G K Prasad)	**(S Veerabhadra Rao)**
Place: Vijayawada	Managing Director	Chairman of CSR Committee
Date : 20th October, 2021	DIN: 01817992	DIN: 01180981

ANNEXURE-IV

Particulars of contracts / arrangements made with related parties

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

There were no contracts or arrangements or transactions entered in to during the year ended 31st March, 2021, which were not at arm's length basis.

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

Sl. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	V G K Prasad
	Nature of contracts/arrangements/transaction	Rent paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	20,32,800 during the period
	Date of approval by the Board	13-04-2015
	Amount paid as advances, if any	Nil
2.	Name (s) of the related party & nature of relationship	V Indira Devi
	Nature of contracts/arrangements/transaction	Rent paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	41,58,000 during the period
	Date of approval by the Board	13-04-2015
	Amount paid as advances, if any	Nil
3.	Name (s) of the related party & nature of relationship	K Vasumathi Devi
	Nature of contracts/arrangements/transaction	Salary paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	50,00,000 during the period
	Date of approval by the Board	31-08-2017
	Amount paid as advances, if any	Nil
4.	Name (s) of the related party & nature of relationship	V G K Prasad
	Nature of contracts/arrangements/transaction	Salary paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	70,00,000 during the period
	Date of approval by the Board	31-08-2017
	Amount paid as advances, if any	Nil
5.	Name (s) of the related party & nature of relationship	V Indira Devi
	Nature of contracts/arrangements/transaction	Salary paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	30,00,000 during the period
	Date of approval by the Board	31-08-2017
	Amount paid as advances, if any	Nil

Sl. No.	Particulars	Details
6.	Name (s) of the related party & nature of relationship	K Vasumathi Devi, Executive Director
	Nature of contracts/arrangements/transaction	2nd Call Money Received against Allotment of Partly Paid up Shares (₹ 8.10 Paid up)
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received ₹ 13,93,146 Share Premium Received ₹ 87,19,701
	Date of approval by the Board	17-01-2018
	Amount paid as advances, if any	Nil
7.	Name (s) of the related party & nature of relationship	V G K Prasad, Managing Director
	Nature of contracts/arrangements/transaction	2nd Call Money Received against Allotment of Partly Paid up Shares (₹ 8.10 Paid up)
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received ₹ 94,65,717 Share Premium Received ₹ 5,92,45,921
	Date of approval by the Board	17-01-2018
	Amount paid as advances, if any	Nil
8.	Name (s) of the related party & nature of relationship	V Indira Devi, Whole Time Director
	Nature of contracts/arrangements/transaction	2nd Call Money Received against Allotment of Partly Paid up Shares (₹ 8.10 Paid up)
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received ₹ 8,67,348 Share Premium Received ₹ 54,28,731
	Date of approval by the Board	17-01-2018
	Amount paid as advances, if any	Nil
9.	Name (s) of the related party & nature of relationship	V Vasantha Lakshmi, Alternate Director
	Nature of contracts/arrangements/transaction	2nd Call Money Received against Allotment of Partly Paid up Shares (₹ 8.10 Paid up)
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received ₹ 13,11,328 Share Premium Received ₹ 82,07,601
	Date of approval by the Board	17-01-2018
	Amount paid as advances, if any	Nil

Sl. No.	Particulars	Details
10.	Name (s) of the related party & nature of relationship	V Raghu Ram, Promoter
	Nature of contracts/arrangements/transaction	2nd Call Money Received against Allotment of Partly Paid up Shares (₹ 8.10 Paid up)
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received ₹ 9,47,619 Share Premium Received ₹ 59,31,147
	Date of approval by the Board	17-01-2018
	Amount paid as advances, if any	Nil
11.	Name (s) of the related party & nature of relationship	V G K Prasad
	Nature of contracts/arrangements/transaction	Commission Paid
	Duration of the contracts/arrangements/transaction	
	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
	Date of approval by the Board	41,55,040 during the period
	Amount paid as advances, if any	31-10-2019
		Nil
12.	Name (s) of the related party & nature of relationship	V Indira Devi
	Nature of contracts/arrangements/transaction	Commission Paid
	Duration of the contracts/arrangements/transaction	
	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
	Date of approval by the Board	17,68,102 during the period
	Amount paid as advances, if any	31-10-2019
13.	Name (s) of the related party & nature of relationship	
	Nature of contracts/arrangements/transaction	K Vasumathi Devu
	Duration of the contracts/arrangements/transaction	Commission Paid
	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
	Date of approval by the Board	29,17,369 during the period 31-10-2016
	Amount paid as advances, if any	
14.	Name (s) of the related party & nature of relationship	Sreepal Gulabchand Jain
	Nature of contracts/arrangements/transaction	Salary paid
	Duration of the contracts/arrangements/transaction	One year
	Salient terms of the contracts or arrangements or transaction including the value, if any	47,70,996 during the period
	Date of approval by the Board	31-10-2019
	Amount paid as advances, if any	Nil
15.	Name (s) of the related party & nature of relationship	P Chandra Sekhar
	Nature of contracts/arrangements/transaction	Salary paid
	Duration of the contracts/arrangements/transaction	One year
	Salient terms of the contracts or arrangements or transaction including the value, if any	24,00,000 during the period
	Date of approval by the Board	10-04-2019
	Amount paid as advances, if any	Nil
16.	Name (s) of the related party & nature of relationship	Ch Sreenivasa Rao, CS
	Nature of contracts/arrangements/transaction	Salary paid
	Duration of the contracts/arrangements/transaction	One year

Sl. No.	Particulars	Details
	Salient terms of the contracts or arrangements or transaction including the value, if any	21,00,000 during the period
	Date of approval by the Board	16-06-2016
	Amount paid as advances, if any	Nil
17.	Name (s) of the related party & nature of relationship	
	Nature of contracts/arrangements/transaction	IKF Home Finance Limited
	Duration of the contracts/arrangements/transaction	Interest on Loan Received
	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
	Date of approval by the Board	54,19,906 during the period
	Amount paid as advances, if any	Not Applicable
18.	Name (s) of the related party & nature of relationship	IKF Home Finance Limited
	Nature of contracts/arrangements/transaction	Loan Repayment Received
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	23,62,22,000 during the period
	Date of approval by the Board	Not Applicable
	Amount paid as advances, if any	Nil
19.	Name (s) of the related party & nature of relationship	IKF Infratech Private Limited
	Nature of contracts/arrangements/transaction	Interest Paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	₹ 6,79,912 during the period
	Date of approval by the Board	Not Applicable
	Amount paid as advances, if any	Nil
20.	Name (s) of the related party & nature of relationship	SVR Finance & Leasing Pvt. Limited
	Nature of contracts/arrangements/transaction	Trade Advance given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	₹ 50,00,000 during the period
	Date of approval by the Board	Not Applicable
	Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors
IKF FINANCE LIMITED

	(V G K Prasad)	**(V. Indira Devi)**
Place: Vijayawada	Managing Director	Whole-time Director
Date : 20th October, 2021	DIN: 01817992	DIN: 03161174

INDEPENDENT AUDITOR'S REPORT

To the Members of
IKF Finance Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of IKF Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 45 to the standalone financial statements, which describes the uncertainties relating to the impact of COVID-19 pandemic on the Company's operations and financial metrics. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial instruments (expected credit losses) *(as described in Note 2.4.c, 2.4.f & 6 of the standalone financial statements)*	
IND AS 109 requires the company to provide for impairment of its financial assets as at reporting date using the expected credit loss (ECL) model. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of Company's financial assets (loan portfolio).	Our audit procedures included but were not limited to: • Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with IND AS 109 and the governance framework approved by the Board of Directors pursuant to the Reserve Bank of India guidelines issued on March 13, 2020.

Key audit matters	How our audit addressed the key audit matter
In the process, a significant degree of judgement has been applied by management including but not limited to the following matters; • Staging of financial assets (i.e. classification of loan book in 'significant increase in credit risk ("SICR")' and 'default categories'); • Applying assumptions regarding the probability of various scenarios and discounting rates for different loan products; • Grouping of loan portfolio under homogeneous pools in order to determine probability of default on collective basis; • Estimation of losses for loan products with no/ minimal historical defaults; and • Estimation of management overlay for macro-economic factors which could impact credit quality of the loans. **Additional considerations on account of COVID-19** Pursuant to the Reserve Bank of India circular dated August 6, 2020 for "Resolution Framework for COVID-19-related Stress" ("RBI circulars") allowing lending institutions to implement a resolution plan in respect of its eligible exposures, subject to specified conditions. And pursuant to RBI circular dated March 27, 2020 and May 23, 2020 ("RBI Circulars") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. In management's view and considering the guidance provided by the Institute of Chartered Accountants of India ('ICAI'), providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated. In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.	• Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present, requiring them to be classified under stage 2 or 3. • Performed inquiries with the Company's management and its risk management function to assess the impact of Covid-19 including second wave on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium and reschedulement/ restructuring of loans in accordance with the regulations issued in this respect. • We performed procedures to test the inputs used in the ECL computation, on a sample basis. • Tested assumptions used by the management in determining the overlay of macro-economic factors, including COVID-19 pandemic. • Tested the arithmetical accuracy of computation of ECL provision, performed by the Company in spreadsheets. • Assessed adequacy of the disclosures included in the standalone financial statements in respect of expected credit losses, including the specific disclosures made with regards to the management's evaluation of uncertainties arising from COVID-19 and its impact on ECL estimation.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the standalone financial statements

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

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACB5574

Place of Signature: Mumbai
Date: June 26, 2021

ANNEXURE 1

referred to in paragraph 1 under the heading "Report on other legal and Regulatory Requirements" of our report of even date

Re: IKF Finance Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in investment property are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) (a) The Company has granted loan to one party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.

(b) The Company has granted loan to one party covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayments/receipts are regular.

(c) There is no amount of loan granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which is overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investment made and guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in few cases. As informed, the provisions relating to service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, the provisions relating to service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.

(c) According to the information and explanation given to us there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute. As informed, the provisions of service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

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

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACB5574

Place of Signature: Mumbai
Date: June 26, 2021

ANNEXURE 2

referred to in paragraph 2(f) under the heading "Report on other legal and Regulatory Requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of IKF Finance Limited ("the Company") as of March 31, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these standalone financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these standalone financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACB5574

Place of Signature: Mumbai
Date: June 26, 2021

BALANCE SHEET

as at March 31, 2021

(Currency : ₹ in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	11,793.28	2,485.62
(b) Bank Balance other than included in (a) above	4	3,964.82	3,774.93
(c) Receivables			
(I) Trade receivables	5	49.39	23.96
(d) Loans	6	1,40,161.15	1,26,037.44
(e) Investments	8	4,525.10	4,525.10
(f) Other financial assets	7	969.15	340.92
		1,61,462.89	**1,37,187.97**
(2) Non-financial assets			
(a) Current Tax Assets (Net)		217.94	156.56
(b) Deferred Tax Assets (Net)	29	-	344.61
(c) Investment Property	11	6.47	6.64
(d) Property, Plant and Equipment	10	240.52	272.40
(e) Right of use asset	10	24.77	63.55
(f) Intangible assets	12	170.57	178.39
(g) Other non-financial assets	9	382.01	328.18
		1,042.28	**1,350.33**
Total assets		**1,62,505.17**	**1,38,538.30**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(I) Trade payables and other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Debt securities	13	33,687.94	6,109.76
(c) Borrowings (other than debt securities)	14	85,755.89	93,150.90
(d) Subordinated Liabilities	15	5,986.79	6,450.76
(e) Other financial liabilities	16	2,670.12	2,738.86
		1,28,100.74	**1,08,450.28**
(2) Non-financial liabilities			
(a) Provisions	17	275.54	208.48
(b) Deferred tax liabilities (Net)	29	27.12	-
(c) Other non-financial liabilities	18	112.08	118.69
		414.74	**327.17**
EQUITY			
(a) Equity share capital	19	5,167.49	5,027.64
(b) Other equity	20	28,822.20	24,733.21
		33,989.69	**29,760.85**
Total liabilities and equity		**1,62,505.17**	**1,38,538.30**

Significant accounting policies and key accounting estimates and judgments 2

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: June 26, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars		Note No	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From operations				
(i)	Interest income	21	20,295.71	20,440.51
(ii)	Fees and commission income	22	110.92	128.56
(I)	**Total revenue from operations**		**20,406.63**	**20,569.07**
(II)	Other income	23	16.29	19.22
(III)	**Total income (I + II)**		**20,422.92**	**20,588.29**
Expenses				
(i)	Finance costs	24	11,609.00	11,551.63
(ii)	Impairment on financial instruments	25	647.15	1,634.74
(iii)	Employee benefits expenses	26	2,621.34	2,505.30
(iv)	Depreciation, amortization and impairment	27	144.14	149.12
(v)	Others expenses	28	981.02	953.75
(IV)	**Total expenses**		**16,002.65**	**16,794.54**
(V)	**Profit before tax (III - IV)**		**4,420.27**	**3,793.75**
(VI)	**Tax Expense:**			
	(1) Current Tax	29	795.96	1,229.39
	(2) Deferred Tax	29	368.34	(211.14)
	(3) Adjustment of tax relating to earlier periods	29	65.46	2.13
			1,229.76	1,020.38
(VII)	**Profit for the period (V-VI)**		**3,190.51**	**2,773.37**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss (specify items and amounts)			
	(a) Remeasurements of the defined benefit plans	30	13.44	(4.76)
	Income tax relating to items that will not be reclassified to profit or loss		(3.38)	1.20
	Other comprehensive income / (loss)		**10.06**	**(3.56)**
(IX)	**Total comprehensive income for the period (VII + VIII)**		**3,200.57**	**2,769.81**
(X)	**Earnings per share (equity share, par value of ₹10 each)**			
	Basic	31	6.35	5.52
	Diluted	31	6.34	5.51

Significant accounting policies and key accounting estimates and judgments 2

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: June 26, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021

CASH FLOW STATEMENT

for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,420.27	3,793.75
Adjustments for:		
Depreciation, amortisation and impairment	144.14	149.12
Interest Income	(20,295.71)	(20,440.51)
Interest expenses	11,609.00	11,551.63
Impairment on financial instrument	647.15	1,634.74
Share based payment expense	13.09	17.56
Provision for expenses	4.83	5.03
Employee benefit expenses	98.26	86.54
Rental income on Investment property	(6.36)	(7.63)
(Profit)/ Loss on sale of property, plant and equipment	(0.14)	3.03
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	**(3,365.47)**	**(3,206.74)**
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	(28.52)	85.76
Decrease / (Increase) in loans	(21,661.13)	(14,176.32)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(189.89)	(142.92)
Decrease / (Increase) in other financial assets	(281.13)	9.27
Decrease / (Increase) in other non-financial assets	(53.83)	89.82
(Decrease) / Increase in other financial liabilities	(32.01)	(1,747.78)
(Decrease) / Increase in provisions	(17.76)	(21.96)
(Decrease) / Increase in other non-financial liabilities	(6.61)	(28.44)
Interest received	17,250.35	19,594.99
Interest paid	(10,176.00)	(10,130.21)
	(18,562.00)	**(9,674.53)**
Income tax paid (net of refunds)	(922.80)	(1,130.62)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(19,484.80)**	**(10,805.15)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33.46)	(56.00)
Rental income on Investment property	6.36	7.63
Proceeds from sale of property, plant and equipment	0.54	0.19
Purchase of intangible assets	(31.99)	(72.63)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(58.53)**	**(120.81)**

CASH FLOW STATEMENT

for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	1,015.18	-
Amount received from debt securities	30,500.00	5,000.00
Repayment of debt securities	(3,300.00)	(11,611.11)
Amount received from borrowings other than debt securities	33,730.08	39,307.06
Repayment of borrowings other than debt securities	(32,548.05)	(22,606.71)
Amount received from subordinated Liabilities	2,500.00	2,000.00
Repayment of subordinated debt	(3,000.00)	-
Payment of principal portion of lease liabilities	(41.45)	(41.37)
Payment of interest on lease liabilities	(4.77)	(8.95)
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	**28,850.99**	**12,038.92**
Net Increase / (Decrease) in Cash and Cash Equivalents	**9,307.66**	**1,112.96**
Cash and Cash Equivalents at the beginning of Year	2,485.62	1,372.66
Cash and Cash Equivalents at the end of the Year	11,793.28	2,485.62

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: June 26, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

A. Equity share capital

(Currency : ₹ in lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2021		
	Outstanding as on April 1, 2020	Issued during the year	Outstanding as on March 31, 2021	Outstanding as onApril 1, 2019	Issued during the year	Outstanding as on March 31, 2020
Issued, Subscribed and paid up - fully paid (Equity shares of ₹10 each, Fully paid-up)	4,747.94	-	4,747.94	4,747.94	-	4,747.94
Issued, Subscribed and paid up - partly paid (Equity shares of ₹10 each, partly paid-up of 8.10 per share, (₹ 5.40 per share in March 2020))	279.70	139.85	419.55	279.70	-	279.70

B. Other equity

(Currency : ₹ in lakhs)

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Capital Reserve	Securities Premium	General Reserve	Share based payment Reserve	Retained Earnings	Impairment Reserve	
Balance at March 31, 2019	**2,994.64**	**32.50**	**9,085.06**	**721.74**	**-**	**9,111.90**	**-**	**21,945.84**
Profit for the year	-	-	-	-	-	2,773.37	-	2,773.37
Other comprehensive income for the year	-	-	-	-	-	(3.56)	-	(3.56)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	2,769.81	-	2,769.81
Transfer to Statutory Reserve	554.67	-	-	-	-	(554.67)	-	-
Transfer to General Reserve	-	-	-	138.67	-	(138.67)	-	-
Share based payment expense	-	-	-	-	17.56	-	-	17.56
Issue of equity shares	-	-	-	-	-	-	-	-
Balance at March 31, 2020	**3,549.31**	**32.50**	**9,085.06**	**860.41**	**17.56**	**11,188.37**	**-**	**24,733.21**
Profit for the year	-	-	-	-	-	3,190.51	-	3,190.51
Other comprehensive income for the year	-	-	-	-	-	10.06	-	10.06
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**3,200.57**	**-**	**3,200.57**
Transfer to Statutory Reserve	638.10	-	-	-	-	(638.10)	-	-
Transfer to General Reserve	-	-	-	159.53	-	(159.53)	-	-
Issue of equity shares	-	-	875.33	-	-	-	-	875.33
Share based payment expense	-	-	-	-	13.09	-	-	13.09
Balance at March 31, 2021	**4,187.41**	**32.50**	**9,960.39**	**1,019.94**	**30.65**	**13,591.31**	**-**	**28,822.20**

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

As per our report of even date

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

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: June 26, 2021

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021

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on Financial Statements for the year ended March 31, 2021

1 Company Overview

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

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements for the year ended March 31, 2021 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2.2 Presentation of Financial Statements

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

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

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

2.3 Basis of Measurement

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

2.4 Significant accounting judgments, estimates and assumptions

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

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

a. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b. Effective Interest Rate (EIR) method

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

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

c. Impairment of loans portfolio

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

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

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

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

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

d. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair value measurement:

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

f. Operating leases

Company as a lessee:

The Company has applied Ind AS 116 using the partial retrospective approach.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is,

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if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

g. Share based payments

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

2.5 Revenue recognition

a. Interest Income on loans

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost.

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

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

b. Rental Income

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

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

c. **Interest income on fixed deposits**

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

d. **Other income**

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

2.6 Financial instruments

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

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

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

a. **Classification and measurement of Financial assets**

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

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

Financial assets at amortised cost

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

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

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

The Company records loans at amortised cost.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified

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dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

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

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

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

b. Financial Liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss. Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

c. Equity instruments

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

d. Reclassification

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

e. De-recognition of financial assets and financial liabilities

i. Financial Assets

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

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

i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or

ii. It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

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

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

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

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

A transfer only qualifies for derecognition if either:

i. The Company has transferred substantially all the risks and rewards of the asset, or

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

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

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

ii. Financial liabilities

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

f. Impairment of Financial Assets

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

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

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

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

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

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial instruments which have

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on Financial Statements for the year ended March 31, 2021

experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

For impaired financial instruments:

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

The calculation of ECLs

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

Probability of Default (PD) -

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

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

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

Collateral Valuation

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

Collateral repossessed

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

Write-offs

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

g. Determination of fair value

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

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

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

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

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

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

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

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

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

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

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

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

2.7 Property, plant and equipment

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

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on Financial Statements for the year ended March 31, 2021

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

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

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

2.8 Intangible assets

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

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

The estimated useful life of intangible assets are as follows:

Asset	Useful Life
Software	6 years

2.9 Investment in Subsidiaries

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

2.10 Impairment of non-financial assets

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

2.11 Employee benefits

Defined Contribution Plan:

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

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

Defined Benefit Plan:

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

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

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

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

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

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

Other Employee Benefits:

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

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

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

2.12 Income Taxes

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

(a) Current tax

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

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

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

(b) Deferred tax

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

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

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

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

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

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

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

2.13 Provision and contingencies

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

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

2.14 Earnings per share

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

2.15 Cash and cash equivalent

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

2.16 Statement of cash flows

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

2.17 Share based payments

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

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

2.18 Statutory Reserve

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

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3 Cash and cash equivalents

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	93.49	5.99
Balances with banks in current accounts	11,699.79	2,479.63
Total	**11,793.28**	**2,485.62**

4 Bank balance other than cash and cash equivalents

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks to the extent held as margin money*	3,964.82	3,774.93
Total	**3,964.82**	**3,774.93**

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

5 Receivables

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Trade receivables		
Receivables considered good - Unsecured	78.18	49.66
	78.18	**49.66**
Less: Provision for impairment	28.79	25.70
Total	**49.39**	**23.96**

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

6 Loans

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Term loans	1,43,354.04	1,27,778.37
(ii) term loans - related parties	-	1,912.22
(iii) Staff loans	49.69	18.95
Total	**1,43,403.73**	**1,29,709.54**
Less: Impairment loss allowance	3,242.58	3,672.10
Total - Net of impairment loss allowance	**1,40,161.15**	**1,26,037.44**
(i) Secured by tangible assets*	1,43,403.73	1,29,709.54
(i) Secured by intangible assets	-	-
(ii) Covered by Bank/ Government Guarantees	-	-
(iii) Unsecured	-	-
Total	**1,43,403.73**	**1,29,709.54**

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on Financial Statements for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less: Impairment loss allowance	3,242.58	3,672.10
Total - Net of impairment loss allowance	**1,40,161.15**	**1,26,037.44**
(i) Public sectors	-	-
(ii) Others	1,43,403.73	1,29,709.54
Total	**1,43,403.73**	**1,29,709.54**
Less: Impairment loss allowance	3,242.58	3,672.10
Total - Net of impairment loss allowance	**1,40,161.15**	**1,26,037.44**
(i) Loans in India	1,43,403.73	1,29,709.54
(ii) Loans outside India		
Total	**1,43,403.73**	**1,29,709.54**
Less: Impairment loss allowance	3,242.58	3,672.10
Total - Net of impairment loss allowance	**1,40,161.15**	**1,26,037.44**

*Secured against hypothecation of automobiles, book debts, equitable mortgage of immovable property etc.

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
Stage I	82,084.22	81,348.86
Stage II	56,993.86	44,851.14
Stage III	4,275.96	3,490.59
Total	**1,43,354.04**	**1,29,690.59**

6.2 Gross movement of loans for the year ended March 31, 2021:-

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020				
Term loans	**81,348.86**	**44,851.14**	**3,490.59**	**1,29,690.59**
Staff loans	**18.95**	**-**	**-**	**18.95**
New loans originated during the year				-
Term loans	42,798.30	9,123.74	114.71	52,036.75
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				
Transfers to Stage 1	10,524.93	(10,059.58)	(465.36)	-
Transfers to Stage 2	(26,750.05)	27,027.07	(277.02)	-
Transfers to Stage 3	(1,332.89)	(1,995.48)	3,328.37	-
Interest on stage 3 loans	-	-	98.96	98.96

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(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Amounts written off				
Term loans	(158.19)	(320.80)	(594.59)	(1,073.58)
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)				
Term loans	(24,346.74)	(11,632.23)	(1,419.70)	(37,398.67)
Staff loans	30.75	-	-	30.75
Gross carrying amount as at March 31, 2021				
Term loans	**82,084.22**	**56,993.86**	**4,275.96**	**1,43,354.04**
Staff loans	**49.69**	**-**	**-**	**49.69**

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

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019				
Term loans	**77,581.91**	**30,060.35**	**4,401.08**	**1,12,043.34**
Staff loans	**24.68**	**-**	**-**	**24.68**
New loans originated during the year				-
Term loans	46,067.03	19,404.82	383.73	65,855.58
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				-
Transfers to Stage 1	10,705.01	(9,493.01)	(1,212.00)	-
Transfers to Stage 2	(20,626.24)	21,669.68	(1,043.44)	-
Transfers to Stage 3	(1,891.24)	(1,261.56)	3,152.80	-
Interest on stage 3 loans	-	-	17.22	17.22
Amounts written off				
Term loans	(216.41)	(210.62)	(115.00)	(542.03)
Staff loans	-	-	-	
Assets derecognised or repaid (excluding write offs)				-
Term loans	(30,271.20)	(15,318.52)	(2,093.80)	(47,683.52)
Staff loans	(5.74)	-	-	(5.74)
Gross carrying amount as at March 31, 2020				
Term loans	**81,348.86**	**44,851.14**	**3,490.59**	**1,29,690.59**
Staff loans	**18.95**	**-**	**-**	**18.95**

6.4 ECL movement of term loans during the year ended March 31, 2021:-

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020	**905.92**	**1,761.54**	**1,004.64**	**3,672.10**
New loans originated during the year	358.85	217.76	28.90	605.51
Inter-stage movements:				
Transfers to Stage 1	598.95	(383.94)	(215.01)	-
Transfers to Stage 2	(301.98)	369.41	(67.43)	-
Transfers to Stage 3	(15.05)	(77.17)	92.22	-
Amounts written off	(6.65)	(35.05)	(365.38)	(407.08)
Assets derecognised or repaid (excluding write offs)	(861.34)	(496.68)	730.06	(627.96)
Gross carrying amount as at March 31, 2021	**678.70**	**1,355.87**	**1,208.00**	**3,242.57**

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

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019	**571.40**	**828.75**	**1,204.94**	**2,605.09**
New loans originated during the year	507.53	771.04	89.09	1,367.66
Inter-stage movements:				
Transfers to Stage 1	603.24	(286.84)	(316.40)	-
Transfers to Stage 2	(135.87)	371.66	(235.79)	-
Transfers to Stage 3	(13.05)	(38.55)	51.60	-
Amounts written off	(2.92)	(16.71)	(73.54)	(93.16)
Assets derecognised or repaid (excluding write offs)	(624.41)	132.19	284.74	(207.47)
Gross carrying amount as at March 31, 2020	**905.92**	**1,761.54**	**1,004.64**	**3,672.10**

7 Other Financial Assets

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Rent and utility deposit	145.70	144.90
Excess Interest Spread (EIS) Receivables	541.71	196.02
Other -unsecured, considered good	281.74	-
Total	**969.15**	**340.92**

8 Investments

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment in Equity instruments		
- Subsidiary (at cost)		
IKF Home finance limited*	4,525.10	4,525.10
(Equity shares of ₹ 10 each, fully paid up)		
(March 31, 2021: 3,76,14,747 Shares; March 31, 2020: 3,76,14,747 Shares)		
Total (A)	**4,525.10**	**4,525.10**

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(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Investments in India	4,525.10	4,525.10
(ii) Investments outside India	-	-
Total (B)	**4,525.10**	**4,525.10**

* In accordance with the Amendment to the Share Purchase Agreement dated March 23, 2018 executed on October 20, 2018, the company has subscribed to the 2,91,14,747 Equity shares of ₹ 10 each (fully paid) at a premium of ₹ 2.6228 per share in IKF Home Finance Limited during the year ended March 31, 2019.

Further, the company subscribed to the 85,00,000 Equity shares of ₹ 10 each (fully paid) at par on preferential allotment basis in IKF Home Finance Limited during the year ended March 31, 2019.

9 Other Non-Financial Assets

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	20.07	29.29
Advances to employees	0.92	0.20
GST input credit	345.10	296.79
Other -unsecured, considered good	15.92	1.90
Total (B)	**382.01**	**328.18**

10 Property, plant and equipment

(Currency : ₹ in lakhs)

Particulars	Furniture and Fixtures	Computer & Printer	Office equipment	Vehicles	Total	Right to Use Assets
Gross carrying amount						
As at March 31, 2019	**207.38**	**66.13**	**5.71**	**75.51**	**354.73**	**122.38**
Additions	41.97	8.58	5.45	-	56.00	17.40
Disposals	(4.18)	(0.16)	-	-	(4.34)	-
As at March 31, 2020	**245.17**	**74.55**	**11.16**	**75.51**	**406.39**	**139.78**
Additions	25.35	8.09	-	-	33.45	8.58
Disposals	-	(0.68)	-	-	(0.68)	(18.21)
As at March 31, 2021	**270.52**	**81.96**	**11.16**	**75.51**	**439.16**	**130.15**
Accumulated depreciation and impairment:						
As at March 31, 2019	**31.48**	**22.36**	**1.28**	**11.86**	**66.98**	**30.79**
Depreciation for the year	32.48	21.78	1.98	11.89	68.13	45.44
Disposals	(1.09)	(0.03)	-	-	(1.12)	-
As at March 31, 2020	**62.87**	**44.11**	**3.26**	**23.75**	**133.99**	**76.23**
Depreciation for the year	33.58	17.36	2.18	11.81	64.93	39.22
Disposals	-	(0.28)	-	-	(0.28)	(10.06)
As at March 31, 2021	**96.45**	**61.19**	**5.44**	**35.56**	**198.64**	**105.39**
Net book value						
As at March 31, 2019	175.90	43.77	4.43	63.65	287.75	91.59
As at March 31, 2020	182.30	30.44	7.90	51.76	272.40	63.55
As at March 31, 2021	174.07	20.77	5.72	39.95	240.52	24.77

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11 Investment Property

(Currency : ₹ in lakhs)

Particulars	Buildings	Total
Gross carrying amount		
As at March 31, 2019	**6.98**	**6.98**
Addition	-	-
Disposals	-	-
As at March 31, 2020	**6.98**	**6.98**
Additions	-	-
Disposals	-	-
As at March 31, 2021	**6.98**	**6.98**
Accumulated depreciation and impairment		
As at March 31, 2019	**0.17**	**0.17**
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2020	**0.34**	**0.34**
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2021	**0.51**	**0.51**
Net book value		
As at March 31, 2019	6.81	6.81
As at March 31, 2020	6.64	6.64
As at March 31, 2021	6.47	6.47

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

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rental Income	6.36	7.63
Direct operating expense from property that generated rental income	-	0.40
Profit from investment properties before depreciation	**6.36**	**7.23**
Depreciation	0.17	0.17
Profit from investment properties	**6.19**	**7.06**

(ii) Contractual obligations

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

iii) Pledged details

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

(iv) Estimation of fair value

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

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12 Intangible assets

(Currency : ₹ in lakhs)

Particulars	Total
Gross carrying amount	
As at March 31, 2019	**165.61**
Additions	72.63
Disposal	-
As at March 31, 2020	**238.24**
Additions	32.00
Disposal	-
As at March 31, 2021	**270.24**
Accumulated amortisation and impairment	
As at March 31, 2019	**24.47**
Amortisation for the year	35.38
Disposal	-
As at March 31, 2020	**59.85**
Amortisation for the year	39.82
Disposal	-
As at March 31, 2021	**99.67**
Net book value	
As at March 31, 2019	141.14
As at March 31, 2020	178.39
As at March 31, 2021	170.57

13 Debt Securities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Secured		
Non convertible debentures	31,926.12	769.66
Unsecured	-	
Other non convertible debentures	1,761.82	5,340.10
Commercial Paper	-	-
Total	**33,687.94**	**6,109.76**
Debt Securities:		
Within India	33,687.94	6,109.76
Outside India	-	-
Total	**33,687.94**	**6,109.76**

Nature of security

Non convertible debentures (secured)

Non convertible debentures are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and mortgage of personal properties of directors in addition to their personal guarantees.

Terms of repayment of Debt securities as on March 31, 2021

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)"	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Quarterly repayment schedule								
1-5 Years	9.01%-10.00%	3	3,750.00	1	1,250.00	-	-	5,000.00
	10.01%-11.00%	-	-	-	-	-	-	-
	11.01%-12.00%	-	-	-	-	-	-	-
	12.01%-12.50%	8	1,100.00	5	650.00			1,750.00
Bullet repayment schedule								
1-7 Years	8.51%-9.50%	3	15,500.00	-	-	-	-	15,500.00
	9.51%-10.50%	-	-	1	5,000.00	-	-	5,000.00
	10.51%-11.50%	2	600.00	-	-	-	-	600.00
	11.51%-12.50%	-	-	1	5,000.00	-	-	5,000.00
Total			**20,950.00**	**-**	**11,900.00**	**-**	**-**	**32,850.00**
Add : Interest accrued but not due								907.60
Less : Unamortized Finance Cost								(69.66)
Total Amortized Cost			**20,950.00**		**11,900.00**		**-**	**33,687.94**

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

(Currency : ₹ in lakhs)

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

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14 Borrowings (other than debt securities)

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Term loans (Secured)		
from banks	42,976.76	43,499.53
from non banking financial companies	8,632.55	13,032.21
from financial institutions	862.58	-
Loans repayable on demand (Secured):		
Cash credit from Bank	26,472.34	21,242.26
Associated liabilities in respect of securitisation transactions	6,811.66	15,376.90
Total	**85,755.89**	**93,150.90**
Borrowings:		
Within India	85,755.89	93,150.90
Outside India		-
Total	**85,755.89**	**93,150.90**

Nature of security

Term loans (secured)

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

Loans repayable on demand (Secured)

These loans are secured against the first pari passu charge on current assets, book debts and receivables including loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by personal guarantee of director/promoter to the extent of 312.20 Cr (March 31, 2020: ₹ 287.20 Cr).

Terms of repayment of borrowings (other than debt) as on March 31, 2021

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)"	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	6.00%-7.00%	1	860.00	-	-	-	-	860.00
	7.01%-8.00%	17	1,542.66	23	1,821.75	-	-	3,364.41
	8.01%-9.00%	46	1,535.41	84	3,079.74	-	-	4,615.15
	9.01%-10.50%	36	1,009.21	17	422.45	-	-	1,431.66
	10.51%-11.50%	24	1,504.83	14	698.81	-	-	2,203.64
	11.51%-12.50%	84	4,619.98	74	3,551.32	-	-	8,171.30

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)"	No. of Installments	Amount (In lakhs)	
Quarterly repayment schedule								
1-5 Years	6.00%-7.00%	-	-	-	-	-	-	-
	7.01%-8.00%	-	-	-	-	-	-	-
	8.01%-9.00%	23	3,850.00	74	12,796.70	1.00	239.88	16,886.58
	9.01%-10.50%	15	4,610.33	26	9,115.89	-	-	13,726.22
	10.51%-11.50%	4	666.67	5	832.99	-	-	1,499.66
	11.51%-12.50%	-	-	-	-	-	-	-
Total			**20,199.09**		**32,319.65**		**239.88**	**52,758.62**
Add : Interest accrued but not due								65.52
Less : Unamortized Finance Cost								(352.25)
Total Amortized Cost			**20,199.09**	**-**	**32,319.65**	**-**	**239.88**	**52,471.89**

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

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)"	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	24	776.15	59	2,675.98	-	-	3,452.13
	9.00%-10.50%	90	6,473.57	40	1,891.66	-	-	8,365.23
	10.51%-11.50%	44	2,194.61	74	3,482.60	-	-	5,677.21
	11.51%-12.50%	80	4,161.83	155	8,004.90	-	-	12,166.73
	12.51%-13.50%	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Quarterly repayment schedule								
1-5 Years	9.00%-10.00%	22	3,200.00	58	8,945.36	-	-	12,145.36
	10.00%-11.00%	4	2,300.00	16	9,200.00	-	-	11,500.00
	11.00%-12.00%	7	1,500.00	11	2,000.00	-	-	3,500.00
	12.01%-12.50%	-	-	-	-	-	-	-
Total			**20,606.16**		**36,200.50**		**-**	**56,806.66**
Add : Interest accrued but not due								108.26
Less : Unamortized Finance Cost								(383.18)
Total Amortized Cost			**20,606.16**	**-**	**36,200.50**	**-**	**-**	**56,531.74**

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15 Subordinated Liabilities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured - At amortised cost		
Non convertible debentures (Tier-II)	4,500.44	4,975.20
Indian rupee loan from banks (Tier-II)	1,486.35	1,475.56
Total	**5,986.79**	**6,450.76**
Subordinated Liabilities:		
Within India	5,986.79	6,450.76
Outside India	-	-
Total	**5,986.79**	**6,450.76**

Terms of repayment of subordinated liabilities as on March 31, 2021

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-7 Years	11.51%-12.50%	-	-	1	1,500.00	-	-	1,500.00
	>13.50%	-	-	1	2,000.00	1	2,500.00	4,500.00
Total					**3,500.00**		**2,500.00**	**6,000.00**
Add : Interest accrued but not due								37.71
Less : Unamortized Finance Cost								(50.92)
Total Amortized Cost					**3,500.00**		**2,500.00**	**5,986.79**

Terms of repayment of subordinated liabilities as on March 31, 2020

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-7 Years	11.51%-12.50%	-	-	1	1,500.00	-	-	1,500.00
	>13.50%	-	-	1	3,000.00	1	2,000.00	5,000.00
Total					**4,500.00**		**2,000.00**	**6,500.00**
Add : Interest accrued but not due								5.15
Less : Unamortized Finance Cost								(54.39)
Total Amortized Cost					**4,500.00**		**2,000.00**	**6,450.76**

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16 Other financial liabilities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	26.68	68.23
Employee benefits payable	109.74	92.83
Expenses payable	7.66	15.71
Other Payables	191.17	561.49
Deposit from franchisees	501.93	495.74
Payable towards securitisation / assignment transactions	1,832.94	1,504.86
Total	**2,670.12**	**2,738.86**

17 Provisions

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity	110.45	96.40
Provision for leave benefits	165.09	112.08
Total	**275.54**	**208.48**

18 Other non-financial liabilities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	112.08	118.69
Total	**112.08**	**118.69**

19. Equity share capital

(Currency : ₹ in lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Number**	**Amount**	**Number**	**Amount**
Authorised Capital				
Equity shares of ₹ 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Preference shares of ₹ 100 each	25,00,000	2,500.00	25,00,000	2,500.00
	6,25,00,000	**8,500.00**	**6,25,00,000**	**8,500.00**
Issued, subscribed and fully paid-up shares				
Equity Shares of ₹ 10 each fully paid up	4,74,79,379	4,747.94	4,74,79,379	4,747.94
	4,74,79,379	**4,747.94**	**4,74,79,379**	**4,747.94**
Issued, subscribed and partly paid-up shares				
Equity Shares of ₹ 10 each, partly paid up ₹ 8.10 per share (Partly paid up ₹ 5.40 per share in March 2020)	51,79,688	419.55	51,79,688	279.70
	51,79,688	**419.55**	**51,79,688**	**279.70**
Total	5,26,59,067	5,167.49	5,26,59,067	5,027.64

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A. Reconciliation of number of shares

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Fully paid equity share of ₹ 10 each				
At the beginning of the year	4,74,79,379	4,747.94	4,74,79,379	4,747.94
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**4,74,79,379**	**4,747.94**	**4,74,79,379**	**4,747.94**
Partly paid up equity share of ₹ 10 each, partly paid up ₹ 8.10 per share				
(Partly paid up ₹ 5.40 per share in March 2020)				
At the beginning of the year	51,79,688	279.70	51,79,688	279.70
Amount called/Issued during the year	-	139.85	-	-
Outstanding at the end of the year	**51,79,688**	**419.55**	**51,79,688**	**279.70**

Notes:

B. Terms/rights attached to equity shares

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

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

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

(Currency : ₹ in lakhs)

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% Holding	No. of shares held	% Holding
Equity shares of ₹ 10 each fully paid up				
Vupputuri Gopala Kishan Prasad	1,58,75,616	33.44%	1,58,67,900	33.42%
India Business Excellence Fund-IIA	1,30,51,546	27.49%	1,30,51,546	27.49%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	78,04,018	16.44%	78,04,018	16.44%
Equity Shares of ₹ 10 each, partly paid up ₹ 8.10 per share (Partly paid up ₹ 5.40 per share in March 2020)				
Vupputuri Gopala Kishan Prasad	35,05,821	67.68%	35,05,821	67.68%
Koganti Vasumathi Devi	5,15,980	9.96%	5,15,980	9.96%
Devineni Vasantha Lakshmi	4,85,677	9.38%	4,85,677	9.38%
Vupputuri Raghu Ram	3,50,970	6.78%	3,50,970	6.78%
Vupputuri Indira Devi	3,21,240	6.20%	3,21,240	6.20%

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Equity shares of ₹ 10 each, fully paid up, allotted on conversion of 19,53,125/- 0.01% Compulsorily convertible preference share of ₹ 100 each, Fully paid-up	-	-	195.31	-	-

20. Other equity

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	32.50	32.50
Securities premium reserve	9,960.39	9,085.06
Share Based Payment reserve	30.65	17.56
Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934	4,187.41	3,549.31
General reserve	1,019.94	860.41
Retained earnings	13,591.31	11,188.37
Total	**28,822.20**	**24,733.21**

Nature and purpose of reserve

a. Capital reserve

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

b. Securities premium reserve

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

c. Statutory reserve

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

d. Share based payment reserve

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

e. Retained earnings

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

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B. Movement in Other equity

(Currency : ₹ in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
I.	**Capital Reserve**		
	Opening balance	32.50	32.50
	Add : Share issued during the year	-	-
		32.50	32.50
II.	**Securities premium reserve**		
	Opening balance	9,085.06	9,085.06
	Add : Premium received on issue of securities	875.33	
		9,960.39	9,085.06
III.	**Share Based Payment reserve**		
	Opening balance	17.56	-
	Add : During the year	13.09	17.56
		30.65	17.56
IV.	**Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934**		
	Opening balance	3,549.31	2,994.64
	Add : Transfer from retained earnings	638.10	554.67
		4,187.41	3,549.31
V.	**General Reserve**		
	Opening balance	860.41	721.74
	Add : Transfer from retained earnings	159.53	138.67
		1,019.94	860.41
VI.	**Retained earnings**		
	Opening balance	11,188.37	9,111.90
	Add : Profit for the year	3,190.51	2,773.36
	Add : Other comprehensive income	10.06	(3.56)
	Appropriations:		
	Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(638.10)	(554.67)
	Transfer to General reserve	(159.53)	(138.67)
Total		**13,591.31**	**11,188.37**

21 Interest income

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised cost		
Interest on loans	20,081.82	20,216.79
Interest on deposits with banks	213.89	223.72
Total	**20,295.71**	**20,440.51**

22 Fees and commission income

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	110.92	128.56
Total	**110.92**	**128.56**

23 Other income

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on income tax refund	7.68	10.64
Rental income	6.36	7.63
Miscellaneous Income	2.25	0.95
Total	**16.29**	**19.22**

24 Finance costs

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost		
Interest on deposits	84.87	95.13
Interest on borrowings	6,661.38	7,558.05
Interest on commercial paper and bonds	-	33.21
Interest on debentures	2,237.52	1,218.28
Interest on subordinated liabilities	843.17	630.72
Interest on ICD	261.37	-
Interest on lease liabilities	4.77	8.95
Interest on securitisation	1,025.83	1,550.61
Bank Charges	9.35	9.00
Other finance cost	480.74	447.68
Total	**11,609.00**	**11,551.63**

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25 Impairment on financial instruments

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost		
Loans	(429.52)	1,067.01
Trade receivables	3.08	25.70
Bad debts and write offs	1,073.59	542.03
Total	**647.15**	**1,634.74**

26 Employee benefits expenses

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	2,337.96	2,223.35
Contribution to provident and other funds	130.81	133.42
Share based payment to employees	**13.09**	**17.56**
Staff welfare expenses	**41.21**	**49.19**
Gratuity	31.28	29.32
Leave encashment	66.99	52.46
Total	**2,621.34**	**2,505.30**

27 Depreciation, amortization and impairment

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	104.15	113.57
Depreciation on investment property	0.17	0.17
Amortization of intangible assets	39.82	35.38
Total	**144.14**	**149.12**

28 Other expenses

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	164.38	196.66
Communication cost	42.60	54.39
Travelling and conveyance	74.02	165.97
Rates and taxes	159.19	188.50
Insurance	4.41	3.96
Commission and Brokerage	14.30	32.51
Repairs and maintenance	58.37	50.31
Printing and stationary	25.94	9.66
Payment to auditors (Refer Note 28.1)	41.25	32.57

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(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Advertisement, publicity and sales promotion expenses	4.19	6.99
Operation Cost	27.16	34.54
Legal and professional fees	107.93	89.42
Corporate social responsibility (Refer Note 28.2)	245.06	50.86
Loss on sale of property, plant and equipment	-	3.03
Miscellaneous expenses	12.22	34.38
Total	**981.02**	**953.75**

28.1 Payment to the auditors:

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	31.50	29.50
In other capacity	-	-
- Certification services	8.75	1.50
Other of pocket expenses	1.00	1.57
Total	**41.25**	**32.57**

28.2 Corporate social responsibility:

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be spent by the Company as per the provision of Section 135 of Companies Act 2013.	78.95	70.78
b) Amount spent during the year (paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	245.06	50.86
c) Amount spent during the year (yet to be paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	19.92
	245.06	**70.78**

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29 Income tax

(a) Income tax expense

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
Current tax		
Current tax on profits for the year	795.96	1,229.39
Adjustment for current tax of the prior periods	65.46	2.13
Subtotal (A)	**861.42**	**1,231.52**
Deferred tax		
Decrease/(Increase) in deferred tax assets	68.44	(202.69)
(Decrease)/Increase in deferred tax liabilities	296.52	0.38
Subtotal (B)	**364.96**	**(202.31)**
Deferred tax asset/ (liability) relating to items recognised in other Comprehensive Income (C)	**(3.38)**	**1.20**
Income tax expense for the year (A+B+C)	**1,229.76**	**1,028.01**

(b) Deferred tax

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2021:

(Currency : ₹ in lakhs)

Particulars	Net balance March 31, 2020	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2021
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	52.47	20.26	(3.38)	69.35
Impact of provision for expected credit loss on loans	781.32	(100.86)	-	680.46
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1.96	0.62	-	2.58
Impact of leases under Ind AS 116	1.60	5.11	-	6.71
Share based payment	4.42	3.30	-	7.72
Others	0.25	(0.25)	-	-
(A)	**842.02**	**(71.82)**	**(3.38)**	**766.82**
Deferred tax liabilities				
Impact of amortisation of anciallary borrowing cost	130.25	(11.25)	-	119.00
EIR impact of financial asssets and liabilities	40.49	46.00	-	86.49
Impact of direct assignment and securitisaton transactions	277.15	230.62	-	507.77
Interest income recognised on stage 3 loans	49.52	24.91	-	74.43
Others	-	6.24	-	6.24
(B)	**497.41**	**296.52**	**-**	**793.94**
Deferred tax assets (net) (A-B)	**344.61**	**(368.34)**	**(3.38)**	**(27.12)**

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

(Currency : ₹ in lakhs)

Particulars	Net balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**40.52**	11.95	-	52.47
Impact of provision for expected credit loss on loans	**593.29**	188.03	-	781.32
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	5.60	(3.64)	-	1.96
Impact of leases under Ind AS 116	1.22	0.38	-	1.60
Share based payment	-	(4.42)	-	4.42
Remeasurement of defined benefit plan	-	(1.20)	1.20	-
Others	0.29	(0.04)	-	0.25
(A)	**640.93**	**191.06**	**1.20**	**842.02**
Deferred tax liabilities				
Impact of amortisation of anciallary borrowing cost	103.35	26.90	-	130.25
EIR impact of financial asssets and liabilities	36.28	4.21	-	40.49
Impact of direct assignment and securitisaton transactions	316.75	(39.60)	-	277.15
Interest income recognised on stage 3 loans	52.28	(2.76)	-	49.52
(B)	**508.66**	**(11.25)**	**-**	**497.41**
Deferred tax assets (net) (A-B)	**132.27**	**202.31**	**1.20**	**344.61**

(c) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹	₹
Profit before tax as per Statement of profit and loss (A)	4,420.27	3,793.75
Applicable income tax rate	25.17%	25.17%
Expected Income Tax Expense (B)	1,112.49	954.81
Tax effect of:		
Effect of income exempt from tax	(0.45)	(0.55)
Effect of expenses/provisions not deductible in determining taxable profit	61.95	13.62
Effect of differential tax rate	-	(14.24)
Adjustment related to tax of prior years	65.46	2.13
Others	(9.69)	64.61
Income tax expense	**1,229.76**	**1,020.38**

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30 Employee Benefits

a. Defined contribution plan - provident funds

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

The Company recognised ₹ 130.81 lakhs (PY: ₹ 133.42 lakhs) for year ended March 31, 2021, for provident fund and other contributions in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation (A)	110.45	96.40
Fair Value of plan assets (B)	-	-
Present value of obligation (A- B)	**110.45**	**96.40**

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Obligation expected to be settled in the next 12 months	7.86	6.73
Obligation expected to be settled beyond next 12 months	102.59	89.68

Movement in net defined benefit (asset) liability

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

(Currency : ₹ in lakhs)

	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	Number	Amount	Number	Amount	Number	Amount
Opening balance	96.40	67.05	-	-	96.40	67.05
Current service cost	24.83	24.37	-	-	24.83	24.37
Past service cost	-	-	-	-	-	-
Interest cost (income)	6.45	4.95	-	-	6.45	4.95
Defined benefit cost included in P&L	**31.28**	**29.32**	**-**	**-**	**31.28**	**29.32**

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(Currency : ₹ in lakhs)

	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	Number	Amount	Number	Amount	Number	Amount
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	-	-	-	-	-	-
Financial assumption	(0.70)	5.57	-	-	(0.70)	5.57
Experience adjustments	(12.74)	(0.81)	-	-	(12.74)	(0.81)
Total remeasurements in OCI	**(13.44)**	**4.76**	**-**	**-**	**(13.44)**	**4.76**
Others						
Benefits paid	(3.79)	(4.72)	-	-	(3.79)	(4.72)
Closing balance	**110.45**	**96.41**	**-**	**-**	**110.45**	**96.41**

Actuarial assumptions:

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.91%	6.82%
Salary escalation rate	6.00%	6.00%
Withdrawal/attrition rate (based on categories)	9.00%	9.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	23.08 years	24.20 years

Notes:

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

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

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

Sensitivity analysis:

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

(Currency : ₹ in lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	Increase	Decrease	Increase	Decrease
Salary escalation Rate (+/- 1%)	118.63	103.05	103.87	89.67
	7.40%	-6.70%	7.70%	-7.00%
Discount Rate (+/- 1%)	103.18	118.67	89.76	103.95
	-6.60%	7.40%	-6.90%	7.80%
Withdrawal Rate (+/- 1%)	110.23	110.62	96.12	96.66
	-0.20%	0.20%	-0.30%	0.30%

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

Expected future contributions

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

Expected cash flow for following years:

Maturity Profile of Defined Benefit Obligations

(Currency : ₹ in lakhs)

Year 1	7.86
Year 2	8.44
Year 3	19.17
Year 4	12.27
Year 5	13.24
Year 6	8.50
Year 7	8.06
Year 8	8.11
Year 9	9.46
Year 10	10.43

The weighted average duration of the defined benefit obligation is 10.58

c. Compensated absences :

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of unfunded obligation	165.09	112.08
Expenses recognised in the Statement of Profit and Loss	66.99	52.46

31 Earnings per share

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Profit for the year	**3,190.51**	**2,773.37**
Weighted average number of equity shares used in calculating basic earnings per share	502.80	502.76
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	0.33	0.37
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	503.13	503.13
Basic earnings per share	**6.35**	**5.52**
Diluted earnings per share	**6.34**	**5.51**

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32 Segment Reporting

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

33 Transfer of financial assets

Transfer of financial assets that are not derecognised in their entirety

(i) Securitisations:

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	13,444.97	19,848.02
Carrying amount of associated liabilities	6,811.66	15,376.90

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

Transfer of financial assets which qualify for derecognition in their entirety

(i) Assignment transaction

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

The gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of EIS receivable	541.71	196.02

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34 Maturity analysis of assets and liabilities

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	11,793.28	-	11,793.28	2,485.62	-	2,485.62
Bank Balance other than cash and cash equivalents	2,813.43	1,151.39	3,964.82	2,125.99	1,648.94	3,774.93
Receivables						
(I) Trade receivables	49.39	-	49.39	23.96	-	23.96
Loans	59,994.63	80,166.52	1,40,161.15	48,802.36	77,235.08	1,26,037.44
Investments	-	4,525.10	4,525.10	-	4,525.10	4,525.10
Other Financial assets	682.28	286.87	969.15	170.54	170.38	340.92
Sub total	**75,333.01**	**86,129.88**	**1,61,462.89**	**53,608.47**	**83,579.50**	**1,37,187.97**
Non-financial assets						
Current Tax assets (Net)	217.94	-	217.94	156.56	-	156.56
Deferred Tax assets (Net)	-	-	-	-	344.61	344.61
Investment Property	-	6.47	6.47	-	6.64	6.64
Property, plant and equipment	-	240.52	240.52	-	272.40	272.40
Right to Use Assets	-	24.77	24.77	-	63.55	63.55
Other intangible assets	-	170.57	170.57	-	178.39	178.39
Other non-financial assets	36.91	345.10	382.01	57.94	270.24	328.18
Sub total	**254.85**	**787.43**	**1,042.28**	**214.50**	**1,135.83**	**1,350.33**
Total assets	**75,587.86**	**86,917.30**	**1,62,505.17**	**53,822.97**	**84,715.33**	**1,38,538.31**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables and Other payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-

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(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt Securities	21,857.60	11,830.34	33,687.94	3,767.52	2,342.23	6,109.76
Borrowings (Other than Debt Securities)	52,285.89	33,470.00	85,755.89	53,842.84	39,308.06	93,150.90
Subordinated Liabilities	37.70	5,949.09	5,986.79	5.15	6,445.61	6,450.76
Other Financial liabilities	2,387.06	283.06	2,670.12	2,231.37	507.45	2,738.82
Sub total	**76,568.25**	**51,532.49**	**1,28,100.74**	**59,846.88**	**48,603.35**	**1,08,450.23**
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	-	-	-
Provisions	27.14	248.40	275.54	19.89	188.59	208.48
Deferred tax liabilities (Net)	-	27.12	27.12	-	-	-
Other non-financial liabilities	112.08	-	112.08	118.69	-	118.69
Sub total	**139.22**	**275.52**	**414.74**	**138.58**	**188.59**	**327.17**
Total liabilities	**76,707.47**	**51,808.01**	**1,28,515.48**	**59,985.46**	**48,791.94**	**1,08,777.40**

35 Changes in liabilities arising from financing activities

(Currency : ₹ in lakhs)

Particulars	As at April 1, 2020	Cash Flows (net)	Others (net)*	As at March 31, 2021
Subordinated liabilities	6,450.76	(500.00)	36.04	5,986.80
Debt securities	6,109.77	27,200.00	378.17	33,687.94
Borrowing other than debt securities	93,150.87	1,182.04	(8,577.01)	85,755.90
	1,05,711.40	**27,882.04**	**(8,162.80)**	**1,25,430.64**

(Currency : ₹ in lakhs)

Particulars	As at April 1, 2020	Cash Flows (net)	Others (net)*	As at March 31, 2021
Subordinated liabilities	4,525.83	2,000.00	(75.07)	6,450.76
Debt securities	12,609.31	(6,611.11)	111.57	6,109.77
Borrowing other than debt securities	72,788.61	16,700.35	3,661.91	93,150.87
	89,923.75	**12,089.24**	**3,698.41**	**1,05,711.40**

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

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36 Employee Stock Option Plan (ESOP)

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

A. Expenses arising from share-based payment transactions

Total expenses arising from equity - settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended March 31, 2021 is ₹ 13.09 lakhs (March 31, 2020 - ₹ 17.56 lakhs).

B. Movement during the year

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

(Currency : ₹ in lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	Number	WAEP	Number	WAEP
Outstanding at 1 April	4,75,550.00	120.00	-	-
Granted during the year	-		5,62,860.00	120.00
Forfeited during the year	1,18,620.00	120.00	87,310.00	120.00
Exercised during the year	-		-	-
Expired during the year	-		-	-
Outstanding at 31 March	3,56,930.00	120.00	4,75,550.00	120.00
Exercisable at 31 March	71,386.00	-	-	-

No Share options granted during the year. No options were vested or exercised during the year.

The weighted average remaining contractual life for the share options outstanding as at March 31, 2021 is 1.25 years (March 31, 2020: 2.15 years).

The weighted average fair value of options granted during the year ending March 31, 2020 was 14.79 .

C. Fair value of options granted

The weighted average fair value of options granted during the year ending March 31, 2020 was 14.79 . The fair value of options was determined using the Black Scholes Model using the following inputs as follows :

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average fair values at the measurement date	14.79	14.79
Expected volatility (%)	0.36%	0.36%
Risk–free interest rate (%)	4.50%	4.50%
Expected life of share options/SARs (years)	1.30 years to 4.30 years	1.30 years to 4.30 years
Weighted average share price (₹)	120	120.00

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

37 Contingent liabilities and commitments

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

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

37.1 Contingent Liability

There are no Contingent Liabilities as on March 31, 2021 (March 31, 2020: ₹ 0.)

37.2 Commitment

There are no commitment as on March 31, 2021 (March 31, 2020: ₹ 0.)

38 Leases

Company as a Lessee

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

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

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

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

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

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	63.55	91.59
Additions	8.58	17.40
Deletion	(8.14)	-
Depreciation	(39.22)	(45.44)
Closing Balance	24.77	63.55

The following is the movement in lease liabilities :

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	68.23	92.61
Additions	7.91	16.99
Finance cost accrued during the period	4.77	8.95
Payment of lease liabilities	(54.23)	(50.32)
Balance at the end	**26.68**	**68.23**

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 3 months	8.79	12.66
Over 3 months & upto 6 months	8.74	12.91
Over 6 months & upto 1 year	17.15	25.65
Over 1 year & upto 3 years	46.49	73.10
Over 3 years	20.40	29.69

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

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	39.22	45.44
Interest expense on lease liabilities	4.77	8.95
Expense relating to short-term leases	164.38	196.66
Total amount recognised in profit or loss	208.37	251.05

Future Commitments:

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021
Future undiscounted lease payments for which the leases have not yet commenced	-

Extension / Termination Options:

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2021.

39 Capital Management

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

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

Regulatory Capital

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Funds		
Net owned funds (Tier capital)	29,749.42	22,066.07
Tier II capital	3,001.33	1,862.89
Total capital funds	**32,750.75**	**23,928.95**
Total risk weighted assets/ exposures	**1,38,401.52**	**1,12,936.08**
% of capital funds to risk weighted assets exposures:		
Tier I capital	21.50%	19.54%
Tier II capital	2.17%	1.65%
Total capital Funds	**23.66%**	**21.19%**

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

40 Fair Value Measurement:

A. Valuation Principles

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

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

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

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

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

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

(Currency : ₹ in lakhs)

Particulars	Level	Carrying value		Fair value	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial Assets					
Cash and cash equivalents	1	11,793.28	2,485.62	11,793.28	2,485.62
Bank Balance other than cash and cash equivalents	1	3,964.82	3,774.93	3,964.82	3,774.93
Trade receivables	3	49.39	23.96	49.39	23.96
Loans	3	1,40,161.15	1,26,037.44	1,44,747.52	1,24,095.71
Rent and utility deposits	3	145.70	144.90	145.70	144.90
EIS receivable	3	541.71	196.02	541.71	196.02
Other financial assets	3	281.75	-	281.75	-
		1,56,937.80	**1,32,662.87**	**1,61,524.17**	**1,30,721.14**
Financial Liabilities					
Debt securities	3	33,687.94	6,109.76	34,718.59	6,185.63
Borrowings (other than debt securities)	3	85,755.89	93,150.90	85,821.94	93,367.76
Subordinated Liabilities	3	5,986.79	6,450.76	6,045.49	6,528.95
Other financial liabilities	3	2,670.12	2,738.86	2,670.12	2,738.86
Total Financial liabilities		**1,28,100.74**	**1,08,450.28**	**1,29,256.14**	**1,08,821.20**

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

Valuation Methodologies of Financial Instruments not measured at fair value

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

Short Term Financial Assets and Liabilities

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

Loans and advances to customers

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

Borrowings other than debt securities, Debt securities and Subordinated liabilities

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

EIS receivable

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

41 Risk management

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

41.1 Introduction and Risk Profile

Risk management and mitigation

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

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

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

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

41.2 Credit Risk

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

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

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

Impairment assessment

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

Definition of default and cure

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

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The staging criteria used by the Company is as below:

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

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

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

Exposure at default (EAD)

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

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Probability of default (PD)

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

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**
Cars & Muvs	2.95%	7.38%	3.51%	13.33%
Commercial Vehicles	2.95%	7.69%	2.78%	10.66%
Construction Equipment	2.95%	8.10%	2.78%	10.66%
Three Wheeler	5.31%	12.28%	7.84%	21.71%
Tractor	2.95%	7.66%	4.60%	13.17%
Two Wheeler	2.95%	5.73%	2.78%	5.48%
SME	2.95%	11.15%	2.78%	10.66%

Stage 3 assets have a PD of 100%

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Loss given Default (LGD)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Cars & Muvs	33.73%	18.75%
Commercial Vehicles	33.59%	20.84%
Construction Equipment	25.01%	22.74%
Three Wheeler	19.43%	20.29%
Tractor	15.97%	15.58%
Two Wheeler	15.19%	15.00%
SME	23.29%	23.00%

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

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

Significant increase in credit risk

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

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

Concentration of Credit Risk

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

Geography	March 31, 2021	March 31, 2020
West	38,272.29	34,318.89
Central	6,492.54	4,638.36
South	98,589.21	90,733.34
	1,43,354.04	**1,29,690.59**

Quantitative Information of Collateral

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

	Loan to value			
As at March 31, 2021	**Upto 50%**	**51%-70%**	**More than 70%**	**Total**
Cars & Muvs	1,475.04	17,088.34	10,415.64	28,979.02
Commercial Vehicles	2,846.46	26,384.55	17,298.21	46,529.22
Construction Equipment	2,629.76	12,684.50	9,532.23	24,846.49
Three Wheeler	198.06	3,845.42	3,522.54	7,566.02
Tractor	249.65	1,830.33	452.67	2,532.65
Two Wheeler	2,546.55	1,141.39	5,484.31	9,172.25
SME	5,558.32	4,831.23	13,338.84	23,728.39
Total	**15,503.84**	**67,805.76**	**60,044.44**	**1,43,354.04**

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As at March 31, 2020	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,101.15	13,005.21	10,929.49	25,035.85
Commercial Vehicles	1,745.19	19,546.99	14,853.76	36,145.94
Construction Equipment	2,143.33	13,089.26	13,161.89	28,394.48
Three Wheeler	178.73	2,408.74	4,674.73	7,262.20
Tractor	151.35	995.21	412.45	1,559.01
Two Wheeler	800.60	1,092.39	325.06	2,218.05
SME	2,417.76	6,779.64	19,877.66	29,075.06
Total	**8,538.11**	**56,917.44**	**64,235.04**	**1,29,690.59**

41.3 Liquidity Risk

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

Analysis of financial assets and liabilities by remaining contractual maturities:

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2021.

(Currency : ₹ in lakhs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	11,793.28	-	-	-	-	11,793.28
Bank Balance other than included in (a) above	271.56	1,935.22	743.51	1,192.56	-	4,142.85
Trade receivables	49.39	-	-	-	-	49.39
Loans	29,462.88	18,308.32	33,152.96	83,990.23	19,975.91	1,84,890.30
Investments	-	-	-	-	4,525.10	4,525.10
Other financial assets	449.50	100.40	149.38	164.06	147.92	1,011.26
Total undiscounted financial assets	**42,026.61**	**20,343.94**	**34,045.85**	**85,346.85**	**24,648.93**	**2,06,412.18**
Financial liabilities						
Trade payables	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Subordinated Liabilities	201.19	203.52	395.54	2,820.05	5,693.40	9,313.70
Debt securities	1,625.02	1,827.57	21,283.72	13,376.58	-	38,112.89
Borrowings (other than debt securities)	12,291.50	9,611.61	36,989.50	29,768.40	8,285.65	96,946.66
Deposits	-	-	-	-	-	-
Other financial liabilities	2,254.43	38.07	109.12	361.53	-	2,763.15
Total undiscounted financial liabilities	**16,372.14**	**11,680.77**	**58,777.88**	**46,326.56**	**13,979.05**	**1,47,136.40**
Net undiscounted financial assets / (liabilities)	**25,654.47**	**8,663.17**	**(24,732.03)**	**39,020.29**	**10,669.88**	**59,275.78**

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

(Currency : ₹ in lakhs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	2,485.62	-	-	-	-	2,485.62
Bank Balance other than included in (a) above	314.23	1,354.97	575.87	1,913.53	-	4,158.60
Trade receivables	23.96	-	-	-	-	23.96
Loans	17,333.24	17,715.67	32,038.15	78,286.52	21,178.60	1,66,552.18
Investments	-	-	-	-	4,525.10	4,525.10
Other financial assets	71.32	50.71	55.08	29.09	144.90	351.09
Total undiscounted financial assets	**20,228.37**	**19,121.35**	**32,669.10**	**80,229.14**	**25,848.60**	**1,78,096.56**
Financial liabilities						
Trade payables	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Subordinated Liabilities	222.14	216.99	435.14	6,040.88	2,701.15	9,616.30
Debt securities	779.51	702.27	2,648.08	2,725.54	-	6,855.40
Borrowings (other than debt securities)	11,187.42	10,867.82	40,127.70	35,046.83	9,966.79	1,07,196.56
Deposits	-	-	-	-	-	-
Other financial liabilities	2,194.04	12.06	25.42	44.85	593.05	2,869.42
Total undiscounted financial liabilities	**14,383.11**	**11,799.14**	**43,236.34**	**43,858.10**	**13,260.99**	**1,26,537.70**
Net undiscounted financial assets / (liabilities)	**5,845.26**	**7,322.21**	**(10,567.24)**	**36,371.04**	**12,587.61**	**51,558.86**

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

Particulars	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years
As at March 31, 2021						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2020						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	**-**	**-**	**-**	**-**	**-**	**-**

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41.4 Market Risk

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

Interest rate risk

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

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

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

(Currency : ₹ in lakhs)

Impact on Profit before taxes	As at March 31, 2021	As at March 31, 2020
On Floating Rate Borrowings:		
1% increase in interest rates	(351.75)	(384.27)
1% decrease in interest rates	351.75	384.27

41.5 Prepayment risk

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

41.6 Operational and business risk

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

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42 Related Party Disclosure

a. Name of related party and nature of relationship:

Enterprises having a significant influence	India Business Excellence Fund -IIA Vistra ITCL (india) Limied (formerly known as IL and FS trust Company Limited) (Trustee of Business Excellence Trust -II - India Business Excellence Fund - II)
Subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited
Enterprises significantly influenced by Key Management Personnel and their relatives	IKF Infratech Private Limited
Relative of Key Management Personnel	Mrs. D. Vasantha Lakshmi Mr. V. Raghu Ram Mr. Sinha Satyanand Chunduri Mrs. Durga Rani Chunduri”
Key Management Personnel (KMP)	Mr V.G.K.Prasad — Managing Director Mrs. V. Indira Devi — Whole time Director Mrs. K Vasumathi Devi — Executive Director Mr.Sreepal Gulabchand Jain-Chief Financial Officer (From 31-10-19) Mr.P.Chandra Sekhar - Chief Financial Officer (Upto 30-10-19) Mr. Ch.Sreenivasa Rao - Company Secretary

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b. Transaction with related parties:

(Currency : ₹ in lakhs)

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Key management personnel										
Mr. V G K Prasad	Rent paid	-	20.33	-	-	-	20.33	-	-	-
	Director's remuneration	-	55.42	-	-	-	70.00	-	-	-
	Director Commission Payable	-	35.66	-	-	35.66	41.55	-	35.66	41.55
	Rent deposit given	50.00	-	-	-	50.00	-	-	-	50.00
	Advance Received	-	-	-	-	-	-	(344.85)	344.85	-
	Interest paid on advance	-	-	-	-	-	0.64	-	-	-
	Share Capital (₹ 10/- Paid up)	1586.79 *	-	-	-	1586.79*	-	-	-	1587.56*
	Partly paid up shares (₹ 8.10 Paid Up)	189.31	-	-	-	189.31	-	94.66	-	283.97
	Premium on partly paid up shares	1,184.92	-	-	-	1,184.92	-	592.46	-	1,777.38
Mrs. V Indira Devi	Rent paid	-	43.56	-	-	-	43.56	-	-	-
	Director's remuneration	-	30.00	-	-	-	30.00	-	-	-
	Director Commission Payable	-	15.18	-	-	15.18	17.68	-	15.18	17.68
	Rent deposit given	38.50	-	-	-	38.50	-	-	-	38.50
	Share Capital (₹ 10/- Paid up)	132.69	-	-	-	132.69	-	-	-	132.69
	Partly paid up shares (₹ 8.10 Paid Up)	17.35	-	-	-	17.35	-	8.67	-	26.02
	Premium Received on Allotment of Partly Paid up Shares	108.57	-	-	-	108.57	-	54.29	-	162.86
Mrs.K.Vasumathi Devi	Director's remuneration	-	38.33	-	-	-	50.00	-	-	
	Director Commission Payable	-	25.04	-	-	25.04	29.17	-	25.04	29.17
	Share Capital (₹ 10/- Paid up)	213.13	-	-	-	213.13	-	-	-	213.13
	Partly paid up shares (₹ 8.10 Paid Up)	27.86	-	-	-	27.86	-	13.93	-	41.79
	Premium Received on Allotment of Partly Paid up Shares	174.39	-	-	-	174.39	-	87.20	-	261.59
Mr.P.Chandra Sekhar	Salary Paid	-	24.00	-	-	-	24.00	-	-	
	Staff Loan	83.24	-	(56.06)	-	27.19	-	(13.74)	4.00	17.45
	ESOP Compensation	-	0.79	-	-	-	0.71	-	-	-
Mr.Sreepal Gulabchand Jain	Salary Paid	-	32.54	-	-	-	47.71	-	-	-
Mr.Ch. Sreenivasa Rao	Salary Paid	-	21.00	-	-	-	21.00	-	-	-
	Staff Loan	2.50	-	(2.50)	-	-	-	-	-	-
	ESOP Compensation	-	0.62	-	-	-	0.56	-	-	-
Relatives of key management personnel										
Mrs. D Vasantha Lakshmi	Share Capital (₹ 10/- Paid up)	200.61	-	-	-	200.61	-		-	200.61
	Partly paid up shares (₹ 8.10 Paid Up)	26.23	-	-	-	26.23	-	13.11	-	39.34
	Premium Received on Allotment of Partly Paid up Shares	164.15	-	-	-	164.15	-	82.08	-	246.23

b. Transaction with related parties:

(Currency : ₹ in lakhs)

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Mr. V Raghu Ram	Share Capital (₹ 10/- Paid up)	144.97	-	-	-	144.97	-		-	144.97
	Partly paid up shares (₹ 8.10 Paid Up)	18.95	-	-	-	18.95	-	9.48	-	28.43
	Premium Received on Allotment of Partly Paid up Shares	118.62	-	-	-	118.62	-	59.31	-	177.93
Mr. Sinha Satyanand Chunduri	Share Capital (₹ 10/- Paid up)	11.77	-	-	-	11.77	-	-	-	11.77
Mrs. Durga Rani Chunduri	Share Capital (₹ 10/- Paid up)	149.41	-	-	-	149.41	-	-	-	149.41
Subsidiary										
IKF Home Finance Limited	Loan given**	2,830.14	-	(9,548.50)	8,630.59	1,912.22	-	(2,362.22)	450.00	-
	Interest Received	-	564.67	-	-	-	54.20	-	-	-
	Inter Corporate deposits taken ***	-	-	-	-	-	-	(26,600.00)	26,600.00	-
	Interest Paid	-	-	-	-	-	261.37	-	-	-
	Direct Assignment	-	-	(244.88)	2,561.10	2,316.22	-	(352.88)	1,523.88	3,487.22
	Interest Receivable on Direct Assignment	-	176.74	(150.19)	-	26.55	247.12	(250.82)	-	22.85
	Investments in equity shares by IKF Finance Ltd.,	4,525.10	-	-	-	4,525.10	-	-	-	4,525.10
	Service Fee Collected	-	44.25	-	-	-	40.05	-	-	
	Service Fee Paid	-	1.00	-	-	-	-	-	-	
Enterprises significantly influenced by key management personnel or their relatives										
IKF Infratech Private Limited	Non Convertible Debentures	-	63.20*	-	-	63.20*	-	-	-	58.20*
	Interest Paid	-	(0.41)	-	-	-	6.80	-	5.42	1.38
Enterprises in which Directors are interested										
SVR Finance & Leasing Private Limited	Trade Advance	79.30	-	(79.30)	50.00	50.00	-	(50.00)	-	-
	Interest Paid	-	0.37		-	0.37	-	-	-	-
Enterprises having a significant influence										
India Business Excellence Fund-IIA	Share Capital (₹ 10/- Paid up)	1,305.16	-	-	-	1,305.16	-	-	-	1,305.16
	Share Premium	1,100.05	-	-	-	-	-	-	-	

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b. Transaction with related parties:

(Currency : ₹ in lakhs)

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	Share Capital (₹ 10/- Paid up)	780.40	-	-	-	780.40	-	-	-	780.40
	Share Premium	657.76	-	-	-	-	-	-	-	-

Key management personnel compensation

Particulars	As at March 31, 2021	As at March 31, 2020
Short-term employee benefits	331.12	277.16
Post-employment benefits#	-	-
Long-term employee benefits	-	-
Termination benefits	-	-
Employee-share based payment	1.27	1.41
Total compensation	**332.39**	**278.57**

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

* The Increased/Decreased value is relating to purchase of shares/debentures from the public.

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

*** Inter Corporate Deposits taken from IKF Home Finance Ltd are at Interest of 10.00%.

Notes:

(i) Transaction values are excluding taxes and duties.

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

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

43 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13th March 2020 - Implementation of Indian Accounting Standards:

A comparison between provision required under IRACP and impairment allowances under Ind AS 109:

As at March 31, 2021

(Currency : ₹ in lakhs)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	82,133.91	678.70	81,455.21	328.54	350.17
	Stage 2	56,993.86	1,355.87	55,637.99	423.40	932.47
Subtotal for Performing Assets		**1,39,127.77**	**2,034.57**	**1,37,093.20**	**751.94**	**1,282.64**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,654.83	1,052.25	2,602.58	365.48	686.76
Doubtful - upto 1 year	Stage 3	621.13	155.76	465.37	124.23	31.54
Doubtful - 1 to 3 years	Stage 3	-		-	-	-
Doubtful - more than 3 years	Stage 3	-		-	-	-
Loss	Stage 3	-		-	-	-
Subtotal for NPA		**4,275.96**	**1,208.01**	**3,067.95**	**489.71**	**718.30**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		-	-	-	-	-
Total	**Stage 1**	**82,133.91**	**678.70**	**81,455.21**	**328.54**	**350.17**
	Stage 2	**56,993.86**	**1,355.87**	**55,637.99**	**423.40**	**932.47**
	Stage 3	**4,275.96**	**1,208.01**	**3,067.95**	**489.71**	**718.30**
	Total	**1,43,403.73**	**3,242.58**	**1,40,161.15**	**1,241.65**	**2,000.94**

* Provision required as per IRACP norms is excluding provision on interest income from Stage 3 loans.

* Provision required as per IRACP norms is including residual provision in terms of paragraph 6 of circular (Refer Note. 47) made by the company where asset classification benefit is extended.

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44 RBI Disclosures

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

44.01 Capital to Risk Asset Ratio (CRAR)

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	23.66%	21.19%
CRAR - Tier I Capital (%)	21.50%	19.54%
CRAR - Tier II Capital (%)	2.17%	1.65%
Amount of subordinated debt raised as Tier - II Capital	6,000.00	6,500.00
Amount raised by issue of perpetual debt Instruments	-	-

44.02 Investments

(Currency : ₹ in lakhs)

Particulars			As at March 31, 2021	As at March 31, 2020
(a)	**Value of Investments**			
(I)	Gross value of investments			
	(a)	In India	4,525.10	4,525.10
	(a)	Outside India	-	-
(II)	Provisions for Depreciation			
	(a)	In India	-	-
	(a)	Outside India	-	-
(III)	Net value of investments			
	(a)	In India	4,525.10	4,525.10
	(a)	Outside India	-	-
(b)	**Movements of provisions held towards impairment on investments**			
(I)	Opening balance		-	-
(II)	Add : Provisions made during the year		-	-
(III)	Less : Write-off/ Written- back of excess provisions during the year		-	-
(IV)	Closing balance		-	-

44.03 Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, and exchange traded interest rate derivatives. Hence, no disclosure is made for the same

44.04 Securitisation

(Currency : ₹ in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
(I)	No of SPVs sponsored by the NBFC for securitisation transactions	1	5
(II)	Total amount of securitised assets as per books of the SPVs sponsored	11,654.96	18,628.68

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(III) Total amount of exposure retained by the NBFC towards the MRR as on date of balance sheet	-	-
(a) Off-balance sheet exposure towards credit enhancements	-	-
(b) On balance sheet exposures towards credit enhancements	352.00	1,472.85
(IV) Amount of exposures to securitisation transactions other than MRR	-	-
(a) Off-balance sheet exposure towards credit enhancements	-	-
(i) Exposure to own securitisations	-	-
(ii) Exposure to third party securitisations	-	-
(b) On balance sheet exposures towards credit enhancements	-	-
(i) Exposure to own securitisations	214.57	1,840.53
(ii) Exposure to third party securitisations	-	-

44.05 Details of financial assets sold to securitisation / reconstruction company for asset reconstruction.

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year

44.06 Details of Assignment Transactions undertaken by NBFCs

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Number of accounts	1,578	-
Aggregate value (net of provision) of accounts sold	4,391.46	-
Aggregate consideration	4,391.46	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain or loss over net book value	-	-

44.07 Details of credit impaired assets purchased / sold

The Company has not purchased / sold non-performing financial assets in the current and previous year

44.08 Exposure to Real estate sector

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

44.09 Exposure to Capital Market

The Company has no exposure to the capital market directly or indirectly in the current and previous year.

44.10 Financing of Parent Company Product

This disclosure is not applicable as the Company does not have any holding / parent company

44.11 Single Borrower Limit / Group Borrower Limit

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the RBI.

44.12 Unsecured Advances

The Company has no unsecured advances given against rights, licenses, authorizations etc. during the year and for previous year.

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44.13 Registration from Other Financial Sector Regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

i. R.B.I. - B-09.00172

ii. Ministry of Corporate Affairs - U65992AP1991PLC012736

iii. Ministry of Finance (Financial Intelligence Unit) - FINBF13220”

44.14 Penalty

During the year company has paid ₹ 50,740/- to BSE under protest as per SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated November 13,2020

44.15 Credit Rating

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Nature of borrowing	**Rating / Outlook**	**Rating / Outlook**
	CARE	**CARE**
Long term bank facilities	A (Stable)	A (Stable)
Commercial Paper	-	A1
Non - Convertible Debentures	A (Stable)	A (Stable)

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Nature of borrowing	**Rating / Outlook**	**Rating / Outlook**
	Brickwork Ratings	**Brickwork Ratings**
Long term bank facilities	A (Stable)	A (Stable)
Non - Convertible Debentures	A (Stable)	A (Stable)

44.16 Provisions

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Provisions towards income tax	795.96	1,229.39
2. Provisions towards loans	-429.52	1,067.01
3. Provisions towards trade receivables	3.08	25.70

44.17 Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2021 (previous year: Nil)

44.18 Concentration of Loans

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans to twenty largest borrowers	10,693.01	11,607.12
Percentage of Loans to twenty largest borrowers to total advances of the NBFC	7.63%	9.21%

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on Financial Statements for the year ended March 31, 2021

44.19 Concentration of All Exposure (including off - balance sheet exposures)

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	10,693.01	16,132.22
Percentage of exposure to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers.	7.18%	12.36%

44.20 Concentration of credit impaired loans

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten credit impaired accounts	616.24	801.71

44.21 Sector Wise Credit-Impaired Assets under Ind AS

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Agriculture & allied activities	1.60%	2.72%
2. MSME	-	-
3. Corporate Borrowers	-	-
4. Services	-	-
5. Unsecured Personal Loans	-	-
6. Auto Loans	3.23%	2.86%
7. Others	2.37%	2.13%

44.22 Movement of Credit-Impaired Loans under Ind AS

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Net impaired loss allowance to Net loans (%)	2.19%	1.97%
(II) Movement of Credit impaired loans under Ind-AS (Gross)		
(a) Opening Balance	3,490.59	4,401.08
(b) (Deletion)/Addition during the year	785.37	(910.49)
(c) Closing balance	4,275.96	3,490.59
(III) Movement of Net Impaired loss		
(a) Opening Balance	2,485.95	3,196.14
(b) (Deletion)/Addition during the year	582.00	(710.19)
(c) Closing balance	3,067.95	2,485.95
(III) Movement of impairment loss allowance on credit impaired loans		
(a) Opening Balance	1,004.64	1,204.95
(b) (Deletion)/Addition during the year	203.37	(200.31)
(c) Closing balance	1,208.01	1,004.64

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44.23 Overseas Assets

The Company does not have any joint venture or subsidiary abroad; hence this disclosure is not applicable.

44.24 Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-Balance Sheet SPV

44.25 Customer Complaints

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	12	8
(c) No. of complaints redressed during the year	10	8
(d) No. of complaints pending at the end of the year	2	-

44.26 As required by the RBI Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016 the details of frauds noticed / reported are as below:

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Amount Involved	-	-
Amount Recovered	-	-
Amount Written off/provided	-	-
Balance	-	-

44.27 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2021, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

44.28 Asset liability management

Maturity pattern of certain items of asset and liabilities - As at March 31, 2021

(Currency : ₹ in lakhs)

Pattern	1 day to 7 days	8 day to 14 days	15 day to 30-31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities*											
Borrowings from banks	365.73		511.08	589.57	4,745.55	5,162.01	29,653.93	22,542.70	7,469.56	239.88	**71,280.01**
Other Borrowings	-	909.25	1,098.33	1,157.72	991.75	2,710.79	4,395.35	5,070.11	-	-	**16,333.30**
Market Borrowings	21.29	-	252.60	857.35	172.00	786.92	19,800.00	11,900.00	2,000.00	2,500.00	**38,290.16**
Assets											
Advances*	2,069.52	840.82	11,204.18	4,621.12	4,649.03	12,829.15	23,780.82	66,158.28	15,168.46	1,738.70	**1,43,060.08**
Investments	-	-	-	-	-	-	-	-	-	4,525.10	**4,525.10**

Maturity pattern of certain items of asset and liabilities - As at March 31, 2020

(Currency : ₹ in lakhs)

Pattern	1 day to 7 days	8 day to 14 days	15 day to 30-31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities*											
Borrowings from banks	415.48	-	550.90	766.12	2,444.87	4,253.00	28,944.80	20,626.48	8,571.23	-	**66,572.88**
Other Borrowings	-	7.14	1,781.10	1,367.16	1,498.69	4,451.53	7,516.58	11,259.39	584.75	-	**28,466.34**
Market Borrowings	-	-	216.39	-	462.50	587.50	2,408.68	5,459.54	-	2,000.00	**11,134.61**
Assets											
Advances*	1,064.16	173.91	6,957.60	860.70	4,127.83	12,548.46	23,456.89	61,675.00	15,345.37	2,162.73	**1,28,372.65**
Investments				-	-	-	-	-	-	4,525.10	**4,525.10**

*The amount appearing above for gross loans and borrowings excludes the impact of EIR.

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on Financial Statements for the year ended March 31, 2021

44.29 Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as on March 31, 2021.

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(Currency : ₹ in lakhs)

Sr. No	No of Significant Counterparties	As at March 31, 2021			As at March 31, 2020		
		Amount #	% of total Deposits	% of Total Liabilities*	Amount #	% of total Deposits	% of Total Liabilities*
1	25	1,15,141.16	NA	89.59%	85,247.91	NA	78.37%

ii) Top 20 large deposits – Not Applicable

iii) Top 10 Borrowings

As at March 31, 2021		As at March 31, 2020	
Amount #	% of Total Liabilities*	Amount #	% of Total Liabilities*
91,311.79	71.05%	58,787.13	**54.04%**

iv) Funding Concentration based on significant instrument/product

(Currency : ₹ in lakhs)

Sr. No.	Name of the instrument	As at March 31, 2021		As at March 31, 2020	
		Amount #	% of Total Liabilities*	Amount #	% of Total Liabilities*
1	Term Loan	54,258.62	42.22%	58,306.66	53.60%
2	Non Convertible Debentures	37,350.00	29.06%	10,650.00	9.79%
3	Working capital / short term facilities	26,472.34	20.60%	21,242.26	19.53%
	Total	**1,18,080.96**	**91.88%**	**90,198.92**	**82.92%**

v) Stock Ratios

(Currency : ₹ in lakhs)

Sr. No.	Particulars	31 March, 2021	31 March, 2020
1	Commercial Papers to Total Liabilities	0.00%	0.00%
2	Commercial Papers to Total Assets	0.00%	0.00%
3	NCDs (Original Maturity < 1 year) to Total Liabilities	0.00%	0.00%
4	NCDs (original Maturity < 1 year) to Total Assets	0.00%	0.00%
5	Other Short Term Liabilities # to Total Liabilities*	1.97%	3.52%
6	Other Short Term Liabilities # to Total Assets	1.55%	2.77%

vi) Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RMC subsequently updates the Board of Directors on the same.

Amount does not include accrued but not paid interest on borrowing and amortisation of processing fees.

* Total Liabilities does not include Net Worth.

45 Impact due to COVID-19

Consequent to the outbreak of the Covid-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of Covid-19 cases.

The impact of Covid-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, and collection efficiency. The extent to which the Covid-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's operations and estimates related to Impairment of assets including loans to customers, will depend on future developments, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company."

In accordance with Reserve Bank of India guidelines relating to Covid-19 Regulatory package dated March 27, 2020 April 17, 2020 and May 23, 2020, the Company had offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020 to all eligible borrowers. Further. the Company offered resolution plan to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated 6 August 2020.

Estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the Company's financial assets (Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation along with the second wave of Covid-19 in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

The Company holds adequate impairment allowances as at March 31, 2021 including the potential impact of Covid-19 based on the information available at this point in time."

46 In accordance with the instructions in RBI circular number RBI/2021-22/17 dated April 7, 2021, all lending institutions shall refund / adjust interest on interest' to all borrowers including those who have availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Indian Banks' Association (IBA) in consultation with other industry participants / bodies published the methodology for calculation of the amount of such 'interest on interest/compound interest/penal interest'. Accordingly, the Company has estimated ₹ 160.55 lakhs and made provision for refund/ adjustment as at March 31, 2021.

47 The Company has extended moratorium/ deferment of term loan installments falling due in moratorium period to its eligible customers who have opted for moratorium under RBI circular on 'COVID-19 Regulatory Package' dated March 27, 2020 and 'COVID-19 Regulatory Package – Asset Classification and Provisioning' dated April 17, 2020.

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48 Note on Code on Social Security, 2020

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

Particulars	(₹ in Lacs)
Respective amounts in SMA/overdue categories, where the moratorium/deferment as extended, in terms of paragraph 2 and 3. (Outstanding as on March 31, 2021)	57,834.96
Respective amount where asset classification benefits is extended. (Outstanding as on March 31, 2021)	12,378.23
Provisions made in terms of paragraph 5 of the circular (As per para 4, applicable to NBFC covered under IndAS)	1,601.89
Provisions adjusted against slippages / written-back / adjusted against the actual provisioning requirement in terms of paragraph 6 of the circular	1,406.48
Residual provisions in terms of paragraph 6 of the circular	195.41

49 Previous year's information have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: June 26, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
IKF Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IKF Finance Limited (hereinafter referred to as " the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as " the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as " the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (" the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, its consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 43 to the consolidated financial statements, which describes the uncertainties relating to the impact of COVID-19 pandemic on the Group's operations and financial metrics. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditor of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial instruments (expected credit losses) *(as described in Note 2.4c, 2.6f & 6 of the consolidated financial statements)*	
IND AS 109 requires the Group to provide for impairment of its financial assets as at reporting date using the expected credit loss (ECL) model. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of Group's financial assets (loan portfolio). In the process, a significant degree of judgement has been applied by management including but not limited to the following matters; • Staging of financial assets (i.e. classification of loan book in 'significant increase in credit risk ("SICR")' and 'default categories'); • Applying assumptions regarding the probability of various scenarios and discounting rates for different loan products; • Grouping of loan portfolio under homogeneous pools in order to determine probability of default on collective basis; • Estimation of losses for loan products with no/ minimal historical defaults; and • Estimation of management overlay for macro-economic factors which could impact credit quality of the loans. **Additional considerations on account of COVID-19** Pursuant to the Reserve Bank of India circular dated August 6, 2020 for "Resolution Framework for COVID-19-related Stress" ("RBI circulars") allowing lending institutions to implement a resolution plan in respect of its eligible exposures, subject to specified conditions and pursuant to RBI circular dated March 27, 2020 and May 23, 2020 ("RBI Circulars") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended moratorium to its borrowers in accordance with its Board approved policy. In management's view and considering the guidance provided by the Institute of Chartered Accountants of India ('ICAI'), providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Group has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Group's responses thereto, the actual credit loss can be different than that being estimated. In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.	Our audit procedures included but were not limited to: • Read and assessed the Group's accounting policy for impairment of financial assets and its compliance with IND AS 109 and the governance framework approved by the Board of Directors pursuant to the Reserve Bank of India guidelines issued on March 13, 2020. • Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present, requiring them to be classified under stage 2 or 3. • Performed inquiries with the Group's management and its risk management function to assess the impact of Covid-19 including second wave on the business activities of the Group. • Assessed the Group's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Group's policy on moratorium and reschedulement/ restructuring of loans in accordance with the regulations issued in this respect. • We performed procedures to test the inputs used in the ECL computation, on a sample basis. • Tested assumptions used by the management in determining the overlay of macro-economic factors, including COVID-19 pandemic. • Tested the arithmetical accuracy of computation of ECL provision, performed by the Group in spreadsheets. • Assessed adequacy of the disclosures included in the consolidated financial statements in respect of expected credit losses, including the specific disclosures made with regards to the management's evaluation of uncertainties arising from COVID-19 and its impact on ECL estimation.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ 22,984.42

Lakhs as at March 31, 2021, and total revenues of ₹ 4,021.41 Lakhs and net cash inflows of ₹ 1,937.12 Lakhs for the year ended on that date. This financial statement and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiaries as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/ the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in " Annexure 1" to this report;

(g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company and subsidiary incorporated in India, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary as noted in the 'Other matter' paragraph:

i. The Group does not have any pending litigations which would impact its consolidated financial position;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2021.

For S. R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACS6917

Place: Mumbai
Date: July 21, 2021

ANNEXURE 1

Referred to in paragraph 2(f) under the heading "report on other legal and regulatory requirements" of our report of even date

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

In conjunction with our audit of the consolidated financial statements of IKF Finance Limited (hereinafter referred to as the "Holding Company") as of and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as " the Group") ,which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the " Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor, in terms of his report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary, which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary.

For S. R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACS6917

Place: Mumbai
Date: July 21, 2021

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

(Currency : ₹ in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	14,474.42	3,229.63
(b) Bank Balance other than included in (a) above	4	4,164.82	3,774.93
(c) Receivables			
(I) Trade receivables	5	65.27	23.96
(d) Loans	6	1,58,784.68	1,38,041.67
(e) Investments	8	-	-
(f) Other financial assets	7	1,968.14	1,241.78
		1,79,457.33	**1,46,311.97**
(2) Non-financial assets			
(a) Current Tax Assets (Net)		217.94	156.56
(b) Deferred Tax Assets (Net)	29	-	298.70
(c) Investment Property	11	6.47	6.64
(d) Property, Plant and Equipment	10	319.40	358.43
(e) Right of use asset	10	45.71	79.73
(f) Intangible assets	12	207.32	218.68
(g) Goodwill		774.47	774.47
(h) Other non-financial assets	9	401.70	373.52
		1,973.01	**2,266.73**
Total assets		**1,81,430.34**	**1,48,578.70**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(I) Trade payables and other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		23.52	17.85
(b) Debt securities	13	43,210.76	6,109.76
(c) Borrowings (other than debt securities)	14	92,148.69	1,00,834.33
(d) Subordinated Liabilities	15	5,986.79	6,450.76
(e) Other financial liabilities	16	3,583.67	3,742.07
		1,44,953.43	**1,17,154.77**
(2) Non-financial liabilities			
(a) Current tax liabilities (Net)		71.90	38.68
(b) Provisions	17	303.22	230.93
(c) Deferred tax liabilities (Net)	29	116.67	-
(d) Other non-financial liabilities	18	148.76	149.37
		640.55	**418.98**
EQUITY			
(a) Equity share capital	19	5,167.49	5,027.64
(b) Other equity	20	30,169.33	25,555.01
(c) Non- Controlling Interest		499.54	422.30
		35,836.36	**31,004.95**
Total liabilities and equity		**1,81,430.34**	**1,48,578.70**

Significant accounting policies and key accounting estimates and judgments 2

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: July 21, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars		Note No	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From operations				
(i)	Interest income	21	23,422.50	23,579.61
(ii)	Fees and commission income	22	329.07	296.94
(I)	**Total revenue from operations**		**23,751.57**	**23,876.55**
(II)	Other income	23	57.33	73.67
(III)	**Total income (I + II)**		**23,808.90**	**23,950.22**
Expenses				
(i)	Finance costs	24	12,865.82	12,534.48
(ii)	Impairment on financial instruments	25	781.57	2,040.22
(iii)	Employee benefits expenses	26	3,438.10	3,190.88
(iv)	Depreciation, amortization and impairment	27	193.18	194.80
(v)	Others expenses	28	1,219.14	1,175.54
(IV)	**Total expenses**		**18,497.81**	**19,135.92**
(V)	**Profit before tax (III - IV)**		**5,311.09**	**4,814.30**
(VI)	**Tax Expense:**			
	(1) Current Tax	29	1,044.15	1,356.89
	(2) Deferred Tax	29	411.32	(128.95)
	(3) Adjustment of tax relating to earlier periods	29	65.46	2.13
			1,520.93	1,230.07
(VII)	**Profit for the period (V-VI)**		**3,790.16**	**3,584.23**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss (specify items and amounts)			
	(a) Remeasurements of the defined benefit plans	30	16.20	(3.89)
	Income tax relating to items that will not be reclassified to profit or loss		(4.08)	0.98
	Other comprehensive income / (loss)		**12.12**	**(2.91)**
(IX)	**Total comprehensive income for the period (VII + VIII)**		**3,802.28**	**3,581.32**
(X)	**Earnings per share (equity share, par value of ₹10 each)**	31		
	Basic		7.54	7.13
	Diluted		7.53	7.12

Significant accounting policies and key accounting estimates and judgments 2

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: July 21, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,311.09	4,814.30
Adjustments for:		
Depreciation, amortisation and impairment	193.18	194.80
Interest Income	(23,422.49)	(23,579.61)
Interest expenses	12,865.83	12,518.30
Impairment on financial instrument	781.57	2,040.22
Lease equalisation	-	(6.85)
Share based payment expense	13.09	17.56
Provision for expenses	4.83	31.69
Employee benefit expenses	106.26	94.71
Rental income on Investment property	(6.36)	(7.63)
(Profit)/ Loss on sale of property, plant and equipment	(0.14)	3.03
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	**(4,153.14)**	**(3,879.48)**
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	(44.40)	85.76
Decrease / (Increase) in loans	(28,317.25)	(14,652.82)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(389.89)	(142.92)
Decrease / (Increase) in other financial assets	(292.59)	128.18
Decrease / (Increase) in other non-financial assets	(28.18)	41.18
(Decrease) / Increase in trade payables	5.67	(8.20)
(Decrease) / Increase in other financial liabilities	(125.82)	(833.71)
(Decrease) / Increase in provisions	(17.77)	(17.83)
(Decrease) / Increase in other non-financial liabilities	(0.60)	(42.71)
Interest received	20,192.84	21,853.54
Interest paid	(10,940.08)	(11,104.85)
	(24,111.21)	**(8,573.86)**
Income tax paid (net of refunds)	(1,137.77)	(1,201.19)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(25,248.98)**	**(9,775.05)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45.96)	(98.20)
Rental income on Investment property	6.36	7.63
Proceeds from sale of property, plant and equipment	0.54	0.19
Purchase of intangible assets	(47.95)	(89.93)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(87.01)**	**(180.31)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	1,015.18	175.00
Amount received from debt securities	39,500.00	5,000.00
Repayment of debt securities	(3,300.00)	(11,611.11)
Amount received from borrowings other than debt securities	38,025.08	41,007.06
Repayment of borrowings other than debt securities	(38,101.19)	(25,079.99)
Amount received from subordinated Liabilities	2,500.00	2,000.00
Repayment of subordinated debt	(3,000.00)	-
Payment of principal portion of lease liabilities	(51.94)	(54.40)
Payment of interest on lease liabilities	(6.35)	(11.80)
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	**36,580.78**	**11,424.76**
Net Increase / (Decrease) in Cash and Cash Equivalents	**11,244.79**	**1,469.40**
Cash and Cash Equivalents at the beginning of Year	3,229.63	1,760.23
Cash and Cash Equivalents at the end of the Year	14,474.42	3,229.63

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: July 21, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

IKF FINANCE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

A. Equity share capital

(Currency : ₹ in lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2021		
	Outstanding as on April 1, 2020	Issued during the year	Outstanding as on March 31, 2021	Outstanding as onApril 1, 2019	Issued during the year	Outstanding as on March 31, 2020
Issued, Subscribed and paid up - fully paid (Equity shares of ₹10 each, Fully paid-up)	4,747.94	-	4,747.94	4,747.94	-	4,747.94
Issued, Subscribed and paid up - partly paid (Equity shares of ₹10 each, partly paid-up of 8.10 per share, (₹ 5.40 per share in March 2020))	279.70	139.85	419.55	279.70	-	279.70

B. Other equity

(Currency : ₹ in lakhs)

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Capital Reserve	Securities Premium	General Reserve	Share based payment Reserve	Retained Earnings	Impairment Reserve	
Balance at March 31, 2019	**3,043.71**	**32.50**	**9,085.06**	**721.74**	**-**	**9,132.53**	**-**	**22,015.54**
Profit for the year	-	-	-	-	-	3,516.59	-	3,516.59
Prior Period items	-	-	-	-	-	(16.17)		(16.17)
Other comprehensive income for the year	-	-	-	-	-	(2.91)	-	(2.91)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,497.51	-	3,497.51
Transfer to Statutory Reserve	670.18	-	-	-	-	(645.78)	-	24.40
Transfer to General Reserve	-	-	-	138.67	-	(138.67)	-	-
Share based payment expense	-	-	-	-	17.56	-	-	17.56
Issue of equity shares	-	-	-	-	-	-	-	-
Balance at March 31, 2020	**3,713.89**	**32.50**	**9,085.06**	**860.41**	**17.56**	**11,845.59**	**-**	**25,555.01**
Profit for the year	-	-	-	-	-	3,712.93	-	3,712.93
Other comprehensive income for the year	-	-	-	-	-	12.12	-	12.12
Prior Period items	-	-	-	-	-	0.85	-	0.85
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**3,725.90**	**-**	**3,725.90**
Transfer to Statutory Reserve	971.97	-	-	-	-	(971.97)	-	-
Transfer to General Reserve	-	-	-	159.53	-	(159.53)	-	-
Issue of equity shares	-	-	875.33	-	-	-	-	875.33
Share based payment expense	-	-	-	-	13.09	-	-	13.09
Balance at March 31, 2021	**4,685.86**	**32.50**	**9,960.39**	**1,019.94**	**30.65**	**14,439.99**	**-**	**30,169.33**

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

As per our report of even date

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

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: July 21, 2021

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

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on Consolidated Financial Statements for the year ended March 31, 2021

1 Group Overview

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

The consolidated financial statements relates to the Company and its subsidiary company IKF Home Finance Limited (IKFHF) ("together hereinafter referred to as "Group").

1.1 Basis of Consolidation

i. The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2021 and are prepared based on the accounting policies consistent with those used by the Company.

ii. Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements.

The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realized.

b. The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company is made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

c. Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group to arrive at the income attributable to shareholders of the Company.

d. Goodwill arising on consolidation is not amortized but tested for impairment.

Subsidiary considered in preparation of these consolidated financial statements is as under:

Name of the subsidiary	Country of in corporation	Proportion of ownership
IKF Home Finance Limited	India	91.49%

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements for the year ended March 31, 2021 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2.2 Presentation of Financial Statements

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

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

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

2.3 Basis of Measurement

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

2.4 Significant accounting judgments, estimates and assumptions

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

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

a. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b. Effective Interest Rate (EIR) method

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

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

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on Consolidated Financial Statements for the year ended March 31, 2021

c. **Impairment of loans portfolio**

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

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

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

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

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

d. **Defined employee benefit assets and liabilities**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. **Fair value measurement:**

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

f. **Operating leases**

Group as a lessee:

The Group has applied Ind AS 116 using the partial retrospective approach.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Group has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Group recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

g. Share based payments

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

2.5 Revenue recognition

a. Interest Income on loans

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost.

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

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

b. Rental Income

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

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

c. Interest income on fixed deposits

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

d. Other income

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

2.6 Financial instruments

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

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

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

a. Classification and measurement of Financial assets

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

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

Financial assets at amortised cost

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

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

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

The Group records loans at amortised cost.

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

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

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

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

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

b. Financial Liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss. Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

c. Equity instruments

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

d. Reclassification

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

e. De-recognition of financial assets and financial liabilities

i. Financial Assets

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

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

i. The Group has transferred its contractual rights to receive cash flows from the financial asset, or

ii. It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

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

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

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

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

A transfer only qualifies for derecognition if either:

i. The Group has transferred substantially all the risks and rewards of the asset, or

ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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on Consolidated Financial Statements for the year ended March 31, 2021

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

ii. Financial liabilities

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

f. Impairment of Financial Assets

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

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

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

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

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

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Group compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

For impaired financial instruments:

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

The calculation of ECLs

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

Probability of Default (PD) -

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

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

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

Collateral Valuation

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

Collateral repossessed

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

Write-offs

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

g. Determination of fair value

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

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

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

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

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

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

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on Consolidated Financial Statements for the year ended March 31, 2021

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

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

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

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

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

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

2.7 Property, plant and equipment

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

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

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

*Useful life for Furniture and Fixture for IKF Home Finance Limited is 5 Years. For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

2.8 Intangible assets

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

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

The estimated useful life of intangible assets are as follows:

Asset	Useful Life
Software	6 years

2.9 Impairment of non-financial assets

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

2.10 Employee benefits

Defined Contribution Plan:

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

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

Defined Benefit Plan:

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

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

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

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

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

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality

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rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other Employee Benefits:

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

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

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

2.11 Income Taxes

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

(a) Current tax

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

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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2.12 Provision and contingencies

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

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

2.13 Earnings per share

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

2.14 Cash and cash equivalent

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

2.15 Statement of cash flows

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

2.16 Share based payments

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

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

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3 Cash and cash equivalents

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	101.42	8.86
Balances with banks in current accounts	14,373.00	3,220.77
Total	**14,474.42**	**3,229.63**

4 Bank balance other than cash and cash equivalents

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks to the extent held as margin money*	4,164.82	3,774.93
Total	**4,164.82**	**3,774.93**

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

5 Receivables

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Trade receivables		
Receivables considered good - Unsecured	94.06	49.66
	94.06	**49.66**
Less: Provision for impairment	28.79	25.70
Total	**65.27**	**23.96**

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

6 Loans

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Term loans	1,62,605.18	1,42,188.01
(ii) term loans - related parties	-	-
(iii) Staff loans	49.69	18.95
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**
(i) Secured by tangible assets*	1,62,654.87	1,42,206.96
(i) Secured by intangible assets	-	-
(ii) Covered by Bank/ Government Guarantees	-	-
(iii) Unsecured	-	-
Total	**1,62,654.87**	**1,42,206.96**

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**
(i) Public sectors	-	-
(ii) Others	1,62,654.87	1,42,206.96
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**
(i) Loans in India	1,62,654.87	1,42,206.96
(ii) Loans outside India	-	-
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**

*Secured against hypothecation of automobiles, book debts, equitable mortgage of immovable property etc.

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
Stage I	1,00,018.78	93,253.81
Stage II	58,131.52	45,302.29
Stage III	4,454.88	3,631.91
Total	**1,62,605.18**	**1,42,188.01**

6.2 Gross movement of loans for the year ended March 31, 2021:-

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020				
Term loans	**93,253.81**	**45,302.29**	**3,631.91**	**1,42,188.01**
Staff loans	**18.95**	**-**	**-**	**18.95**
New loans originated during the year				-
Term loans	51,712.08	9,162.23	114.71	60,989.02
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				
Transfers to Stage 1	10,673.59	(10,208.24)	(465.35)	-
Transfers to Stage 2	(27,586.92)	27,874.85	(287.93)	-
Transfers to Stage 3	(1,351.59)	(2,042.57)	3,394.16	-
Interest on stage 3 loans	-	-	98.96	98.96

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(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Amounts written off				
Term loans	(158.19)	(320.81)	(594.60)	(1,073.60)
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)				
Term loans	(26,524.00)	(11,636.23)	(1,436.98)	(39,597.21)
Staff loans	30.74	-	-	30.74
Gross carrying amount as at March 31, 2021				
Term loans	**1,00,018.78**	**58,131.52**	**4,454.88**	**1,62,605.18**
Staff loans	**49.69**	**-**	**-**	**49.69**

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

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019				
Term loans	**89,448.34**	**30,165.84**	**4,423.46**	**1,24,037.64**
Staff loans	**24.68**	**-**	**-**	**24.68**
New loans originated during the year				
Term loans	52,597.73	19,434.11	385.56	72,417.40
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				-
Transfers to Stage 1	10,705.01	(9,493.01)	(1,212.00)	-
Transfers to Stage 2	(21,024.78)	22,068.22	(1,043.44)	-
Transfers to Stage 3	(1,956.55)	(1,335.74)	3,292.29	-
Interest on stage 3 loans	-	-	17.22	17.22
Amounts written off				
Term loans	(216.41)	(210.62)	(115.00)	(542.03)
Staff loans	-	-	-	
Assets derecognised or repaid (excluding write offs)				-
Term loans	(36,299.53)	(15,326.51)	(2,116.18)	(53,742.22)
Staff loans	(5.73)	-	-	(5.73)
Gross carrying amount as at March 31, 2020				
Term loans	**93,253.81**	**45,302.29**	**3,631.91**	**1,42,188.01**
Staff loans	**18.95**	**-**	**-**	**18.95**

6.4 ECL movement of term loans during the year ended March 31, 2021:-

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020	**1,235.11**	**1,868.77**	**1,061.41**	**4,165.29**
New loans originated during the year	530.58	225.68	28.90	785.16
Inter-stage movements:				
Transfers to Stage 1	643.76	(428.75)	(215.01)	-
Transfers to Stage 2	(323.13)	395.00	(71.87)	-
Transfers to Stage 3	(15.56)	(89.36)	104.92	-
Amounts written off	(6.65)	(35.05)	(365.38)	(407.08)
Assets derecognised or repaid (excluding write offs)	(1,040.55)	(353.60)	720.96	(673.19)
Gross carrying amount as at March 31, 2021	**1,023.56**	**1,582.69**	**1,263.93**	**3,870.18**

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

(Currency : ₹ in lakhs)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2029	**646.37**	**837.02**	**1,209.42**	**2,692.81**
New loans originated during the year	776.15	771.04	89.08	1,636.27
Inter-stage movements:	-	-	-	
Transfers to Stage 1	603.24	(286.84)	(316.40)	-
Transfers to Stage 2	(138.84)	374.63	(235.79)	-
Transfers to Stage 3	(13.49)	(43.14)	56.63	-
Amounts written off	(2.92)	(16.71)	(73.54)	(93.17)
Assets derecognised or repaid (excluding write offs)	(635.40)	232.77	332.01	(70.62)
Gross carrying amount as at March 31, 2020	**1,235.11**	**1,868.77**	**1,061.41**	**4,165.29**

7 Other Financial Assets

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Rent and utility deposit	175.11	160.25
Excess Interest Spread (EIS) Receivables	1,508.93	1,076.57
Other -unsecured, considered good	284.10	4.96
Total	**1,968.14**	**1,241.78**

8 Investments

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment in Equity instruments		
- Subsidiary (at cost)		
IKF Home finance limited*	-	-
Total	**-**	**-**

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9 Other Non-Financial Assets

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	34.26	65.87
Advances to employees	6.42	1.54
GST input credit	345.10	304.18
Other -unsecured, considered good	15.92	1.93
Total (B)	**401.70**	**373.52**

10 Property, plant and equipment

(Currency : ₹ in lakhs)

Particulars	Leasehold Improvements	Furniture and Fixtures	Computer & Printer	Office equipment	Vehicles	Total	Right to Use Assets
Gross carrying amount							
As at March 31, 2019	**29.13**	**220.54**	**88.29**	**21.61**	**75.51**	**435.08**	**165.09**
Additions	-	43.30	13.37	5.70	35.83	98.20	17.40
Disposals	0.00	(4.18)	(0.16)	-	-	(4.34)	-
As at March 31, 2020	**29.13**	**259.66**	**101.50**	**27.31**	**111.34**	**528.94**	**182.49**
Additions	-	28.57	16.26	1.13	-	45.96	23.22
Disposals	-	-	(1.03)	-	-	(1.03)	(18.21)
As at March 31, 2021	**29.13**	**288.23**	**116.73**	**28.44**	**111.34**	**573.87**	**187.50**
Accumulated depreciation and impairment:							
As at March 31, 2019	**4.70**	**34.14**	**31.21**	**4.19**	**11.86**	**86.10**	**44.15**
Depreciation for the year	2.95	35.02	30.01	3.87	13.68	85.53	58.61
Disposals	-	(1.09)	(0.03)	-	-	(1.12)	-
As at March 31, 2020	**7.65**	**68.07**	**61.19**	**8.06**	**25.54**	**170.51**	**102.76**
Depreciation for the year	2.95	36.43	24.98	4.15	16.07	84.58	49.10
Disposals	-	-	(0.62)	-	-	(0.62)	(10.06)
As at March 31, 2021	**10.60**	**104.50**	**85.55**	**12.21**	**41.61**	**254.47**	**141.80**
Net book value							
As at March 31, 2019	24.43	186.40	57.08	17.42	63.65	348.98	120.94
As at March 31, 2020	21.48	191.59	40.31	19.25	85.80	358.43	79.73
As at March 31, 2021	18.53	183.73	31.18	16.23	69.73	319.40	45.71

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11 Investment Property

(Currency : ₹ in lakhs)

Particulars	Buildings	Total
Gross carrying amount		
As at March 31, 2019	**6.98**	**6.98**
Addition	-	-
Disposals	-	-
As at March 31, 2020	**6.98**	**6.98**
Additions	-	-
Disposals	-	-
As at March 31, 2021	**6.98**	**6.98**
Accumulated depreciation and impairment		
As at March 31, 2019	**0.17**	**0.17**
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2020	**0.34**	**0.34**
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2021	**0.51**	**0.51**
Net book value		
As at March 31, 2019	6.81	6.81
As at March 31, 2020	6.64	6.64
As at March 31, 2021	6.47	6.47

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

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rental Income	6.36	7.63
Direct operating expense from property that generated rental income	-	0.40
Profit from investment properties before depreciation	**6.36**	**7.23**
Depreciation	0.17	0.17
Profit from investment properties	**6.19**	**7.06**

(ii) Contractual obligations

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

iii) Pledged details

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

(iv) Estimation of fair value

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

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12 Intangible assets

(Currency : ₹ in lakhs)

Particulars	Total
Gross carrying amount	
As at March 31, 2019	**228.74**
Additions	89.93
Disposal	-
As at March 31, 2020	**318.67**
Additions	47.95
Disposal	-
As at March 31, 2021	**366.62**
Accumulated amortisation and impairment	
As at March 31, 2019	**49.47**
Amortisation for the year	50.52
Disposal	-
As at March 31, 2020	**99.99**
Amortisation for the year	59.31
Disposal	-
As at March 31, 2021	**159.30**
Net book value	
As at March 31, 2019	179.27
As at March 31, 2020	218.68
As at March 31, 2021	207.32

13 Debt Securities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Secured		
Non convertible debentures	41,448.94	769.66
Unsecured	-	
Other non convertible debentures	1,761.82	5,340.10
Commercial Paper	-	-
Total	**43,210.76**	**6,109.76**
Debt Securities:		
Within India	43,210.76	6,109.76
Outside India	-	-
Total	**43,210.76**	**6,109.76**

Nature of security

Non convertible debentures (secured)

Non convertible debentures are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and mortgage of personal properties of directors in addition to their personal guarantees.

Terms of repayment of Debt securities as on March 31, 2021

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)"	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Quarterly repayment schedule								
1-5 Years	9.01%-10.00%	3	3,750.00	1	1,250.00	-	-	5,000.00
	10.01%-11.00%	-	-	-	-	-	-	-
	11.01%-12.00%	-	-	-	-	-	-	-
	12.01%-12.50%	8	1,100.00	5	650.00			1,750.00
Bullet repayment schedule								
1-7 Years	8.51%-9.50%	3	15,500.00	-	-	-	-	15,500.00
	9.51%-10.50%	-	-	3	8,500.00	-	-	8,500.00
	10.51%-11.50%	2	600.00	3	5,500.00	-	-	6,100.00
	11.51%-12.50%	-	-	1	5,000.00	-	-	5,000.00
Total			**20,950.00**	**-**	**20,900.00**	**-**	**-**	**41,850.00**
Add : Interest accrued but not due								1,496.87
Less : Unamortized Finance Cost								(136.11)
Total Amortized Cost			**20,950.00**		**20,900.00**		**-**	**43,210.76**

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

(Currency : ₹ in lakhs)

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

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14 Borrowings (other than debt securities)

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Term loans (Secured)		
from banks	43,940.41	45,611.60
from non banking financial companies	8,632.55	18,105.85
from financial institutions	3,825.83	-
From National Housing Bank (NHB)	2,195.84	-
Term loans (Un Secured)		
from other parties	176.00	-
Loans repayable on demand (Secured):		
Cash credit from Bank	26,566.40	21,739.98
Associated liabilities in respect of securitisation transactions	6,811.66	15,376.90
Total	**92,148.69**	**1,00,834.33**
Borrowings:		
Within India	92,148.69	1,00,834.33
Outside India		-
Total	**92,148.69**	**1,00,834.33**

Nature of security

Term loans (secured)

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

Loans repayable on demand (Secured)

These loans are secured against the first pari passu charge on current assets, book debts and receivables including loans & advances of the Group as per the agreement. Further, the loan has been guaranteed by personal guarantee of director/promoter to the extent of 312.20 Cr (March 31, 2020: ₹ 287.20 Cr).

Terms of repayment of borrowings (other than debt) as on March 31, 2021

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)"	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	6.00%-7.00%	1	860.00	-	-	-	-	860.00
	7.01%-8.00%	20	1,692.66	23	1,821.75	-	-	3,514.41
	8.01%-9.00%	58	1,540.33	132	3,104.31	8.00	4.99	4,649.63
	9.01%-10.50%	92	1,438.38	186	1,543.28	-	-	2,981.66
	10.51%-11.50%	36	1,790.55	17	770.24	-	-	2,560.79
	11.51%-12.50%	84	4,619.98	74	3,551.32	-	-	8,171.30
Quarterly repayment schedule								
1-5 Years	6.00%-7.00%	6	57.00	32	304.00	16.00	139.00	500.00
	7.01%-8.00%	7	269.00	28	933.00	5.00	79.00	1,281.00
	8.01%-9.00%	23	3,850.00	74	12,796.70	1.00	239.88	16,886.58
	9.01%-10.50%	27	4,743.67	34	9,215.89	-	-	13,959.56
	10.51%-11.50%	4	666.67	5	832.99	-	-	1,499.66
	11.51%-12.50%	35	385.26	89	1,241.84	-	-	1,627.10

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(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year No. of Installments	Due within 1 year Amount (In lakhs)	Due between 2 to 5 Years No. of Installments	Due between 2 to 5 Years Amount (In lakhs)"	Due more than 5 Years No. of Installments	Due more than 5 Years Amount (In lakhs)	Total
Bullet repayment schedule								
1-45 Years	5.00%-6.00%	1	420.00	-	-	-	-	420.00
	9.51%-10.50%	-	-	-	-	-	-	-
	10.51%-11.50%	-	-	-	-	-	-	-
	11.51%-12.50%	-	-	-	-	-	-	-
	>13.50%	-	-	-	-	-	-	-
Repayable on Demand	9.01%-10.50%	1	175.00	-	-	-	-	175.00
Total			**22,508.50**		**36,115.32**		**462.87**	**59,086.69**
Add : Interest accrued but not due								67.83
Less : Unamortized Finance Cost								(383.89)
Total Amortized Cost			**22,508.50**	**-**	**36,115.32**	**-**	**462.87**	**58,770.63**

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

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year No. of Installments	Due within 1 year Amount (In lakhs)	Due between 2 to 5 Years No. of Installments	Due between 2 to 5 Years Amount (In lakhs)"	Due more than 5 Years No. of Installments	Due more than 5 Years Amount (In lakhs)	Total
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	36	780.66	107	2,698.51	20	11.95	3,491.12
	9.00%-10.50%	90	6,473.57	40	1,891.66	-	-	8,365.23
	10.51%-11.50%	68	3,080.32	92	3,989.74	-	-	7,070.06
	11.51%-12.50%	104	5,000.06	177	8,769.39	-	-	13,769.45
	12.51%-14.50%	60	807.58	59	968.04	-	-	1,775.62
Quarterly repayment schedule								
1-5 Years	9.00%-10.00%	22	3,200.00	58	8,945.36	-	-	12,145.36
	10.00%-11.00%	8	2,433.33	21	9,366.67	-	-	11,800.00
	11.00%-12.00%	7	1,500.00	11	2,000.00	-	-	3,500.00
	12.01%-12.50%	11	385.26	36	1,335.79	7	351.32	2,072.37
Bullet repayment schedule								
1-45 Years	9.51%-10.50%	-	-	-	-	-	-	-
	10.51%-11.50%	-	-	-	-	-	-	-
	11.51%-12.50%	-	-	-	-	-	-	-
	>13.50%	-	-	-	-	-	-	-
Total			**23,660.78**		**39,965.16**		**363.27**	**63,989.21**
Add : Interest accrued but not due								145.57
Less : Unamortized Finance Cost								(417.33)
Total Amortized Cost			**23,660.78**	**-**	**39,965.16**	**-**	**363.27**	**63,717.45**

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15 Subordinated Liabilities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured - At amortised cost		
Non convertible debentures (Tier-II)	4,500.44	4,975.20
Indian rupee loan from banks (Tier-II)	1,486.35	1,475.56
Total	**5,986.79**	**6,450.76**
Subordinated Liabilities:		
Within India	5,986.79	6,450.76
Outside India	-	-
Total	**5,986.79**	**6,450.76**

Terms of repayment of subordinated liabilities as on March 31, 2021

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-7 Years	11.51%-12.50%	-	-	1	1,500.00	-	-	1,500.00
	>13.50%	-	-	1	2,000.00	1	2,500.00	4,500.00
Total					**3,500.00**		**2,500.00**	**6,000.00**
Add : Interest accrued but not due					3,500.00		2,500.00	6,000.00
Less : Unamortized Finance Cost								(50.92)
Total Amortized Cost					**3,500.00**		**2,500.00**	**5,986.79**

Terms of repayment of subordinated liabilities as on March 31, 2020

(Currency : ₹ in lakhs)

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-7 Years	11.51%-12.50%	-	-	1	1,500.00	-	-	1,500.00
	>13.50%	-	-	1	3,000.00	1	2,000.00	5,000.00
Total					**4,500.00**		**2,000.00**	**6,500.00**
Add : Interest accrued but not due								5.15
Less : Unamortized Finance Cost								(54.39)
Total Amortized Cost					**4,500.00**		**2,000.00**	**6,450.76**

16 Other financial liabilities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	48.89	86.30
Employee benefits payable	153.10	127.73
Expenses payable	7.66	15.71
Other Payables	675.59	1,305.06
Deposit from franchisees	501.93	495.74
Payable towards securitisation / assignment transactions	2,196.50	1,711.53
Total	**3,583.67**	**3,742.07**

17 Provisions

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity	127.59	108.31
Provision for leave benefits	175.63	122.62
Total	**303.22**	**230.93**

18 Other non-financial liabilities

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	148.76	149.37
Total	**148.76**	**149.37**

19. Equity share capital

(Currency : ₹ in lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Number**	**Amount**	**Number**	**Amount**
Authorised Capital				
Equity shares of ₹ 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Preference shares of ₹ 100 each	25,00,000	2,500.00	25,00,000	2,500.00
	6,25,00,000	**8,500.00**	**6,25,00,000**	**8,500.00**
Issued, subscribed and fully paid-up shares				
Equity Shares of ₹ 10 each fully paid up	4,74,79,379	4,747.94	4,74,79,379	4,747.94
	4,74,79,379	**4,747.94**	**4,74,79,379**	**4,747.94**
Issued, subscribed and partly paid-up shares				
Equity Shares of ₹ 10 each, partly paid up ₹ 8.10 per share (Partly paid up ₹ 5.40 per share in March 2020)	51,79,688	419.55	51,79,688	279.70
	51,79,688	**419.55**	**51,79,688**	**279.70**
Total	**5,26,59,067**	**5,167.49**	**5,26,59,067**	**5,027.64**

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A. Reconciliation of number of shares

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Fully paid equity share of ₹ 10 each				
At the beginning of the year	4,74,79,379	4,747.94	4,74,79,379	4,747.94
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**4,74,79,379**	**4,747.94**	**4,74,79,379**	**4,747.94**
Partly paid up equity share of ₹ 10 each, partly paid up ₹ 8.10 per share				
(Partly paid up ₹ 5.40 per share in March 2020)				
At the beginning of the year	51,79,688	279.70	51,79,688	279.70
Amount called/Issued during the year	-	139.85	-	-
Outstanding at the end of the year	**51,79,688**	**419.55**	**51,79,688**	**279.70**

Notes:

B. Terms/rights attached to equity shares

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

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

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

(Currency : ₹ in lakhs)

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% Holding	No. of shares held	% Holding
Equity shares of ₹ 10 each fully paid up				
Vupputuri Gopala Kishan Prasad	1,58,75,616	33.44%	1,58,67,900	33.42%
India Business Excellence Fund-IIA	1,30,51,546	27.49%	1,30,51,546	27.49%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	78,04,018	16.44%	78,04,018	16.44%
Equity Shares of ₹ 10 each, partly paid up ₹ 8.10 per share (Partly paid up ₹ 5.40 per share in March 2020)				
Vupputuri Gopala Kishan Prasad	35,05,821	67.68%	35,05,821	67.68%
Koganti Vasumathi Devi	5,15,980	9.96%	5,15,980	9.96%
Devineni Vasantha Lakshmi	4,85,677	9.38%	4,85,677	9.38%
Vupputuri Raghu Ram	3,50,970	6.78%	3,50,970	6.78%
Vupputuri Indira Devi	3,21,240	6.20%	3,21,240	6.20%

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Equity shares of ₹ 10 each, fully paid up, allotted on conversion of 19,53,125/- 0.01% Compulsorily convertible preference share of ₹ 100 each, Fully paid-up	-	-	195.31	-	-

20. Other equity

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	32.50	32.50
Securities premium reserve	9,960.39	9,085.06
Share Based Payment reserve	30.65	17.56
Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934	4,187.41	3,549.31
Statutory Reserve U/s 29C of NHB Act	460.46	126.60
Provision U/s 36(viia) Income tax Act, 1961	37.98	37.98
General reserve	1,019.94	860.41
Retained earnings	14,440.00	11,845.59
Total	**30,169.33**	**25,555.01**

Nature and purpose of reserve

a. Capital reserve

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

b. Securities premium reserve

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

c. Statutory reserve

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

ii. Reserves created under Section 29C of NHB Act 1987

ii. Reserves created under Section 36(viia) Income tax Act, 1961

d. Share based payment reserve

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

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e. Retained earnings

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

B. Movement in Other equity

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
I. Capital Reserve		
Opening balance	32.50	32.50
Add : Share issued during the year	-	-
	32.50	**32.50**
II. Securities premium reserve		
Opening balance	9,085.06	9,085.06
Add : Premium received on issue of securities	875.33	-
	9,960.39	**9,085.06**
III. Share Based Payment reserve		
Opening balance	17.56	-
Add : During the year	13.09	17.56
	30.65	**17.56**
IV. Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934		
Opening balance	3,549.31	2,994.64
Add : Transfer from retained earnings	638.10	554.67
	4,187.41	**3,549.31**
V. Statutory Reserve U/s 29C of NHB Act		
Opening balance	126.60	35.49
Add : Transfer from retained earnings	333.86	91.11
	460.46	**126.60**
VI. Provision U/s 36(viia) Income tax Act, 1961		
Opening balance	37.98	13.59
Add : Transfer from retained earnings	-	24.39
	37.98	**37.98**
Vii. General Reserve		
Opening balance	860.41	721.74
Add : Transfer from retained earnings	159.53	138.67
	1,019.94	**860.41**
Viil. Retained earnings		
Opening balance	11,845.59	9,132.53
Add : Profit for the year	3,712.93	3,516.59
Add : Prior Period items	0.85	(16.17)
Add : Other comprehensive income	12.12	(2.91)
Appropriations:		
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(638.10)	(554.67)
Transfer to Statutory NHB Reserve	(333.86)	(91.11)
Transfer to General reserve	(159.53)	(138.67)
Total	**14,440.00**	**11,845.59**

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21 Interest income

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised cost		
Interest on loans	23,201.48	23,355.89
Interest on deposits with banks	221.02	223.72
Total	**23,422.50**	**23,579.61**

22 Fees and commission income

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	329.07	296.94
Total	**329.07**	**296.94**

23 Other income

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on income tax refund	7.68	10.64
Rental income	6.36	7.63
Miscellaneous Income	43.29	55.40
Total	**57.33**	**73.67**

24 Finance costs

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost		
Interest on deposits	84.87	95.13
Interest on borrowings	8,127.92	8,509.34
Interest on commercial paper and bonds	-	33.21
Interest on debentures	2,237.52	1,833.25
Interest on subordinated liabilities	843.17	15.76
Interest on ICD	-	-
Interest on lease liabilities	4.77	8.95
Interest on securitisation	1,025.83	1,550.61
Interest on Income tax	8.73	-
Bank Charges	11.48	13.60
Other finance cost	521.53	474.63
Total	**12,865.82**	**12,534.48**

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25 Impairment on financial instruments

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost		
Loans	(295.10)	1,472.49
Trade receivables	3.08	25.70
Bad debts and write offs	1,073.59	542.03
Total	**781.57**	**2,040.22**

26 Employee benefits expenses

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	3,083.94	2,840.99
Contribution to provident and other funds	169.04	167.63
Share based payment to employees	**13.09**	**17.56**
Staff welfare expenses	**65.77**	**69.99**
Gratuity	39.27	36.26
Leave encashment	66.99	58.45
Total	**3,438.10**	**3,190.88**

27 Depreciation, amortization and impairment

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	133.70	144.12
Depreciation on investment property	0.17	0.16
Amortization of intangible assets	59.31	50.52
Total	**193.18**	**194.80**

28 Other expenses

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	183.12	205.66
Communication cost	55.57	68.46
Travelling and conveyance	82.69	190.16
Rates and taxes	228.20	229.57
Insurance	9.27	8.54
Commission and Brokerage	26.20	43.74
Repairs and maintenance	62.02	53.09
Printing and stationary	28.17	11.79
Payment to auditors (Refer Note 28.1)	43.50	35.01

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(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Advertisement, publicity and sales promotion expenses	4.19	6.99
Operation Cost	56.29	57.62
Legal and professional fees	174.83	148.27
Corporate social responsibility (Refer Note 28.2)	252.52	50.86
Provision	-	27.37
Loss on sale of property, plant and equipment	-	3.03
Miscellaneous expenses	12.57	35.38
Total	**1,219.14**	**1,175.54**

28.1 Payment to the auditors:

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	33.00	31.00
In other capacity	-	-
- Certification services	9.25	1.90
Other of pocket expenses	1.25	2.11
Total	**43.50**	**35.01**

28.2 Corporate social responsibility:

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be spent by the Company as per the provision of Section 135 of Companies Act 2013.	86.40	70.78
b) Amount spent during the year (paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	252.52	50.86
c) Amount spent during the year (yet to be paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	19.92
	252.52	**70.78**

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29 Income tax

(a) Income tax expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹	₹
Current tax		
Current tax on profits for the year	1,044.15	1,356.89
Adjustment for current tax of the prior periods	65.46	2.13
Subtotal (A)	**1,109.61**	**1,359.02**
Deferred tax		
Decrease/(Increase) in deferred tax assets	25.09	(344.10)
(Decrease)/Increase in deferred tax liabilities	382.14	216.13
Subtotal (B)	**407.23**	**(127.97)**
Deferred tax asset/ (liability) relating to items recognised in other Comprehensive Income (C)	**(4.09)**	**0.98**
Income tax expense for the year (A+B+C)	**1,520.93**	**1,230.07**

(b) Deferred tax

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2021:

(Currency : ₹ in lakhs)

Particulars	Net balance March 31, 2020	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2021
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	52.47	27.23	(4.07)	75.63
Impact of provision for expected credit loss on loans	906.93	(68.51)	-	838.42
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	2.49	(0.47)	-	2.02
Impact of leases under Ind AS 116	2.08	4.96	-	7.04
EIR impact of financial asssets and liabilities	51.82	8.47	-	60.29
Share based payment	4.42	3.30	-	7.72
Others	4.14	(4.14)	-	-
(A)	**1,024.35**	**(29.16)**	**(4.07)**	**991.12**
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	130.25	(11.25)	-	119.00
Remeasurement of defined benefit plan	0.57	(0.57)	-	-
EIR impact of financial asssets and liabilities	40.49	46.00	-	86.49
Impact of direct assignment and securitisaton transactions	498.77	322.86	-	821.63
Interest income recognised on stage 3 loans	49.52	24.91	-	74.43
Others	6.05	0.19	-	6.24
(B)	**725.65**	**382.14**	**-**	**1,107.79**
Deferred tax assets (net) (A-B)	**298.70**	**(411.30)**	**(4.07)**	**(116.67)**

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

(Currency : ₹ in lakhs)

Particulars	Net balance March 31, 2029	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**40.52**	11.95	-	52.47
Impact of provision for expected credit loss on loans	**600.16**	306.77	-	906.93
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	**5.60**	(2.50)	-	3.10
Impact of leases under Ind AS 116	**1.71**	0.37	-	2.08
EIR impact of financial asssets and liabilities	30.18	21.64	-	51.82
Share based payment	-	4.42	-	4.42
Remeasurement of defined benefit plan	-	(1.20)	1.20	-
Others	0.29	3.85	-	4.14
(A)	**678.46**	**345.30**	**1.20**	**1,024.96**
Deferred tax liabilities				
Impact of amortisation of anciallary borrowing cost	103.35	26.90	-	130.25
Remeasurement of defined benefit plan	0.35	-	0.22	0.57
EIR impact of financial asssets and liabilities	36.28	4.21	-	40.49
Impact of direct assignment and securitisaton transactions	316.75	182.02	-	498.77
Interest income recognised on stage 3 loans	52.28	(2.76)	-	49.52
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	0.61	-	-	0.61
Others	0.07	5.98	-	6.05
(B)	**509.69**	**216.35**	**0.22**	**726.26**
Deferred tax assets (net) (A-B)	**168.77**	**128.95**	**0.98**	**298.70**

(c) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹	₹
Profit before tax as per Statement of profit and loss (A)	5,311.09	4,814.33
Applicable income tax rate	25.17%	25.17%
Expected Income Tax Expense (B)	1,336.70	1,211.67
Tax effect of:		
Effect of income exempt from tax	(0.45)	(0.55)
Effect of expenses/provisions not deductible in determining taxable profit	63.96	14.71
Effect of differential tax rate	-	(14.24)
Adjustment related to tax of prior years	65.46	2.13
Others	55.26	16.35
Income tax expense	**1,520.93**	**1,230.07**

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30 Employee Benefits

a. Defined contribution plan - provident funds

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

The Group recognised ₹ 164.74 lakhs (PY: ₹ 163.01 lakhs) for year ended March 31, 2021, for provident fund and other contributions in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation (A)	127.59	108.31
Fair Value of plan assets (B)	-	-
Present value of obligation (A- B)	**127.59**	**108.31**

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Obligation expected to be settled in the next 12 months	7.95	6.73
Obligation expected to be settled beyond next 12 months	119.64	101.58

Movement in net defined benefit (asset) liability

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

(Currency : ₹ in lakhs)

	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	Number	Amount	Number	Amount	Number	Amount
Opening balance	108.31	72.87	-	-	108.31	72.87
Current service cost	32.01	30.87	-	-	32.01	30.87
Past service cost	-	-	-	-	-	-
Interest cost (income)	7.26	5.39	-	-	7.26	5.39
Defined benefit cost included in P&L	**39.27**	**36.26**	**-**	**-**	**39.27**	**36.26**

(Currency : ₹ in lakhs)

	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	Number	Amount	Number	Amount	Number	Amount
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	-	-	-	-	-	-
Financial assumption	(0.86)	4.71	-	-	(0.86)	4.71
Experience adjustments	(15.33)	(0.81)	-	-	(15.33)	(0.81)
Total remeasurements in OCI	**(16.19)**	**3.90**	**-**	**-**	**(16.19)**	**3.90**
Others						
Benefits paid	(3.79)	(4.72)	-	-	(3.79)	(4.72)
Closing balance	**127.60**	**108.31**	**-**	**-**	**127.60**	**108.31**

Actuarial assumptions:

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
IKF Finance Limited		
Discount rate	6.91%	6.82%
Salary escalation rate	6.00%	6.00%
Withdrawal/attrition rate (based on categories)	9.00%	9.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	23.08 years	24.20 years
IKF Home Finance Limited		
Discount rate	6.91%	6.82%
Salary escalation rate	5.00%	5.00%
Withdrawal/attrition rate (based on categories)	5.95%	5.95%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	**24.64 years**	**24.71 years**

Notes:

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

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

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

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Sensitivity analysis:

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

(Currency : ₹ in lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Increase**	**Decrease**	**Increase**	**Decrease**
Salary escalation Rate (+/- 1%)	137.83	118.41	117.31	100.24
IKF Finance	7.40%	-6.70%	7.70%	-7.00%
IKF Home Finance	12.00%	-10.40%	12.90%	-11.20%
Discount Rate (+/- 1%)	118.65	137.76	100.42	117.32
IKF Finance	-6.60%	7.40%	-6.90%	7.80%
IKF Home Finance	-9.80%	11.40%	-10.50%	12.30%
Withdrawal Rate (+/- 1%)	127.30	127.81	107.87	108.69
IKF Finance	-0.20%	0.20%	-0.30%	0.30%
IKF Home Finance	-0.40%	0.20%	-10.50%	12.30%

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

Expected future contributions

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

Expected cash flow for following years:

Maturity Profile of Defined Benefit Obligations

(Currency : ₹ in lakhs)

Year 1	7.95
Year 2	9.16
Year 3	20.26
Year 4	13.56
Year 5	14.70
Year 6	9.86
Year 7	9.45
Year 8	10.57
Year 9	10.70
Year 10	11.74

The weighted average duration of the defined benefit obligation for IKF finance is 10.58 (for IKF Home Finance 14.93).

c. Compensated absences :

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

(Currency : ₹ in lakhs)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Present value of unfunded obligation	175.63	122.62
Expenses recognised in the Statement of Profit and Loss	66.99	58.45

31 Earnings per share

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Profit for the year	**3,790.16**	**3,584.23**
Weighted average number of equity shares used in calculating basic earnings per share	502.80	502.76
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	0.33	0.37
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	503.13	503.13
Basic earnings per share	**7.54**	**7.13**
Diluted earnings per share	**7.53**	**7.12**

32 Segment Reporting

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

33 Transfer of financial assets

Transfer of financial assets that are not derecognised in their entirety

(i) Securitisations:

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	13,444.97	19,848.02
Carrying amount of associated liabilities	6,811.66	15,376.90

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

Transfer of financial assets which qualify for derecognition in their entirety

(i) Assignment transaction

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

The gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of EIS receivable	1,508.93	1,076.57

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34 Maturity analysis of assets and liabilities

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	14,474.42	-	14,474.42	3,229.63	-	3,229.63
Bank Balance other than cash and cash equivalents	2,813.43	1,351.39	4,164.82	2,125.99	1,648.94	3,774.93
Receivables				-	-	
(I) Trade receivables	65.27	-	65.27	23.96	-	23.96
Loans	60,587.71	98,196.97	1,58,784.68	49,173.23	88,868.44	1,38,041.67
Investments	-	-	-	-	-	-
Other Financial assets	894.14	1,074.00	1,968.14	367.37	874.41	1,241.78
Sub total	**78,834.97**	**1,00,622.36**	**1,79,457.33**	**54,920.18**	**91,391.79**	**1,46,311.97**
Non-financial assets						
Current Tax assets (Net)	217.94	-	217.94	156.56	-	156.56
Deferred Tax assets (Net)	-	-	-	-	298.70	298.70
Investment Property	-	6.47	6.47	-	6.64	6.64
Property, plant and equipment	-	319.40	319.40	-	358.43	358.43
Right to Use Assets	-	45.71	45.71	-	79.73	79.73
Other intangible assets	-	207.32	207.32	-	218.68	218.68
Goodwill	-	774.47	774.47		774.47	774.47
Other non-financial assets	37.69	364.01	401.70	103.25	270.27	373.52
Sub total	**255.63**	**1,717.38**	**1,973.01**	**259.81**	**2,006.92**	**2,266.73**
Total assets	**79,090.60**	**1,02,339.74**	**1,81,430.34**	**55,180.00**	**93,398.72**	**1,48,578.70**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables and Other payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	23.52	-	23.52	17.9	-	17.85

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt Securities	21,857.60	21,353.16	43,210.76	3,767.53	2,342.23	6,109.76
Borrowings (Other than Debt Securities)	54,503.45	37,645.24	92,148.69	57,457.97	43,376.36	1,00,834.33
Subordinated Liabilities	37.70	5,949.09	5,986.79	5.15	6,445.61	6,450.76
Other Financial liabilities	3,290.91	292.76	3,583.67	3,298.45	443.62	3,742.07
Sub total	**79,713.18**	**65,240.25**	**1,44,953.43**	**64,546.95**	**52,607.82**	**1,17,154.77**
Non-Financial liabilities						
Current tax liabilities (Net)	71.90	-	71.90	-	38.68	38.68
Provisions	27.24	275.98	303.22	19.89	211.04	230.93
Deferred tax liabilities (Net)	-	116.67	116.67	-	-	-
Other non-financial liabilities	148.76	-	148.76	149.37	-	149.37
Sub total	**247.90**	**392.65**	**640.55**	**169.26**	**249.72**	**418.98**
Total liabilities	**79,961.08**	**65,632.90**	**1,45,593.98**	**64,716.21**	**52,857.54**	**1,17,573.75**

35 Changes in liabilities arising from financing activities

(Currency : ₹ in lakhs)

Particulars	As at April 1, 2020	Cash Flows (net)	Others (net)*	As at March 31, 2021
Subordinated liabilities	6,450.76	(500.00)	36.03	5,986.79
Debt securities	6,109.76	36,200.00	901.00	43,210.76
Borrowing other than debt securities	1,00,834.33	(76.11)	(8,609.53)	92,148.69
	1,13,394.85	**35,623.89**	**(7,672.50)**	**1,41,346.24**

(Currency : ₹ in lakhs)

Particulars	As at April 1, 2020	Cash Flows (net)	Others (net)*	As at March 31, 2021
Subordinated liabilities	4,525.83	2,000.00	(75.07)	6,450.76
Debt securities	12,609.31	(6,611.11)	111.56	6,109.76
Borrowing other than debt securities	81,240.00	15,889.75	3,704.58	1,00,834.33
	98,375.14	**11,278.64**	**3,741.07**	**1,13,394.85**

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

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36 Employee Stock Option Plan (ESOP)

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

A. Expenses arising from share-based payment transactions

Total expenses arising from equity - settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended March 31, 2021 is ₹ 13.09 lakhs (March 31, 2020 - ₹ 17.56 lakhs).

B. Movement during the year

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	WAEP	Number	WAEP
Outstanding at 1 April	4,75,550.00	120.00	-	-
Granted during the year	-		5,62,860.00	120.00
Forfeited during the year	1,18,620.00	120.00	87,310.00	120.00
Exercised during the year	-		-	-
Expired during the year	-		-	-
Outstanding at 31 March	3,56,930.00	120.00	4,75,550.00	120.00
Exercisable at 31 March	71,386.00	-	-	-

No Share options granted during the year. No options were vested or exercised during the year.

The weighted average remaining contractual life for the share options outstanding as at March 31, 2021 is 1.25 years (March 31, 2020: 2.15 years).

The weighted average fair value of options granted during the year ending March 31, 2020 was 14.79.

C. Fair value of options granted

The weighted average fair value of options granted during the year ending March 31, 2020 was 14.79 . The fair value of options was determined using the Black Scholes Model using the following inputs as follows :

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average fair values at the measurement date	14.79	14.79
Expected volatility (%)	0.36%	0.36%
Risk–free interest rate (%)	4.50%	4.50%
Expected life of share options/SARs (years)	1.30 years to 4.30 years	1.30 years to 4.30 years
Weighted average share price (₹)	120	120.00

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

37 Contingent liabilities and commitments

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

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

37.1 Contingent Liability

There are no Contingent Liabilities as on March 31, 2021 (March 31, 2020: ₹ 0.)

37.2 Commitment

There are no commitment as on March 31, 2021 (March 31, 2020: ₹ 0.)

38 Leases

Company as a Lessee

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

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

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

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

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

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

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	79.73	120.94
Additions	23.22	17.40
Deletion	(8.14)	-
Depreciation	(49.10)	(58.61)
Closing Balance	**45.71**	**79.73**

The following is the movement in lease liabilities :

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	86.30	123.70
Additions	22.54	16.99
Finance cost accrued during the period	6.35	8.95
Payment of lease liabilities	(66.30)	(63.34)
Balance at the end	**48.89**	**86.30**

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

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 3 months	11.77	15.90
Over 3 months & upto 6 months	11.81	15.28
Over 6 months & upto 1 year	23.61	29.54
Over 1 year & upto 3 years	56.20	81.66
Over 3 years	20.40	29.69

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

(Currency : ₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	49.10	58.61
Interest expense on lease liabilities	6.35	11.81
Expense relating to short-term leases	183.12	205.66
Total amount recognised in profit or loss	238.57	276.08

Future Commitments:

(Currency : ₹ in lakhs)

Particulars	As at March 31, 2021
Future undiscounted lease payments for which the leases have not yet commenced	-

Extension / Termination Options:

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2021.

39 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

40 Fair Value Measurement:

A. Valuation Principles

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

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

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

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

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

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

(Currency : ₹ in lakhs)

Particulars	Level	Carrying value		Fair value	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial Assets					
Cash and cash equivalents	1	14,474.42	3,229.63	14,474.42	3,229.63
Bank Balance other than cash and cash equivalents	1	4,164.82	3,774.93	4,164.82	3,774.93
Trade receivables	3	65.27	23.96	65.27	23.96
Loans	3	1,58,784.68	1,38,041.67	1,63,371.04	1,35,939.51
Rent and utility deposits	3	175.11	160.25	175.11	160.25
EIS receivable	3	1,508.93	1,076.57	1,508.93	1,076.57
Other financial assets	3	284.10	4.96	284.10	4.96
		1,79,457.33	**1,46,311.97**	**1,84,043.69**	**1,44,209.81**
Financial Liabilities					
Trade Payables	3	23.52	17.85	23.52	17.85
Debt securities	3	43,210.76	6,109.76	44,241.40	6,185.63
Borrowings (other than debt securities)	3	92,148.69	1,00,834.33	92,214.73	1,01,051.19
Subordinated Liabilities	3	5,986.79	6,450.76	6,045.49	6,528.95
Other financial liabilities	3	3,583.67	3,742.07	3,583.67	3,742.07
Total Financial liabilities		**1,44,953.43**	**1,17,154.77**	**1,46,108.81**	**1,17,525.69**

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

Valuation Methodologies of Financial Instruments not measured at fair value

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

Short Term Financial Assets and Liabilities

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

Loans and advances to customers

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

Borrowings other than debt securities, Debt securities and Subordinated liabilities

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

EIS receivable

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

41 Risk management

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

41.1 Introduction and Risk Profile

Risk management and mitigation

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

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

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

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

41.2 Credit Risk

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

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

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

Impairment assessment

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

Definition of default and cure

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

The staging criteria used by the Company is as below:

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

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

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

Exposure at default (EAD)

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

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

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Probability of default (PD)

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

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**
Cars & Muvs	2.95%	7.38%	3.51%	13.33%
Commercial Vehicles	2.95%	7.69%	2.78%	10.66%
Construction Equipment	2.95%	8.10%	2.78%	10.66%
Three Wheeler	5.31%	12.28%	7.84%	21.71%
Tractor	2.95%	7.66%	4.60%	13.17%
Two Wheeler	2.95%	5.73%	2.78%	5.48%
SME	2.95%	11.15%	2.78%	10.66%
Home Loans*	2.96%	36.04%	2.96%	33.47%
Loans Against Property*	3.43%	26.00%	3.43%	23.56%

Stage 3 assets have a PD of 100%

*Loans related IKF Home Finance

Loss given Default (LGD)

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

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Cars & Muvs	33.73%	18.75%
Commercial Vehicles	33.59%	20.84%
Construction Equipment	25.01%	22.74%
Three Wheeler	19.43%	20.29%
Tractor	15.97%	15.58%
Two Wheeler	15.19%	15.00%
SME	23.29%	23.00%
Home Loans*	20.00%	20.00%
Loans Against Property*	20.00%	20.00%

*Loans related IKF Home Finance

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

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

Significant increase in credit risk

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

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

Concentration of Credit Risk

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

Geography	March 31, 2021	March 31, 2020
West	42,322.24	36,891.42
Central	6,492.54	4,638.36
South	1,13,790.40	1,00,658.23
	1,62,605.18	**1,42,188.01**

Quantitative Information of Collateral

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

	Loan to value			
As at March 31, 2021	**Upto 50%**	**51%-70%**	**More than 70%**	**Total**
Cars & Muvs	1,475.04	17,088.34	10,415.64	28,979.02
Commercial Vehicles	2,846.46	26,384.55	17,298.21	46,529.22
Construction Equipment	2,629.76	12,684.50	9,532.23	24,846.49
Three Wheeler	198.06	3,845.42	3,522.54	7,566.02
Tractor	249.65	1,830.33	452.67	2,532.65
Two Wheeler	2,546.55	1,141.39	5,484.31	9,172.25
SME	5,558.32	4,831.23	13,338.84	23,728.39
Home Loans	7,423.24	5,308.61	1,648.45	14,380.31
Loans Against Property	3,423.64	1,447.20	-	4,870.84
Total	**26,350.72**	**74,561.57**	**61,692.89**	**1,62,605.18**

	Loan to value			
As at March 31, 2020	**Upto 50%**	**51%-70%**	**More than 70%**	**Total**
Cars & Muvs	1,101.15	13,005.21	10,929.49	25,035.85
Commercial Vehicles	1,745.19	19,546.99	14,853.76	36,145.94
Construction Equipment	2,143.33	13,089.26	13,161.89	28,394.48
Three Wheeler	178.73	2,408.74	4,674.73	7,262.20
Tractor	151.35	995.21	412.45	1,559.01
Two Wheeler	800.60	1,092.39	325.06	2,218.05
SME	2,417.76	6,779.64	17,926.94	27,124.35
Home Loans	4,533.07	2,751.31	1,679.77	8,964.15
Loans Against Property	4,031.53	1,434.38	18.08	5,483.98
Total	**17,102.71**	**61,103.13**	**63,982.17**	**1,42,188.01**

41.3 Liquidity Risk

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

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Analysis of financial assets and liabilities by remaining contractual maturities:

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31, 2021.

(Currency : ₹ in lakhs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	14,474.42	-	-	-	-	14,474.42
Bank Balance other than included in (a) above	271.56	1,935.22	743.51	1,192.56	200.00	4,342.85
Trade receivables	65.27	-	-	-	-	65.27
Other receivables	-	-	-	-	-	-
Loans	29,440.03	18,449.40	33,627.81	87,786.22	34,210.38	2,03,513.84
Investments	-	-	-	-	-	-
Other financial assets	438.39	138.83	333.92	748.63	350.49	2,010.26
Total undiscounted financial assets	**44,689.67**	**20,523.45**	**34,705.24**	**89,727.41**	**34,760.87**	**2,24,406.64**
Financial liabilities						
Trade payables	-	23.52	-	-	-	23.52
Other payables	-	-	-	-	-	-
Subordinated Liabilities	201.19	203.52	395.54	2,820.05	5,693.40	9,313.70
Debt securities	1,625.02	1,827.57	21,283.72	22,899.39	-	47,635.70
Borrowings (other than debt securities)	12,291.50	10,517.52	38,301.15	33,711.96	8,517.33	1,03,339.46
Deposits	-	-	-	-	-	-
Other financial liabilities	2,618.00	568.84	118.65	371.24	-	3,676.73
Total undiscounted financial liabilities	**16,735.71**	**13,140.97**	**60,099.06**	**59,802.64**	**14,210.73**	**1,63,989.11**
Net undiscounted financial assets / (liabilities)	**27,953.96**	**7,382.48**	**(25,393.82)**	**29,924.76**	**20,550.14**	**60,417.53**

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

(Currency : ₹ in lakhs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	3,229.64	-	-	-	-	3,229.64
Bank Balance other than included in (a) above	314.23	1,354.97	575.87	1,913.53	-	4,158.60
Trade receivables	23.96	-	-	-	-	23.96
Other receivables	-	-	-	-	-	-
Loans	18,145.86	18,252.87	33,122.17	82,749.40	39,799.11	1,92,069.41
Investments	-	-	-	-	-	-
Other financial assets	130.80	99.87	143.26	319.34	558.67	1,251.94
Total undiscounted financial assets	**21,844.49**	**19,707.71**	**33,841.30**	**84,982.27**	**40,357.78**	**2,00,733.55**

(Currency : ₹ in lakhs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial liabilities						
Trade payables	17.85	-	-	-	-	17.85
Other payables	-	-	-	-	-	-
Subordinated Liabilities	222.14	216.99	435.14	6,040.88	2,701.15	9,616.30
Debt securities	779.51	702.27	2,648.08	2,725.54	-	6,855.40
Borrowings (other than debt securities)	12,221.28	11,825.25	41,998.27	38,782.21	10,782.78	1,15,609.79
Deposits	-	-	-	-	-	-
Other financial liabilities	3,266.64	12.06	25.42	44.85	593.05	3,942.02
Total undiscounted financial liabilities	**16,507.42**	**12,756.57**	**45,106.91**	**47,593.48**	**14,076.98**	**1,36,041.36**
Net undiscounted financial assets / (liabilities)	**5,337.07**	**6,951.14**	**(11,265.61)**	**37,388.79**	**26,280.80**	**64,692.19**

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

Particulars	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years
As at March 31, 2021						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2020						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	**-**	**-**	**-**	**-**	**-**	**-**

41.4 Market Risk

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

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Interest rate risk

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

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

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

(Currency : ₹ in lakhs)

Impact on Profit before taxes	As at March 31, 2021	As at March 31, 2020
On Floating Rate Borrowings:		
1% increase in interest rates	(377.25)	(386.71)
1% decrease in interest rates	377.25	386.71

41.5Prepayment risk

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

41.6Operational and business risk

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

42 Related Party Disclosure

a. Name of related party and nature of relationship:

Enterprises having a significant influence	India Business Excellence Fund -IIA Vistra ITCL (india) Limied (formerly known as IL and FS trust Company Limited) (Trustee of Business Excellence Trust -II - India Business Excellence Fund - II)
Subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited
Enterprises significantly influenced by Key Management Personnel and their relatives	IKF Infratech Private Limited
Relative of Key Management Personnel	Mrs. D. Vasantha Lakshmi Mr. V. Raghu Ram Mr. Sinha Satyanand Chunduri Mrs. Durga Rani Chunduri
Key Management Personnel (KMP)	Mr V.G.K.Prasad — Managing Director Mrs. V. Indira Devi — Whole time Director Mrs. K Vasumathi Devi — Executive Director Mr.Sreepal Gulabchand Jain-Chief Financial Officer (From 31-10-19) Mr.P.Chandra Sekhar - Chief Financial Officer (Upto 30-10-19) Mr. Ch.Sreenivasa Rao - Company Secretary Mr. Vishal Kumar Joshi - Company Secretary (IKF Home Finance)

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b. Transaction with related parties:

(Currency : ₹ in lakhs)

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Key management personnel										
Mr. V G K Prasad	Rent paid	-	20.33	-	-	-	20.33	-	-	-
	Director's remuneration	-	55.42	-	-	-	70.00	-	-	-
	Director Commission Payable	-	35.66	-	-	35.66	41.55	-	35.66	41.55
	Rent deposit given	50.00	-	-	-	50.00	-	-	-	50.00
	Advance Received	-	-	-	-	-	-	(344.85)	344.85	-
	Interest paid on advance	-	-	-	-	-	0.64	-	-	-
	Share Capital (₹ 10/- Paid up)	1,586.79	-	-	-	1,586.79	-	-	-	1,587.56
	Partly paid up shares (₹ 8.10 Paid Up)	189.31	-	-	-	189.31	-	94.66	-	283.97
	Premium on partly paid up shares	1,184.92	-	-	-	1,184.92	-	592.46	-	1,777.38
	Partly paid up shares (₹ 5.00 Paid Up) in IKF Home Finance	118.45		118.45		236.90	-	-	-	236.90
	Interest paid in IKF Home Finance	-	-	0.40	-	-	-	-	-	-
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.74	118.45	-	119.19
Mrs. V Indira Devi	Rent paid	-	43.56	-	-	-	43.56	-	-	-
	Director's remuneration	-	30.00	-	-	-	30.00	-	-	-
	Director Commission Payable	-	15.18	-	-	15.18	17.68	-	15.18	17.68
	Rent deposit given	38.50	-	-	-	38.50	-	-	-	38.50
	Share Capital (₹ 10/- Paid up)	132.69	-	-	-	132.69	-	-	-	132.69
	Partly paid up shares (₹ 8.10 Paid Up)	17.35	-	-	-	17.35	-	8.67	-	26.02
	Premium Received on Allotment of Partly Paid up Shares	108.57	-	-	-	108.57	-	54.29	-	162.86
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.07	10.85		10.92
		10.85		10.86		21.71	-	-	-	21.71
Mrs.K.Vasu-mathi Devi	Director's remuneration	-	38.33	-	-	-	50.00	-	-	
	Director Commission Payable	-	25.04	-	-	25.04	29.17	-	25.04	29.17
	Share Capital (₹ 10/- Paid up)	213.13	-	-	-	213.13	-	-	-	213.13
	Partly paid up shares (₹ 8.10 Paid Up)	27.86	-	-	-	27.86	-	13.93	-	41.79
	Premium Received on Allotment of Partly Paid up Shares	174.39	-	-	-	174.39	-	87.20	-	261.59
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.11	17.43	-	17.55
		17.43	-	17.44	-	34.87	-	-	-	34.87
Mr.P.Chandra Sekhar	Salary Paid	-	24.00	-	-	-	24.00	-	-	
	Staff Loan	83.24	-	(56.06)	-	27.19	-	(13.74)	4.00	17.45
	ESOP Compensation	-	0.79	-	-	-	0.71	-	-	-
Mr.Sreepal Gulabchand Jain	Salary Paid	-	32.54	-	-	-	47.71	-	-	-
Mr. Vishal Kumar Joshi	Salary Paid	-	6.92	-	-	-	6.92	-	-	-

b. Transaction with related parties:

(Currency : ₹ in lakhs)

Name of related party	Nature of transaction	For the FY 2020				For the FY 2021				
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Mr.Ch.Sreeni-vasa Rao	Salary Paid	-	21.00	-	-	-	21.00	-	-	-
	Staff Loan	2.50	-	(2.50)	-	-	-	-	-	-
	ESOP Compensation	-	0.62	-	-	-	0.56	-	-	-
Relatives of key management personnel										
Mrs. D Vas-antha Lakshmi	Share Capital (₹ 10/- Paid up)	200.61	-	-	-	200.61	-		-	200.61
	Partly paid up shares (₹ 8.10 Paid Up)	26.23	-	-	-	26.23	-	13.11	-	39.34
		16.41		16.41		32.82	-	-	-	32.82
	Premium Received on Allotment of Partly Paid up Shares	164.15	-	-	-	164.15	-	82.08	-	246.23
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.09	16.41	-	-
	Director's remuneration in IKF Home Finance	-	38.33	-	-	-	70.07		-	-
Mr. V Raghu Ram	Share Capital (₹ 10/- Paid up)	144.97	-	-	-	144.97	-		-	144.97
	Partly paid up shares (₹ 8.10 Paid Up)	18.95	-	-	-	18.95	-	9.48	-	28.43
	Premium Received on Allotment of Partly Paid up Shares	118.62	-	-	-	118.62	-	59.31	-	177.93
		-	-	-	-	-	0.07	11.86	-	11.93
		11.86	-	11.86	-	23.72	-		-	23.72
Mr. Sinha Satyanand Chunduri	Share Capital (₹ 10/- Paid up)	11.77	-	-	-	11.77	-	-	-	11.77
Mrs. Durga Rani Chunduri	Share Capital (₹ 10/- Paid up)	149.41	-	-	-	149.41	-	-	-	149.41
Enterprises significantly influenced by key management personnel or their relatives										
IKF Infrat-ech Private Limited	Non Convertible Debentures	-	63.20	-	-	63.20	-	-	-	58.20
	Interest paid in IKF Home Finance		16.78			-				
	Interest Paid	-	(0.41)	-	-	-	6.80	-	5.42	1.38
Enterprises in which Directors are interested										
SVR Finance & Leasing Pri-vate Limited	Trade Advance	79.30	-	(79.30)	50.00	50.00	-	(50.00)	-	-
	Interest Paid	-	0.37		-	0.37	-	-	-	-
Enterprises having a significant influence										
India Business Excellence Fund-IIA	Share Capital (₹ 10/- Paid up)	1,305.16	-	-	-	1,305.16	-	-	-	1,305.16
	Share Premium	1,100.05	-	-	-	-	-	-	-	

b. Transaction with related parties:

(Currency : ₹ in lakhs)

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	Share Capital (₹ 10/- Paid up)	780.40	-	-	-	780.40	-	-	-	780.40
	Share Premium	657.76	-	-	-	-	-	-	-	-

Key management personnel compensation

Particulars	As at March 31, 2021	As at March 31, 2020
Short-term employee benefits	408.10	322.42
Post-employment benefits	-	-
Long-term employee benefits	-	-
Termination benefits	-	-
Employee-share based payment	1.27	1.41
Total compensation	**409.37**	**323.83**

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

* The Increased/Decreased value is relating to purchase of shares/debentures from the public.

Notes:

(i) Transaction values are excluding taxes and duties.

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

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

43 Impact due to COVID-19

Consequent to the outbreak of the Covid-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of Covid-19 cases. The impact of Covid-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, and collection efficiency. The extent to which the Covid-19 pandemic, including the current “second wave” that has significantly increased the number of cases in India, will continue to impact the Group’s operations and estimates related to Impairment of assets including loans to customers, will depend on future developments, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group.

In accordance with Reserve Bank of India guidelines relating to Covid-19 Regulatory package dated March 27, 2020 April 17, 2020 and May 23, 2020, the Group had offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020 to all eligible borrowers. Further. the Group offered resolution plan to its customers pursuant to RBI’s guideline ‘Resolution framework for Covid-19 related stress’ dated 6 August 2020.

Estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the Group’s financial assets (Loans), are based on historical experience and other emerging/ forward looking factors on account of the pandemic. The Group believes that the factors considered are reasonable under the current circumstances. The Group has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation along with the second wave of Covid-19 in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Group.

The Group holds adequate impairment allowances as at March 31, 2021 including the potential impact of Covid-19 based on the information available at this point in time.

44 In accordance with the instructions in RBI circular number DOR.STR.REC.4/21.04.048/2021-22/17 dated April 7, 2021, all lending institutions shall refund / adjust interest on interest’ to all borrowers including those who have availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Indian Banks’ Association (IBA) in consultation with other industry participants / bodies published the methodology for calculation of the amount of such ‘interest on interest/compound interest/penal interest’. Accordingly, the Group has estimated ₹ 164.36 lakhs and made provision for refund/ adjustment as at March 31, 2021.

NOTES
on Consolidated Financial Statements for the year ended March 31, 2021

45 Note on Code on Social Security, 2020

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

46 Previous year's information have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

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

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Place: Mumbai
Date: July 21, 2021

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

V.G.K Prasad
Director
DIN: 01817992

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

NOTES

FINANCE

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