

# ***IKF FINANCE LIMITED***



***28<sup>th</sup> Annual Report  
2018-2019***

### **Board of Directors**

1. Shri.V.G.K.Prasad	:	Managing Director
2. Smt.V.Indira Devi	:	Whole Time Director
3. K Vasumathi Devi	:	Executive Director
4. Dr. Sinha S Chunduri	:	Director
5. Shri .S Veerabhadr Rao	:	Independent Director
6. Shri. K Satyanarayana Prasad	:	Independent Director
7. Shri. Vishal Kumar Gupta	:	Nominee Director (Upto 07.12.2018)
8. Shri Vishal Tulsyan	:	Nominee Director (w.e.f.15.03.2019)
9. Shri.N.Haranadh	:	Independent Director (Upto 15.03.2019)
10. Smt.D.Vasantha Lakshmi	:	Alternate Director to Dr. Sinha S Chunduri

### **Key Management Persons**

1. Shri.P.Chandra Sekhar	:	Chief Financial Officer (w.e.f. 10.04.2019)
2. Shri.Ch.Sreenivasa Rao	:	Company Secretary

### **Board Committees**

#### **Audit Committee:**

1. Mr. S Veerabhadr Rao
2. Mr. Vihsal Tulsyan
3. Mr. K Satyanarayana Prasad

#### **Stakeholders Relationship Committee**

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

#### **Independent Directors Committee**

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

#### **Management Committee:**

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

#### **Corporate Social Responsibility Committee**

1. Mr. S Veerabhadr Rao
2. Mr. V G K Prasad
3. Mr.Vishal Tulsyan

#### **Nomination & Remuneration Committee:**

1. Mr. K Satyanarayana Prasad
2. Mr. S Veerabhadr Rao
3. Mr.Vishal Tulsyan

#### **Asset Liability Management Committee:**

1. Mr. V G K Prasad
2. Mr. S Veerabhadr Rao
3. Mrs. K Vasumathi Devi
4. Mr. Vishal Tulsyan

**Risk Management Committee:**

1. Mr. V G K Prasad
2. Mr. S Veerabhadra Rao
3. Mrs. K Vasumathi Devi
4. Mr. Vishal Kumar Gupta

**Statutory Auditors:**

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

**Debenture Trustee:**

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

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

**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

**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

**Internal Auditors**

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

**Bankers:**

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

**28<sup>th</sup> Annual General Meeting**

Date : December 4, 2019  
Time : 4.30 PM  
Day : Wednesday  
Venue : Registered Office of the Company  
# 40-1-44, Corporate Centre,  
M G Road, Vijayawada- 520 010  
Krishna District, Andhra Pradesh

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## NOTICE

NOTICE is hereby given that the 28<sup>th</sup> Annual General Meeting of **IKF Finance Limited** will be held on **Wednesday**, the 4<sup>th</sup> day of December, 2019, 4.30 P.M. at the Registered Office of the Company at # 40-1-44, Corporate Centre, M G Road, Vijayawada- 520 010 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 31<sup>st</sup> March, 2019 together with the Reports of the Directors and Auditors thereon
2. To appoint a Director in place of Mr. 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** Mr. 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.”

### Special business:

4. **Re-Appointment of Mr. Satyanarayana Prasad Kanaparthi (DIN 03598603), as Independent Director**

*To consider and if thought fit to pass the following resolution as a **Special Resolution**.*

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, approval of the members of the Company be and is hereby given to the re-appointment of Mr. Satyanarayana Prasad Kanaparthi (DIN 03598603), who was appointed as Independent Director by the Shareholders as an Independent Director of the Company on 30<sup>th</sup> September, 2014, whose term of office expires at this Annual General Meeting of the Company in terms of Section 149 and 152 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria of the Independent Directorship as provided in Section 149(6) of the Act, in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as Independent Director, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for a term of 5 (five) consecutive years upto 33<sup>rd</sup> Annual General Meeting of the Company and whose office shall not, henceforth, be liable to retire by rotation.”

5. **Re-Appointment of Mr. Veerabhadra Rao Sunkara (DIN 01180981), as Independent Director**

*To consider and if thought fit to pass the following resolution as a **Special Resolution**.*

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, approval of the members of the Company be and is hereby given to the re-appointment of Mr. Veerabhadra Rao Sunkara (DIN 01180981), who was appointed as Independent Director by the Shareholders as an Independent Director of the Company on 30<sup>th</sup> September, 2014, whose term of office expires at this Annual General Meeting of the Company in terms of Section 149 and 152 of the Companies Act, 2013 and who has submitted a declaration that

he meets the criteria of the Independent Directorship as provided in Section 149(6) of the Act, in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as Independent Director, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for a term of 5 (five) consecutive years upto 33<sup>rd</sup> Annual General Meeting of the Company and whose office shall not, henceforth, be liable to retire by rotation."

**6. To enhance the Borrowing Powers of the Company from Rs.3000 Crores to Rs. 4000 Crores**

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

**"RESOLVED THAT** subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/ entities and/or authority/ authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 4000 Crores (Rupees Four Thousand Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose."

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

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the company to create charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such assets and properties of the company, both present and future and in such manner as the Board may direct, in favour of all or any Banks, financial institutions, investments institutions and their subsidiaries, any other bodies corporate and any other lenders (hereinafter collectively referred to "the lending agencies") and/ or Trustees for the holders of debentures/ bonds/ other instruments to secure borrowing of the Company by way of loans/ issue of debentures/ bonds/ other instruments which may be issued for a sum not exceeding Rs.4000 Crore (Rupees Four Thousand Crore only) over and above the aggregate of the paid up capital of the company and its free reserves which have been /or propose to be obtained from or privately placed with the lending agencies together with interest there on at agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses, and all other monies payable by the company to the trustees under the trust deeds and/or to the lending agencies under their respective agreements/loan agreements /debentures trust deeds entered into/to be entered by the company in respect of said borrowings."

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

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

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

**“RESOLVED THAT** pursuant to the provisions of section 42 and other applicable provisions of the Companies Act, 2013, read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions of the Companies Act, 2013, to the extent notified, and as applicable and the Companies Act, 1956, as amended and in force, in accordance with the memorandum and articles of association, the Board of Directors of the Company be and is hereby authorized to issue, offer or invitation and allot secured / unsecured, redeemable, non-convertible, listed / unlisted, senior / subordinated bonds / debentures / Commercial Paper / Tier II Debt/ Other debt securities (“Bonds”) of value aggregating upto Rs. 1200 Cr (Rupees One Thousand Two Hundred Crores Only) through private placement offer letter(s) in one or more tranches in conformity and in compliance with the all applicable rules, regulation, directions made in this regard, as amended from time to time to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals, as the case may be or such other person/persons as the board of directors may decide so.”

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

For and on Behalf of the Board  
**IKF Finance Limited**

**Place: Vijayawada**  
**Date : 18/10/2019**

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

## NOTES

1. The statements pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out in the notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member or shareholder.
3. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
4. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for this Annual General Meeting is enclosed.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
6. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company by such intending person.
7. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members of the Company will remain closed from Wednesday, November 27, 2019 to Tuesday, December 3, 2019 (both days inclusive).
8. Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any.
9. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting.
10. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
11. The 28<sup>th</sup> Annual Report 2018-19 is being sent through electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by the permitted mode.
12. Additional information, Pursuant to Secretarial Standard on General Meeting (SS- 2) in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.
13. 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.

14. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

15. In compliance with Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again.

#### **16. Voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2015.

During the e-voting period, members of the Company holding shares either in physical form or dematerialized form, as on the cut-off date i.e., Wednesday, November 27, 2019, may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, Partner of M/s. B S S & Associates (Membership No. 22119), Company Secretary in Practice, Company Secretary in Practice, 6-3-626, Parameswara Appts, 5th Floor, 5A, AnandNagar, Khairtabad, Hyderabad-500004 not later than Tuesday, December 3, 2019 (5.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to [sreenivas@ikffinance.com](mailto:sreenivas@ikffinance.com) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach Mr. S.Srikanth, Partner of M/s. B S S & Associates, (Membership No. 22119), Company Secretary in Practice, Company Secretary in Practice, 6-3-626, Parameswara Appts, 5th Floor, 5A, AnandNagar, Khairtabad, Hyderabad-500004 not later than Tuesday, December 3, 2019 (5.00 p.m. IST).

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

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

- i. The voting period begins on Sunday, December 1, 2019 at 9.00 a.m. and ends on Tuesday, December 3, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Wednesday, November 27, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Company Name: IKF Finance Limited" from the drop down menu and click on "SUBMIT"
- v. Now Enter your User ID,

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

<b>For Members holding shares in DEMAT Form and Physical Form</b>	
<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ❖ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. ❖ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SA00000001 in the PAN field.
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. ❖ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction "v".

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members 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 for the relevant <IKF Finance Limited> EVSN Reference No: **191108006** 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Institutional Shareholders
  - ° Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - ° A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - ° After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - ° The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- ° A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co](http://www.evotingindia.co). in under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xxi. You are advised to cast your vote only through E-voting or through Poll at the AGM. In case you cast your votes through both the modes, votes cast through e-voting shall only be considered and votes cast at the meeting through Poll would be rejected

**Other Instructions:**

- i) The e-voting period commence on Sunday, December 1, 2019 at 9.00 a.m. and ends on Tuesday, December 3, 2019 at 5.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on Wednesday, November 27, 2019 may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on November 27, 2019.
- iii) Mr. S.Srikanth, Company Secretary in Practice has been appointed as the scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) and in a fair and transparent manner.
- iv) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.
- v) The results declared along with the scrutinizers report shall be placed on the company website [www.ikffinance.com](http://www.ikffinance.com) and with the website of CDSL within two days of passing of resolutions at the 28<sup>th</sup> AGM of the company on December 4, 2019.
- vi) Members may also note that the Notice of the 28<sup>th</sup> Annual General Meeting and the Annual Report 2018-2019 is available on the Company's website, [www.ikffinance.com](http://www.ikffinance.com) Members who require physical copies may write to us at [sreenivas@ikffinance.com](mailto:sreenivas@ikffinance.com)
- vii) All documents referred to in this Notice are available for inspection at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.
- viii) Members are requested to bring their copy of Annual Report to the Meeting.

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

**Item No:4**

The Members are informed that Mr. Satyanarayana Prasad Kanaparathi was appointed by the Shareholders as an Independent Director at the 23<sup>rd</sup> Annual General Meeting on 30.09.2014, upto the conclusion of this Annual General Meeting

Mr. Satyanarayana Prasad Kanaparathi aged about 68 years is BE (Civil), MIGS. He is a Civil Engineer by profession, has more than three decades of enormous experience in the field of Civil Engineering. He is having candid experience in designing and execution of Projects and project management related issues. He served the Government of Andhra Pradesh for over two and half decades at various capacities and was instrumental in planning, designing and execution of various prestigious projects in the state of Andhra Pradesh and has gained rich and diversified experience in the areas related to his profession. Mr. Satyanarayana Prasad Kanaparathi does not hold any share(s) in the Company. He does not have any relationship with other Directors, Managers and other Key Managerial Personnel of the Company. In the opinion of the Nomination and Remuneration Committee and the Board, the appointment of Mr. Satyanarayana Prasad Kanaparathi on the Board of the Company would be beneficial to the Company considering his vast experience. Mr. Satyanarayana Prasad Kanaparathi fulfils the criteria of independence as specified in the Companies Act, 2013. The Company has also received notice from a Member under Section 160 of the Companies Act, 2013 proposing his reappointment as a Director. The Board recommends the Resolution as set out in the notice for the approval of shareholders of the Company.

None of the Directors or Key Managerial Personnel or their relatives, except Mr. Satyanarayana Prasad Kanaparathi, to whom the resolution relates, is in any way, concerned or interested in the proposed resolution as set out in the Notice.

**Item No:5**

The Members are informed that Mr. Veerabhadra Rao Sunkara was appointed by the Shareholders as an Independent Director at the 23<sup>rd</sup> Annual General Meeting on 30.09.2014, upto the conclusion of this Annual General Meeting

Mr. Veerabhadra Rao Sunkara aged about 73 years and Post Graduate in Science and a veteran in Finance business in Andhra Pradesh with Three decades of rich experience in the field of Vehicle Finance and Management. He served as President of Krishna District Auto Financiers Association and also served as the Member of the Governing Council of Federation of Indian Hire Purchase Associations for two consecutive terms. He is the Managing Director of SVR Finance & Leasing (P) Limited.

Mr. Veerabhadra Rao Sunkara does not hold any share(s) in the Company. He does not have any relationship with other Directors, Managers and other Key Managerial Personnel of the Company. In the opinion of the Nomination and Remuneration Committee and the Board, the appointment of Mr. Veerabhadra Rao Sunkara on the Board of the Company would be beneficial to the Company considering his vast experience. Mr. Veerabhadra Rao Sunkara fulfils the criteria of independence as specified in the Companies Act, 2013. The Company has also received notice from a Member under Section 160 of the Companies Act, 2013 proposing his reappointment as a Director. The Board recommends the Resolution as set out in the notice for the approval of shareholders of the Company.

None of the Directors or Key Managerial Personnel or their relatives, except Mr. Veerabhadra Rao Sunkara, to whom the resolution relates, is in any way, concerned or interested in the proposed resolution as set out in the Notice.

#### **Item no.6**

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

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs. 4000 Crores (Rupees Four Thousand Crores Only). The Directors recommends the resolution for members' approval as a Special Resolution.

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

#### **Item no.7**

As mentioned in Item No.6, it is proposed to increase the borrowing powers to Rs. 4000 crore (Rupees Four Thousand Crore only). To secure such borrowings, the Company would be required to mortgage and/or charge its moveable and/or immovable properties, the whole or substantially the whole of the undertaking(s) or any other assets of the Company (both present and future) in favour of the financial institutions/banks/ other lender(s)/ trustees. The approval of the shareholders in the AGM is required as per Section 180(1)(a) of the Companies Act, 2013. In the circumstances, the board recommends this resolution for acceptance.

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

#### **Item no.8**

As mentioned in Item No. 8, and the rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 and other applicable provisions, if any, of the Companies Act, 2013 of the Act deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures, Tier II Debt, Commercial Paper or other debt instruments on private placement, the company shall obtain previous approval of its members by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures. In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, the Board, which term shall include any Committee constituted by the Board, may at an appropriate time, offer or invite subscriptions for NCDs, Bonds, Tier II Debt, Commercial Paper or any other debt securities on a private placement basis, in one or more tranches, upto an amount not exceeding Rs.1,200 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. 6 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. 8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the members.

For and on Behalf of the Board  
**IKF Finance Limited**

**Place: Vijayawada**  
**Date : 18/10/2019**

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

**Annexure to the Notice**

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

Name of the Director	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	72 Years	60 Years
Qualification	B.Sc	Under Graduate
Experience	28 Years	28 Years
Terms and conditions of appointment	As per the resolution passed on 30.09.2017	As per the resolution passed on 30.09.2017
Remuneration sought to be paid	Rs.45,00,000 p.a.	Rs.30,00,000 p.a.
Remuneration last drawn	Rs.45,00,000 p.a.	Rs.30,00,000 p.a.
Relationship with other director/Manager and other KMP	1.Husband of Smt.V.Indira Devi, Whole-time Director 2.Father of Smt.K.Vasumathi Devi, Executive Director 3.Father of Smt Vupputuri Vasantha Lakshmi, Alternate Director 4.Brother in law of Sri.Satyanand Sinha Chunduri, Director	1. Wife of Sri.V.G.K.Prasad, Managing Director 2.Mother of Smt.K. Vasumathi Devi, Executive Director 3.Mother of Smt Vupputuri Vasantha Lakshmi, Alternate Director
No of Meeting of the Board Attended during the FY- 2018-19	6	4
No of Shares held in the Company	1,53,41,030 No of Fully Paid up Shares 32.31% of Paid up Share Capital of the Company  35,05,821 No of Partly Paid up (Rs 5.40 Paid up) Shares of the Company  On diluted basis 34.28%	13,26,902 No of Shares 2.79% of Paid up Share Capital of the Company  3,21,240 No of Partly Paid up (Rs 5.40 Paid up) Shares of the Company  On diluted basis 2.98%
Directorships of other Board	Director of IKF Home Finance Private Limited  Director of IKF Infratech Private Limited	Director of IKF Infratech Private Limited
Membership/Chairmanship of Committees of other Board	4	Nil

Name of the Director	Satyanarayana Prasad K	Veerabhadra Rao S
DIN	03598603	01180981
Date of Birth	30.06.1951	01.06.1946
Date of first Appointment on the Board	31.03.2011	31.12.2005
Age	68 Years	73 Years
Qualification	B.E. (Civil) & MIGS	M.Sc
Experience	A Civil Engineer by profession, has more than three decades of enormous experience in the field of Civil Engineering. He is having candid experience in designing and execution of Projects and project management related issues. He served the Government of Andhra Pradesh for over two and half decades at various capacities and was instrumental in planning, designing and execution of various prestigious projects in the state of Andhra Pradesh and has gained rich and diversified experience in the areas related to his profession.	A veteran in Finance business in Andhra Pradesh with Three decades of rich experience in the field of Vehicle Finance and Management. He served as President of Krishna District Auto Financiers Association and also served as the Member of the Governing Council of Federation of Indian Hire Purchase Associations for two consecutive terms. He is the Managing Director of SVR Finance & Leasing (P) Limited.
Terms and conditions of appointment	Independent Director for a period of 5 years	Independent Director for a period of 5 years
Remuneration sought to be paid	Nil	Nil
Remuneration last drawn	Nil	Nil
Relationship with other director/Manager and other KMP	Nil	Nil
No of Meeting of the Board Attended during the FY-2018-19	6	7
No of Shares held in the Company	Nil	Nil
Directorships of other Board	1	1
Membership/Chairmanship of Committees of other Board	1	4

## Directors' Report

To,  
The members of IKF Finance Limited.

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report together with the Audited Accounts for the financial period ended 31<sup>st</sup> March, 2019.

### **Financial Results:**

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

(Rs. in lakhs)

Particulars	Standalone		Consolidated
	2018-19	2017-18	2018-19
Revenue from Operations	17685.80	13,569.69	17994.32
Other Income	10.54	9.28	21.60
Profit (loss) before depreciation, interest, tax and exceptional items	13400.35	10097.54	13540.01
Depreciation/amortization	91.63	72.71	97.37
Finance cost	8194.88	7089.89	8267.64
Provision for Standard Assets	118.90	12.54	116.43
Provision for Non Performing Assets	188.73	134.56	189.53
Portfolio Loans & other balances written off	286.34	239.47	289.61
Loss on assignment transactions	-	-	-
Profit (loss) before tax	5113.84	2934.94	5175.26
Provision for tax/deferred tax	1565.97	1019.44	1583.82
Profit (loss) after tax before exception item	3547.87	1915.50	3591.45
Less: Exceptional items	Nil	Nil	Nil
Net profit (loss) after exceptional items	3547.87	1915.50	3591.45
Balance brought forward from previous year	6466.51	5029.88	6466.51
Dividend on Equity Shares	Nil	Nil	Nil
Tax on dividend	Nil	Nil	Nil
Transfer to Statutory Reserve as required by Section 45-IC of Reserve Bank of India Act, 1934	(709.57)	(383.10)	(709.57)
Transfer to Statutory Reserve as required by Section 29-C of NHB Act.	---	---	(35.49)
Transfer to General reserve	(177.39)	(95.77)	(177.39)
Surplus carried to Balance sheet	9127.42	6466.51	9135.50

### **Review of Operations:**

Your Company's performance for the year ended March 31, 2019 continues to be encouraging and has registered a growth of 30.32% in its Gross Receipts to Rs.176.96 Cr as against Rs. 135.79 Cr and Net Profit was increased to Rs. 35.48 Cr from Rs. 19.16 Cr registering a growth of 85.18% for the corresponding previous year. During the year, the Loan Book has grown by 36.57% from Rs.722.01 Cr to 986.06 Cr. The total assets managed by the Company, including Channel Business and receivables assigned / securitized stood at around Rs.1225 Cr as at March 31, 2019 as against Rs.1031 Cr in the previous year thereby registering a growth of 19%.

### **Future Outlook:**

FY 2020 is going to be challenging year as almost all the economic agencies have lowered their forecasts on GDP growth to around 7.0% citing the continuity of slowdown in the overall economic activity across almost all the business segments on the backdrop of global economic slowdown. The economy as a whole and the automobile

sector in particular, is likely to remain sluggish in the short term with marginal recovery in the last quarter of the current financial year as the Central Government has recently started taking steps to revive the economic activity across the segments by announcing revival packages to boost the demand.

In April-August 2019, automobile sales witnessed the sharpest decline of 13.3% y-o-y. Such double-digit drop was witnessed during the same period in FY93, when sales declined by over 21% y-o-y. The decline in sales in FY20 was led by price hikes due to new safety norms starting April 1, 2019, higher insurance costs and ownership costs, liquidity crisis in the NBFC sector, increased load carrying capacity for M&HCVs that led to high inventories causing slow movement in movement of vehicles.

However, going forward, the demand is expected to pick up only by H2 FY20 with various planned product launches, festival demand and pre-buying of automobiles before the implementation of BS-VI norms on April 1, 2020 and the overall auto sales is expected to grow by 5-7% for FY20.

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

#### **Risk Management & Credit Monitoring:**

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

#### **Corporate Governance**

The Company has got delisted with effect from 4th February, 2015, your directors are of an opinion that though the SEBI (LODR) regulations, 2015 are not applicable to the Company, a report on the Corporate Governance along with a declaration by the Managing Director with regard to code of conduct to be presented to the members of the Company as such a report on Corporate Governance Report are is attached as part of this report.

#### **Management's Discussion and Analysis:**

##### **Economic Environment:**

Indian economy continue to be considered as one of the fastest growing economy amongst the worlds major economies as the provisional estimates for GDP growth of FY 2019, put forward by CSO, the Indian economy is slated to grow at around 7%, lower than growth recorded in FY 2018, which is primarily dragged down by slow down in Consumer spending, both Public and private coupled with lower farm growth.

**Automotive Sector:**

During the FY 18-19, the overall Commercial Vehicles segment registered a growth of 17.55 percent. The sale of Medium & Heavy Commercial Vehicles (M&HCVs) increased by 14.66% and the sale of Light Commercial Vehicles grew by 19.46% in April-March 2019 as compared to the same period last year..

The sale of passenger vehicles grew by 2.70% in April-March 2019 over the same period last year. Within the passenger vehicles, the sales of passenger cars, utility vehicle and vans grew by 2.05%, 2.08% and 13.10% respectively in April-March 2019 over the same period last year.

**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 on Cash Credit Limits by raising term resources to effectively manage the ALM. However, your company intends to increase the same in line with increase in the term resources going forward.

**Term Loans:**

During the year your Company has mobilized Term Loan(s) of Rs.15 Cr from Andhra Bank, Rs 50 Cr from Union Bank of India, Rs 50 Cr from Bank of India, Rs 25 Cr from Yes Bank, Rs 25 Cr from Ujjivan Small Finance Bank. Besides, your company has mobilized Rs.40 Cr Term Loan from Hinduja Leyland Finance Limited, Rs 20 Cr from Volkswagen Finance Pvt Ltd, Rs 15 Cr from Sundaram Finance Limited, Rs 30 Cr from Manappuram Finance Limited in line with the Management's overall business plan to have a judicious mix of resources.

**Commercial Paper:**

During the year under review, your Company has not issued any Commercial Paper during the year but have redeemed the existing CPs raised from Mahindra & Mahindra Financial Services Limited – Rs.50 Cr and Unifi Capital - Rs.20 Cr.

**Non Convertible Debentures:**

During the year under review, your Company has mobilized Rs.25 Cr from Reliance Mutual Fund by issuing Non Convertible Debentures.

**Tier II Capital / Sub Debt:**

During the year under review, your Company has not raised any Tier- II Debt.

**Securitization / Assignment of Loan Receivables:**

During the year, your Company has Securitized loan receivables to the tune of Rs.147 Cr and has not assigned any loan receivables.

### **Borrowing Profile:**

Total borrowings of the Company for the year under review stood at Rs.781 Cr (including Tier II Capital), of which borrowings from Banks constituted 62.04%, borrowings from NBFCs & FIs 16.51%, Non Convertible Debentures 15.70% and Tier II Capital / Sub-Debt 5.76%. 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.

### **Business Associations/Tie-Ups:**

Your Company has continued its association with HDFC Bank Limited (Channel Business Arrangement) during FY 2018-19 by continue to service the loans originated by it prior to June 2017.

### **Capital Adequacy:**

The Capital to Risk Assets Ratio of your company is 21.45% as on 31.03.2019, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 19.25% and Tier II constituted 2.20%.

### **Credit Rating:**

During the year under review, Brickwork Ratings India (P) Ltd. has retained the Long Term Bank Loan rating "BWR A", and has retained "BWR A" rating for Subordinated Non Convertible Debentures, 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 and has retained the short term bank loan rating at "A2+" and has assigned "A2+" rating for Standalone Commercial Paper and has retained "A1+ (SO) rating for Commercial Paper backed by standby letter of the working capital consortium by carving out of the working capital limits sanctioned to the Company.

### **Dividend**

Your Directors have not recommended payment of dividend for the financial year ended 31<sup>st</sup> March 2019 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 31.03.2019, the Authorized Share Capital was Rs.85,00,00,000/- (Rupees Eighty Five Crores only) divided into 6,00,00,000 (Six Crore only) Equity Shares of Rs.10/- (Rupees Ten only) each and 25,00,000 (Twenty Five Lac only) Preference Shares of Rs.100/- (Rupees One Hundred only) each.

#### **b. Paid up Share Capital.**

The total Paid up Share Capital of the Company as on 31.03.2019 was Rs.50,27,64,105.20 consisting 4,74,79,375 fully paid shares of Rs.10/- each and 51,79,688 partly paid (Rs.5.40 paid per Share) shares of Rs.10/- each. This increase in Paid-up during the year is due to conversion of 19,53,125 of Compulsorily Convertible Preference Shares of Rs.100/- each converted into 19,53,125 Equity shares of Rs.10/- each and the Company has received the first call money of Rs.2.70/- per share on 51,79,688 Partly paid Equity Shares along with premium of Rs.16.8993.

**c. Compulsorily Convertible Preference Shares.**

During the year the Company has converted 19,53,125 Compulsorily Convertible Preference Shares of Rs.100/- each into 19,53,125 Equity Shares of Rs.10/- each. As such there are no Compulsorily Convertible Preference Shares outstanding as on 31.03.2019.

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

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

**e. Buy Back of Securities**

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

**f. Sweat Equity**

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

**g. Bonus Shares**

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

**h. Employees Stock Option**

During the year your Company has approved Employee Stock Option Plan 2019 and constituted a Trust named IKF Finance Employee Welfare Trust, to create, offer, and grant up to, 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] employee stock options to the eligible employees of the Company, determined in terms of **ESOP 2019**, from time to time, in one or more tranches, exercisable in aggregate into not more than 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] equity shares of the Company, with each such option would be exercisable for one equity share of a face value of Rs.10/- each fully paid-up on payment of the requisite exercise price to the Company, and on such terms and conditions as may be determined by the Board in accordance with the provisions of the ESOP 2019 and provisions of applicable law as may be prevailing at that time.

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

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

(a) options granted	5,62,860
(b) options vested	Nil
(c) options exercised	Nil
(d) the total number of shares arising as a result of exercise of option	Nil
(e) options lapsed	Nil
(f) the exercise price	Rs 120/-
(g) variation of terms of options	NA
(h) money realized by exercise of options	NA
(i) total number of options in force	5,62,860
(j) employee wise details of options granted to	
(i) key managerial personnel	Ch Sreenivasa Rao, Company Secretary- 15,180 Options P Chandra Sekhar, Chief Financial Officer-

	<b>19,480 Options</b>
(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	<ol style="list-style-type: none"> <li>1. V.S.Murthy, CEO – 1,07,180 Options-19.04%</li> <li>2. D Nagaraj Goud, National Business Head, 80,140 Options-14.24%</li> <li>3. G Chakrapani, National Credit Manager-51,500 Options-9.07%</li> <li>4. M Girish Kumar, National Head-Collections-51,500 Options-9.07%</li> <li>5. Hardik Harish Joshi-Zonal Manager-34,000 Options-6.04%</li> <li>6. L Bhaskar Narasimha Reddy-Regional Manager-29,720 Options-5.28%</li> </ol>
(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

#### **Transfer to Reserves**

The Directors of the Company propose to transfer Rs.177.39 Lacs to General Reserves out of the current year profits for the year as against Rs.95.77 Lacs during the Financial Year 2017-18. Further your Directors also propose to transfer Rs.709.57 Lacs as against Rs.383.09 Lacs during the Financial Year 2017-18 to Statutory Reserve @ 20% profit after tax as required under Section 45-IC of Reserve Bank of India Act, 1934.

#### **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.

Acquisition of IKF Home Finance Limited: During the year your Company has acquired IKF Home Finance Ltd. IKF Home Finance Ltd is a Public Limited Company, which is related to the promoters of the Company, who were holding significant shareholding after obtaining the regulatory clearances from Reserve Bank of India and National Housing Bank. As on 31.03.2019 the Company shareholding stood at **95.55% (on dilutive basis)**.

#### **Auditors**

##### **Statutory Auditors**

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

The observations made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence do not call for any further comments under Section 134 of the Companies Act, 2013.

##### **Secretarial Auditor**

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

### Qualification by Secretarial Auditor

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and made the following observation.

<b>Auditors Qualification</b>	<b>Board Response to the Qualifications</b>
The Company has not appointed CFO as required under Section 203 of the Companies Act, 2013.	The management had been in the process of identification of suitable person to be appointed as CFO of the Company and has taken all reasonable steps in this regard. The Company has appointed CFO on 10.04.2019.

### 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 31<sup>st</sup> March, 2019 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. However the Statutory Auditors of the Company in their report on the Internal Financial Controls under Clause (i) of Sub Section 3 of Section 143 of the Companies Act, 2013 has qualified on the following and the response of your Board of Directors with respect to the qualifications are as follows:

<b>S No</b>	<b>Auditors Qualification on Internal Financial Controls</b>	<b>Board Response to the Qualifications</b>
	The following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2019	
a	The Company's internal financial controls over segregation of duties and recording of journal entries were not operating effectively which could potentially affect the internal control environment of the Company	The management has taken all reasonable steps over segregation of duties and recording of journal entries and as such there was no impact on internal control environment of the Company.

### Vigil Mechanism / Whistle Blower Policy

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

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

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

**Corporate Social Responsibility Committee:**

During the year under review the Company has spent an amount of Rs.3,25,000 under the CSR activity due to diverse factors. The report on CSR activities for FY 2018-19 is enclosed as Annexure-II.

**Extract of the Annual Return**

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

**Material Changes and Commitments, if any**

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

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

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

**Directors**

In terms of Section 152 of the Companies Act, 2013, Mr. Gopala Kishan Prasad Vupputuri (DIN: 01817992), Managing Director and Mrs. Vupputuri Indira Devi (DIN: 03161174), Whole-time Director of the Company, would retire by rotation at the forth coming AGM and are eligible for re-appointment. They have offered themselves for re-appointment.

During the year Mr. Nallani Haranadh, Independent Director has resigned due to his personnel obligations and his resignation was accepted by the Board of Director at the meeting held on 15.03.2019. Mr. Vishal Tulsyan was appointed as Nominee Director of Motilal Oswal Private Equity in place of Mr. Vishal Kuamr Gupta.

Mr. Satyanarayana Prasad Kanaparathi and Mr Sunkara Veerabhadra Rao were appointed by the Shareholders as an Independent Director at the 23<sup>rd</sup> Annual General Meeting on 30.09.2014, to hold the office for a period of 5 years i.e. upto the conclusion of this Annual General Meeting. Further, the Board, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members by way of Special Resolutions, the re-appointment of Mr. Satyanarayana Prasad Kanaparathi and Mr Sunkara Veerabhadra Rao as Independent Directors of your Company in terms of Section 149 of the Companies Act, 2013 for further period of 5 years. Requisite Notices under Section 160 of the Act have been received in respect of Mr. Satyanarayana Prasad Kanaparathi and Mr Sunkara Veerabhadra Rao, who have filed their consents to act as Directors of the Company, if appointed. Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 28<sup>th</sup> AGM of your Company.

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 change in the appointment of Key Managerial Personnel. On 10.04.2019, Mr. Paruchuri Chandra Sekhar was appointed as Chief Financial Officer of the Company.

Mr. K.Venkatesh Padmanabhan, CEO resigned to his office on 15/11/2018.

**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 26.02.2019, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Board Evaluation:**

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

**Number of meetings of the Board of Directors:**

During the financial year 2018-19 the Board of Directors has met Eight times viz 27/04/2018, 23/07/2018, 04/09/2018, 20/10/2018, 17/01/2019, 18/01/2019, 22/01/2019, and 15/03/2019. The details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard-1.

**Audit Committee**

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

**Nomination and Remuneration Policy**

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

**Particulars of loans, guarantees or investments under section 186:**

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

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

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

**Particulars of Employees**

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

**Particulars of contracts or arrangements with related parties:**

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

There were no materially significant transactions with Related Parties during the financial year 2018-19 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 31<sup>st</sup> March, 2019, 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; and
- (e) 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 23<sup>rd</sup> April, 2013.

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

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

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

**Secretarial Standards**

The Company complies with all applicable Secretarial Standards.

**Share Transfer Agency**

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

**Human Resources**

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

**Awards and recognition**

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

**Cautionary Statement**

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

**Conservation of Energy, Technology Absorption and**

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

**Foreign Exchange Earnings and Outgo**

Total foreign exchange earned	Nil
Total foreign exchange used	Nil

**Code of conduct**

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

**Industrial Relations**

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

**Acknowledgements**

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

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

Place: Vijayawada

Date : 18.10.2019

**(V G K Prasad)**  
Managing Director  
DIN: 01817992

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

## **REPORT ON CORPORATE GOVERNANCE**

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

### **1. Company's Philosophy on Code of Governance:**

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

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

### **2. Board of Directors:**

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

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent Directors to ensure proper governance and management. As on 31.03.2019, 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 Sri.N.Haranadh has resigned to the directorship on 15.03.2019 and Sri. Vishal Tulsyan was nominated as Nominee Director in the place of Sri. Vishal Kuamr Gupta due to his resignation from the services of Motilal Oswal Private Equity. The Executive Directors as on 31.03.2019 were Sri V.G.K.Prasad - Managing Director, Smt. V.Indira Devi - Whole Time Director and Smt. K.Vasumathi Devi - Executive Director.

As on 31.03.2019, the Independent Directors were S.Veerabhadra Rao and Sri K.Satyanarayana Prasad. Sri. Satyana Sinha Chunduri was the Non-Executive Non-Independent Director and Smt. Vupputuri Vasantha Lakshmi is the alternate director to Sri Satyana Sinha Chunduri. The composition of the Board is in conformity with best practice in Corporate Governance.

### **3. Board Meetings:**

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

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

27-04-2018	23-07-2018	04-09-2018	20-10-2018
17-01-2019	18-01-2019	22-01-2019	15-03-2019

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019 are as follows:

Name of the Director	Category of Board Directorship	No. of Board Meetings attended	% of total meetings attended	Attendance at the last AGM	No of other Director ships	No of Committee Memberships
V G K Prasad	Managing Director	6	75%	Yes	2	4
V Indira Devi	Whole Time Director	4	50%	Yes	1	0
K Vasumathi Devi	Executive Director	6	75%	Yes	1	3
Sinha S Chunduri	Director	-	-	No	--	--
D Vasantha Lakshmi	Alternate Director	6	75%	Yes	2	-
S Veerabhadra Rao	Independent Director	7	88%	Yes	1	6
K Satyanarayana Prasad	Independent Director	8	100%	Yes	--	4
Vishal Tulsyan (W.e.f., 15.03.2019)	Nominee Director	1	100%	No	7	4
N Haranadh (Upto 15.03.2019)	Independent Director	6	75%	Yes	--	2
Vishal Kumar Gupta (Upto 07.12.2018)	Nominee Director	1	75%	No	4	4

## 2. Audit Committee:

The Audit Committee provides direction to the Audit function and monitors the quality of internal controls and systems. The responsibilities of the Audit Committee include the overseeing of financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, review of adequacy of internal control systems and the internal audit functions. The Audit Committee comprises four Non Executive Directors with three Independent Directors and one Nominee Director. The Committee comprises of Sri S.Veerabhadra Rao as Chairman of the Committee and Sri N.Haranadh, Sri. Vishal Kuamr Gupta and Sri K Satyanarayana Prasad as Members. The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings. During the year, Sri.N.Haranadh has resigned to the directorship on 15.03.2019 and Sri Vishal Tulsyan was appointed in the place of Sri. Vishal Kuamr Gupta, due to his resignation from the services of Motilal Oswal Private Equity. At present Audit Committee Three Non Executive Directors with two Independent Directors and one Nominee Director.

During the year the committee met 8 times on 27.04.2018, 23.07.2018, 04.09.2018, 20.10.2018, 17.01.2019, 18.01.2019, 22.01.2019 and 15.03.2019. 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	8	100%
Sri. N.Haranadh	8	100%
Sri.Vishal Kumar Gupta (Upto 07.12.2018)	1	25%
Sri.K.Satyanarayana Prasad	8	100%

The previous Annual General Meeting ("AGM") of the Company was held on September 29, 2018 and was attended by Sri. S.Veerabhadra Rao, Chairman of the audit committee.

### 3. Nomination and Remuneration & Compensation Committee:

The Nomination and Remuneration & Compensation Committee was constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 comprises of Sri S.Veerabhadra Rao, Sri.N.Haranadh and Sri Vishal Kumar Gupta 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, Sri.Naranadh has resigned to the directorship on 15.03.2019 and Sri Vishal Tulsyan was appointed in the place of Sri. Vishal Kuamr Gupta, due to his resignation from the services of Motilal Oswal Private Equity. During the year the committee met two times on 17.01.2019 and 15.03.2019.

During the year your Company has approved Employee Stock Option Plan 2019 and constituted a Trust named IKF Finance Employee Welfare Trust, to create, offer, and grant up to, 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] employee stock options to the eligible employees of the Company, determined in terms of ESOP 2019, from time to time, in one or more tranches, exercisable in aggregate into not more than 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] equity shares of the Company, with each such option would be exercisable for one equity share of a face value of Rs.10/- each fully paid-up on payment of the requisite exercise price to the Company, and on such terms and conditions as may be determined by the Board in accordance with the provisions of the ESOP 2019 and provisions of applicable law as may be prevailing at that time.

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

#### Attendance of each Director at Nomination & Compensation Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Vishal Kuar Gupta (Upto 07.12.2018)	Nominee Director	1	0
Vishal Tulsyan (From 15.03.2019)	Nominee Director	1	1
S.Veerabhadra Rao	Independent Director	2	2
N.Haranadh (Upto 15.03.2019)	Independent Director	2	2

#### Criteria for Performance evaluation:

##### **(I) Remuneration Policy:**

The Policy inter alia provides for the following:

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

##### **(II) Remuneration paid to Directors**

#### Remuneration to Executive Directors:

The Managing Director, Whole Time Director and Executive Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites. The details of remuneration paid to Whole Time Directors during the year 2018-2019 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.45,00,000.00	NIL	NIL
V Indira Devi	Rs.30,00,000.00	NIL	NIL
K Vasumathi Devi	Rs.30,00,000.00	NIL	NIL

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 are paid sitting fees for attending the meetings of the Board and Committees thereof.

#### **a) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2018-2019.**

The details of sitting fees paid/payable to Non-Executive Directors during the financial year 2018-2019 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-----						

#### **b) Remuneration of Directors:**

The Managing Director, Whole Time Director and Executive Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites. The details of remuneration paid to Whole Time Directors during the year 2018-2019 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.45,00,000.00	NIL	NIL
V Indira Devi	Rs.30,00,000.00	NIL	NIL
K Vasumathi Devi	Rs.30,00,000.00	NIL	NIL

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

#### **4. Stakeholder Relationship Committee:**

The Share Transfer and Investor Grievance Committee comprises of Sri. K.Satyanarayana Prasad as Chairman and Sri N Harinadh 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. Due to resignation of Sri.N.Haranadh for the directorship of the Company Sri.S.Veerabhadra Rao was appointed as member of the Committee in place of Shri.N.Haranadh.

#### **5. Asset Liability Management Committee:**

The Asset Liability Management Committee comprises of Sri V G K Prasad as Chairman, Sri S.Veerabhadra Rao, Sri.Vishal Kumar Gupta and Smt. K.Vasumathi Devi as Members. During the year Shri Vihsal Kumar Gupta has resigned and in his place Shri.Vishal Tulsyan was appointed as nominee director the Committee was also reconstituted replacing Sri.Vihsal Kumar Gupta with Sri.Vishal Tulsyan. 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 2018-2019 the committee met 3 times on 27.04.2018, 23.07.2018 and 17.01.2019.

#### 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
Vishal Kumar Gupta ((Upto 07.12.2018)	Nominee Director	2	1

#### 6. Risk Management Committee:

The Risk Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri. S Veerabhadra Rao Sri.Visal Kumar Gupta and Smt K.Vasumathi Devi as Members. During the year Shri Vihsal Kumar Gupta has resigned and in his place Shri.Vishal Tulsyan was appointed as nominee director the Committee was also reconstituted replacing Sri.Vihsal Kumar Gupta with Sri.Vishal Tulsyan.The Risk Management Committee was formed to review and monitor Risk Management policies and systems from time to time. During the year 2018-2019 the committee met 3 times 27.04.2018, 04.09.2018 and 17.01.2019.

#### 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 Kumar Gupta ((Upto 07.12.2018)	Nominee Director	2	1

#### 7. General Body Meetings:

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

AGM	Day	Date	Time	Venue	Special Resolutions passed
27 <sup>th</sup> AGM	Saturday	29.09.2019	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	<ul style="list-style-type: none"> <li>Enhance the Borrowing Powers of the Company from Rs.2000 crores to Rs. 3000 crores</li> <li>Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company</li> <li>Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis.</li> </ul>
26 <sup>th</sup> AGM	Thursday	30-11-2017	4.30 PM	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	<ul style="list-style-type: none"> <li>Enhance the Borrowing Powers of the Company from 1500 Crores to 2000 Crores</li> <li>Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company</li> <li>Issue of Non Convertible Debentures (NCD)/ Tier II Debt(s)/ Commercial Papers/Bonds on Private Placement Basis.</li> </ul>
25 <sup>th</sup> AGM	Friday	30-12-2016	4.30 P.M	Registered Office of the Company. 40-1-144, Corporate Centre, M.G.Road Vijayawada-520010, Andhra Pradesh	<ul style="list-style-type: none"> <li>Enhance the Borrowing Powers of the Company from 1000 Crores to 1500 Crores</li> <li>Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company</li> <li>Issue of Non Convertible Debentures (NCD)/ Bonds on Private Placement Basis</li> </ul>

b) No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

#### 8. Means of Communication:

Required communications will be published in "Business Standard" (English) and "Andhra Prabha" (Telugu) and website of the Company [www.ikffinance.com](http://www.ikffinance.com).

#### 9. Disclosures:

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

#### 10. General Information to Shareholder:

##### General Body Meeting, Day, Date, Time & Location

28<sup>th</sup> Annual General Meeting will be held on Wednesday 04-12-2019 4.30 PM at the Registered Office situated at # 40-1-144, Corporate Centre, M.G. Road, Vijayawada - 520 010.

##### Financial Calendar

Financial Year - 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.

##### Book Closure dates

November 27, 2019 to December 3, 2019

##### Last date for receipt of proxy forms

December 2, 2019 (Before 4.30 PM).

##### Share Transfers

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

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

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

##### Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31<sup>st</sup> March, 2019 – 99.76%.

#### 11. Distribution of Shareholding as on 31st March, 2019:

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No	% of total	Rs.	% of total
Upto	5,000	1086	71.58%	2051250	0.43%
5,001	10,000	208	13.71%	1779520	0.37%
10,001	20,000	108	7.12%	1825460	0.38%
20,001	30,000	33	2.18%	870150	0.18%
30,001	40,000	22	1.45%	803340	0.17%
40,001	50,000	12	0.79%	590600	0.12%
50,001	1,00,000	14	0.92%	1124100	0.24%
1,00,001	& above	34	2.25%	465749370	98.10%
Total		1517	100.00%	474793790	100.00

**12. Shareholding Pattern as on 31.03.2019:**

Category	Total Shareholders	% of Shareholders	Total Shares	%
Clearing Member	4	0.26%	525	0.001%
Corporate Bodies	31	2.04%	45121	0.095%
Foreign Company	1	0.06%	13051546	27.489%
Foreign Promoters	2	0.14%	1611800	3.394%
Non Resident Indians	8	0.53%	6429	0.013%
Promoters	5	0.33%	22255035	46.874%
Public	1465	96.58%	2704905	5.697%
Trusts	1	0.06%	7804018	16.437%
Total	1517	100.00%	47479379	100.0000

Address for correspondence and any assistance/clarification

**13. Compliance Officer:**

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

**Annual Report on CSR Activities**

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

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

**Partnerships**

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

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

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

**Composition of CSR Committee is as under:**

Sri S.Veerabhadra Rao - Chairman  
Sri Vishal Kumar Gupta - Member (Upto 07.12.2018)  
Sri V.G.K.Prasad - Member

Average Net Profit of the Company for the last three financial years: Rs.26,20,47,350

Prescribed CSR expenditure (two percent of the amount as in item 3 above): Rs.52,40,947

**Details of CSR spend for the financial year:**

- i. Total amount spent for the financial year: Rs.3,25,000/-
- ii. Amount unspent: Rs 49,15,947/-

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

S. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget project or programs wise) (in Rs)	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent directly
1	Promotion of Road Safety and Drivers Training	Promoting Education and Vocational Skills	Road Safety	3,00,000	3,00,000	3,00,000	Thorough Krishna District Lorry Owners Association
2	Andhra Pradesh CM Relief Fund	Socio-economic development and relief	Socio-economic development and relief	25,000	25,000	25,000	Thorough Krishna District Auto Financiers Association

Reasons for Unspent:

The Company

The objective of our CSR Policy was not just mere spending of amount but working towards social welfare. Your Company is in the process of identifying suitable projects for its CSR activities.

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

**For and on behalf of Corporate Social Responsibility Committee**

Place : Vijayawada

Date : 18.10.2019

(S Veerabhadra Rao)  
Chairman of the Committee

(V G K Prasad)  
Member

**Annexure-III****Form No. MGT-9****Extract Of Annual Return As On The Financial Year Ended 31<sup>st</sup> March, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sl No</b>	<b>Name &amp; Address of the Company</b>	<b>CIN/GLN</b>	<b>HOLDING/ SUBSIDIARY/ ASSOCIATE</b>	<b>% OF SHARES HELD</b>	<b>APPLICABLE SECTION</b>
<b>1</b>	<b>IKF Home Finance Limited</b>		<b>Subsidiary</b>	<b>95.55%</b> <b>(Fully Diluted Basis)</b>	

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

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/HUF	2,15,61,705	82,051	2,16,43,756	47.54	2,22,55,035	0	2,22,55,035	46.87	<b>(0.67)</b>
b) Central Govt									
c) State Govt(s)									
Bodies Corp	0	0	0	0	0	0	0	0	0
Banks / FI									
Any Other									
<b>Sub-total(A)(1):-</b>	<b>2,15,61,705</b>	<b>82,051</b>	<b>2,16,43,756</b>	<b>47.54</b>	<b>2,22,55,035</b>	<b>0</b>	<b>2,22,55,035</b>	<b>46.87</b>	<b>(0.67)</b>
<b>2) Foreign</b>									
NRIs-Individuals	16,11,800	0	16,11,800	3.54	16,11,800	0	16,11,800	3.39	(0.15)
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other....									

<b>Sub-total (A)(2):-</b>	16,11,800	0	16,11,800	3.54	16,11,800	0	16,11,800	3.40	(0.14)
<b>B. Public Shareholding</b>	2,31,73,505	82,051	2,32,55,556	51.08	2,38,66,835	0	2,38,66,835	50.27	(0.81)
<b><i>1. Institutions</i></b>									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FII									
Foreign Venture Capital Funds									
Others (specify Clearing Members)									
<b>Sub-total (B)(1)</b>									
<b><i>2. Non Institutions</i></b>									
Bodies Corp.									
(i) Indian	70,73,171	0	70,73,171	15.54	78,47,913	0	78,47,913	16.53	0.99
ii) Overseas	118,29,268	0	118,29,268	25.98	1,30,51,546	0	1,30,51,546	27.49	1.51
Individuals	7,54,189	51,099		1.77	7,53,601	71,888	8,25,489	1.74	(0.03)
(i) Individual			8,05,288						

shareholders holding nominal share capital upto Rs. 1 lakh	24,26,647	0	24,26,647	5.33	17,82,468	46,000	18,28,468	3.85	(1.48)
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Others(Specify)	1,36,093	0	1,36,093	0.30	59,128	0	59,128	0.12	(0.18)
Sub-total (B)(2)	<b>33,17,160</b>	<b>51,099</b>	<b>2,22,70,698</b>	<b>7.40</b>	<b>25,95,197</b>	<b>1,17,888</b>	<b>27,13,085</b>	<b>5.71</b>	<b>(1.69)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,21,19,599</b>	<b>51,099</b>	<b>2,22,70,698</b>	<b>48.92</b>	<b>2,34,94,656</b>	<b>1,17,888</b>	<b>2,36,12,544</b>	<b>49.73</b>	<b>0.81</b>
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	<b>4,53,93,104</b>	<b>1,33,150</b>	<b>4,55,26,254</b>	<b>100.00</b>	<b>4,73,61,491</b>	<b>1,17,888</b>	<b>4,74,79,379</b>	<b>100.00</b>	<b>0</b>

Partly Paid up- Rs 5.40/- Paid up

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

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

(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	0	51,79,688	51,79,688	100.00	0	51,79,688	51,79,688	100.00	<b>(0.00)</b>

ii. Shareholding of Promoters

Fully Paid Up Shares- Rs 10/- each

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vupputuri Gopala Kishan Prasad	1,47,31,651	32.36	Nil	1,53,41,030	32.31	8.32	(0.05)
2	Koganti Vasumathi Devi	21,31,286	4.68	Nil	21,31,286	4.49	Nil	(0.19)
3	Vupputuri Vasantha Lakshmi	20,06,117	4.41	38.87	20,06,117	4.23	38.87	(0.18)
4	Vupputuri Raghu Ram	<b>14,49,700</b>	<b>3.18</b>	97.86	<b>14,49,700</b>	<b>3.05</b>	97.86	<b>(0.13)</b>
5	Vupputuri Indira Devi	<b>13,26,902</b>	<b>2.91</b>	60.93	<b>13,26,902</b>	<b>2.79</b>	60.93	<b>(0.21)</b>
6	Durga Rani Chunduri	<b>14,94,100</b>	<b>3.28</b>	Nil	<b>14,94,100</b>	<b>3.15</b>	Nil	<b>(0.13)</b>
7	Chunduri Sinha Satyanand	<b>1,17,700</b>	<b>0.26</b>	Nil	<b>1,17,700</b>	<b>0.25</b>	Nil	<b>(0.01)</b>

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

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

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

**Fully Paid Up Shares- Rs 10/- each**

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>	<b>2,32,55,556</b>	<b>48.98</b>	<b>2,32,55,556</b>	<b>48.98</b>
	Increase during the year	611279	1.28	2,38,66,835	50.26%
	<b>At the End of the year</b>	2,38,66,835	50.26%	2,38,66,835	50.26%

Partly Paid Up Shares- Rs 5.40/- each

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

**Name wise changes**

<b>1. Vupputuri Gopala Kishan Prasad</b>				
At the beginning of the year	1,47,29,751	31.02	1,47,29,751	31.02
Increased during the year	611279	1.29	1,53,41,030	32.31
At the End of the year	1,53,41,030	32.31	1,53,41,030	32.31
<b>2. Satyanarayana Sinha Chunduri</b>				
At the beginning of the year	1,17,700	0.26	1,17,700	0.26
Changes during the year –No Change	0	0	0	0
At the End of the year	1,17,700	0.26	1,17,700	0.26
<b>3. Vupputuri Indira Devi</b>				
At the beginning of the year	13,26,902	2.78	13,26,902	2.78
Changes during the year –No Change	0	0	0	0
At the End of the year	13,26,902	2.78	13,26,902	2.78
<b>4 Vupputuri Vasantha Lakshmi</b>				
At the beginning of the year	20,06,117	4.23	20,06,117	4.23
Changes during the year –No Change	0	0	0	0
At the End of the year	20,06,117	4.41	20,06,117	4.41
<b>5.Koganti Vasumathi Devi</b>				
At the beginning of the year	21,31,286	4.49	21,31,286	4.49
Changes during the year –No Change	0	0	0	0
At the End of the year	21,31,286	4.49	21,31,286	4.49
<b>6.Durga Rani Chunduri</b>				
At the beginning of the year	14,94,100	3.15	14,94,100	3.15
Changes during the year –No Change	0	0	0	0
At the End of the year	14,94,100	3.15	14,94,100	3.15
<b>7.Vupputuri Raghuram</b>				
At the beginning of the year	14,49,700	3.05	14,49,700	3.05
Changes during the year –No Change	0	0	0	0
At the End of the year	14,49,700	3.05	14,49,700	3.05

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
1.	India Business Excellence Fund – IIA  At the beginning of the year	1,18,29,268	24.91	1,18,29,268	24.91
	Increased during the year	12,22,278	2.57	1,30,51,546	27.48
	At the End of the year	1,30,51,546	27.48	1,30,51,546	27.48
2.	IL AND FS Trust Company Ltd (Trustee Of Business Excellence Trust II - India Business Excellence Fund-II  At the beginning of the year	70,73,171	14.90	70,73,171	14.90
	Increased during the year –  No Change	7,30,847	1.54	78,04,018	16.44
	At the End of the year	78,04,018	16.44	78,04,018	16.44
3.	Amit Bhutra  At the beginning of the year	3,05,684	0.64	3,05,684	0.64
	Changes during the year –  No Change	0	0	0	0
	At the End of the year	3,05,684	0.64	3,05,684	0.64
4.	Vupputuri Venkata Rao  At the Beginning of the year	2,42,335	0.51	2,42,335	0.51
	Changes during the year –  No Change	0	0	0	0
	At the End of the year	2,42,335	0.51	2,42,335	0.51
5.	M Venkat Rao  At beginning of the year	1,10,425	0.23	1,10,425	0.23

	Changes during the year -No Change	0	0	0	0
	At the End of the year	1,10,425	0.23	1,10,425	0.23
6	K Chakradhara Rao	93,634	0.20	93,634	0.20
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	93,634	0.20	93,634	0.20
7	Bharat C Jain	85,615	0.18	85,615	0.18
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	85,615	0.18	85,615	0.18
8	J Krishna Prasad	85,615	0.18	85,615	0.18
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	85,615	0.18	85,615	0.18
9	Suresh Chand Butara	50,770	0.11	50,770	0.11
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	50,770	0.11	50,770	0.11
10	P Purnachandra Rao	34,406	0.07	34,406	0.07
	At the beginning of the year				
	Changes during the year – No Change	0	0	0	0
	At the End of the year	34,406	0.07	34,406	0.07

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1. Vupputuri Gopala Kishan Prasad</b>					
	At the beginning of the year	1,47,29,751	31.02	1,47,29,751	31.02
	Increased during the year	611279	1.29	1,53,41,030	32.31
	At the End of the year	1,53,41,030	32.31	1,53,41,030	32.31
<b>2. Satyanarayana Sinha Chunduri</b>					
	At the beginning of the year	1,17,700	0.25	1,17,700	0.25
	Changes during the year – No Change	0	0	0	0
	At the End of the year	1,17,700	0.25	1,17,700	0.25
<b>3.Vupputuri Indira Devi</b>					
	At the beginning of the year	13,26,902	2.79	13,26,902	2.79
	No Change	0	0	0	0
	At the End of the year	13,26,902	2.79	13,26,902	2.79
<b>4.Vupputuri Vasantha Lakshmi</b>					
	At the beginning of the year	20,06,117	4.22	20,06,117	4.22
	No Change	0	0	0	0
	At the End of the year	20,06,117	4.22	20,06,117	4.22
<b>5.Koganti Vasumathi Devi</b>					
	At the beginning of the year	21,31,286	4.49	21,31,286	4.49
	No Change	0	0	0	0
	At the End of the year	21,31,286	4.49	21,31,286	4.49

#### **IV. INDEBTEDNESS**

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

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4143178039	1344497828	0	<b>5487675867</b>
ii) Interest due but not paid	0	0	<b>0</b>	<b>0</b>
iii) Interest accrued but not due	59902999	0	<b>0</b>	<b>59902999</b>
Total (i+ii+iii)	<b>4203081038</b>	<b>1344497828</b>	<b>0</b>	<b>5547578866</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	3928682196	250000000		<b>4178682196</b>
- Reduction	1057199373	799497828		<b>1856697201</b>
Net Change	<b>2871482823</b>	<b>-549497828</b>	<b>0</b>	<b>2321984995</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7015968826	795000000	0	<b>7810968826</b>
ii) Interest due but not paid	0	0	<b>0</b>	<b>0</b>
iii) Interest accrued but not due	58595035	0		<b>58595035</b>
<b>Total (i+ii+iii)</b>	<b>7074563861</b>	<b>795000000</b>	<b>0</b>	<b>7869563861</b>

**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		VGK Prasad	V.Indira Devi	K Vasumati Devi	
1.	Gross salary	Managing Director	Wholetime Director	Executive Director	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,00,000	30,00,000	30,00,000	1,05,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	
2.	Stock Option	NIL	NIL	NIL	
3.	Sweat Equity	NIL	NIL	NIL	
4.	Commission				
	- as % of profit	NIL	NIL	NIL	
	- others, specify				
5.	Others, please specify	NIL	NIL	NIL	
6.	Total (A)	45,00,000	30,00,000	30,00,000	1,05,00,000
	Ceiling as per the Act				3,54,78,723

**B. Remuneration to other directors: Nil**

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

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	41,52,669	15,95,001	-	57,47,670
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
6.	Total	35,31,000	6,87,097	7,50,000	49,68,097

**VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

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

Place: Vijayawada  
Date : 18.10.2019

**(V G K Prasad)**  
Managing Director  
DIN : 01817992

**(V. Indira Devi)**  
Wholetine Director  
DIN : 03161174

### 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.

Acquisition of IKF Home Finance Limited: During the year your Company has acquired IKF Home Finance Ltd. IKF Home Finance Ltd is a Public Limited Company, which is related to the promoters of the Company, who were holding significant shareholding after obtaining the regulatory clearances from Reserve Bank of India and National Housing Bank. As on 31.03.2019 the Company shareholding stood at **95.55% (on dilutive basis)**.

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary company in Form AOC-1 is enclosed as Annexure - V of the Board's Report.

### Annexure – V

#### Statement containing the salient features of the financial statements of subsidiary / 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]

(Amount in Rupees)

Name of the subsidiary	Financial period ended	Exchange rate	Share capital	Reserves & surplus	Total assets	Total liabilities (excluding share capital and reserves & surplus)	Investments	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of shareholding
IKF Home Finance Limited	31.03.19	INR	39,36,47,530	2,71,81,307	157,68,62,748	115,60,33,910	-	19,40,47,356	2,17,69,282	75,71,286	1,41,97,996	95.55%

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

Place: Vijayawada  
Date : 18.10.2019

**(V G K Prasad)**  
Managing Director  
DIN: 01817992

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

**Form No. MR-3**  
**Secretarial Audit Report**  
**For the Financial Year ended on March 31, 2019**  
[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,  
IKF Finance Limited,  
# 40-1-144, 3rd Floor,  
Corporate Centre, M.G.Road,  
Vijayawada, Andhra Pradesh-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 for the financial year ended on March 31, 2019 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 **IKF Finance Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- 1) The Companies Act, 2013 and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) 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.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable to the Company during the Audit Period.**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not applicable to the Company during the Audit Period.**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable to the Company during the Audit Period.**
  - d) Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- f) 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 (Buyback of Securities) Regulations, 1998; **Not applicable to the Company during the Audit Period.** And
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable to the Company during the Audit Period.**

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India; and
- (ii) The Listing Agreement entered into by the Company with stock exchanges; **Not applicable to the Company during the Audit Period.**

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, during the financial year the Company has not appointed CFO as required under Section 203 of the Companies Act, 2013.

**We further report that,** 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 quarterly compliance reports by respective department heads / Company Secretary / Managing Director taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with the laws relating to Non Banking Financial Companies and other applicable laws, to the extent applicable to the Company.

**We further report that,** that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

**We further report that,** the Board of Directors of the Company is 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.

Except in case of few Board meetings, which were held at a shorter notice to consider and transact some urgent matters, where at one Independent Director was duly present; adequate notice was given to all Directors to schedule the Board meetings and agenda with detailed notes there on 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, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

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

- 01. The Company has taken approval from the shareholders for following:
  - i. To enhance the Borrowing Powers of the Company from Rs.2,000 Crores to Rs.3,000 Crores.

- ii. To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company for a sum not exceeding Rs.3,000 Crore.
  - iii. To issue of Non-Convertible Debentures (NCD) / Tier II Debt(s) / Commercial Papers / Bonds on Private Placement Basis.
  - iv. To create, offer, and grant up to 7,99,516 Employee Stock Options under 'IKF Finance Limited - Employee Stock Option Plan 2019'.
  - v. To grant upto Rs.7,00,00,000 an interest free unsecured loan, provide guarantee or security in connection with a loan or any other financial assistance to the IKF Finance Employee Welfare Trust.
02. The Company has allotted following securities:
- i. 350 Secured Rated Redeemable Non-Convertible Debenture of Rs.10,00,000 each.
  - ii. 12,22,278 Equity Shares of Rs.10 each at a premium of Rs.118 per Share
  - iii. 7,30,847 Equity Shares of Rs.10 each at a premium of Rs.118 per Share
  - iv. 250 Unsecured Redeemable Non-Convertible Debentures of Rs.10,00,000 each

*for B S S & Associates  
Company Secretaries*

*Place: Hyderabad  
Date: 26.08.2019*

*B.Sathish  
Partner  
ACS No.: 27885  
C P No.: 10089*

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.

To,

The Members,  
IKF Finance Limited,  
40-1-144, 3rd Floor,  
Corporate Centre, M.G.Road,  
Vijayawada, Andhra Pradesh-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, 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 neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

*for B S S & Associates  
Company Secretaries*

*Place: Hyderabad  
Date: 26.08.2019*

*B.Sathish  
Partner  
ACS No.: 27885  
C P No.: 10089*

## CEO CERTIFICATION

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

- a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2019 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that:
  - i. There were no material deficiencies in internal controls over financial reporting during the year;
  - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statement; and
  - iii. There were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

**(V G K Prasad)**  
Managing Director  
DIN: 01817992

Place: Vijayawada  
Date : 18-10-2019

**INDEPENDENT AUDITOR'S REPORT**

To the Members of IKF Finance Limited

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of IKF Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement 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, 2019, its profit and its cash flows 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 (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 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.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

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

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.

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



### **Responsibility of Management 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 Board of Directors 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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, 2019 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 30 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & CO. LLP**

**Chartered Accountants**

**ICAI Firm Registration Number: 301003E/E300005**



**per Jitendra H. Ranawat**  
**Partner**

**Membership Number: 103380**

**UDIN: 19103380AAAAPR7318**

**Place of Signature: Mumbai**

**Date: September 30, 2019**



**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 were not physically verified by the management during the year but there is a planned programme of verifying them once in three years 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 deed of immovable property included in fixed assets is held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investment made and guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in few cases. The provisions relating to customs duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to customs duty are not applicable to the Company.
- (c) According to the information and explanation given to us there are no dues of income tax and goods and service tax which have not been deposited on account of any dispute. The provisions relating to 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.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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



Per **Jitendra H. Ranawat**  
Partner  
Membership No.: 103380  
UDIN: 19103380AAAAPR7318  
Place: Mumbai  
Date: September 30, 2019



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF IKF FINANCE LIMITED**

**Report on the Internal Financial Controls under Clause (l) 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, 2019, 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.

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone 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.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

- (a) The Company's internal financial controls over segregation of duties and recording of journal entries were not operating effectively which could potentially affect the internal control environment of the Company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim standalone financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these standalone financial statements as of March 31, 2019, 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as of March 31, 2019.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

## **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of IKF Finance Limited, which comprise the Balance Sheet as at March 31, 2019, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of IKF Finance Limited and this report does not affect our report dated September 30, 2019, which expressed an unqualified opinion on those standalone financial statements.

**For S.R. Batliboi & CO. LLP**

**Chartered Accountants**

**ICAI Firm Registration Number: 301003E/E300005**



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**per Jitendra H. Ranawat**

**Partner**

**Membership Number: 103380**

**UDIN: 19103380AAAAPR7318**

**Place of Signature: Mumbai**

**Date: September 30, 2019**



# IKF Finance Limited

Balance Sheet as at March 31, 2019

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-19	31-Mar-18
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	502,764,105	664,560,198
Reserves and surplus	4	2,196,137,295	1,578,035,710
		<b>2,698,901,400</b>	<b>2,242,595,908</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	3,558,522,359	2,900,013,769
Other long-term liabilities	7	40,458,001	39,420,141
Long-term provisions	8	108,407,564	79,709,560
		<b>3,707,387,924</b>	<b>3,019,143,470</b>
<b>Current liabilities</b>			
Short-term borrowings	9	1,688,519,904	1,104,335,537
Other current liabilities	10	3,041,126,869	2,003,834,626
Short-term provisions	8	30,987,748	19,848,670
		<b>4,760,634,521</b>	<b>3,128,018,833</b>
<b>TOTAL</b>		<b>11,166,923,845</b>	<b>8,389,758,211</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Property, plant & equipment	11	29,455,945	33,626,695
Intangible assets	12	14,112,791	7,066,680
Deferred tax assets (net)	6	12,588,763	9,986,580
Non-current investments	13	452,509,628	-
Long-term loans and advances	14	6,093,492,094	4,961,821,004
Other non-current assets	15	130,704,889	88,536,504
		<b>6,732,864,110</b>	<b>5,101,037,463</b>
<b>Current assets</b>			
Trade receivables	16	13,541,597	10,565,709
Cash and bank balances	17	376,526,814	784,077,544
Short-term loans and advances	14	3,844,962,087	2,336,915,845
Other current assets	15	199,029,237	157,161,650
		<b>4,434,059,735</b>	<b>3,288,720,748</b>
<b>TOTAL</b>		<b>11,166,923,845</b>	<b>8,389,758,211</b>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

per Jitendra H. Ranawat

Partner

Membership No. 103380

For and on behalf of the Board of Directors of

IKF Finance Limited

V.G.K Prasad

Managing Director

DIN - 01817992

V.Indira Devi

Whole Time Director

DIN - 03161174

P.Chandra Sekhar

Chief Financial Officer

Ch.Sreenivasa Rao

Company Secretary

M.No ACS14723

Date: 30-09-2019

Place: Mumbai

Date: 30-09-2019

Place: Vijayawada

# **IKF Finance Limited**

## **Statement of Profit and Loss for the year ended March 31, 2019**

*(Amount in Rupees unless otherwise stated)*

	<b>Notes</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Revenue</b>			
Revenue from operations	18	1,768,579,870	1,356,968,553
Other income	19	1,053,547	927,936
<b>Total revenue (I)</b>		<b>1,769,633,417</b>	<b>1,357,896,489</b>
<b>Expenses</b>			
Employee benefit expenses	20	226,288,466	198,109,715
Finance costs	21	819,487,704	708,989,213
Other expenses	22	141,413,669	111,375,171
Depreciation and amortization expenses	23	9,163,077	7,270,937
Provisions and write-offs	24	61,896,221	38,657,355
<b>Total expenses (II)</b>		<b>1,258,249,137</b>	<b>1,064,402,391</b>
<b>Profit before tax (III)=(I)-(II)</b>		<b>511,384,280</b>	<b>293,494,098</b>
<b>Tax expenses</b>			
Current tax		153,157,005	108,864,302
Deferred tax		(2,602,185)	(6,103,943)
Adjustment of tax relating to earlier periods		6,042,229	(816,000)
<b>Total tax expense (IV)</b>		<b>156,597,049</b>	<b>101,944,359</b>
<b>Profit after tax (III)-(IV)</b>		<b>354,787,231</b>	<b>191,549,741</b>

### **Earnings per equity share**

[Nominal value of share Rs.10 (March 31, 2018: Rs.10)]

25

**Basic (Computed on the basis of total profit for the year)**

**7.49**

**4.18**

**Diluted (Computed on the basis of total profit for the year)**

**7.49**

**4.15**

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S. R. BATLIBOI & CO. LLP**

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

**For and on behalf of the Board of Directors of**

**IKF Finance Limited**

**per Jitendra H. Ranawat**

Partner

Membership No.103380

**V.G.K Prasad**

Managing Director

DIN - 01817992

**V.Indira Devi**

Whole Time Director

DIN - 03161174

**P.Chandra Sekhar**

Chief Financial Officer

**Ch.Sreenivasa Rao**

Company Secretary

M.No ACS14723

Date: 30-09-2019

Place: Mumbai

Date: 30-09-2019

Place: Vijayawada

**IKF Finance Limited**  
**Cashflow statement for the year ended March 31, 2019**

(Amount in Rupees unless otherwise stated)

	31-Mar-19	31-Mar-18
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>511,384,280</b>	<b>293,494,098</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	9,163,077	7,270,937
Loss on sale of fixed assets and write off	1,323,745	-
Provision for employee benefits	7,054,156	1,804,833
Amortization of ancillary borrowing costs	23,982,027	22,953,708
Loans written off	28,633,715	23,946,909
Contingent provision against standard assets	11,889,676	1,254,627
Provision for non-performing assets	18,872,830	13,455,819
Provision for contingencies	2,500,000	-
<b>Operating profit before working capital changes</b>	<b>614,803,506</b>	<b>364,180,931</b>
Movements in working capital:		
(Decrease) / Increase in other current and non-current liabilities	(51,593,020)	306,357,669
(Increase) / Decrease in trade receivables	(2,975,888)	9,824,635
(Increase) in loans and advances	(2,674,393,276)	(348,178,463)
(Increase) in other non-current assets	(23,201,346)	(9,991,610)
(Increase) in other current assets	(41,867,588)	(38,923,882)
Decrease / (Increase) in Margin money deposit (net)	195,113,578	(263,502,934)
<b>Cash (used in) / generated from operations</b>	<b>(1,984,114,034)</b>	<b>19,766,346</b>
Direct taxes paid (net of refunds)	(144,313,462)	(99,541,178)
<b>Net cash flow (used in) operating activities (A)</b>	<b>(2,128,427,496)</b>	<b>(79,774,832)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment and intangible assets	(13,403,582)	(10,217,421)
Investments in subsidiary	(452,509,628)	-
Proceeds from sale of property, plant & equipment	41,400	-
<b>Net cash flow (used in) investing activities (B)</b>	<b>(465,871,810)</b>	<b>(10,217,421)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of compulsorily convertible preference shares	-	250,000,000
Proceeds from issuance of partly paid up equity shares	101,518,261	101,518,259
Long-term borrowings (net)	1,739,108,591	419,190,746
Short-term borrowings (net)	584,184,368	(894,533,665)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>2,424,811,220</b>	<b>(123,824,660)</b>
<b>Net (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(169,488,086)</b>	<b>(213,816,914)</b>
Cash and cash equivalents at the beginning of the year	305,845,351	519,662,264
<b>Cash and cash equivalents at the end of the year</b>	<b>136,357,265</b>	<b>305,845,351</b>
<b>Components of cash and cash equivalents</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Cash and cash equivalents at the end of the year</b>		
Cash on hand	19,336,776	16,237,880
Balances with banks in current accounts	117,020,489	289,607,471
<b>Cash and cash equivalents at the end of the year (refer note 17)</b>	<b>136,357,265</b>	<b>305,845,351</b>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

**Notes**

1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2) All figures in brackets indicate outflow.

3) Direct tax paid is treated as arising from operating activities and are not bifurcated between investment and financial activities.

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

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

per Jitendra H. Ranawat  
 Partner  
 Membership No.103380

V.G.K Prasad  
 Managing Director  
 DIN - 01817992

V.Indira Devi  
 Whole Time Director  
 DIN - 03161174

P.Chandra Sekhar  
 Chief Financial Officer

Ch.Sreenivasa Rao  
 Company Secretary  
 M.No ACS14723

Date: 30-09-2019  
 Place: Mumbai

Date: 30-09-2019  
 Place: Vijayawada

**IKF Finance Limited**
**Notes to financial statements for the year ended March 31, 2019**
*(Amount in Rupees unless otherwise stated)*

3. Share capital	31-Mar-19 (Rupees)	31-Mar-18 (Rupees)
<b>Authorized shares</b>		
6,00,00,000 (March 31, 2018: 6,00,00,000) equity shares of Rs.10 each	600,000,000	600,000,000
25,00,00,000 (March 31, 2018: 25,00,00,000) preference shares of Rs.100 each	250,000,000	250,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
4,74,79,379 (March 31, 2018: 4,55,26,254) equity shares of Rs.10 each fully paid up	474,793,790	455,262,540
Nil (March 31, 2018: 19,53,125) compulsorily convertible preference shares of Rs.100 each fully paid up	-	195,312,500
	<b>474,793,790</b>	<b>650,575,040</b>
<b>Issued, subscribed and partly paid-up shares</b>		
51,79,688 (March 31, 2018: 51,79,688) equity shares of Rs.10 each, partly paid up Rs. 5.40 per share (March 31, 2018: partly paid up Rs. 2.70 per share)	27,970,315	13,985,158
	<b>502,764,105</b>	<b>664,560,198</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares	31-Mar-19		31-Mar-18	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
<b>Fully paid equity shares of Rs 10 each</b>				
At the beginning of the year	45,526,254	455,262,540	45,526,254	455,262,540
Issued during the year	1,953,125	19,531,250	-	-
<b>Outstanding at the end of the year</b>	<b>47,479,379</b>	<b>474,793,790</b>	<b>45,526,254</b>	<b>455,262,540</b>
<b>Compulsorily convertible preference Shares of Rs 100 each</b>				
At the beginning of the year	1,953,125	195,312,500	-	-
(Converted) / Issued during the year	(1,953,125)	(195,312,500)	1,953,125	195,312,500
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>1,953,125</b>	<b>195,312,500</b>
<b>Partly paid up equity shares of Rs 10 each, partly paid up Rs. 5.40 per share</b>				
At the beginning of the year	5,179,688	13,985,158	-	-
Amount called / Issued during the year	-	13,985,157	5,179,688	13,985,158
<b>Outstanding at the end of the year</b>	<b>5,179,688</b>	<b>27,970,315</b>	<b>5,179,688</b>	<b>13,985,158</b>
	<b>52,659,067</b>	<b>502,764,105</b>	<b>52,659,067</b>	<b>664,560,198</b>

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

**(c) Terms of conversion/ redemption of CCPS**

Each CCPS is compulsorily convertible into one equity share of Rs 10/- each within a period of one year from the date of allotment.

**(d) Details of shareholders holding more than 5% shares in the Company**

Equity shares of fully paid and partly paid up	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of Rs.10 each fully paid up</b>				
Vupputuri Gopala Kishan Prasad	15,867,900	33.42%	14,731,651	31.03%
India Business Excellence Fund-IIA	13,051,546	27.49%	11,829,268	24.91%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	7,804,018	16.44%	7,073,171	14.90%
<b>Equity shares of Rs 10 each, partly paid up Rs. 5.40 per share</b>				
Vupputuri Gopala Kishan Prasad	3,505,821	67.68%	3,505,821	67.68%
Koganti Vasumathi Devi	515,980	9.96%	515,980	9.96%
V Indira Devi	321,240	6.20%	321,240	6.20%
V Raghu Ram	350,970	6.78%	350,970	6.78%
D Vasantha Lakshmi	485,677	9.38%	485,677	9.38%
<b>Preference shares of Rs.100 each fully paid up</b>				
India Business Excellence Fund-IIA	-	0.00%	1,222,278	62.58%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	-	0.00%	730,847	37.42%

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.

**IKF Finance Limited****Notes to financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

<b>4. Reserves and surplus</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Capital reserve</b>		
Balance as per the last financial statements	3,250,000	3,250,000
Add: Issued during the year	-	-
<b>Closing balance</b>	<b>3,250,000</b>	<b>3,250,000</b>
<b>Securities premium account</b>		
Balance as per the last financial statements	645,191,926	502,971,324
Add: Issued during the year	263,314,354	142,220,602
<b>Closing balance</b>	<b>908,506,280</b>	<b>645,191,926</b>
<b>Statutory reserve pursuant to sec 45-IC of The RBI Act, 1934</b>		
Balance as per the last financial statements	228,507,116	190,197,168
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	70,957,446	38,309,948
<b>Closing balance</b>	<b>299,464,562</b>	<b>228,507,116</b>
<b>General reserve</b>		
Balance as per the last financial statements	54,435,382	44,857,895
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	17,739,362	9,577,487
<b>Closing balance</b>	<b>72,174,744</b>	<b>54,435,382</b>
<b>Surplus/ (deficit) in the Statement of Profit and Loss</b>		
Balance as per last financial statements	646,651,286	502,988,978
Add: Profit for the year	354,787,231	191,549,741
Less: Transferred to statutory reserve	(70,957,446)	(38,309,948)
Less: Transfer to general reserve	(17,739,362)	(9,577,487)
<b>Net surplus in the statement of profit and loss</b>	<b>912,741,709</b>	<b>646,651,286</b>
<b>Total reserves and surplus</b>	<b>2,196,137,295</b>	<b>1,578,035,710</b>

<b>5. Long-term borrowings</b>	<b>Non current portion</b>		<b>Current maturities*</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Secured</b>				
<b>Term loans</b>				
Loan from banks	1,725,839,787	1,331,405,866	1,431,204,829	997,026,421
Loan from financial institutions	-	29,997,061	29,997,061	44,249,161
Loan from non banking financial companies	824,903,822	218,610,991	434,392,073	292,051,129
<b>Debentures</b>				
Non convertible debentures	337,778,750	619,999,851	543,332,599	149,999,850
<b>Unsecured</b>				
Non convertible debentures (Tier-II)	300,000,000	300,000,000	-	-
Indian rupee loan from banks (Tier-II)	150,000,000	150,000,000	-	-
Other non convertible debentures	220,000,000	250,000,000	125,000,000	-
	<b>3,558,522,359</b>	<b>2,900,013,769</b>	<b>2,563,926,562</b>	<b>1,483,326,561</b>

\* Amount disclosed under note 10 Other current liabilities

**Nature of security**

Term Loans from banks, financial institutions and non - banking financial companies are secured by an exclusive charge by way of hypothecation of specific loan receivables 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.

## 5. Long-term borrowings (Contd.)

## Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2019

Original maturity of loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
<b>Monthly repayment schedule</b>								
1-7 Yrs	8.00%-9.00%	12	380,840	36	1,353,151	-	-	1,733,991
	9.00%-10.50%	137	921,373,982	158	1,291,819,007	-	-	2,213,192,989
	10.51%-11.50%	59	432,634,237	35	162,859,911	-	-	595,494,148
	11.51%-12.50%	48	256,709,781	130	783,795,463	-	-	1,040,505,244
	12.51%-13.50%	3	5,065,629	-	-	-	-	5,065,629
<b>Quarterly repayment schedule</b>								
1-5 Yrs	9.00%-10.00%	16	60,000,000	18	90,000,000	-	-	150,000,000
	11.00%-12.00%	14	440,618,577	14	518,694,826	-	-	959,313,403
	12.01%-12.50%	13	137,143,667	-	-	-	-	137,143,667
<b>Bullet repayment schedule</b>								
1-14 Yrs	9.51%-10.50%	-	-	1	200,000,000	-	-	200,000,000
	10.51%-11.50%	5	309,999,850	1	60,000,000	-	-	369,999,850
	11.51%-12.50%	-	-	1	150,000,000	-	-	150,000,000
	>13.50%	-	-	1	300,000,000	-	-	300,000,000
<b>Total</b>			<b>2,563,926,563</b>		<b>3,558,522,358</b>			<b>6,122,448,921</b>

## Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2018

Original maturity of loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
<b>Monthly repayment schedule</b>								
1-7 Yrs	8.00%-9.00%	12	349,584	48	1,734,743	-	-	2,084,327
	9.00%-10.50%	97	330,099,623	176	632,914,737	-	-	963,014,360
	10.51%-11.50%	60	265,337,499	77	287,363,999	-	-	552,701,498
	11.51%-12.50%	44	153,800,124	-	-	-	-	153,800,124
	12.51%-13.50%	12	21,239,881	3	4,875,440	-	-	26,115,321
<b>Quarterly repayment schedule</b>								
1-5 Yrs	9.00%-10.00%	6	50,000,000	22	140,000,000	2	10,000,000	200,000,000
	11.00%-12.00%	8	262,500,000	8	365,625,000	-	-	628,125,000
	12.01%-12.50%	20	250,000,000	13	137,500,000	-	-	387,500,000
<b>Bullet repayment schedule</b>								
1-14 Yrs	9.51%-10.50%	-	-	1	250,000,000	-	-	250,000,000
	10.51%-11.50%	4	149,999,850	5	559,999,850	-	-	709,999,700
	11.51%-12.50%	-	-	5	210,000,000	-	-	210,000,000
	>13.50%	-	-	1	300,000,000	-	-	300,000,000
<b>Total</b>			<b>1,483,326,561</b>		<b>2,890,013,769</b>		<b>10,000,000</b>	<b>4,383,340,330</b>

<b>6. Deferred tax asset / (liability) (net)</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Deferred tax liabilities</b>		
Impact of amortisation of ancillary borrowing cost	10,334,784	13,050,499
Gross deferred tax liabilities	<b>10,334,784</b>	<b>13,050,499</b>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	4,052,101	2,397,517
Impact of provision for standard and non performing assets	16,705,232	18,969,703
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	560,085	855,652
Impact of provision for contingencies	728,000	-
Others	878,129	814,206
Gross deferred tax assets	<b>22,923,547</b>	<b>23,037,079</b>
<b>Net deferred tax asset / (liability)</b>	<b>12,588,763</b>	<b>9,986,580</b>

Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) issued subsequent to the balance sheet date, the tax rates have changed with effect from 1 Apr 2019, and the company plans to pay tax at revised rate from next year. If those changes were announced on or before reporting date, deferred tax asset would have been reduced by Rs. 15,10,612. The tax credit for the year would have been decreased by Rs. 15,10,612.

<b>7. Other non-current liabilities</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Deposit from franchisees	40,458,001	39,420,141
	<b>40,458,001</b>	<b>39,420,141</b>

<b>8. Provisions</b>	<b>Long-term</b>		<b>Short-term</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 31)	6,264,151	4,291,649	440,537	621,577
Provision for leave benefits	5,109,526	1,374,770	2,100,967	573,029
	<b>11,373,677</b>	<b>5,666,419</b>	<b>2,541,504</b>	<b>1,194,606</b>
<b>Other provisions</b>				
Provision for taxation (Net of advance tax Rs. 144,526,454 (March 31, 2018: Rs. 100,037,224))	-	-	8,843,544	9,323,124
Contingent provision against standard assets (refer note 32)	22,420,331	18,302,415	17,102,700	9,330,940
Provision for non-performing assets (refer note 32)	74,613,556	55,740,726	-	-
Provision for contingencies	-	-	2,500,000	-
	<b>97,033,887</b>	<b>74,043,141</b>	<b>28,446,244</b>	<b>18,654,064</b>
	<b>108,407,564</b>	<b>79,709,560</b>	<b>30,987,748</b>	<b>19,848,670</b>

<b>9. Short-term borrowings</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Loan repayable on demand (secured)</b>		
Cash credit from banks	1,688,519,904	459,837,709
<b>Unsecured</b>		
Commercial paper	-	644,497,828
	<b>1,688,519,904</b>	<b>1,104,335,537</b>

Cash credit limits from banks are secured by way of hypothecation of identified loan receivables, book debts together with underlying assets created with bank fund and other current assets (excluding assets which are specifically charged to others) and mortgage of the Company's office premises and personal properties of directors, their relatives, associates besides their personal guarantee.

<b>10. Other current liabilities</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Employee benefits payable	8,786,190	6,886,865
Payable towards securitisation / assignment transactions	217,654,073	231,984,870
Expenses payable	162,868	532,293
Other payable	151,056,398	197,028,324
Statutory dues payable	14,713,481	10,415,156
Deposit from franchisees	26,232,262	13,461,644
Deposit from others	-	295,914
<b>Other liabilities</b>		
Current maturities of long term borrowings (refer note 5)	2,563,926,562	1,483,326,561
Interest accrued but not due on borrowings	58,595,035	59,902,999
	<b>3,041,126,869</b>	<b>2,003,834,626</b>

**IKF Finance Limited**
**Notes to financial statements for the year ended March 31, 2019**
*(Amount in Rupees unless otherwise stated)*

<b>11. Property, plant and equipment</b>	<b>Building</b>	<b>Furniture and fixtures</b>	<b>Computers &amp; servers</b>	<b>Office equipments</b>	<b>Vehicles</b>	<b>Total</b>
<b>Gross Block</b>						
<b>At April 1, 2017</b>	1,071,722	49,748,483	10,996,191	1,363,040	9,171,073	72,350,509
Additions	-	447,689	2,168,000	31,935	2,168,808	4,816,432
<b>At March 31, 2018</b>	<b>1,071,722</b>	<b>50,196,172</b>	<b>13,164,191</b>	<b>1,394,975</b>	<b>11,339,881</b>	<b>77,166,941</b>
Additions	-	573,268	2,978,021	289,585	-	3,840,875
Deductions	-	(16,129,435)	(6,962,840)	(807,649)	(1,296,688)	(25,196,612)
<b>At March 31, 2019</b>	<b>1,071,722</b>	<b>34,640,005</b>	<b>9,179,372</b>	<b>876,911</b>	<b>10,043,193</b>	<b>55,811,203</b>
<b>Depreciation</b>						
<b>At April 1, 2017</b>	356,580	25,795,906	7,260,777	963,055	2,763,678	37,139,995
Charge for the year	16,969	3,425,244	1,887,484	110,802	959,753	6,400,252
<b>At March 31, 2018</b>	<b>373,548</b>	<b>29,221,150</b>	<b>9,148,261</b>	<b>1,073,856</b>	<b>3,723,431</b>	<b>43,540,246</b>
Charge for the year	16,969	3,148,471	2,236,230	128,073	1,186,197	6,715,940
Deductions	-	(15,319,851)	(6,581,955)	(767,268)	(1,231,854)	(23,900,928)
<b>At March 31, 2019</b>	<b>390,517</b>	<b>17,049,770</b>	<b>4,802,536</b>	<b>434,661</b>	<b>3,677,774</b>	<b>26,355,258</b>
<b>Net Block</b>						
<b>At March 31, 2018</b>	<b>698,174</b>	<b>20,975,022</b>	<b>4,015,930</b>	<b>321,119</b>	<b>7,616,450</b>	<b>33,626,695</b>
<b>At March 31, 2019</b>	<b>681,205</b>	<b>17,590,235</b>	<b>4,376,836</b>	<b>442,250</b>	<b>6,365,419</b>	<b>29,455,945</b>

<b>12. Intangible assets</b>	<b>Computer software</b>	<b>Total</b>
<b>Gross block</b>		
<b>At April 1, 2017</b>	5,769,331	5,769,331
Addition	5,400,989	5,400,989
<b>At March 31, 2018</b>	<b>11,170,320</b>	<b>11,170,320</b>
Addition	9,562,708	9,562,708
Deductions	(1,389,220)	(1,389,220)
<b>At March 31, 2019</b>	<b>19,343,808</b>	<b>19,343,808</b>
<b>Depreciation</b>		
<b>At April 1, 2017</b>	3,232,954	3,232,954
Charge for the year	870,686	870,686
<b>At March 31, 2018</b>	<b>4,103,640</b>	<b>4,103,640</b>
Charge for the year	2,447,136	2,447,136
Deductions	(1,319,759)	(1,319,759)
<b>At March 31, 2019</b>	<b>5,231,017</b>	<b>5,231,017</b>
<b>Net block</b>		
<b>At March 31, 2018</b>	<b>7,066,680</b>	<b>7,066,680</b>
<b>At March 31, 2019</b>	<b>14,112,791</b>	<b>14,112,791</b>

**IKF Finance Limited****Notes to financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

13. Non-current investments	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
<b>Investments in subsidiary (unquoted equity shares)</b>				
3,76,14,747 (March 31, 2018: Nil) equity shares fully paid in IKF Home Finance Limited	452,509,628	-	-	-
	<b>452,509,628</b>	-	-	-

14. Loans and advances	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
<b>A. Loan portfolio</b>				
Secured, considered good*	5,375,082,771	4,513,832,741	3,753,422,263	2,297,911,300
Un-secured, considered good*	-	-	35,921,345	34,823,581
Secured, considered doubtful**	413,132,729	373,524,440	-	-
Loan and Advances to related parties	230,000,003	-	53,013,957	-
<b>Total (A)</b>	<b>6,018,215,503</b>	<b>4,887,357,181</b>	<b>3,842,357,565</b>	<b>2,332,734,881</b>

\* Represents standard assets in accordance with Company's asset classification policy (refer note 2.1)

\*\* Represents non-performing assets in accordance with Company's asset classification policy (refer note 2.1)

<b>B. Security deposits</b>				
Unsecured, considered good	15,688,680	14,740,330	-	-
<b>Total (B)</b>	<b>15,688,680</b>	<b>14,740,330</b>	-	-

<b>C. Other loans and advances (unsecured, considered good)</b>				
Advance income tax (Net of provision for tax Rs. 17,18,61,167 (March 31, 2018: Rs. 17,18,61,167))	34,589,395	41,070,424	-	-
GST input credit	24,998,516	18,653,069	-	-
Employee loans	-	-	2,479,951	4,180,964
Others receivables	-	-	124,571	-
<b>Total (C)</b>	<b>59,587,911</b>	<b>59,723,493</b>	<b>2,604,522</b>	<b>4,180,964</b>
<b>Total (A+B+C)</b>	<b>6,093,492,094</b>	<b>4,961,821,004</b>	<b>3,844,962,087</b>	<b>2,336,915,845</b>

15. Other assets	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Margin money deposit (refere note 17)	109,859,066	66,910,000	-	-
Interest accrued but not due on loan portfolio	-	-	156,942,312	116,609,976
Interest accrued but not due on deposits placed with banks	442,685	6,308,410	13,638,438	7,308,088
Unamortised ancillary cost of borrowings	20,403,138	15,318,094	18,206,243	22,028,801
Other-unsecured, considered good	-	-	10,242,244	11,214,785
	<b>130,704,889</b>	<b>88,536,504</b>	<b>199,029,237</b>	<b>157,161,650</b>

**IKF Finance Limited****Notes to financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

			<b>Current</b>	
<b>16. Trade receivables</b>			<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good			5,459,754	-
<b>Outstanding for a period less than six months from the date they are due for payment</b>				
Unsecured, considered good			8,081,843	10,565,709
			<b>13,541,597</b>	<b>10,565,709</b>
<b>17. Cash and bank balances</b>	<b>Non-current</b>		<b>Current</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Cash and cash equivalents</b>				
Balances with banks				
in current accounts	-	-	117,020,489	289,607,471
Cash on hand	-	-	19,336,776	16,237,880
	-	-	<b>136,357,265</b>	<b>305,845,351</b>
<b>Other bank balances</b>				
Deposits with remaining maturity of less than 12 months	-	-	5,289,263	-
Margin money deposit (refer note below)	109,859,066	66,910,000	234,880,286	478,232,193
	<b>109,859,066</b>	<b>66,910,000</b>	<b>240,169,549</b>	<b>478,232,193</b>
Amount disclosed under non-current assets (refer note 15)	<b>(109,859,066)</b>	<b>(66,910,000)</b>	-	-
	-	-	<b>376,526,814</b>	<b>784,077,544</b>

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

**IKF Finance Limited****Notes to financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

<b>18. Revenue from operations</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Interest income on portfolio loans	1,477,006,741	1,167,884,728
Excess interest spread on securitization / income from assignment	253,377,756	153,452,310
<b>Other operating revenue</b>		
Fee and other charges	9,505,265	8,741,490
Income from alliance partner arrangement	1,614,439	6,004,771
Interest on margin money deposits*	26,542,748	18,905,488
Servicer fee on securitization/assignment	532,921	1,979,766
	<b>1,768,579,870</b>	<b>1,356,968,553</b>

\* Represents interest on margin money deposits placed to avail term loans from banks, financial institutions and on deposits placed as cash collateral in connection with securitization.

<b>19. Other income</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Rental income	762,720	767,691
Miscellaneous income	290,827	160,245
	<b>1,053,547</b>	<b>927,936</b>

<b>20. Employee benefit expenses</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Salaries and bonus / incentives	203,589,103	183,554,845
Contribution to provident fund	7,625,284	7,202,849
Contribution to employee state insurance corporation	3,274,969	3,334,888
Leave benefits	5,729,230	338,460
Gratuity expenses	2,076,130	1,466,373
Staff welfare expenses (refer note 26)	3,993,750	2,212,300
	<b>226,288,466</b>	<b>198,109,715</b>

<b>21. Finance costs</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Interest		
On term loans from banks	342,036,571	260,553,003
On term loans from financial institutions	5,709,991	11,034,978
On term loans from non banking financial companies	49,824,450	60,777,615
On bank overdraft facility	138,937,416	189,034,808
On debentures	174,040,689	133,939,331
On commercial paper	55,502,172	5,321,786
Other finance costs	49,352,972	44,918,122
Bank charges	4,083,443	3,409,571
	<b>819,487,704</b>	<b>708,989,214</b>

**IKF Finance Limited****Notes to financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

<b>22. Other expenses</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Rent (refer note 26)	22,868,989	19,917,701
Rates and taxes (refer note 26)	13,285,248	14,944,464
Insurance	596,679	261,176
Repairs and maintenance	5,396,959	4,052,187
Electricity charges (refer note 26)	3,371,801	3,185,590
Travelling and conveyance (refer note 26)	18,069,889	8,030,453
Communication expenses (refer note 26)	6,298,573	5,246,465
Printing and stationery (refer note 26)	1,308,198	1,551,723
Legal and professional fees (refer note 26)	16,932,108	18,675,118
Auditors' remuneration (refer details below)	2,630,217	2,031,232
CSR expenditure (refer note 36)	325,000	75,000
Sourcing commission (refer note 26)	37,340,176	28,099,899
Loss on sale of property, plant & equipment / Write off of property, plant & equipment	1,323,745	-
Miscellaneous expenses (refer note 26)	11,666,087	5,304,163
	<b>141,413,669</b>	<b>111,375,171</b>
<b>Payment to auditors</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>As auditor:</b>		
Audit fees	2,350,000	1,800,000
Certification fees	150,000	150,000
Reimbursement expenses	130,217	81,232
	<b>2,630,217</b>	<b>2,031,232</b>
<b>23. Depreciation and amortization expense</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Depreciation of tangible assets	6,715,940	6,400,252
Amortization of intangible assets	2,447,136	870,685
	<b>9,163,077</b>	<b>7,270,937</b>
<b>24. Provisions and write-offs</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Contingent provision against standard assets (refer note 32)	11,889,676	1,254,627
Provision for non-performing assets (refer note 32)	18,872,830	13,455,819
Provision for contingencies	2,500,000	-
Portfolio loans and other balances written off	28,633,715	23,946,909
	<b>61,896,221</b>	<b>38,657,355</b>
<b>25. Earnings per share (EPS)</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic EPS	354,787,231	191,549,741
Net profit for calculation of diluted EPS	354,787,231	191,549,741
Weighted average number of equity shares in calculating basic EPS	47,386,634	45,805,957
Effect of dilution :	-	-
Weighted average number of equity shares in calculating diluted EPS	47,386,634	46,172,485
Earnings per share :		
Basic (Rs.)	<b>7.49</b>	<b>4.18</b>
Diluted (Rs.)	<b>7.49</b>	<b>4.15</b>
[Nominal value of shares Rs.10 each (Previous Year : Rs.10)]		

## **1. Corporate information**

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. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable to a NBFC - ND. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### **2.1. Summary of significant accounting policies**

#### **a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### **b. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on loans given is recognized under the internal rate of return method. Income or any other charges on non-performing asset is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.
- ii. Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate applicable.
- iii. Profit / premium arising at the time of securitization / assignment of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising there from is accounted for immediately. Interest spread under par structure of securitization of loan receivables is recognized on realization over the tenure of the 'securities issued by SPV' /agreements. Interest retained under assignment of loan receivables is recognized on accrual basis over the life of the underlying loan portfolio.
- iv. Additional finance charges/ additional interest are recognized on realization basis.
- v. All other income is recognized on an accrual basis.

#### **c. Property, plant and equipment**

All tangible assets are stated at cost net of accumulated depreciation. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

#### **d. Depreciation**

Depreciation on tangible fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.

<b>Asset type</b>	<b>Useful life estimated by the management (years)</b>
Building	60
Computers	3
Servers	6
Furniture	10
Office equipment	5
Vehicles (Car, Lorry, Bus)	8
Vehicles (Bike, Moped, Cycle)	10

**e. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Computer Software is amortized on a straight line method over 6 years which is as per the useful life of the assets estimated by the management.

Amortization on assets acquired/sold during the year is recognized on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.

**f. Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for investments'. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**h. Loans**

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the Balance Sheet date as reduced by the amounts received and loans securitized.

**i. Securitization / direct assignment**

The Company enters into arrangement for sale of loan receivables through direct assignment / securitization. The said assets are derecognized upon transfer of significant risk and rewards to the purchaser and on meeting the true sale criteria.

**j. Leases (where the Company is the lessee)**

Leases where the lesser effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**k. Borrowing costs**

Ancillary borrowing costs incurred in connection with the arrangement of borrowings and amortized over the tenure of the respective borrowings.

**l. Retirement and other employee benefits**

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.
- iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- iv. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

**m. Income taxes**

- i. Tax expense comprises current and deferred tax. Current income 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 income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
- ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
- iii. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.
- iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**n. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o. Provisions**

A provision is recognized 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 not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**p. Contingent liabilities**

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**q. Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

**r. Current / non-current classification of assets / liabilities**

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realized /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as noncurrent.

**s. Classification of loan portfolio**

Portfolio loans are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue up to 3 months
<b>Non-performing assets</b>	
Sub-standard assets	Overdue for more than 3 months and upto 14 months
Doubtful assets	Overdue for more than 14 months and above
Loss assets	<p>a) An asset which has been identified as loss asset by the Company or it's internal or external auditor.</p> <p>b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.</p>

"Overdue" refers to interest and / or installment remaining unpaid from the day it became receivable.

**t. Provisioning policy for Loan portfolio**

Provisioning policy for loan portfolio:

Asset Classification	Arrear period	Provisioning percentage
Standard assets	Upto 3 months	0.40%
Sub-standard assets	Overdue for more than 3 months and upto 14 months	10%
Doubtful assets* (Secured)	Overdue for more than 14 months and upto 26 months	30%
	Overdue for more than 26 months and upto 38 months	50%
	Overdue for more than 38 months and upto 50 months	75%
	Overdue for more than 50 months and above	100%
Loss assets	As identified by the Company and loans with potential threat of non-recoverability	Written off

\*Unsecured portion of doubtful assets are provided at 100%

**26. Prior period items**

The prior period items are as follows:

Particulars	March 31, 2019	Refer note	March 31, 2018	Refer note
Salaries and bonus / incentives	-	Note 20	10,91,596	Note 19
Staff Welfare Expenses	(5,793)	Note 20	(74,149)	Note 19
<b>Other expenses</b>				
- Rent	(8,800)	Note 22	(22,660)	Note 21
- Communication Expenses	(1,53,578)	Note 22	(55,699)	Note 21
- Printing & Stationery	(1,320)	Note 22	(39,186)	Note 21
- Rates and taxes	(2,000)	Note 22	(21,000)	Note 21
- Electricity charges	(90,987)	Note 22	(1,26,118)	Note 21
- Travelling expenses	(12,948)	Note 22	-	-
- Postage & Courier	(40,305)	Note 22	(83,316)	Note 21
- Office Maintenance	(23,695)	Note 22	(31,395)	Note 21
- Office Expenses	-	Note 22	(2,10,057)	Note 21
- Computer Maintenance	-	Note 22	(850)	Note 21
- Commission Expenses	(58,31,515)	Note 22	-	Note 21
- Yard Charges	(15,650)	Note 22	-	Note 21
- Legal & Professional Fee	(72,22,782)	Note 22	-	Note 21
<b>Total</b>	<b>(1,34,09,373)</b>		<b>4,27,164</b>	

**27. Segment information**

The Company operates in a single business segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**28. Related parties**

Related Party disclosures as required by Accounting Standard-18 - 'Related Party Disclosures' issued by ICAI are given below for the year ended March 31, 2019.

Key management personnel	Mr. V.G.K.Prasad - Managing Director Mrs. V.Indira Devi - Whole time Director Mrs. K.Vasumathi Devi - Executive Director Mr. K.P.Venkatesh- Chief Executive Officer Mr. Murthy V S - Chief Executive Officer Mr. Ch.Sreenivasa Rao - Company Secretary
Relative of key management personnel	Mrs. D.Vasantha Lakshmi Mr. V.Raghu Ram Mr. Sinha Satyanand Chunduri Mrs. Durga Rani Chunduri
Enterprises having a significant influence	India Business Excellence Fund-IIA Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)
Enterprises significantly influenced by the company - subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises significantly influenced by key management personnel or their relatives	IKF Infratech Private Limited
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited

**Related party transactions during the year:**

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019	Transaction value for the year ended March 31, 2018	Outstanding amount as at March 31, 2018
<b>Key management personnel</b>					
Mr. V.G.K.Prasad	Rent paid	20,15,400	-	18,48,000	-
	Director's remuneration	45,00,000	-	45,00,000	-
	Rent deposit given	-	50,00,000	-	50,00,000
	Share capital (Rs.10/- Paid up)	-	1,58,67,900	-	14,73,16,510
	Allotment of Party Paid up Shares (2.70 Paid up)	-	-	94,65,717	94,65,717
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	94,65,717	1,89,31,434	-	-
	Premium Received on Allotment of Partly Paid up Shares	5,92,45,921	-	5,92,45,921	-
	Purchase of IKF Home Finance Limited Equity Shares	18,85,69,384	-	-	-
Mrs. V. Indira Devi	Rent paid	41,58,000	-	39,60,000	-
	Director's remuneration	30,00,000	-	30,00,000	-
	Rent deposit given	-	38,49,800	-	38,49,800
	Share capital (Rs.10/- Paid up)	-	1,32,69,020	-	1,32,69,020
	Allotment of Party Paid up Shares (2.70 Paid up)	-	-	8,67,348	8,67,348
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	8,67,348	17,34,696	-	-
	Premium Received on Allotment of Partly Paid up Shares	54,28,731	-	54,28,731	-
	Purchase of IKF Home Finance Limited Equity Shares	1,11,71,165	-	-	-
Mrs.K.Vasumathi Devi	Director's remuneration	30,00,000	-	30,00,000	-
	Share capital (Rs.10/- Paid up)	-	2,13,12,860	-	2,13,12,860
	Allotment of Party Paid up Shares (2.70 Paid up)	-	-	13,93,146	13,93,146
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	13,93,146	27,86,292	-	-
	Premium Received on Allotment of Partly Paid up Shares	87,19,701	-	-	-
	Purchase of IKF Home Finance Limited Equity Shares	2,37,25,802	-	-	-
Mr.K.P.Venkatesh	Salary Paid	19,10,000	-	35,31,000	-
Mr.Murthy V S	Salary Paid	22,42,669	-	-	-
Mr.Ch.Sreenivasa Rao	Salary Paid	15,95,001	-	12,00,000	-

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019	Transaction value for the year ended March 31, 2018	Outstanding amount as at March 31, 2018
	Staff Loan	3,00,000	2,49,595	-	-
<b>Relatives of key management personnel</b>					
Mrs. D.Vasantha Lakshmi	Salary Paid	-	-	20,00,000	-
	Share capital (Rs.10/- Paid up)	-	2,00,61,170	-	2,00,61,170
	Allotment of Partly Paid up Shares (2.70 Paid up)	-	-	13,11,328	13,11,328
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	13,11,328	26,22,656	-	-
	Premium Received on Allotment of Partly Paid up Shares	82,07,601	-	82,07,601	-
	Purchase of IKF Home Finance Limited Equity Shares	59,98,342	-	-	-
Mr. V Raghu Ram	Share capital	-	1,44,97,000	-	1,44,97,000
	Allotment of Partly Paid up Shares (2.70 Paid up)	-	-	9,47,619	9,47,619
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	9,47,619	18,95,238	-	-
	Premium Received on Allotment of Partly Paid up Shares	59,31,147	-	59,31,147	-
	Purchase of IKF Home Finance Limited Equity Shares	83,31,035	-	-	-
Mr. Sinha Satyanand Chunduri	Share capital (Rs.10/- Paid up)	-	11,77,000	-	11,77,000
Mrs. Durga Rani Chunduri	Share capital (Rs.10/- Paid up)	-	1,49,41,000	-	1,49,41,000
<b>Enterprises significantly influenced by the company - subsidiary</b>					
IKF Home Finance Limited	Loan given	38,50,00,000	28,30,13,960	-	-
	Interest paid	1,26,08,630	-	-	-
	Service fee	90,000	-	-	-
<b>Enterprises significantly influenced by key management personnel or their relatives</b>					
IKF Infratech Private Limited	Purchase of IKF Home Finance Limited Equity Shares	6,45,02,495	-	-	-
<b>Enterprises in which Directors are interested</b>					
SVR Finance & Leasing Private Limited	Trade advance	2,89,30,000	79,30,000	55,00,000	55,00,000
	Interest paid	3,57,745	-	1,94,082	1,94,082
<b>Enterprises having a significant influence</b>					
Indian Business Excellence Fund-IIA	Share capital (Rs.10/- Paid up)	-	13,05,15,460	-	11,82,92,680
	Share premium on preference shares converted to equity shares	-	11,00,05,020	-	-
	Fully paid up preference shares	-	-	12,22,27,800	12,22,27,800

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019	Transaction value for the year ended March 31, 2018	Outstanding amount as at March 31, 2018
	Fully paid up preference shares premium	-	-	3,42,23,784	-
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 (Rs.10/- Paid up)	-	7,80,40,180	-	7,07,31,710
	Share premium on preference shares converted to equity shares	-	6,57,76,230	-	-
	Fully paid up Preference shares	-	-	7,30,84,700	7,30,84,700
	Fully paid up Preference shares Premium	-	-	2,04,63,716	-

**Note:** The remuneration and salary paid does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

## 29. Capital commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) :

Particulars	March 31, 2019	March 31, 2018
Office Furniture, Fixtures & Interiors	25,33,445	-

## 30. Contingent liabilities provided for

Particulars	March 31, 2019	March 31, 2018
Credit enhancements provided by the Company towards securitization (including cash collaterals, principal and interest subordination)	45,95,82,684	44,54,10,931
Performance security provided by the Company towards advance partner arrangement /business correspondent agreement	66,27,482	1,00,68,146
Tax on items disallowed by Income Tax department not acknowledged as debt by the Company.	-	-

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

## 31. Retirement and other employee benefits

The Company has a defined benefit gratuity plan. 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 Rs.20,00,000 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.

### Statement of profit and loss

Net employees benefit expense (recognized in employees benefit expense):

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current service cost	18,09,757	16,51,073
Interest cost on benefit obligation	3,81,672	2,60,237
Past service cost	0	2,468
Net actuarial (gain) / loss recognized in the year	(1,15,299)	(4,47,405)
<b>Net employee benefit expense</b>	<b>20,76,130</b>	<b>14,66,373</b>

**Balance Sheet**

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Defined benefit obligation	67,04,688	49,13,226
Fair value of plan assets	-	-
<b>Plan liability</b>	<b>67,04,688</b>	<b>49,13,226</b>

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Opening defined benefit obligation	49,13,226	34,46,853
Current service cost	18,09,757	16,51,073
Interest cost	3,81,672	2,60,237
Past Service Cost	-	2,468
Benefits Paid directly by the Company	(2,84,668)	-
Actuarial (gains) / losses on obligation	(1,15,299)	(4,47,405)
<b>Closing defined benefit obligation</b>	<b>67,04,688</b>	<b>49,13,226</b>
<b>Current Liability</b>	<b>4,40,538</b>	<b>6,21,577</b>
<b>Non-current Liability</b>	<b>62,64,150</b>	<b>42,91,649</b>

Changes in the fair value of plan assets are as follows:

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gains / (losses)	-	-
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Discount rate	7.65%	8.00%
Expected rate of return on assets	-	-
Salary escalation rate per annum	6.00%	6.00%
Employee turnover rate	9.00%	9.00%

Amounts for the current and previous four years are as follows:

Particulars	Gratuity				
	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Defined benefit obligation	67,04,688	49,13,226	34,46,853	22,90,246	21,82,720
Plan assets	-	-	-	-	-
Surplus / (deficit)	(67,04,688)	(49,13,226)	(34,46,853)	(22,90,246)	(21,82,720)
Experience adjustments on plan liabilities	-	-	-	-	-

32. Loan portfolio and provision for standard and non-performing assets as at March 31, 2019:

Secured:

(Amount in Rupees)

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	Provision made during the year	Provision written back during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Standard assets	9,411,518,994	681,744,041	27,494,061	22,728,089	10,842,804	39,379,346	9,372,139,648	6,784,249,980
Sub-standard assets	360,111,806	304,110,938	33,299,846	29,554,657	20,551,400	42,303,103	317,808,703	270,811,092
Doubtful assets	53,020,923	69,413,502	22,440,880	25,196,465	15,326,891	32,310,453	20,710,470	46,972,622
<b>Total</b>	<b>9,824,651,723</b>	<b>7,185,268,481</b>	<b>83,234,787</b>	<b>77,479,210</b>	<b>46,721,095</b>	<b>113,992,902</b>	<b>9,710,658,821</b>	<b>7,102,033,694</b>

Un-secured:

(Amount in Rupees)

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	Provision made during the year	Provision written back during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Standard assets	35,921,345	34,823,581	139,294	143,685	139,294	143,685	35,777,660	34,684,287
Sub-standard assets	-	-	-	-	-	-	-	-
Doubtful assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>35,921,345</b>	<b>34,823,581</b>	<b>139,294</b>	<b>143,685</b>	<b>139,294</b>	<b>143,685</b>	<b>35,777,660</b>	<b>34,684,287</b>

Total:

(Amount in Rupees)

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	Provision made during the year	Provision written back during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Standard assets	9,447,440,339	6,846,567,622	27,633,355	22,871,774	10,982,098	39,523,031	9,407,917,308	6,818,934,267
Sub-standard assets	360,111,806	304,110,938	33,299,846	29,554,657	20,551,400	42,303,103	317,808,703	270,811,092
Doubtful assets	53,020,923	69,413,502	22,440,880	25,196,465	15,326,891	32,310,453	20,710,470	46,972,622
<b>Total</b>	<b>9,860,573,068</b>	<b>7,220,092,062</b>	<b>83,374,081</b>	<b>77,622,896</b>	<b>46,860,389</b>	<b>114,136,587</b>	<b>9,746,436,481</b>	<b>7,136,717,981</b>

**Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:**

**Secured:**

*(Amount in Rupees)*

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision made during the year	Provision written back during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Standard assets	6,811,744,041	6,425,690,493	25,830,930	22,022,074	20,358,943	27,494,061	6,784,249,980	6,399,859,563
Sub-standard assets	304,110,938	327,587,256	32,988,579	25,599,593	25,288,326	33,299,846	270,811,092	294,598,677
Doubtful assets	69,413,502	15,343,087	9,296,328	13,864,142	719,590	22,440,880	46,972,622	6,046,759
<b>Total</b>	<b>7,185,268,481</b>	<b>6,768,620,836</b>	<b>68,115,837</b>	<b>61,485,809</b>	<b>46,366,859</b>	<b>83,234,787</b>	<b>7,102,033,694</b>	<b>6,700,504,999</b>

**Un-secured:**

*(Amount in Rupees)*

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision made during the year	Provision written back during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Standard assets	34,823,581	136,949,534	547,798	139,294	547,798	139,294	34,684,287	136,401,736
Sub-standard assets	-	-	-	-	-	-	-	-
Doubtful assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>34,823,581</b>	<b>136,949,534</b>	<b>547,798</b>	<b>139,294</b>	<b>547,798</b>	<b>139,294</b>	<b>34,684,287</b>	<b>136,401,736</b>

**Total:**

*(Amount in Rupees)*

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision made during the year	Provision written back during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Standard assets	6,846,567,622	6,562,640,027	26,378,728	22,161,368	20,906,741	27,633,355	6,818,934,267	6,536,261,299
Sub-standard assets	304,110,938	327,587,256	32,988,579	25,599,593	25,288,326	33,299,846	270,811,092	294,598,677
Doubtful assets	69,413,502	15,343,087	9,296,328	13,864,142	719,590	22,440,880	46,972,622	6,046,759
<b>Total</b>	<b>7,220,092,062</b>	<b>6,905,570,370</b>	<b>68,663,635</b>	<b>61,625,103</b>	<b>46,914,657</b>	<b>83,374,081</b>	<b>7,136,717,981</b>	<b>6,836,906,735</b>

**33. Leases (operating lease)****Office Premises:**

Head office, registered office and branch office premises are obtained on operating lease. The office premises are generally rented on non- cancellable term ranging from one year to eleven years with or without escalation clause. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss.

Description	March 31, 2019	March 31, 2018
Operating lease expenses recognized in the statement of profit and loss	2,28,68,989	1,99,17,701
Minimum lease obligations		
Not later than one year	1,36,82,632	1,79,46,730
Later than one year but not later than five years	2,63,59,145	2,83,29,972
More than five years	23,47,832	30,70,051

34. As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 2, 2012 the details of frauds noticed / reported are as below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Amount involved	-	-
Amount recovered	-	-
Amount written off/provided	-	-
Balance	-	-

**35. Restructured advances**

There are no restructured advances as on March 31, 2019 ( March 31, 2018 : NIL).

**36. CSR expenses**

(Amount in Rupees)

Particulars		31-Mar-19	31-Mar-18
a) Gross amount required to be spent by the Company during the year		52,40,947	47,62,333
b) Amount spent during the year ending 31st March, 2019 :			
	in cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	325,000	49,15,947	52,40,947
c) Amount spent during the year ending 31st March, 2018 :			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	75,000	46,87,333	47,62,333

**37. 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, 2019, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

**38. Additional disclosures required by the RBI****a. Capital to Risk Assets Ratio (\*CRAR\*):**

Particulars		March 31, 2019	March 31, 2018
i)	CRAR (%)	20.80%	32.35%
ii)	CRAR – Tier I Capital (%)	19.25%	27.90%
iii)	CRAR – Tier II Capital (%)	1.55%	4.45%
iv)	Amount of subordinated debt raised as Tier-II capital	45,00,00,000	45,00,00,000
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

**b. Investments:**

Particulars		March 31, 2019	March 31, 2018
(a)	Value of Investments		
i)	Gross value of investments		
	- In India	452,509,628	-
	- Outside India	-	-
ii)	Provisions for depreciation		
	- In India	-	-
	- Outside India	-	-
iii)	Net value of investments		
	- In India	452,509,628	-
	- Outside India	-	-
(b)	Movement of provisions held towards depreciation on investments		
i)	Opening balance	-	-
ii)	Add: Provisions made during the year	-	-
iii)	Less: Write-off, write-back of excess provisions during the year	-	-
iv)	Closing balance	-	-

**c. 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.

**d. Disclosures relating to Securitization:**

During the year the Company has sold loans through securitization. The information on securitization activity of the Company as an originator is as shown below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Total number of loans securitized	4336	3169
Total book value of loans securitized	1,36,70,11,992	71,47,36,736
Total book value of loans securitized including loans placed as collateral	1,46,84,96,765	80,30,74,985
Sale consideration received for loans securitized	1,36,70,11,992	71,47,36,736
Excess interest spread recognized in the statement of profit and loss	9,34,12,778	6,96,41,599
Particulars	As at March 31, 2019	As at March 31, 2018
<b>Credit enhancements provided and outstanding (Gross):</b>		
Interest subordination	20,71,56,050	12,84,70,112
Principal subordination	11,97,57,634	21,99,39,820
Cash collateral	13,26,69,000	9,70,01,000

Sr. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1.	Number of SPVs sponsored by the NBFC for securitization transactions during the year	4	2
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet:	1,27,39,31,077	60,17,16,327
3.	Total amount of exposures retained to comply with minimum retention requirement ('MRR') as on the date of balance sheet:		
	a) Off balance sheet exposures		
	-First loss	-	-
	-Others	-	-
	b) On balance sheet exposures		
	-First loss	9,61,44,000	3,65,13,000
	-Others	-	-
4.	Amount of exposures to other than MRR:		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	-First loss	-	-
	-Others	-	-
	ii) Exposure to third party securitizations		
	-First loss	-	-
	-Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	-First loss	11,97,57,634	10,16,31,520
	-Others	-	-
	ii) Exposure to third party securitizations		
	-First loss	-	-
	-Others	-	-

**e. Details of financial assets sold to securitization / reconstruction company for asset reconstruction:**

The Company has not sold financial assets to Securitization / Reconstruction companies for asset reconstruction in the current and previous year.

**f. Details of assignment transactions undertaken:**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of accounts	-	9057
Aggregate value (net of provision) of accounts sold	-	240,79,33,459
Aggregate consideration	-	240,79,33,459
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain or loss over net book value	-	-

**g. Details of non-performing financial assets purchased / sold:**

The Company has not purchased / sold non-performing financial assets in the current and previous year.

**h. Asset Liability Management:**

Maturity pattern of certain Assets and Liabilities as on March 31, 2019:

Particulars	Upto 30/31 days	Over 1 months upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	593,592,036	373,289,952	325,909,061	845,163,828	1,704,402,688	4,221,859,460	1,513,258,696	208,483,791	9,785,669,512
Investments	-	-	-	-	-	-	-	452,509,628	452,509,628
Borrowings	1,857,794,105	187,034,557	280,301,095	594,092,655	1,333,274,054	2,692,718,758	865,803,600	-	7,810,968,825
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Maturity pattern of certain Assets and Liabilities as on March 31, 2018:

Particulars	Upto 30/31 days	Over 1 months upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	104,120,703	186,600,427	172,180,623	523,639,676	1,345,625,247	3,607,701,293	1,046,761,421	1,47,721,946	7,164,351,336
Investments	-	-	-	-	-	-	-	-	-
Borrowings	1,214,142,236	122,235,304	126,906,490	372,429,762	75,19,49,130	2,223,278,473	666,734,472	10,000,000	5,487,675,867
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

\*Amounts are shown net of provision in respect of non performing assets.

**i. Exposures****a) Exposure to real estate sector and capital market**

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

**b) Details of financing of parent company products**

This disclosure is not applicable as the Company does not have any holding / parent company.

**c) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the RBI.

**d) Unsecured Advances**– Refer note 14 for unsecured advances.**j. Registration obtained from other financial sector regulators:**

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- i. RBI – B.09.00172
- ii. Ministry of Corporate Affairs – U65992AP1991PLC012736
- iii. Ministry of Finance (Financial Intelligence Unit) – FINBF13220

**k. Disclosure of penalties imposed by RBI and other regulators:**

No penalties were imposed by RBI and other regulators during current and previous year.

**l. Ratings assigned by credit rating agencies and migration of ratings during the year:**

(Amount in Rupees)

Instrument	Date of rating	Rating assigned	Valid up to	Amount
<b>CARE Ratings:</b>				
Long term working capital facilities	30-03-2019	CARE A	29-03-2020	500,00,00,000
Long-term facilities bank loan	30-03-2019	CARE A	29-03-2020	565,00,00,000
Non Convertible Debentures (NCD)*	09-03-2019	CARE A	08-03-2020	75,00,00,000
Market Linked Debenture (MLD)	09-03-2019	CARE PP MLD A	08-03-2020	25,00,00,000
Commercial Paper	09-03-2019	CARE A1	08-03-2020	100,00,00,000
Non Convertible Debentures	09-03-2019	CARE A	08-03-2020	25,00,00,000
Non Convertible Debentures	09-03-2019	CARE A	08-03-2020	35,00,00,000
<b>Brickwork Ratings:</b>				
Long term bank loan facilities**	25-01-2018	BWR A	24-01-2019	269,50,00,000
Long term cash credit facilities**	25-01-2018	BWR A	24-01-2019	412,00,00,000
Non Convertible Debentures (NCD)**	25-01-2018	BWR A	24-01-2019	16,00,00,000
Non Convertible Debentures (NCD)**	25-01-2018	BWR A	24-01-2019	30,00,00,000

\* Out of rating letter obtained from CARE for Rs. 75 Crore, NCD's amounting to Rs. 51 Crore has been issued.

\*\* Brickwork ratings letter for Long term bank facilities & NCD's was obtained for the period 25-1-2018 to 24-1-2019. However, subsequently the rating was renewed on 28-5-2019 with a validity of 1 year.

**m. Provisions and Contingencies (shown under the head expenditure in Statement of Profit and Loss)**

Particulars	March 31, 2019	March 31, 2018
Provision made towards income tax	15,73,25,049	10,19,44,359
Provision towards non-performing assets	1,88,72,830	1,34,55,819
Provision for standard assets	1,18,89,676	12,54,627
Provision for contingencies	25,00,000	-
Provision for gratuity	20,76,130	14,66,373
Provision for leave benefits	57,29,230	3,38,460

**n. Draw down from Reserves:**

There has been no draw down from reserves during the year ended March 31, 2019 (previous year: Nil).

**o. Concentration of Advances, Exposures and NPAs:**

Particulars	March 31, 2019	March 31, 2018
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers	1,36,37,83,188	85,06,79,250
(%) of advances to twenty largest borrowers to total advances	13.83%	11.76%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers/customers	1,81,62,92,816	85,42,65,482
(%) of exposure to twenty largest borrowers/customers to total exposure	17.58%	11.80%
<b>Concentration of NPAs</b>		
Total exposure to top four NPA accounts	6,94,70,847	5,33,43,495

**p. Sector-wise NPAs\***

Sector	(%) of NPAs to total advances in that sector as at March 31, 2019	(%) of NPAs to total advances in that sector as at March 31, 2018
Agriculture and allied activities	5.99%	3.41%
MSME	0.00%	0.00%
Corporate borrowers	0.00%	0.00%
Services	0.00%	0.00%
Unsecured personal loans	0.00%	0.00%
Auto loans	5.43%	7.85%
Others	3.21%	1.65%

\*As certified by the Management and relied upon by Auditors

**q. Movement of NPAs**

Particulars	March 31, 2019	March 31, 2018
(i) Net NPAs to Net Advances (%)	3.43%	4.40%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	373,524,440	342,930,343
(b) Additions during the year	335,664,193	303,717,860
(c) Reductions during the year (incl. loans written off)	(296,055,904)	(273,123,763)
(d) Closing balance	413,132,729	373,524,440
(iii) Movement of Net NPAs		
(a) Opening balance	317,783,713	300,645,436
(b) Additions during the year	280,913,072	264,254,124
(c) Reductions during the year	(260,177,612)	(247,115,847)
(d) Closing balance	338,519,173	317,783,713
(iv) Movement of provisions for NPAs		
(a) Opening balance	55,740,726	42,284,907
(b) Provisions made during the year	54,751,122	39,463,735
(c) Write-off / write-back of excess provisions	(35,878,292)	(26,007,916)
(d) Closing balance	74,613,556	55,740,726

**r. Disclosure of Customer Complaints\***

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
(i)	Number of complaints pending at the beginning of the year	2	1
(ii)	Number of complaints received during the year	7	17
(iii)	Number of complaints redressed during the year	9	16
(iv)	Number of complaints pending at the end of the year	0	2

\*As certified by the Management and relied upon by Auditors

**s. Overseas assets (for those with Joint Ventures and Subsidiaries abroad)**

The Company does not have any joint venture or subsidiary abroad; hence this disclosure is not applicable.

**t. Off-balance sheet SPVs sponsored**

The Company has not sponsored any off-Balance Sheet SPV.

**d)** During the current year, the Company has not complied with appointment of key managerial personnel requirement for a public limited company as per Section 203 of The Companies Act, 2013 (the "Act") read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Subsequently the Company has appointed chief financial officer in order to meet requirement.

**e)** Previous year's figures have been regrouped where necessary to conform to this year's classification.

**For S. R. BATLIBOI & CO. LLP**

ICAI Firm registration number : 301003E/E.300005

Chartered Accountants

**For and on behalf of the Board of Directors of**

**IKF Finance Limited**

**per Jitendra H. Ranawat**

Partner

Membership No.103380

**V.G.K Prasad**

Managing Director

DIN – 01817992

**V.Indira Devi**

Whole Time Director

DIN – 03161150

**P.Chandra Sekhar**

Chief Financial Officer

**Ch.Sreenivasa Rao**

Company Secretary

M.No. ACS14723

Date : 30-09-2019

Place: Mumbai

Date : 30-09-2019

Place: Vijayawada

**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"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2019, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement 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 reports of other auditors 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, 2019, their consolidated profit and their consolidated cash flows 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.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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.



## 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 Board of 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 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 ability of the Group to continue as a going concern. If



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

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 auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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.

## **Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 15,768.62 Lakhs as at March 31, 2019, and total revenues of Rs 1940.47 Lakhs and net cash outflows of Rs 512.39 Lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, 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 these 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 reports of the other auditors and the financial statements and other financial information certified by the Management.

## **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement 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 "Companies (Accounting Standards) Rules, 2006 specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 (as amended);
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are 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, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary company incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid by the Holding Company, its 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 auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements - Refer Note 29 to the consolidated financial statements;
  - ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;
  - 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, 2019.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Jitendra H. Ranawat

Partner

Membership Number: 103380

UDIN: 19103380AAAAAPV8003

Place of Signature: Mumbai

Date: October 18, 2019



**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IKF FINANCE LIMITED****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 as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of IKF Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, the internal financial 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 (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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated 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 auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated financial statements.

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1)



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting 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 over financial reporting with reference to these 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.

### **Qualified Opinion**

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls over financial reporting with reference to these consolidated financial statements in case of its subsidiary company which are companies incorporated in India, the following material weakness have been identified as at March 31, 2019:

- a) The Holding Company internal financial controls over segregation of duties and recording of journal entries were not operating effectively which could potentially affect the internal control environment of the Company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements insofar as it relates to these one subsidiary company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.



# **S.R. BATLIBOI & CO. LLP**

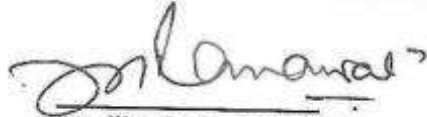
Chartered Accountants

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated October 18, 2019 expressed an unqualified opinion thereon.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Jitendra H. Ranawat**  
Partner

Membership Number: 103380  
UDIN: 19103380AAAAPV8003  
Place of Signature: Mumbai  
Date: October 18, 2019



**IKF Finance Limited**

Consolidated Balance Sheet as at March 31, 2019

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-19
<b>Equity and liabilities</b>		
<b>Shareholders' funds</b>		
Share capital	3	502,764,105
Reserves and surplus	4	2,200,821,867
		<u>2,703,585,972</u>
Minority Interest		18,708,437
<b>Non-current liabilities</b>		
Long-term borrowings	5	4,109,203,742
Deferred tax liabilities	6	54,844
Other long-term liabilities	7	40,458,001
Long-term provisions	8	115,507,370
		<u>4,265,223,958</u>
<b>Current liabilities</b>		
Short-term borrowings	9	1,713,785,758
Other short-term liabilities	10	3,330,124,935
Short-term provisions	8	30,661,987
		<u>5,074,572,680</u>
<b>TOTAL</b>		<u><u>12,062,091,046</u></u>
<b>Assets</b>		
<b>Non-current assets</b>		
Fixed assets		
Property, plant & equipment	11	35,579,490
Intangible assets	12	17,925,483
Deferred tax assets	6	12,588,763
Goodwill		53,828,117
Long-term loans and advances	13	7,298,082,734
Other non-current assets	14	130,740,041
		<u>7,548,744,629</u>
<b>Current assets</b>		
Trade receivables	15	13,624,078
Cash and bank balances	16	415,283,852
Short-term loans and advances	13	3,871,634,301
Other Assets	14	212,804,186
		<u>4,513,346,418</u>
<b>TOTAL</b>		<u><u>12,062,091,046</u></u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S. R. BATLIBOI & CO. LLP**

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

**For and on behalf of the Board of Directors of  
IKF Finance Limited****per Jitendra H. Ranawat**

Partner

Membership No.103380

**V.G.K Prasad**

Managing Director

DIN - 01817992

**V.Indira Devi**

Whole Time Director

DIN - 03161150

**P Chandra Sekhar**

Chief Financial Officer

**Ch Sreenivasa Rao**

Company Secretary

M.No. ACS14723

Date: 18-10-2019

Place: Mumbai

Date: 18-10-2019

Place: Vijayawada

# IKF Finance Limited

## Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-19
<b>Revenue</b>		
Revenue from operations	17	1,799,432,554
Other income	18	2,159,707
<b>Total revenue (I)</b>		<b>1,801,592,261</b>
<b>Expenses</b>		
Employee benefit expenses	19	239,286,270
Finance costs	20	826,763,764
Other expenses	21	146,221,754
Depreciation and amortization expenses	22	9,737,037
Provisions and write-offs	23	62,057,183
<b>Total expenses (II)</b>		<b>1,284,066,008</b>
<b>Profit before tax (III)=(I)-(II)</b>		<b>517,526,253</b>
<b>Tax expenses</b>		
Current tax		154,886,817
Deferred tax		(2,547,340)
Adjustment of tax relating to earlier periods		6,042,229
<b>Total tax expense (IV)</b>		<b>158,381,705</b>
<b>Profit after tax before share of profit attributable to minority Interest (III)-(IV)</b>		<b>359,144,547</b>
Share of profit attributable to minority interest		631,188
<b>Profit for the year attributable to shareholders of the Company</b>		<b>358,513,359</b>
<b>Earnings per equity share (face value Rs.10/- each)</b>	24	
Basic (computed on the basis of total profit for the year)		7.58
Diluted (computed on the basis of total profit for the year)		7.58

Summary of significant accounting policies 2.1  
The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

per Jitendra H. Ranawat  
Partner  
Membership No.103380

V.G.K Prasad  
Managing Director  
DIN - 01817992

V.Indira Devi  
Whole Time Director  
DIN - 03161150

P Chandra Sekhar  
Chief Financial Officer

Ch Sreenivasa Rao  
Company Secretary  
M.No. ACS14723

Date: 18-10-2019  
Place: Mumbai

Date: 18-10-2019  
Place: Vijayawada

**IKF Finance Limited****Consolidated Cashflow statement for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

	<b>31-Mar-19</b>
<b>Cash flow from operating activities</b>	
<b>Profit before tax</b>	517,526,253
Adjustments to reconcile profit before tax to net cash flows:	
Depreciation and amortization	9,737,037
Loss on sale of fixed assets and write off	1,323,745
Provision for employee benefits	7,799,687
Amortization of ancillary borrowing costs	23,982,027
Preliminary Expenses Written off	169,256
Provision for bad and doubtful assets	28,960,970
Contingent provision against standard assets	11,643,227
Provision for non-performing assets	18,952,986
Provision for contingencies	2,500,000
<b>Operating profit before working capital changes</b>	<b>622,595,188</b>
Movements in working capital :	
Decrease in other current and non-current liabilities	(25,602,931)
(Increase) in trade receivables	(2,855,371)
(Increase) in loans and advances	(3,305,102,331)
(Increase) in other non-current assets	(18,017,102)
(Increase) in other current assets	(51,404,652)
Decrease in Margin money deposit (net)	195,113,578
<b>Cash generated from / (used in) operations</b>	<b>(2,585,273,622)</b>
Direct taxes paid (net of refunds)	(153,341,432)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(2,738,615,054)</b>
<b>Cash flows from investing activities</b>	
Purchase of fixed assets	(15,345,825)
Acquisition of Subsidiary	(367,509,629)
Sale of fixed assets	41,400
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(382,814,055)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issuance of Partly Paid up Equity Shares	119,018,261
Long-term borrowings (net)	2,332,684,201
Short-term borrowings (net)	448,999,297
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>2,900,701,758</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(220,727,350)</b>
Cash and cash equivalents at the beginning of the year	395,841,653
<b>Cash and cash equivalents at the end of the year</b>	<b>175,114,303</b>
<b>Components of cash and cash equivalents</b>	<b>31-Mar-19</b>
<b>Cash and cash equivalents at the end of the year</b>	
Cash on hand	19,552,711
Balances with banks in current accounts	155,561,592
<b>Cash and cash equivalents at the end of the year (refer note 16)</b>	<b>175,114,303</b>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

**Notes**

1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2) All figures in brackets indicate outflow.

3) Direct tax paid is treated as arising from operating activities and are not bifurcated between investment and financial activities.

As per our report of even date

For **S. R. BATLIBOI & CO. LLP**

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

For and on behalf of the Board of Directors of

**IKF Finance Limited**per **Jitendra H. Ranawat**

Partner

Membership No.103380

**V.G.K Prasad**

Managing Director

DIN - 01817992

**V.Indira Devi**

Whole Time Director

DIN - 03161150

**P Chandra Sekhar**

Chief Financial Officer

**Ch Sreenivasa Rao**

Company Secretary

M.No. ACS14723

Date: 18-10-2019

Place: Mumbai

Date: 18-10-2019

Place: Vijayawada

3. Share capital	31-Mar-19
<b>Authorized shares</b>	
6,00,00,000 (March 31, 2018: 6,00,00,000) equity shares of Rs.10 each	600,000,000
25,00,000 (March 31, 2018: 25,00,000) preference shares of Rs.100 each	250,000,000
<b>Issued, subscribed and fully paid-up shares</b>	
4,74,79,379 (March 31, 2018: 4,55,26,254) equity shares of Rs.10 each fully paid up	474,793,790
Nil (March 31, 2018: 19,53,125) compulsorily convertible preference shares of Rs.100 each fully paid up	-
	<b>474,793,790</b>
<b>Issued, subscribed and partly paid-up shares</b>	
51,79,688 (March 31, 2018: 51,79,688) equity shares of Rs.10 each, partly paid up Rs. 5.40 per share	27,970,315
	<b>502,764,105</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares	No. of Shares	(Rupees)
<b>Fully paid equity shares of Rs 10 each</b>		
At the beginning of the year	45,526,254	455,262,540
Conversion during the year	1,953,125	19,531,250
<b>Outstanding at the end of the year</b>	<b>47,479,379</b>	<b>474,793,790</b>
<b>Compulsorily convertible preference Shares of Rs 100 each</b>		
At the beginning of the year	1,953,125	195,312,500
Conversion during the year	(1,953,125)	(195,312,500)
<b>Outstanding at the end of the year</b>	-	-
<b>Partly paid up equity shares of Rs 10 each, partly paid up Rs. 5.40 per share</b>		
At the beginning of the year	5,179,688	13,985,158
Amount called / Issued during the year		13,985,157
<b>Outstanding at the end of the year</b>	<b>5,179,688</b>	<b>27,970,314</b>

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

**(c) Terms of conversion/ redemption of CCPS**

Each CCPS is compulsorily convertible into one equity share of Rs 10/- each within a period of one year from the date of allotment.

**(d) Details of shareholders holding more than 5% shares in the Company**

Equity shares	31-Mar-19	
	No of Shares	% holding in the class
<b>Equity shares of Rs.10 each fully paid up</b>		
Vupputuri Gopala Kishan Prasad	15,867,900	3.34%
India Business Excellence Fund-IIA	13,051,546	2.75%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	7,804,018	1.64%
<b>Equity shares of Rs 10 each, partly paid up equity share</b>		
Vupputuri Gopala Kishan Prasad	3,505,821	12.53%
Koganti Vasumathi Devi	515,980	1.84%
V Indira Devi	321,240	1.15%
V Raghu Ram	350,970	1.25%
D Vasantha Lakshmi	485,677	1.74%

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.

**IKF Finance Limited**
**Notes to Consolidated financial statements for the year ended March 31, 2019**
*(Amount in Rupees unless otherwise stated)*

<b>4. Reserves and surplus</b>	<b>31-Mar-19</b>
<b>Capital reserve</b>	
Balance as per the last financial statements	3,250,000
Addition during the year	-
<b>Closing balance</b>	<b>3,250,000</b>
<b>Securities premium account</b>	
Balance as per the last financial statements	645,191,926
Addition during the year	263,314,354
<b>Closing balance</b>	<b>908,506,280</b>
<b>Statutory reserve pursuant to sec 45-IC of The RBI Act, 1934</b>	
Balance as per the last financial statements	228,507,116
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	70,957,446
<b>Closing balance</b>	<b>299,464,562</b>
<b>Reserve U/s 29C of NHB Act</b>	
Balance as per the last financial statements	-
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	3,549,000
<b>Closing Balance</b>	<b>3,549,000</b>
<b>General reserve</b>	
Balance as per the last financial statements	54,435,382
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	17,739,362
<b>Closing balance</b>	<b>72,174,744</b>
<b>Provision U/s 36(viia) Income tax Act, 1961</b>	
Balance as per the last financial statements	-
Addition during the year	327,255
<b>Closing balance</b>	<b>327,255</b>
<b>Surplus/ (deficit) in the Statement of Profit and Loss</b>	
Balance as per last financial statements	646,651,286
Add: Profit for the current year	359,144,548
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(70,957,446)
Less: Transfer to statutory reserve as per Section 29-C of The NHB Act.	(3,549,000)
Less: Transfer to general reserve	(17,739,362)
<b>Net surplus in the statement of profit and loss</b>	<b>913,550,026</b>
<b>Total reserves and surplus</b>	<b>2,200,821,867</b>

<b>5. Long-term borrowings</b>	<b>Non Current</b>	<b>Current maturities<sup>a</sup></b>
	<b>31-Mar-19</b>	<b>31-Mar-19</b>
<b>Secured</b>		
<b>Term loans</b>		
Loan from banks	1,935,839,752	1,548,511,765
Loan from financial institutions	106,785,720	66,130,129
Loan from non banking financial companies	1,058,799,520	524,466,316
<b>Debentures</b>		
Non convertible debentures	337,778,750	543,332,599
<b>Unsecured</b>		
Non convertible debentures (Tier-II)	300,000,000	-
Indian rupee loan from banks (Tier-II)	150,000,000	-
Other non convertible debentures	220,000,000	125,000,000
Others	-	30,000,000
	<b>4,109,203,742</b>	<b>2,837,440,809</b>

<sup>a</sup> Amount disclosed under note 10 Other current liabilities

**Nature of security**

Term Loans from banks, financial institutions and non - banking financial companies are secured by an exclusive charge by way of hypothecation of specific loan receivables 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.

**IKF Finance Limited**

**Notes to Consolidated financial statements for the year ended March 31, 2019**

**5. Long-term borrowings (Contd.)**

**Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2019**

*(Amount in Rupees unless otherwise stated)*

Original maturity of loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
<b>Monthly repayment schedule</b>								
1-7 Yrs	8.00%-9.00%	12	380,840	36	1,353,151	-	-	1,733,991
	9.00%-10.50%	137	921,373,982	158	1,291,819,007	-	-	2,213,192,989
	10.51%-11.50%	83	521,205,661	77	302,207,275	-	-	823,412,936
	11.51%-12.50%	81	331,209,421	197	957,199,823	-	-	1,288,409,244
	12.51%-13.50%	30	94,675,475	98	166,456,095	-	-	261,131,570
<b>Quarterly repayment schedule</b>								
1-5 Yrs	9.00%-10.00%	20	73,333,336	27	118,973,565	-	-	192,306,901
	11.00%-12.00%	14	440,618,577	14	518,694,826	-	-	959,313,403
	12.01%-12.50%	16	144,643,667	16	40,000,000	1	2,500,000	187,143,667
<b>Bullet repayment schedule</b>								
1-14 Yrs	9.51%-10.50%	-	-	1	200,000,000	-	-	200,000,000
	10.51%-11.50%	5	309,999,850	1	60,000,000	-	-	369,999,850
	11.51%-12.50%	-	-	1	150,000,000	-	-	150,000,000
	>13.50%	-	-	1	300,000,000	-	-	300,000,000
<b>Total</b>			<b>2,837,440,809</b>		<b>4,106,703,742</b>		<b>2,500,000</b>	<b>6,946,644,551</b>

**IKF Finance Limited****Notes to Consolidated financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

<b>6. Deferred tax asset</b>		<b>31-Mar-19</b>
<b>IKF Finance Limited</b>		
<b>Deferred tax liabilities</b>		
Impact of amortisation of ancillary borrowing cost		10,334,784
Gross deferred tax liabilities		<u>10,334,784</u>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		4,052,101
Impact of provision for standard and non performing assets		16,705,232
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		560,085
Impact of provision for contingencies		728,000
Others		878,129
Gross deferred tax assets		<u>22,923,547</u>
<b>Net deferred tax asset</b>		<u>12,588,763</u>

**IKF Home Finance Limited****Deferred tax liability**

Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	54,844
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Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) issued subsequent to the balance sheet date, the tax rates have changed with effect from 1 Apr 2019, and the company plans to pay tax at revised rate from next year. If those changes were announced on or before reporting date, deferred tax asset would have been reduced by Rs. 15,04,028. The tax credit for the year would have been decreased by Rs. 15,04,028.

<b>7. Other non-current liabilities</b>		<b>31-Mar-19</b>
Deposit from franchisees		40,458,001
		<u>40,458,001</u>

<b>8. Provisions</b>	<b>Long-term</b>	<b>Short-term</b>
	<b>31-Mar-19</b>	<b>31-Mar-19</b>
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 30)	7,171,143	440,535
Provision for leave benefits	5,626,955	2,100,967
	<u>12,798,098</u>	<u>2,541,502</u>
<b>Other provisions</b>		
Provision for taxation	-	8,843,544
Contingent provision against standard assets	27,747,417	16,776,941
Provision for non-performing assets	74,961,856	-
Provision for contingencies	-	2,500,000
	<u>102,709,272</u>	<u>28,120,485</u>
	<u>115,507,370</u>	<u>30,661,987</u>

<b>9. Short-term borrowings</b>		<b>31-Mar-19</b>
<b>Loan repayable on demand (secured)</b>		
Cash credit from banks		1,713,785,758
		<u>1,713,785,758</u>

Cash credit limits from banks are secured by way of hypothecation of identified loan receivables, book debts together with underlying assets created with bank fund and other current assets (excluding assets which are specifically charged to others) and mortgage of the Company's office premises and personal properties of directors, their relatives, associates besides their personal guarantee.

<b>10. Other current liabilities</b>		<b>31-Mar-19</b>
Employee benefits payable		10,748,876
Payable towards securitisation / assignment transactions		217,654,073
Expenses payable		261,972
Other payable		157,501,501
Statutory dues payable		19,207,640
Deposit from franchisees		26,232,262
<b>Other liabilities</b>		
Current maturities of long term borrowings (refer note 5)		2,837,440,809
Interest accrued but not due on borrowings		61,077,802
		<u>3,330,124,935</u>

**IKF Finance Limited**
**Notes to Consolidated financial statements for the year ended March 31, 2019**

(Amount in Rupees unless otherwise stated)

11. Property, plant and equipment	Building	Leasehold Improvements	Furniture and fixtures	Computers	Office equipments	Vehicles	Total
<b>Gross Block</b>							
At April 1, 2017	1,071,722	-	49,748,483	10,996,191	1,363,040	9,171,073	72,350,509
Additions	-	2,567,597	1,394,025	3,330,668	1,447,863	2,168,808	10,908,961
<b>At March 31, 2018</b>	<b>1,071,722</b>	<b>2,567,597</b>	<b>51,142,508</b>	<b>14,326,859</b>	<b>2,810,903</b>	<b>11,339,881</b>	<b>83,259,470</b>
Additions	-	345,117	943,456	4,031,168	463,377	-	5,783,118
Deductions	-	-	(16,129,435)	(6,962,840)	(807,649)	(1,296,688)	(25,196,612)
<b>At March 31, 2019</b>	<b>1,071,722</b>	<b>2,912,714</b>	<b>35,956,528</b>	<b>11,395,187</b>	<b>2,466,631</b>	<b>10,043,193</b>	<b>63,845,975</b>
<b>Depreciation</b>							
At April 1, 2017	356,580	-	25,795,906	7,260,777	963,055	2,763,678	37,139,995
Charge for the year	16,969	191,851	3,564,177	2,123,212	224,058	959,753	7,080,020
<b>At March 31, 2018</b>	<b>373,548</b>	<b>191,851</b>	<b>29,360,083</b>	<b>9,383,989</b>	<b>1,187,113</b>	<b>3,723,431</b>	<b>44,220,015</b>
Charge for the year	16,969	64,104	3,177,523	2,385,536	169,016	1,186,197	6,999,344
Adjustments	-	214,443	97,185	499,465	136,962	-	948,055
Deductions	-	-	(15,319,851)	(6,581,955)	(767,268)	(1,231,854)	(23,900,928)
<b>At March 31, 2019</b>	<b>390,517</b>	<b>470,398</b>	<b>17,314,939</b>	<b>5,687,035</b>	<b>725,823</b>	<b>3,677,773</b>	<b>28,266,486</b>
<b>Net Block</b>							
At March 31, 2018	698,174	2,375,746	21,782,425	4,942,870	1,623,790	7,616,450	39,039,455
At March 31, 2019	681,205	2,442,316	18,641,589	5,708,152	1,740,808	6,365,420	35,579,490

12. Intangible assets	Computer software	Total
<b>Gross block</b>		
At April 1, 2017	5,769,331	5,769,331
Addition	11,713,670	11,713,670
<b>At March 31, 2018</b>	<b>17,483,001</b>	<b>17,483,001</b>
Addition	9,562,708	9,562,708
Deductions	(1,389,220)	(1,389,220)
<b>At March 31, 2019</b>	<b>25,656,488</b>	<b>25,656,488</b>
<b>Depreciation</b>		
At April 1, 2017	3,232,954	3,232,954
Charge for the year	2,108,138	2,108,138
<b>At March 31, 2018</b>	<b>5,341,092</b>	<b>5,341,092</b>
Charge for the year	2,737,692	2,737,692
Adjustment	971,980	971,980
Deductions	(1,319,759)	(1,319,759)
<b>At March 31, 2019</b>	<b>7,731,005</b>	<b>7,731,005</b>
<b>Net block</b>		
At March 31, 2018	12,141,908	12,141,908
At March 31, 2019	17,925,483	17,925,483

**IKF Finance Limited****Notes to Consolidated financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

<b>13. Loans and advances</b>	<b>Non-current</b>	<b>Current</b>
	<b>31-Mar-19</b>	<b>31-Mar-19</b>
<b>A. Loan portfolio</b>		
Secured, considered good*	6,805,647,004	3,832,872,296
Un-secured, considered good*	-	35,921,345
Secured, considered doubtful**	413,132,729	-
<b>Total (A)</b>	<b>7,218,779,733</b>	<b>3,868,793,641</b>
* Represents standard assets in accordance with Company's asset classification policy (refer note 2.1)		
** Represents non-performing assets in accordance with Company's asset classification policy (refer note 2.1)		
<b>B. Security deposits</b>		
Unsecured, considered good	16,744,879	-
<b>Total (B)</b>	<b>16,744,879</b>	<b>-</b>
<b>C. Other loans and advances (unsecured, considered good)</b>		
Advance income tax (Net provision for tax)	36,415,626	-
GST input credit	26,142,495	-
Employee loans	-	2,716,089
Others receivables	-	124,571
<b>Total (C)</b>	<b>62,558,121</b>	<b>2,840,660</b>
<b>Total (A+B+C)</b>	<b>7,298,082,734</b>	<b>3,871,634,301</b>
<b>14. Other assets</b>		
	<b>Non-current</b>	<b>Current</b>
	<b>31-Mar-19</b>	<b>31-Mar-19</b>
Margin money deposit (refer note 16)	109,859,066	-
Interest accrued but not due on loan portfolio	-	169,583,539
Interest accrued but not due on deposits placed with banks	442,685	13,638,438
Unamortised ancillary cost of borrowings	20,403,138	18,206,243
Other-unsecured, considered good	35,152	11,375,966
	<b>130,740,041</b>	<b>212,804,186</b>

**IKF Finance Limited****Notes to Consolidated financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

15. Trade receivables	<b>Current</b>	
	<b>31-Mar-19</b>	
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good		5,459,754
<b>Outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good		8,164,324
		<b>13,624,078</b>
<b>16. Cash and bank balances</b>	<b>Non-current</b>	<b>Current</b>
	<b>31-Mar-19</b>	<b>31-Mar-19</b>
<b>Cash and cash equivalents</b>		
Balances with banks		
in current accounts	-	155,561,592
Cash on hand	-	19,552,711
	-	<b>175,114,303</b>
<b>Other bank balances</b>		
Deposits with remaining maturity of less than 12 months	-	5,289,263
Margin money deposit (refer note below)	109,859,066	234,880,286
	<b>109,859,066</b>	<b>240,169,549</b>
Amount disclosed under non-current assets (refer note 14)	<b>(109,859,066)</b>	
	-	<b>415,283,852</b>

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

**IKF Finance Limited****Notes to Consolidated financial statements for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

<b>17. Revenue from operations</b>	<b>31-Mar-19</b>
Interest income on portfolio loans	1,501,557,000
Excess interest spread on securitization / income from assignment	253,377,756
<b>Other operating revenue</b>	
Fee and other charges	15,695,716
Income from alliance partner arrangement	1,614,439
Interest on margin money deposits*	26,654,721
Servicer fee on securitization/assignment	532,921
	<b>1,799,432,554</b>
* Represents interest on margin money deposits placed to avail term loans from banks, financial institutions and on deposits placed as cash collateral in connection with securitization.	
<b>18. Other income</b>	<b>31-Mar-19</b>
Rental income	762,720
Miscellaneous income	1,396,987
	<b>2,159,707</b>
<b>19. Employee benefit expenses</b>	<b>31-Mar-19</b>
Salaries and bonus / incentives	215,778,624
Contribution to provident fund	8,138,828
Contribution to employee state insurance corporation	3,305,665
Leave benefits	5,793,018
Gratuity expenses	2,191,278
Staff welfare expenses (refer note 25)	4,078,856
	<b>239,286,270</b>
<b>20. Finance costs</b>	<b>31-Mar-19</b>
<b>Interest</b>	
On term loans from banks	345,928,655
On term loans from financial institutions	17,580,817
On term loans from non banking financial companies	39,721,482
On bank overdraft facility	139,337,282
On debentures	174,040,689
On commercial paper	55,502,172
On shortfall in payment	17,885
Other finance costs	50,504,366
Bank charges	4,130,415
	<b>826,763,764</b>

**IKF Finance Limited****Notes to Consolidated financial statements for the year ended March 31, 2019**

(Amount in Rupees unless otherwise stated)

<b>21. Other expenses</b>	<b>31-Mar-19</b>
Rent (refer note 25)	23,340,666
Rates and taxes (refer note 25)	14,430,522
Insurance	722,505
Repairs and maintenance	5,415,306
Electricity charges (refer note 25)	3,480,492
Travelling and conveyance (refer note 25)	18,417,636
Communication expenses (refer note 25)	6,564,202
Printing and stationery (refer note 25)	1,369,959
Legal and professional fees (refer note 25)	18,036,651
Auditors' remuneration (refer details below)	2,677,515
CSR expenditure (refer note 36)	325,000
Sourcing commission (refer note 25)	37,909,567
Loss on sale of property, plant & equipment / Write off of property, plant & equipment	1,323,745
Miscellaneous expenses (refer note 25)	12,207,989
	<b>146,221,754</b>
<b>Payment to auditors</b>	<b>31-Mar-19</b>
<b>As auditor:</b>	
Audit fees	2,394,996
Certification fees	150,000
Reimbursement expenses	132,518
	<b>2,677,515</b>
<b>22. Depreciation and amortization expense</b>	<b>31-Mar-19</b>
Depreciation of tangible assets	6,999,345
Amortization of intangible assets	2,737,692
	<b>9,737,037</b>
<b>23. Provisions and write-offs</b>	<b>31-Mar-19</b>
Contingent provision against standard assets	11,643,227
Provision for non-performing assets	18,952,986
Provision for contingencies	2,500,000
Portfolio loans and other balances written off	28,960,970
	<b>62,057,183</b>
<b>24. Earnings per share (EPS)</b>	<b>31-Mar-19</b>
The following reflects the profit and share data used in the basic and diluted EPS computations:	
Net profit for calculation of basic EPS	359,144,547
Net profit for calculation of diluted EPS	359,144,547
Weighted average number of equity shares in calculating basic EPS	47,386,634
Effect of dilution :	-
Weighted average number of equity shares in calculating diluted EPS	47,386,634
Earnings per share :	
Basic (Rs.)	7.58
Diluted (Rs.)	7.58
[Nominal value of shares Rs.10 each]	

**1. Basis of preparation**

The consolidated financial statements relates to M/s. IKF Finance Limited (the "Company") and its subsidiary company (together hereinafter referred to as "Group"). The financial statements have been prepared under the historical cost convention on an accrual basis in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, and the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements of the Company comply with the guidelines issued by the Reserve Bank of India ('RBI') and National Housing Bank ('NHB') as applicable to a Non-Banking Finance Company ('NBFC'). The assets and liabilities have been classified as current and non-current based on a twelve month operating cycle. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. These financial statements are presented in Indian rupees and rounded off to nearest lacs unless otherwise stated.

**2. Basis of Consolidated**

- 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, 2019 and are prepared based on the accounting policies consistent with those used by the Company.
- ii. The financial statements of the Group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' notified under the provision of the Companies Act, 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and other generally accepted accounting principles in India.
- iii. 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.
- iv. 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.
  - e. The subsidiary company considered in the consolidated financial statements are as below.

<b>Name of the subsidiary</b>	<b>Country of incorporation</b>	<b>Share of ownership interest as at March 31, 2019</b>
IKF Home Finance Limited (Subsidiary w.e.f. January 7, 2019#)	India	95.55%

#The results of operations of a subsidiary are included in the consolidated financial statements as from the date on which parent-subsidiary relationship came in existence.

## 2.1 Summary of significant accounting policies

### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### b. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on loans given is recognized under the internal rate of return method. Income or any other charges on non-performing asset is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.
- ii. Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate applicable.
- iii. Profit / premium arising at the time of securitization / assignment of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising there from is accounted for immediately. Interest spread under par structure of securitization of loan receivables is recognized on realization over the tenure of the 'securities issued by SPV' /agreements. Interest retained under assignment of loan receivables is recognized on accrual basis over the life of the underlying loan portfolio.
- iv. Additional finance charges/ additional interest are recognized on realization basis.
- v. All other income is recognized on an accrual basis.

### c. Property, plant and equipment

All tangible assets are stated at cost net of accumulated depreciation. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

### d. Depreciation

Depreciation on tangible fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.

Asset type	Useful life estimated by the management (years)
Building	60
Computers	3
Servers	6
Furniture	10
Office equipment	5
Vehicles (Car, Lorry, Bus)	8
Vehicles (Bike, Moped, Cycle)	10

### e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Computer Software is amortized on a straight line method over 6 years which is as per the useful life of the assets estimated by the management.

Amortization on assets acquired/sold during the year is recognized on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.

**f. Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for investments'. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**h. Loans**

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the Balance Sheet date as reduced by the amounts received and loans securitized.

**i. Securitization / direct assignment**

The Company enters into arrangement for sale of loan receivables through direct assignment / securitization. The said assets are derecognized upon transfer of significant risk and rewards to the purchaser and on meeting the true sale criteria.

**j. Leases (where the Company is the lessee)**

Leases where the lesser effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**k. Borrowing costs**

Ancillary borrowing costs incurred in connection with the arrangement of borrowings and amortized over the tenure of these respective borrowings.

**l. Retirement and other employee benefits**

- i. Retirement benefit in the form of provident funds a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

- iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- iv. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

**m. Income taxes**

- i. Tax expense comprises current and deferred tax. Current income 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 income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
- ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
- iii. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.
- iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**n. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o. Provisions**

A provision is recognized 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 not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**p. Contingent liabilities**

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**q. Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

**r. Current / non-current classification of assets / liabilities**

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realized /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as noncurrent.

**s. Classification of loan portfolio**

Portfolio loans are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue upto 3 months
<b>Non-performing assets</b>	
Sub-standard assets	Overdue for more than 3 months and upto 14 months
Doubtful assets	Overdue for more than 14 months and above
Loss assets	<p>a) An asset which has been identified as loss asset by the Company or it's internal or external auditor.</p> <p>b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.</p>

"Overdue" refers to interest and / or installment remaining unpaid from the day it became receivable.

**t. Provisioning policy for Loan portfolio**

**IKF Finance Limited:**

Asset Classification	Arrear period	Provisioning percentage
Standard assets	Upto 3 months	0.40%
Sub-standard assets	Overdue for more than 3 months and upto 14 months	10%
Doubtful assets* (Secured)	Overdue for more than 14 months and upto 26 months	30%
	Overdue for more than 26 months and upto 38 months	50%
	Overdue for more than 38 months and upto 50 months	75%
	Overdue for more than 50 months and above	100%
Loss assets	As identified by the Company and loans with potential threat of non-recoverability	Written off

\*Unsecured portion of doubtful assets are provided at 100%

**IKF Home Finance Limited:**

Doubtful asset means a term loan or any other asset, which remains a substandard asset for a period exceeding twelve months.

Period for which the assets have been considered as doubtful	Category
Upto One Year	Category I
One to three years	Category II
More than three years	Category III

**25. Prior period items**

The prior period items are as follows:

Particulars	March 31, 2019	Refer note
<b>Salaries and bonus / incentives</b>		
Staff Welfare Expenses	(5,793)	Note 19
<b>Other expenses</b>		
- Rent	(8,800)	Note 21
- Communication Expenses	(1,53,578)	Note 21
- Printing & Stationery	(1,320)	Note 21
- Rates and taxes	(2,000)	Note 21
- Electricity charges	(90,987)	Note 21
- Travelling expenses	(12,948)	Note 21
- Postage & Courier	(40,305)	Note 21
- Office Maintenance	(23,695)	Note 21
- Office Expenses	-	Note 21
- Computer Maintenance	-	Note 21
- Commission Expenses	(58,31,515)	Note 21
- Yard Charges	(15,650)	Note 21
- Legal & Professional Fee	(72,22,782)	Note 21
<b>Total</b>	<b>(1,34,09,373)</b>	

**26. Segment information**

The group operates in a single business segment i.e., financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**27. Related parties**

Related Party disclosures as required by Accounting Standard-18 'Related Party Disclosures' issued by ICAI are given below for the year ended March 31, 2019.

Key management personnel	Mr. V.G.K.Prasad - Managing Director Mrs. V.Indira Devi – Whole time Director Mrs.K.Vasumathi Devi – Executive Director Mr. K.P.Venkatesh- Chief Executive Officer Mr.Murthy V S - Chief Executive Officer Mr. Ch.Sreenivasa Rao- Company Secretary
Relative of key management personnel	Mrs. D.VasanthaLakshmi Mr. V.Raghu Ram Mr. Sinha SatyanandChunduri Mrs. Durga Rani Chunduri
Enterprises having a significant influence on the company.	India Business Excellence Fund-IIA Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)
Enterprises significantly influenced by the company - subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises significantly influenced by key management personnel or their relatives	IKF Infratech Private Limited
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited

**Related party transactions during the year:**

<b>Name of related party</b>	<b>Nature of transaction</b>	<b>Transaction value for the year ended March 31, 2019</b>	<b>Outstanding amount as at March 31, 2019</b>
Mr. V.G.K.Prasad	Rent paid	20,15,400	-
	Director's remuneration	45,00,000	-
	Rent deposit given	-	50,00,000
	Share capital (Rs.10/- Paid up)	-	1,58,67,900
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	94,65,717	1,89,31,434
	Premium Received on Allotment of Partly Paid up Shares	5,92,45,921	-
	Purchase of IKF Home Finance Limited Equity Shares	18,85,69,384	-
	Share capital - IKF Home Finance Limited Equity Shares	-	10
	IKF Home Finance Limited Allotment of Party Paid up Shares (2.50 Paid up)	50,00,000	50,00,000
Mrs. V. Indira Devi	Rent paid	41,58,000	-
	Director's remuneration	30,00,000	-
	Rent deposit given	-	38,49,800
	Share capital (Rs.10/- Paid up)	-	1,32,69,020
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	8,67,348	17,34,696
	Premium Received on Allotment of Partly Paid up Shares	54,28,731	-
	Purchase of IKF Home Finance Limited Equity Shares	1,11,71,165	-
	Share capital - IKF Home Finance Limited Equity Shares	-	10
	IKF Home Finance Limited Allotment of Party Paid up Shares (2.50 Paid up)	40,00,000	40,00,000
Mrs.K.Vasumathi Devi	Director's remuneration	30,00,000	-
	Share capital (Rs.10/- Paid up)	-	2,13,12,860
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	13,93,146	27,86,292
	Premium Received on Allotment of Partly Paid up Shares	87,19,701	-
	Purchase of IKF Home Finance Limited Equity Shares	2,37,25,802	-
	Share capital - IKF Home Finance Limited Equity Shares	-	10
	IKF Home Finance Limited Allotment of Party Paid up Shares (2.50 Paid up)	45,00,000	45,00,000
Mr.K.P.Venkatesh	Salary Paid	19,10,000	-
Mr. Murthy V S	Salary Paid	22,42,669	-
Mr.Ch.Sreenivasa Rao	Salary Paid	15,95,001	-
	Staff Loan	3,00,000	2,49,595
Mrs. D.Vasantha Lakshmi	Salary Paid	30,00,000	-
	Share capital (Rs.10/- Paid up)	-	2,00,61,170
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	13,11,328	26,22,656
	Premium Received on Allotment of Partly Paid	82,07,601	-

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2019	Outstanding amount as at March 31, 2019
	up Shares		
	Purchase of IKF Home Finance Limited Equity Shares	59,98,342	-
	Share capital - IKF Home Finance Limited Equity Shares	-	10
	IKF Home Finance Limited Allotment of Partly Paid up Shares (2.50 Paid up)	40,00,000	40,00,000
Mr. V Raghu Ram	Share capital	-	1,44,97,000
	1 <sup>st</sup> Call Money Received against Allotment of Partly Paid up Shares	9,47,619	18,95,238
	Premium Received on Allotment of Partly Paid up Shares	59,31,147	-
	Purchase of IKF Home Finance Limited Equity Shares	83,31,035	-
	Share capital - IKF Home Finance Limited Equity Shares	-	10
Mr. Sinha Satyanand Chunduri	Share capital (Rs.10/- Paid up)	-	11,77,000
Mrs. Durga Rani Chunduri	Share capital (Rs.10/- Paid up)	-	1,49,41,000
IKF Infratech Private Limited	Purchase of IKF Home Finance Limited Equity Shares	6,45,02,495	-
	Share capital - IKF Home Finance Limited Equity Shares	-	10
	ICDs taken	3,00,00,000	3,00,00,000
SVR Finance & Leasing Private Limited	Trade advance	2,89,30,000	79,30,000
	Interest paid	3,57,745	-
India Business Excellence Fund-IIA	Share capital (Rs.10/- Paid up)	-	13,05,15,460
	Share premium on preference shares converted to equity shares	-	11,00,05,020
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 (Rs.10/- Paid up)	-	7,80,40,180
	Share premium on preference shares converted to equity shares	-	6,57,76,230

**Note:** The remuneration and salary paid does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

## 28. Capital commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) :

Particulars	March 31, 2019
Office Furniture, Fixtures & Interiors	25,33,445

**29. Contingent liabilities provided for**

<b>Particulars</b>	<b>March 31, 2019</b>
Credit enhancements provided by the Company towards securitization (including cash collaterals, principal and interest subordination)	45,95,82,684
Performance security provided by the Company towards advance partner arrangement /business correspondent agreement	66,27,482
Tax on items disallowed by Income Tax department not acknowledged as debt by the Company.	-

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

**30. Retirement and other employee benefits**

**IKF Finance Limited:**

The Company has a defined benefit gratuity plan. 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 Rs.20,00,000 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.

**Statement of profit and loss**

Net employees benefit expense (recognized in employees benefit expense):

<b>Particulars</b>	<b>For the year ended March 31, 2019</b>
Current service cost	18,09,757
Interest cost on benefit obligation	3,81,672
Past service cost	0
Net actuarial (gain) / loss recognized in the year	(1,15,299)
<b>Net employee benefit expense</b>	<b>20,76,130</b>

**Balance Sheet**

Details of provision for gratuity:

<b>Particulars</b>	<b>Gratuity March 31, 2019</b>
Defined benefit obligation	67,04,688
Fair value of plan assets	-
<b>Plan liability</b>	<b>67,04,688</b>

Changes in the present value of the defined benefit obligation are as follows:

<b>Particulars</b>	<b>Gratuity March 31, 2019</b>
Opening defined benefit obligation	49,13,226
Current service cost	18,09,757
Interest cost	3,81,672
Past Service Cost	-
Benefits Paid directly by the Company	(2,84,668)
Actuarial (gains) / losses on obligation	(1,15,299)
<b>Closing defined benefit obligation</b>	<b>67,04,688</b>
<b>Current Liability</b>	<b>4,40,538</b>
<b>Non-current Liability</b>	<b>62,64,150</b>

Changes in the fair value of plan assets are as follows:

<b>Particulars</b>	<b>March 31, 2019</b>
Opening fair value of plan assets	-
Expected return	-
Contributions by employer	-
Benefits paid	-
Actuarial gains / (losses)	-
<b>Closing fair value of plan assets</b>	<b>-</b>

The principal assumptions used in determining gratuity:

<b>Particulars</b>	<b>March 31, 2019</b>
Discount rate	7.65%
Expected rate of return on assets	-
Salary escalation rate per annum	6.00%
Employee turnover rate	9.00%

Amounts for the current and previous four years are as follows:

<b>Particulars</b>	<b>March 31, 2019</b>
Defined benefit obligation	67,04,688
Plan assets	-
Surplus / (deficit)	(67,04,688)
Experience adjustments on plan liabilities	-

**IKF Home Finance Limited:**

The Company has a defined benefit gratuity plan. 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 Rs.20,00,000 as per The Payment of Gratuity Act, 1972 and the same is provided for an estimate basis at the end of each financial year. The Gratuity liability as on March 31, 2019 is provided for Rs. 9,06,992.

**31. Leases (operating lease)****Office Premises:**

Head office, registered office and branch office premises are obtained on operating lease. The office premises are generally rented on non- cancellable term ranging from one year to eleven years with or without escalation clause. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss.

Description	March 31, 2019
Operating lease expenses recognized in the statement of profit and loss	2,28,68,989
<b>Minimum lease obligations</b>	
Not later than one year	1,36,82,632
Later than one year but not later than five years	2,63,59,145
More than five years	23,47,832

**32. CSR expenses**

(Amount in Rupees)

Particulars		31-Mar-19
<b>a) Gross amount required to be spent by the Company during the year</b>		<b>52,40,947</b>
<b>b) Amount spent during the year ending 31st March, 2019 :</b>		
	<b>in cash</b>	<b>Yet to be paid in cash</b>
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	325,000	49,15,947

**33. 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, 2019, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

**34. This being the 1<sup>st</sup> year of presentation of financial statements, prior year/period details are not reported.****As per our report of even date**

For S. R. BATLIBOI &amp; CO. LLP

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

For and on behalf of the Board of Directors of

IKF Finance Limited

per Jitendra H. Ranawat  
Partner  
Membership No.103380

V.G.K Prasad  
Managing Director  
DIN – 01817992

V.Indira Devi  
Whole Time Director  
DIN – 03161150

P.Chandra Sekhar  
Chief Financial Officer

Ch.Sreenivasa Rao  
Company Secretary  
M.No. ACS14723

Date : 18-10-2019  
Place: Mumbai

Date : 18-10-2019  
Place: Vijayawada

Additional information as required by paragraph 2 of the general instructions for preparation of Consolidated Financial statements to schedule III to the Companies Act, 2013.

Name of the entity in the Group	Net Asset, i.e, total assets minus total liabilities		Shares in profit or loss	
<b>Parent</b>				
IKF Finance Limited	99.83%	2,69,89,01,400	98.96%	35,47,87,231
<b>Subsidiaries</b>				
Indian- IKF Home Finance Limited	16.26%	43,95,37,273	0.90%	32,25,261
Foreign	NA	NA	NA	NA
<b>Minority interests in all subsidiaries</b>	-0.69%	(1,87,08,437)	(0.00)	(6,31,188)
<b>Associates (Investment as per the equity method)</b>				
Indian	NA	NA	NA	NA
Foreign	NA	NA	NA	NA
<b>Inter-company eliminations and consolidation Adjustments</b>	-15.39%	(41,61,44,264)	0.32%	11,32,056
<b>Joint Ventures (as per proportionate consolidation / investment as per the equity method)</b>				
Indian	NA	NA	NA	NA
Foreign	NA	NA	NA	NA
<b>Total</b>	<b>100.00%</b>	<b>2,70,35,85,972</b>	<b>100.00%</b>	<b>35,85,13,359</b>

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

**V.G.K Prasad**  
Managing Director  
DIN – 01817992

**V.Indira Devi**  
Whole Time Director  
DIN – 03161150

**P.Chandra Sekhar**  
Chief Financial Officer

**Ch.Sreenivasa Rao**  
Company Secretary  
M.No. ACS14723

Date : 18-10-2019  
Place: Vijayawada

### ATTENDANCE SLIP



## IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

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

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

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company at the Registered Office of the Company, # 40-1-144, Corporate Centre, M G Road, Vijayawada - 520010, on Wednesday day, 4th December, 2019 at 4:30 p.m.

01. Only Member/Proxy holder can attend the Meeting.

\_\_\_\_\_  
SIGNATURE

02. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

Note : Please fill this Admission Slip and hand it over at the entrance. Shareholders who come to attend the meeting are requested to bring the copies of the Notice of AGM also with them.

### PROXY FORM

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



## IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

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

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

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company, to be held at Registered Office of the Company, Vijayawada-520010 on Wednesday, 4th December, 2019 at 4:30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Item No.	Resolutions	For	Against	Abstain
1	Receive, consider, approve and adopt the audited Financial Statements for the financial year ended 31st March, 2019 together with the Reports of the Directors and Auditors thereon for the year ended 31st March 2019.			
2	Appoint a Director in place of Mr. Gopala Kishan Prasad Vupputuri (DIN: 01817992), who retires by rotation and, being eligible, offers himself for re-appointment.			

Item No.	Resolutions	For	Against	Abstain
3.	Appoint a Director in place of Mrs. Indira Devi Vupputuri (DIN: 03161174), who retires by rotation and, being eligible, offers herself for re-appointment.			
4.	Appoint a Director in place of Mr. Satyanarayana Prasad Kanaparthi (DIN: 03598603), who retires by rotation and, being eligible, offers herself for re-appointment.			
5.	Appoint a Director in place of Mr. Veerabhadra Rao Sunkara (DIN: 01180981), who retires by rotation and, being eligible, offers herself for re-appointment.			
6.	Enhance the Borrowing Powers of the Company from Rs.3000 crores to Rs.4000 crores.			
7.	Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.			
8.	Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis.			

Signed this ..... day of ..... 2019

Signature shareholder : .....

Affix a  
1 Rupee  
Revenue  
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

**Note:**

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



# IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.  
28<sup>th</sup> Annual General Meeting – Wednesday, 4<sup>th</sup> December, 2019

Form No. MGT-12

Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

S.No	Particulars	Details
1.	Name of the first named shareholder (in block letters)	
2.	Postal address	
3.	Registered folio No. / *Client ID No. (*Applicable holding shares in demat form)	
4.	Class of share	Equity

I hereby exercise my vote in respect of ordinary/ special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Item No	Ordinary Business	No. of shares held by me	I/We assent to the resolution	I/We dissent to the resolution
1	Receive, consider, approve and adopt the audited Financial Statements for the financial year ended 31st March, 2019 together with the Reports of the Directors and Auditors thereon for the year ended 31st March 2019.			
2	Appoint a Director in place of Mr. Gopala Kishan Prasad Vupputuri (DIN: 01817992), who retires by rotation and, being eligible, offers himself for re-appointment.			
3	Appoint a Director in place of Mrs. Indira Devi Vupputuri (DIN: 03161174), who retires by rotation and, being eligible, offers herself for re-appointment.			
4	Appoint a Director in place of Mr. Satyanarayana Prasad Kanaparthi (DIN: 03598603), who retires by rotation and, being eligible, offers herself for re-appointment.			
5	Appoint a Director in place of Mr. Veerabhadra Rao Sunkara (DIN: 01180981), who retires by rotation and, being eligible, offers herself for re-appointment.			
6	Enhance the Borrowing Powers of the Company from Rs.3000 crores to Rs. 4000 crores.			
7	Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.			
8	Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis.			

Place : Vijayawada  
Date : 04-12-2019

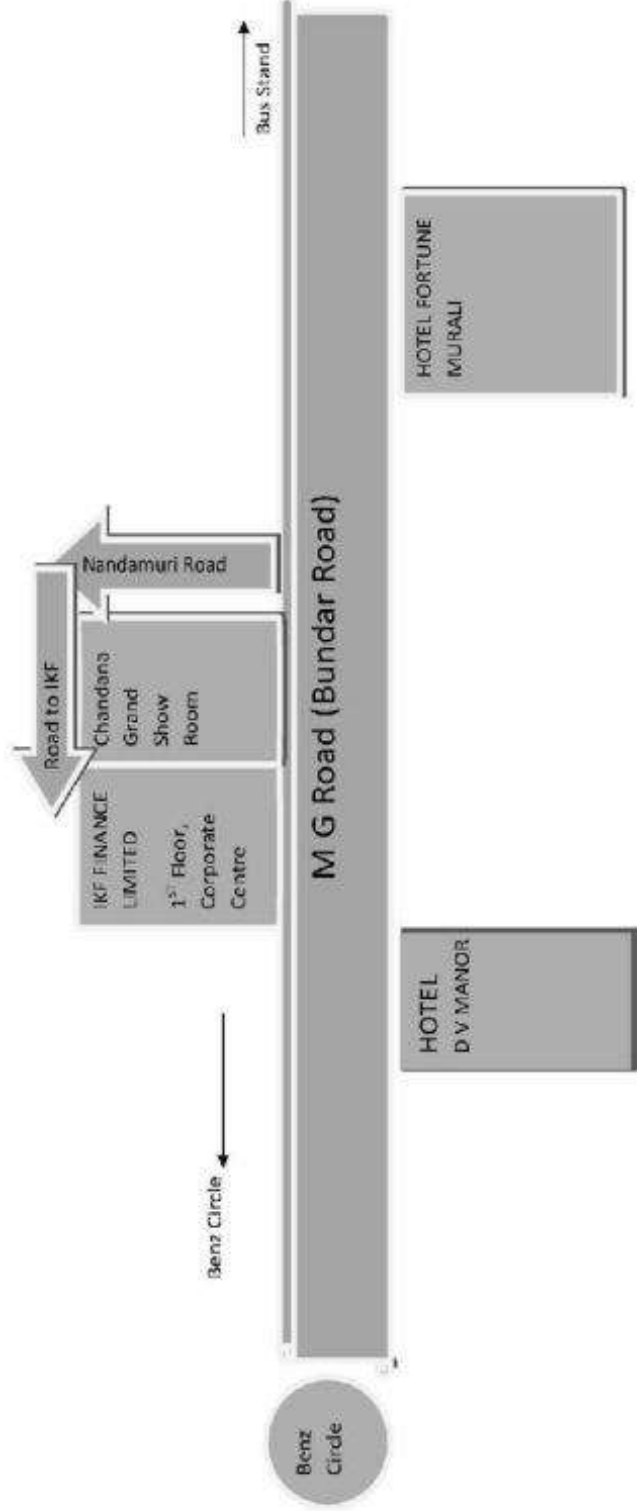
(Signature of the Shareholder\*/Proxy)

(\*As per Company Records)

# **IKF Finance Limited**

Address :#40-1-144, Corporate Centre, M. G.Road, Vijayawada-520019.

## **Route Map**



**BOOK POST**  
(Printed Matter)

If undelivered, please return to :

**IKF FINANCE LIMITED**

CIN : U65992AP1991PLC012736

# 40-1-144, Corporate Centre,  
M.G. Road,

VIJAYAWADA - 520010.

ANDHRA PRADESH.

Phones : (0866) 2474 644, 2474 633

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

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