IKF FINANCE LIMITED

25th Annual Report
2015-2016

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

Board of Directors

Mr. V.G.K. Prasad	Managing Director
Mrs. V.Indira Devi	Whole Time Director
Mrs. K.Vasumathi Devi	Executive Director
Dr. Sinha S. Chunduri	Director (Alternate Director Mrs. D.Vasantha Lakshmi)
Dr. Prasad Jagadish Athota	Director (Alternate Director Mr. Ch.V.Rama Rao)
Mr. N.Haranadh	Independent Director
Mr. S.Veerabhadra Rao	Independent Director
Mr. P.S.V.Prasada Rao	Independent Director
Mr. K.Satyanarayana Prasad	Independent Director
Mr. Vishal Kumar Gupta	Nominee Director (w.e. f., 03-11-2015)

Key Management Persons:

Mr. K.P.Venkatesh	Chief Executive Officer
Mr. S.Kiran Kumar	Chief Financial Officer (upto 25-05-2016)
Mrs.S.Shruthi	Company Secretary (upto 14-05-2016)
Mr. CH.Srinivasa Rao Rao	Company Secretary (from 16-06-2016)

Board Committees

Audit Committee
Mr. S.Veerabhadra Rao
Mr. N. Haranadh
Mr. P.S.V.Prasada Rao
Mr. Vishal Kumar Gupta (w.e.f., 09-03-2016)

Stakeholders Relationsship Committee
Mr. N.Haranadh
Dr. Prasad Jagadish Athota
(Alternate Director Mr. Ch.V.Rama Rao)

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

Corporate Social Responsibility Committee
Mr. S.Veerabhadra Rao
Mr. P.S.V.Prasada Rao
Mr. V.G.K.Prasad
Mr. Vishal Kumar Gupta (w.e.f., 09-03-2016)

Nomination & Remuneration Committee
Mr. P.S.V.Prasada Rao
Mr. S.Veerabhadra Rao
Mr. N. Haranadh
Mr. Vishal Kumar Gupta (w.e.f., 09-03-2016)

Asset Liability Management Committee
Mr. V.G.K.Prasad
Mr. S.Veerabhadra Rao
Mrs. K.Vasumathi Devi

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

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

Statutory Auditors
S.R. Batliboi & Co. LLP
Chartered Accountants
14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai -400028, India

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

Registered Office
40-1-144, Corporate Centre,
M.G. Road, Labbipet
Vijayawada - 520 010.

Corporate Office
6-3-902/A, 4th Floor, Central Plaza,
Near Yashoda Hospital, Raj Bhavan Road, Somaji guda,
Hyderabad - 500082.

Bankers

Central Bank of India	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	SIDBI	DCB Bank Limited
South Indian Bank	Oriental Bank of Commerce	State Bank of Hyderabad	

25TH ANNUAL GENERAL MEETING

Date	:	30th December, 2016
Time	:	4:30 P.M.
Day	:	Friday
Venue	:	Registered Office of the Company # 40-1-144, Corporate Centre, MG Road, Vijayawada - 520 010, Krishna District, Andhra Pradesh, India

NOTICE

Notice is hereby given that the 25th Annual General Meeting of **IKF Finance Limited** will be held **on Friday**, the 30th day of December, 2016, 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:

01. To receive, consider , approve and adopt the audited Financial Statements for the financial year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as **an ordinary resolution**

    "**RESOLVED THAT** the audited Financial Statements of the Company for the year ended 31st March, 2016 together with the reports of the auditors and directors thereon of the Company be and are hereby received, considered, approved and adopted"

02. To appoint a Director in place of Mr. Sinha S Chunduri (DIN: 03644504), who retires by rotation and, being eligible, offers himself for re-appointment and in this regard to pass the following resolution as **an ordinary resolution**

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

03. To appoint a Director in place of Mr. Prasad Jagadish Athota (DIN: 03618655), who retires by rotation and, being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an **ordinary resolution**

    "RESOLVED THAT Mr. Prasad Jagadish Athota (DIN: 03618655) 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."

04. To ratify the appointment of auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion next Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

    "**RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee and the resolution passed by the members at the AGM held on September 30, 2015, the appointment of M/s. S.R.Batliboi & Co., LLP, Chartered Accountants, (ICAI Firm Registration No:301003E), who have been appointed as auditors of the company for a term of 5 years in the 24th AGM of the company and who have confirmed their eligibility to be appointed as Auditors, in terms of provisions of section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 29th AGM, be and are hereby confirmed and ratified to hold office of Statutory Auditors of the company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration may be paid on a progressive billing basis as may be agreed upon between the auditors and the Board of Directors."

Special business:

05. **To enhance the Borrowing Powers of the Company from Rs.1000 crores to Rs. 1500 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.1500 Crores (Rupees One Thousand Five Hundred 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."

06. **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.1500 Crore (Rupees One Thousand Five Hundred 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."

07. **Authorization to issue of Non Convertible Debentures (NCD)/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/debt securities ("Bonds") of value aggregating upto Rs. 400 Cr (Rupees Four 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

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

Place: Vijayawada
Date : 01-12-2016

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 Friday, December 23, 2016 to Thursday, December 29, 2016 (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 25th Annual Report for the financial year 2015-16 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 for the financial year 2015-16 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. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.

    SEBI has also mandated, that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company

16. 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.

17. 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., Friday, December 23, 2016, 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, (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 Thursday, December 29, 2016 (5.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to cs@ikffinance.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach Mr. S.Srikanth, (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 Thursday, December 29, 2016 (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 Tuesday, December 27, 2016 at 9.00 a.m. and ends on Thursday, December 29, 2016 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. Friday, December 23, 2016, 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 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 and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)· ° 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.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. ° 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: **161205010** 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
- 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 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. in under help section or write an email to 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 Tuesday, December 27, 2016 at 9.00 a.m. and ends on Thursday, December 29, 2016 at 5.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on Friday, December 23, 2016 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 December 23, 2016.

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 and with the website of CDSL within two days of passing of resolutions at the 25th AGM of the company on December 30, 2016.

vi) Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report 2015-2016 is available on the Company's website, www.ikffinance.com Members who require physical copies may write to us at 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.

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	Mr. Sinha S Chunduri	Mr.Prasad Jagadish Athota
DIN	03644504	03618655
Date of Birth	02-02-1945	04-05-1945
Date of first Appointment on the Board	01-02-1993	01-02-1993
Age	71 Years	71 Years
Qualification	M.B.B.S., M.D.,	M.B.B.S., M.S.,
Experience	Management & Administration	Management & Administration
Relationship with other director/Manager and other KMP	Brother –in-law to the Managing Director	Brother –in-law to the Managing Director
No of Meeting of the Board Attended during the		
FY-2015-16	Nil	Nil
No of Shares held in the Company	Nil	Nil
Directorships of other Board	Nil	Nil
Membership/Chairmanship of Committees of other Board	Nil	Stakeholders Relationsship Committee

Explanatory Statement
Pursuant to Section 102 of the Companies Act, 2013

Item no.5

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

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs.1500 Crores (Rupees One Thousand Five Hundred 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 are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice.

Item no.6

As mentioned in Item No.6, it is proposed to increase the borrowing powers to Rs.1500 crore (Rupees One Thousand Five Hundred Crore only). To secure such borrowings, the Company would be required to mortgage and/or charge its moveable and/or immoveable properties, the whole or substantially the whole of the undertaking(s) or any other assets of the Company (both present and future) in favour of the financial institutions/banks/ other lender(s)/ trustees. The approval of the shareholders in the AGM is required as per Section 180(1)(a) of the Companies Act, 2013. In the circumstances, the board recommends this resolution for acceptance.

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

Item no.7

As mentioned in Item No. 7, and the rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 and other applicable provisions, if any, of the Companies Act, 2013 of the Act deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures 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 on a private placement basis, in one or more tranches, during FY 2016-17, upto an amount not exceeding Rs. 400 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 .

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 7 of the Notice. This resolution is an enabling resolution and authorizes the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, 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 are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

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

For and on Behalf of the Board
IKF Finance Limited

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

Place: Vijayawada
Date : 01-12-2016

DIRECTORS REPORT

To
The members of IKF Finance Limited

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2016. The summarized financial results of the Company are as given hereunder:

Financial Results:

(Rs. in lakhs)

	2015-16	2014-15
Revenue from Operations	10141.96	7971.04
Other Income	24.54	14.43
Profit (loss) before depreciation, interest, tax and exceptional items	8489.86	6826.76
Depreciation/amortization	(5.60)	61.23
Finance cost	5781.56	4394.09
Provision for Standard Assets	171.08	48.36
Provision for Non Performing Assets	59.52	33.11
Portfolio Loans & other balances written off	125.73	57.03
Loss on assignment transactions	-	(44.25)
Profit (loss)before tax	2357.56	2188.69
Provision for tax/deferred tax	607.74	720.07
Profit (loss) after tax before exception item	1749.82	1468.61
Less: Exceptional items	Nil	Nil
Net profit (loss) after exceptional items	1749.82	1468.61
Balance brought forward from previous year	2452.94	1361.69
Dividend on Equity Shares	Nil	Nil
Tax on dividend	Nil	Nil
Transfer to Statutory Reserve (@20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934	(349.96)	(301.89)
Transfer to General reserve (75.47)		(87.49)
Surplus carried to Balance sheet	3765.30	2452.94

Review of Operations:

Your Company's performance for the year ended March 31, 2016 continues to be encouraging and has registered a growth of 27.33% in its Gross Receipts to Rs.101.67 Cr as against Rs. 79.85 Cr and the Net Profit increased from Rs.14.69 Cr to Rs.17.50 Cr registering a growth of 19.13% for the corresponding previous year. During the year, the disbursements have grown by 50% from Rs.370 Cr to Rs.556 Cr and the Loan Book has grown by 56.76% from Rs.414 Cr to Rs.649 Cr. The total assets managed by the Company, including Channel Business and receivables assigned / securitized stood at around Rs.753 Cr as at March 31, 2016 as against Rs.515 Cr in the previous year thereby registering a growth of 46.21%.

Future Outlook:

The course corrections measures taken by the government in the recent past, moderating commodity prices and expectation of normal monsoon, though late, are expected to turnaround the economy. The automobile sector is likely to remain sluggish in the short term with marginal recovery in the last quarter of the current financial year. However, the same is subject to many factors such as good monsoon, proactive government policies, recovery in industrial production, crude prices and currency fluctuations. Competition is expected to increase in view of lower volumes and interest rates are expected to play a pivotal role. Your Company continues to focus on Retail segment with focus on providing superior service to customers, lowering the cost of borrowings, maintaining the asset quality with enhanced operating efficiencies to sustain the growth and profitability. To cope up with the adversities, the management of your Company has already taken initiatives by launching new products like SME Loans, asset backed loans etc and currently is in the process of consolidating the same. Your Company is confident of sustaining the growth and profitability as it has built strong relationship with the customers over the last two and half 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 Clause 49 of the Listing Agreement was not applicable to the Company, a detailed report on the Corporate Governance with regard to code of conduct to be presented to the members of the Company as such a detailed report on Corporate Governance Report are attached as part of this report.

Management's Discussion and Analysis:

Economic Environment:

India is seen as the fastest growing economy amongst the world's major economies, with GDP growth estimated at 7.6% in 2015-16 as compared to 7.2% in 2014-15 led by growth in the services sector, which has been the key driver of India's growth for several years. The industrial and manufacturing sectors remained flat, with manufacturing output shrinking since November 2015. The IIP growth during 2015-16 was 2.4% as compared to 2.8% during the previous year. Notwithstanding the erratic and sub-optimal monsoon in most parts of the country, growth in the agriculture sector for 2015-16, has been estimated at 1.1%, albeit from a low base, as compared to the decline of 0.2% during the previous year. Thankfully, the stock of food-grains as on 1st April 2016 was higher at 43.4 million tonnes as against 41 million tonnes a year ago. Consumer price index based retail inflation showed a steady decline and stood at 4.9% in 2015-16, compared to 5.9% in 2014-15. Improved supply side management ensured a moderation in food prices during the second half of 2015-16. Wholesale price index (WPI) based inflation, remained negative throughout 2015-16, averaging (-) 2.5% in 2015-16 as compared 2% in 2014-15.

India's Current Account Deficit narrowed to 1.4% of GDP in April – December 2015 compared to 1.7% of GDP during the corresponding previous period. The Government's decision to continue on the path of fiscal consolidation ensured that the fiscal deficit was contained at 3.9% of GDP for 2015-16, as compared to 4.1% in the previous year. In the past year, the government has accelerated efforts to boost public investment, with a particular focus on roads, railways and the power sector. Notably, the government has taken several steps to improve road project execution. Project approvals have also been accelerated. Three important legislations, the GST bill, the Bankruptcy bill and the Real Estate Regulation bill were approved by both houses of Parliament, are expected to be the growth drivers of the economy in the near future. With inflation remaining within its targeted range, RBI has progressively reduced the Policy rate by 175 basis points since January 2015, to its current level of 6.25%. However, the transmission of these reductions by commercial banks to their borrowers has only been partially done.

Automotive Sector:

The overall Commercial Vehicles segment registered a growth of 11.51 percent in April-March 2016 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) registered a growth at 29.91 percent and Light Commercial Vehicles grew marginally by 0.30 percent during April-March 2016 over the same period last year.

The sales of Passenger Vehicles grew by 7.24 percent in April-March 2016 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 7.87 percent, 6.25 percent and 3.58 percent respectively during April-March 2016 over the same period last year.

Three Wheelers sales grew by 1.03 percent in April-March 2016 over the same period last year. Passenger Carrier sales grew by 2.11 per cent & Goods Carrier sales declined by (-) 3.62 percent respectively in April-March 2016 over April-March 2015.

Although freight demand remained sluggish, the reasonably stable and benign diesel prices provided a measure of relief to road transport operators.

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 increased its Cash Credit Limits to Rs.316.20 Cr against Rs.250 Cr from the Consortium of Nine Banks led by **Central Bank of India.** The Lead Bank has processed the Company's Request for enhancement of the existing cash credit limits and has accordingly assessed the requirement for Rs.425 Cr for FY 2015-16. Accordingly, the member banks have considered enhancement of the existing limits except few banks and as such the management has approached few new banks to tie up the assessed limits.

Term Loans:

Your Company has mobilized Term Loan of Rs.65 Cr (Rs.15 Cr from Bank of India, Rs.20 Cr from State Bank of Hyderabad, Rs.15 Cr IDBI Bank Limited and Rs.15 Cr from Indian Overseas Bank) under Consortium for a total amount of Rs.150 Cr (including Rs.85 Cr mobilized during FY 2014-15) led by Bank of India and has mobilized Rs.128 Cr (Rs.90 Cr from State Bank of India, Rs.25 Cr from HDFC Bank Limited and Rs.13 Cr from Small Industries Development Bank of India (SIDBI), outside Term Loan Consortium during the year under review. Besides, your company has mobilized Rs.35.90 Cr Term Loans from NBFCs (Rs.11.90 Cr from Sundaram Finance Limited, Rs,7 Cr from Hero Fincorp Limited and Rs.17 Cr from Hinduja Leyland 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 mobilized short term funds by issue of Commercial Paper to the tune of Rs.61 Cr (maturity value) from two NBFCs (Rs.45 Cr from Mahindra & Mahindra Financial Services Limited and Rs.16 Cr from Unifi AIF.

Securitization / Assignment of Loan Receivables:

During the year, your Company has Securitized loan receivables to the tune of Rs.37.99 Cr and has assigned loan receivables to the tune of Rs.32.95 Cr.

Borrowing Profile:

Total borrowings of the Company for the year under review stood at Rs.567 Cr, of which borrowings from Banks constituted 84.66%, borrowings from Financial Institutions 2.95%, borrowings from NBFCs 9.84% and Commercial Paper 2.55%. Your Company is continuously exploring all options to access low cost funds, mostly by way of Term Loans in the current financial year, to further expand the operations.

Business Associations/Tie-Ups:

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

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 21.25% as on 31.03.2016, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 21.25%.

Credit Rating:

During the year under review, Brickwork Ratings India (P) Ltd. has upgraded the Long Term Bank Loan rating to "BWR A" from "BWR A-", and has assigned "BWR A" rating for Subordinated Non Convertible Debentures, signifying adequate degree of safety regarding timely servicing of financial obligations with low credit risk and has upgraded the short term bank loan rating to "BWR A2+" from "BWR A2" and has assigned "BWR A2+ rating for Standalone Commercial Paper, signifying strong degree of safety regarding timely payment of financial obligations with low credit risk. Credit Analysis and Research Limited (CARE) has upgraded the long term bank loan facilities and Non Convertible Debentures to "A-" from "BBB+" signifying adequate degree of safety regarding timely payment of interest and principle and has upgraded the short term bank loan rating to "A2+" from "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 31st March 2016 since it is proposed to retain the same in the business.

Share Capital

a. **Authorized Share Capital**

The Authorised Share Capital of the Company was increased from Rs 35,00,00,000 to is Rs 50,00,00,000 at the Extra Ordinary General Meeting held on 6th day of May, 2015

b. **Paid up Share Capital.**

During the year under review, the Paid up capital of the Company was increased to Rs 45,52,62,540 from Rs 32,10,00,000 by the issue of No 1,34,26,254 shares on rights basis @ Rs.41/- vide Board Resolution dated 06.05.2015

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

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

d. **Buy Back of Securities**

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

e. **Sweat Equity**

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

f. **Bonus Shares**

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

g. **Employees Stock Option**

The Company has not provided any Stock Option Scheme to the employees.

Reserves

The Directors of the Company propose to transfer Rs. 87.49 lakhs to General Reserves out of the current year profits. Further your Directors also propose to transfer Rs 349.96 lakhs to Statutory Reserve @ 20% profit after tax as required under Section 45-IC of Reserve Bank of India Act, 1934.

Details of Associated Companies

The Company is not having any Associated Companies as on date by virtue of Section 2 (6) of the Companies Act, 2013.

Delisting

The Equity Shares of the Company have been delisted from the Bombay Stock Exchange where the shares were listed w.e.f. 18th February, 2015. In terms of Regulation 21 of the SEBI (Delisting of Equity Shares) Regulation, 2009, the Acquirers have provided a window period of one year i.e. upto 17th February, 2016, so that the shareholders who have not tendered their shares to the Company, or the Share Registrar, can surrender their shares by 17th February, 2016. The exit price accepted by the Acquirer is Rs.16.50/- per share.

Auditors

Statutory Auditors

M/s. S.R.Batliboi & Co.,LLP Chartered Accountants (ICAI Registration No 301003E/E300005) as Statutory Auditors at the 24th Annual General Meeting until the conclusion of 29th (Twenty Nineth) Annual General Meeting of the company subject to ratification by the members at every Annual General Meeting. Your Directors commend for the ratification of their appointment.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from ***M/s. S.R.Batliboi & Co.,LLP,*** Chartered Accountants, to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

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.

Qualification by Statutory Auditor

The Auditors' Report does not contain any qualification, reservation or adverse remark. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

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.

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 appointed M/s. Brahmayya & Co, Chartered Accountants as internal auditors of the Company for the year ended 31st March, 2016 who shall report to the Audit Committee / Board. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon were presented to the Audit Committee / Board.

Internal Financial Controls

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

Vigil Mechanism / Whistle Blower Policy

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

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

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

Corporate Social Responsibility Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors has constituted Corporate Social Responsibility Committee of three directors Mr. S Veerabhadra Rao, Mr. PSV Prasada Rao and Mr. VGK Prasad. During the year under review the Company has not spent any amount under the CSR activity due to diverse factors. The report on CSR activities for FY 2015-16 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. Sinha S Chunduri (DIN: 03644504) and Mr. Prasad Jagadish Athota (DIN: 03618655), directors of the Company, would retire by rotation at the forthcoming AGM and are eligible for re-appointment. They have offered themselves for re-appointment.

Mr.Vishal Kumar Gupta was appointed as Nominee Director of India Business Excellence Fund II in the Board w.e.f., 03.11.2015.

The Board has appointed two alternate directors Smt. D.Vasantha Lakshmi and Shri.Ch.V.Rama Rao for Dr. Sinha S Chunduri and Dr. Prasad J Athota respectively in the board meeting on 21.11.2015

None of the Directors of the Company resigned during the period.

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 Period under review the following changes was taken place in the appointment of Key Managerial Personnel:

S.No	Name of the Key Managerial Person	Date of Appointment / Change	Details
1	Mr.S.Kiran Kumar Mr.S.Kiran Kumar	06.11.2015 25.05.2016	Appointed as Chief Financial Officer of the Company Resigned
2	Mrs.S.Shruthi Mrs.S.Shruthi	03.08.2015 14.05.2016	Appointed as Company Secretary Resigned
3	Mr.Ch Srinivasa Rao	16.06.2016	Appointed as Company Secretary

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 26-03-2016, 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 2015-2016 the Board of Directors has met Thirteen times viz 13-04-2015, 06-05-2015, 21-05-2015, 18-06-2015, 30-06-2015, 31-08-2015, 22-09-2015, 30-09-2015, 21-10-2015, 03-11-2015, 21-11-2015, 20-02-2016 and 09-03-2016. During the year 13 (Thirteen) Board Meetings were convened. 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

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 2015-16 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.

Please find the enclosed AOC-2 which has be given in the Annual Report as an ***Annexure-IV***.

Directors' Responsibility Statement:

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

(*a*) in the preparation of the annual accounts for the period ended 31st March, 2016, 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 laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

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

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

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

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

Share Transfer Agency

The Company has appointed M/s. Bigshare Services Private Limited situated at Plot No-306, 3rd Floor, Right Wing, Amrutha VilleOpp. Yashoda Hospital, Rajbhavan RoadSomajiguda, 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

Sd/-	**Sd/-**
(V G K Prasad)	**(K.Vasumathi Devi)**
Managing Director	Executive Director
DIN: 01817992	DIN : 03161150

Place: Vijayawada
Date : 01-12-2016

REPORT ON CORPORATE GOVERNANCE

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

01. 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 four 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.

02. Board of Directors:

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

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent Directors to ensure proper governance and management. The Board comprises ten members who have experience in diverse fields like Finance, Accounts and Management. Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. The Executive Directors are Sri V.G.K.Prasad - Managing Director, Smt. V.Indira Devi - Whole Time Director and Smt. K.Vasumathi Devi - Executive Director.

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

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

13-04-2015	06-05-2015	21-05-2015	18-06-2015	30-06-2015
31-08-2015	22-09-2015	30-09-2015	21-10-2015	03-11-2015
21-11-2015	20-02-2016	09-03-2016		

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1st April, 2015 to 31st March, 2016 are as follows:

Name of the Director	Category of Board Directorship	No.of Board Meetings attended	% of total Meetings attended	Attendance at the last A G M	No.of Other Director-ships	No.of Committee Member-ships
V G K Prasad	Managing Director	13	100%	Yes	2	4
V Indira Devi	Whole Time Director	11	85%	Yes	1	1
K Vasumathi Devi	Executive Director	13	100%	Yes	---	3
N Haranadh	Independent Director	2	15%	No	—	3
Prasad J Athota (Alternate Director Ch V Rama Rao)	Director	11	85%	Yes	—	1
Sinha S Chunduri (Alternate Director D.V..Lakshmi)	Director	13	100%	Yes	—	—
S Veerabhadra Rao	Independent Director	10	77%	Yes	1	5
P.S.V.Prasada Rao	Independent Director	10	77%	Yes	2	3
K Satyanarayana Prasad	Independent Director	13	100%	Yes	---	—
Vishal Kumar Gupta	Nominee Director	2	15%	NA	5	3

04. Audit Committee:

The Audit Committee provides direction to the Audit function and monitors the quality of internal controls and systems. The responsibilities of the Audit Committee include the overseeing of financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, review of adequacy of internal control systems and the internal audit functions. The Audit Committee comprises three Non Executive Directors with all of them being Independent Directors. The Committee comprises of Sri S.Veerabhadra Rao as Chairman of the Committee and Sri N.Haranadh, Sri.Vishal Kumar Gupta and Sri P.S.V.Prasada Rao as Members. The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings.

During the year the committee met 7 times on 13-04-2015, 18-06-2015, 30-06-2015, 22-08-2015, 30-09-2015, 05-10-2015 and 26-02-2016. The details of members and their attendance at the committee meetings are given below:

Name of the Director	**No.of Audit Committee Meetings attended**	**% of total Meetings attended**
S.Veerabhadra Rao	7	100%
N Haranadh	2	29%
P S V Prasada Rao	7	100%

The previous Annual General Meeting ("AGM") of the Company was held on September 30, 2015 and was attended by Sri. S.Veerabhadra Rao , Chairman of the audit committee.

05. Remuneration and Compensation Committee:

The Remuneration & Compensation Committee was constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 comprises of Sri P.S.V.Prasada Rao as Chairman, 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 the committee met on 21.07.2015, 30.09.2015 and 05.10.2015.

Attendance of each Director at Nomination & Compensation Committee Meeting

Name of the Director	**Category**	**Number of committee meetings**	
		Held	**Attended**
P.S.V.Prasada Rao	Independent Director	3	3
S.Veerabhadra Rao	Independent Director	3	3
N.Haranadh	Independent Director	3	3

Criteria for Performance evaluation:

I. Remuneration Policy:

The Policy inter alia provides for the following:

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

II. Remuneration paid to Directors

Remuneration to Executive Directors:

The Managing Director, Whole Time Director and Executive Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites. The details of remuneration paid to Whole Time Directors during the year 2015-2016 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.40,50,000.00	NIL	NIL
V Indira Devi	Rs.27,00,000.00	NIL	NIL
K Vasumathi Devi	Rs.27,00,000.00	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 2015-2016

The details of sitting fees paid/payable to Non-Executive Directors during the financial year 2015-2016 is Nil.

Name of the Director	Sitting Fee					
	Board Meetings	Audit Committee Meetings	N & R Committee Meetings	Risk Management Committee Meetings	Stakeholders Relationship Committee Meetings	Total
-- 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 2015-2016 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.40,50,000.00	NIl	NIL
V Indira Devi	Rs.27,00,000.00	NIL	NIL
K Vasumathi Devi	Rs.27,00,000.00	NIL	NIL

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

05. Stakeholder Relationship Committee:

The Share Transfer and Investor Grievance Committee comprises of Sri. N.Haranadh as Chairman and Sri Ch.V.Rama Rao as Member. The Share Transfer and Investor Grievance Committee was formed in accordance with the provisions of Clause 49 of the Listing Agreement to monitor transfers and transmission of shares and to address the Investor Grievances. During the year 2015-2016 the committee met 5 times on 18-06-2015, 15-11-2014, 30-09-2015, 11-11-2015 and 09-03-2016 and all the members were present at the committee meeting

.

Attendance of each Director at Stakeholder Relationship Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
N.Haranadh	Independent Director	5	5
Ch.V.Rama Rao	Alternate Director	5	5

All the complaints received during the year under review, were resolved and there were no grievances remaining unresolved as on 31st March, 2016.

06. Asset Liability Management Committee:

The Asset Liability Management Committee comprises of Sri V G K Prasad as Chairman, Sri S.Veerabhadra Rao and Smt. K.Vasumathi Devi as Members. The Asset Liability Management Committee was formed to review and monitor liquidity and interest rate risk arising out of maturity mismatch of assets and liabilities and to address the mismatches, if any, from time to time. During the year 2015-2016 the committee met 5 times on 11-05-2015, 18-06-2015, 31-08-2015, 21-11-2015 and 09-03-2016 all the members were present at the committee meeting.

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	Managing Director	5	5
S.Veerabhadra Rao	Independent Director	5	5
K.Vasumathi Devi	Executive Director	5	5

07. Risk Management Committee:

The Risk Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri. S Veerabhadra Rao and Smt K.Vasumathi Devi as Members. The Risk Management Committee was formed to review and monitor Risk Management policies and systems from time to time. During the year 2015-2016 the committee met 4 times 18-06-2015, 31-08-2015, 21-11-2015, 09-03-2016 and all the members were present at the committee meeting.

Attendance of each Director at Risk Management Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
P.S.V.Prasada Rao	Independent Director	4	4
S.Veerabhadra Rao	Independent Director	4	4
V G K Prasad	Managing Director	4	4

08. Nomination Committee:

The Nomination Committee comprises of Sri. P.S.V.Prasada Rao as Chairman, Sri. S.Veerabhadra Rao and Sri. V.G.K.Prasad as members to identify fit and proper persons for the directorship of the company During the year 2015-2016 the committee met 4 times 21-07-2015, 31-08-2015, 05-10-2015, 21-10-2015 and all the members were present at the committee meeting.

Attendance of each Director at Nomination Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
V.G.K.Prasad	Managing Director	4	4
S.Veerabhadra Rao	Independent Director	4	4
K.Vasumathi Devi	Executive Director	4	4

09. **General Body Meetings:**

Time and location of last three Annual General Meetings

General Body Meeting	Day	Date	Time	Location
24th Annual General Meeting	Wednesday	30-09-2015	4.30 PM	Registered Office of the Company, Vijayawada-10
23rd Annual General Meeting	Tuesday	30-09-2014	4.30 PM	Registered Office of the Company, Vijayawada-10
22nd Annual General Meeting	Friday	30-08-2013	4.30 PM	Registered Office of the Company, Vijayawada-10
21th Annual General Meeting	Saturday	29-09-2012	4.30 PM	Registered Office of the Company, Vijayawada-10

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

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

24th Annual General Meeting held on 30.09.2015 : 2

Purpose of Resolution

01. To Enhance The Borrowing Powers Of The Company From 750 Crores To 1000 Crores

"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.1000 Crores (Rupees One 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."

02. To Enhance The Power Of Board Of Directors Of The Company To Lease And Mortgage Of The Property (Ies) Of The Company

"**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.1000 Crore (Rupees One 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 trusties under the trust deeds and/ or to the lending agencies under their respective agreements/loan agreements /debentures trust deeds entered into/to be entered by the company in respect of said borrowings.

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

23rd Annual General Meeting held on 30-09-2014 : 2

01. To Increase In Borrowing Powers of the Company

"RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/ or any entity/ entities and/or authority/ authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.750 Crores (Rupees Seven Hundred Fifty Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.

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

02. To Creation Of Charge On Movable and Immovable Properties of the Company both present and future

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) and other applicable provisions , if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create mortgage and/or charge on all or any of the moveable and/ or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more tranches, upto an aggregate limit of Rs. 750 Crores (Rupees Seven Hundred and Fifty Crores Only) together with interest as agreed, additional interest in case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered / to be entered into between the Company and the lenders/agents/investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees.

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

22nd Annual General Meeting held on 30-08-2013 : None

12. Disclosures:

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

13. Means of Communication:

Required communications will be published in "Business Standard" (English) and "Andhra Prabha" (Telugu).

14. General Information to Shareholder:

General Body Meeting Day Date Time Location

25th Annual General Meeting Friday 30-12-2016 4.30 PM Registered Office, # 40-1-144, Corporate Centre, M.G. Road, Vijayawada - 520 010.

Financial Calendar

Financial Year - 1st April 2015 to 31st March 2016

Book Closure dates - December 23, 2016 to December 29, 2016

Last date for receipt of proxy forms December 28, 2016 (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.

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2016 – 98.59%.

16. Distribution of Shareholding as on 31st March, 2016:

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	1086	70.02%	20,70,130	0.45%
5,001	10,000	205	13.22%	18,06,840	0.40%
10,001	20,000	115	7.42%	18,24,450	0.40%
20,001	30,000	35	2.26%	9,22,010	0.20%
30,001	40,000	21	1.35%	7,69,350	0.17%
40,001	50,000	11	0.71%	5,41,600	0.12%
50,001	1,00,000	16	1.03%	13,14,040	0.29%
1,00,001	& above	62	3.99%	44,60,14,120	97.97%
Total		1551	100.00%	45,52,62,540	100.00%

17. Shareholding Pattern as on 31-03-2016:

Category	Total Shareholders	% of Shareholdings	Total Shares	%
Clearing Member	2	0.12%	575	0.00%
Corporate Bodies	41	2.64%	1,45,005	0.32%
Corporate Bodies (Promoter Co)	1	0.07%	60,46,400	13.28%
Foreign Company	1	0.07%	1,18,29,268	25.98%
Foreign Promoters	2	0.12%	16,11,800	3.54%
Non Resident Indians	7	0.45%	6,879	0.02%
Promoters	6	0.39%	1,53,45,805	33.71%
Public	1490	96.07%	34,67,351	7.61%
Trusts	1	0.07%	70,73,171	15.54%
Total	1551	100.00%	4,55,26,254	100.00%

18. Address for correspondence and any assistance/clarification

Compliance Officer:

Company Secretary, IKF Finance Limited, Door No.: 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520010.

Annexure-I

Form No. MR-3
Secretarial Audit Report
For the Financial Year ended on March 31, 2016

[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, 2016 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, 2016, 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, 2016 according to the provisions of:

01. The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;

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

03. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

04. 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.

05. 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;

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable to the Company during the Audit Period**

d) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (effective 28th October 2014); **Not applicable to the Company during the Audit Period**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable to the Company during the Audit Period**

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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

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 which was notified by the Central Government on April 23, 2015 and which was effect from July 1, 2015; 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.

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 / Chief Financial Officer / 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.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda 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 events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like –

i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.viz. – issue of No 1,34,26,254 shares on rights basis of Rs.10 each and a premium Rs.31 per Share vide Board Resolution dated 06-05-2015

ii) Redemption / buy-back of securities – Nil.

iii) Major decisions taken by the members in pursuance to Sec 180 of the Companies Act, 2013 – Nil.

iv) Merger / amalgamation / reconstruction, etc.- Nil.

v) Foreign technical collaborations – Nil.

vi) Other Event

(a) Approvals of members were taken through Special Resolutions passed in the Extra Ordinary General Meeting on 6th May,2016 for increasing the existing Authorized Share Capital of the Company from Rs.35,00,00,000/- (Rupees Thirty Five Crore only) divided into 3,50,00,000 (Three Crore Fifty Lakh Only) Equity shares of Rs.10/- each to Rs.50,00,00,000/- (Rupees Fifty Crore Only) divided into 5,00,00,000 (Five Crore Only) Equity Shares of Rs.10/- each of the Company pursuant to the provisions of Section 61(1) of the Companies Act, 2013 and rules made there under

(b) Approvals of members were taken through Special Resolutions passed in the Extra Ordinary General Meeting on 6th May,2016 for alteration of Memorandum and Articles of Association of the Company pursuant to the provisions of Section 13 and 14 of the Companies Act, 2013 and rules made there under.

(c) Approvals of members were taken through Special Resolutions passed in the in the Extra Ordinary General Meeting on 6th May,2016 for issue and allot of 47,91,503 Equity Shares to India Business Excellence Fund-II and 80,13,375 Equity Shares to India Business Excellence Fund-IIA of face value of Rs.10/- (Rupees Ten Only) each be issued at a premium of Rs.31 /- (Rupees Thirty One Only) of the Company.

For **B S S & Associates**
Company Secretaries

Sd/-
S.Srikanth
Partner
M. No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 01-12-2016

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

'Annexure A'

To,
The Members,
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

Sd/-
S.Srikanth
Partner
M.No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 01-12-2016

Annexure-II

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 P.S.V.Prasad Rao - Member
Sri V.G.K.Prasad - Member

Average Net Profit of the Company for the last three financial years: *Rs* 14,60,38,475
Prescribed CSR expenditure (two percent of the amount as in item 3 above): *Rs* 29,20,770

Details of CSR spend for the financial year:
i. Total amount spent for the financial year: Nil
ii. Amount unspent: Rs 29,20,770/-
iii. Manner in which the amount spent during the financial year is detailed below- Not Applicable

S.No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget project or programs wise)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent directly
				Nil			

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 : Hyderabad
Date : 01-12-2016

Sd/-	Sd/-	Sd/-
(S Veerabhadra Rao)	(P S V Prasad Rao)	(V G K Prasad)
Chairman of the Committee	Member	Member

Annexure-III

Form No. MGT-9

Extract Of Annual Return As On The Financial Year Ended 31st March, 2016

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES- Nil

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

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 duringthe year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	95,06,447	26,80,965	121,87,412	37.97	153,45,805	0	153,45,805	33.71	**(4.26)**
b) Central Govt									
c) State Govt(s)									
Bodies Corp	86,78,000	0	86,78,000	27.03	60,46,400	0	60,46,400	13.28	(13.75)
Banks / FI									
Any Other									
Sub-total(A)(1):-	**1,81,84,447**	**26,80,965**	**208,65,412**	**65.00**	**213,92,205**	**0**	**213,92,205**	**46.99**	**(18.01)**
2) Foreign									
NRIs-Individuals	21,37,800	0	21,37,800	6.66	16,11,800	0	16,11,800	3.54	.(3.12)
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other….									
Sub-total (A)(2):-	21,37,800	0	21,37,800	6.66	16,11,800	0	16,11,800	3.54	(3.12)
B.Public Shareholding									
1. Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FIIs									
Foreign Venture Capital Funds									
Others (specify)									
Clearing Members									
Sub-total (B)(1)									
2. Non Institutions									
Bodies Corp.									
i) Indian	22,81,668	0	22,81,668	7.11	70,73,171	0	70,73,171	15.54	8.43
ii) Overseas	38,15,893	0	38,15,893	11.89	118,29,268	0	118,29,268	25.98	14.09
Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8,28,428	75,145	9,03,573	2.81	9,44,648	1,09,774	10,54,422	2.32	(0.49)
ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh	18,57,597	1,39,000	19,96,597	6.22	18,78,880	5,34,049	24,12,929	5.30	(0.92)
Others(Specify)	98,457	600	99,057	0.31	1,52,459	0	1,52,459	0.33	0.02
Sub-total (B)(2)	**88,82,043**	**2,14,745**	**89,97,731**	**28.03**	**29,75,987**	**6,43,823**	**36,19,810**	**7.95**	(20.08)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**88,82,043**	**2,14,745**	**89,97,731**	**28.03**	**218,78,426**	**6,43,823**	**2,25,22,249**	49.47	21.44
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	**2,92,04,290**	**28,95,710**	**3,21,00,000**	**100**	**448,82,431**	**6,43,823**	**455,26,254**	100.00	0

ii. Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	Vupputuri Gopala Kishan Prasad	25,92,442	8.08	49.23	84,31,800	18.52	15.13	10.44
2	Koganti Vasumathi Devi	21,31,286	6.64	NIL	21,31,286	4.68	NIL	(1.96)
3	Vupputuri Vasantha Lakshmi	20,06,117	6.25	38.87	20,06,117	4.41	38.87	(1.84)
4	Vupputuri Raghu Ram	14,49,700	4.51	97.86	14,49,700	3.18	97.86	(1.33)
5	Vupputuri Indira Devi	13,26,902	4.13	62.85	13,26,902	2.92	62.85	(1.21)
6	Durga Rani Chunduri	14,94,100	4.65	NIL	14,94,100	3.28	NIL	(1.37)
7	Prasad Jagadish Athota	5,26,000	1.64	NIL	Nil	Nil	NIL	(1.64)
8	Chunduri Sinha Satyanand	1,17,700	0.37	NIL	1,17,700	0.26	NIL	(0.11)
9	IKF Infratech Private Limited	60,46,400	18.84	NIL	60,46,400	13.28	NIL	(5.56)
10	IKF Housing Finance (P) Ltd	26,31,600	8.20	NIL	Nil	Nil	Nil	(8.20)

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	**2,03,22,247**	**44.64**	**2,03,22,247**	**44.64**
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
10/04/2015 Increase due to Transfer	26,80,965	5.89	2,30,03,212	50.53
18/03/2016 Increase due to Transfer	793	0.00	2,30,04,005	50.53
At the End of the year	**2,03,22,247**	**63.3092**	**2,03,22,247**	**63.3092**

Name wise changes

		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
01.	Vupputuri Gopala Kishan Prasad				
	At the beginning of the year	25,92,442	5.69	25,92,442	5.69
	Increase due to transfer on 10.04.2015	26,80,965	5.89	52,73,407	11.58
	Increase due to transfer on 01.12.2015	5,26,000	1.16	57,99,407	12.74
	Increase due to transfer on 18.03.2016	793	0.001	58,00,200	12.74
	Increase due to transfer on 29.03.2016	26,31,600	5.78	84,31,800	18.52
	At the End of the year	84,31,800	18.52	84,31,800	18.52
02.	Satyanarayana Sinha Chunduri				
	At the beginning of the year	1,17,700	0.26	1,17,700	0.26
	No Change	0	0	0	0
	At the End of the year	1,17,700	0.26	1,17,700	0.26
03.	Jagadish Prasad Athota				
	At the beginning of the year	5,26,000	1.16	5,26,000	1.16
	Decrease due to transfer on 01.12.2015	(5,26,000)	(1.16)	0	0
	At the End of the year	0	0	0	0
04.	Vupputuri Indira Devi				
	At the beginning of the year	13,26,902	2.92	13,26,902	2.92
	No Change	0	0	0	0
	At the End of the year	13,26,902	2.92	13,26,902	2.92
05.	Vupputuri Vasantha Lakshmi				
	At the beginning of the year	20,06,117	4.41	20,06,117	4.41
	No Change	0	0	0	0
	At the End of the year	20,06,117	4.41	20,06,117	4.41
06.	Koganti Vasumathi Devi				
	At the beginning of the year	21,31,286	4.68	21,31,286	4.68
	No Change	0	0	0	0
	At the End of the year	21,31,286	4.68	21,31,286	4.68
07.	Durga Rani Chunduri				
	At the beginning of the year	14,94,100	3.28	14,94,100	3.28
	No Change	0	0	0	0
	At the End of the year	14,94,100	3.28	14,94,100	3.28
08.	Vupputuri Raghuram				
	At the beginning of the year	14,49,700	3.18	14,49,700	3.18
	No Change	0	0	0	0
	At the End of the year	14,49,700	3.18	14,49,700	3.18
09.	IKF Housing Finance Pvt Limited				
	At the beginning of the year	26,31,600	5.78	26,31,600	5.78
	Decrease due to transfer on 29.03.2016	(26,31,600)	(5.78)	0	0
	At the End of the year	0	0	0	0
10.	IKF Infratech Pvt Limited				
	At the beginning of the year	60,46,400	13.28	60,46,400	13.28
	No Change	0	0	0	0
	At the End of the year	60,46,400	13.28	60,46,400	13.28

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

S. No	For Each of the Top 10 Shareholders	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
01.	**India Business Excellence Fund - IIA**				
	At the beginning of the year	38,15,893	8.38	38,15,893	8.38
	Increase due to Transfer on 17-07-2015	80,13,375	17.60	1,18,29,268	25.98
	At the End of the year (or on the date of separation, if separated during the year)	1,18,29,268	25.98	1,18,29,268	25.98
02.	**IL AND FS Trust Company Ltd (Trustee Of Business Excellence Trust II - India Business**				
	At the beginning of the year	22,81,6680	5.01	22,81,6680	5.01
	Increase due to Transfer on 17-07-2015	47,91,503	10.52	70,73,171	15.54
	At the End of the year (or on the date of separation, if separated during the year)	47,91,503	10.52	70,73,171	15.54
03.	**Amit Bhutra**				
	At the beginning of the year	3,05,684	0.67	3,05,684	0.67
	No Change	0	0	0	0
	At the End of the year (or on the date of separation, if separated during the year)	3,05,684	0.67	3,05,684	0.67
04.	**Vupputuri Venkata Rao**				
	At the Beginning of the year	2,42,335	0.53	2,42,335	0.53
	No Change	0	0	0	0
	At the End of the year (or on the date of separation, if separated during the year)	2,42,335	0.53	2,42,335	0.53
05.	**Kodali Kishore Babu**				
	At the beginning of the year	2,27,700	0.50	2,27,700	0.50
	Decrease due to Transfer on 28-08-2015	(30,000)	(0.07)	1,97,700	0.43
	Decrease due to Transfer on 11-09-2015	(30,000)	(0.07)	1,67,700	0.37
	At the End of the year (or on the date of separation, if separated during the year)	1,67,700	0.37	1,67,700	0.37
06.	**Mundru Venkat Rao**				
	At the beginning of the year	1,10,425	0.24	1,10,425	0.24
	No Change	0	0	0	0
	At the End of the year (or on the date of separation, if separated during the year)	1,10,425	0.24	1,10,425	0.24
07.	**M Rama Rao**				
	At the beginning of the year	85,000	0.19	85,000	0.19
	Increase due to Transfer on 17-07-2015	37,445	0.08	1,22,445	0.27
	At the End of the year (or on the date of separation, if separated during the year)	1,22,445	0.27	1,22,445	0.27

08.	**J Krishna Prasad**				
	At the beginning of the year	82,200	0.18	82,200	0.18
	No Change	0	0	0	0
	At the End of the year (or on the date of separation, if separated during the year)	82,200	0.18	82,200	0.18
09.	**K Chakradhara Rao**				
	At the beginning of the year	65,000	0.14	65,000	0.14
	Increase due to Transfer on 17-07-2015	28,634	0.07	93,634	0.21
	At the End of the year (or on the date of separation, if separated during the year)	28,634	0.07	93,634	0.21
10.	**V Lakshmi Narayana**				
	At the beginning of the year	65,000	0.14	65,000	0.14
	Increase due to Transfer on 17-07-2015	28,634	0.07	93,634	0.21
	At the End of the year (or on the date of separation, if separated during the year)	28,634	0.07	93,634	0.21

v) Shareholding of Directors and Key Managerial Personnel:

S. No	For Each of the Director 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
01.	**Vupputuri Gopala Kishan Prasad**				
	At the beginning of the year	25,92,442	5.69	25,92,442	5.69
	Increase due to transfer on 10.04.2015	26,80,965	5.89	52,73,407	11.58
	Increase due to transfer on 01.12.2015	5,26,000	1.16	57,99,407	12.74
	Increase due to transfer on 18.03.2016	793	0.001	58,00,200	12.74
	Increase due to transfer on 29.03.2016	26,31,600	5.78	84,31,800	18.52
	At the End of the year	84,31,800	18.52	84,31,800	18.52
02.	**Satyanarayana Sinha Chunduri**				
	At the beginning of the year	1,17,700	0.26	1,17,700	0.26
	No Change	0	0	0	0
	At the End of the year	1,17,700	0.26	1,17,700	0.26
03.	**Jagadish Prasad Athota**				
	At the beginning of the year	5,26,000	1.16	5,26,000	1.16
	Decrease due to transfer on 01.12.2015	5,26,000	1.16	0	0
	At the End of the year	0	0	0	0
04.	**Vupputuri Indira Devi**				
	At the beginning of the year	13,26,902	2.92	13,26,902	2.92
	No Change	0	0	0	0
	At the End of the year	13,26,902	2.92	13,26,902	2.92
05.	**Vupputuri Vasantha Lakshmi**				
	At the beginning of the year	20,06,117	4.41	20,06,117	4.41
	No Change	0	0	0	0
	At the End of the year	20,06,117	4.41	20,06,117	4.41
06.	**Koganti Vasumathi Devi**				
	At the beginning of the year	21,31,286	4.68	21,31,286	4.68
	No Change	0	0	0	0
	At the End of the year	21,31,286	4.68	21,31,286	4.68
07.	**Ch.V.Rama Rao**				
	At the beginning of the year	0	0	0	0
	Increase due to transfer on 06.05.2016	48,645	0.11	48,645	0.11
	At the End of the year	48,645	0.11	48,645	0.11

IV. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	3359004306	248466797	0	**3607471103**
ii) Interest due but not paid	0	0	0	**0**
iii) Interest accrued but not due	6477751	0	0	**6477751**
Total (i+ii+iii)	***3365482057***	***248466797***	***0***	***3613948854***
Change in Indebtedness during the financial year				
- Addition	2960605248	61000000		**3021605248**
- Reduction	798269673	134002314		**932271987**
Net Change	***2162335575***	***-73002314***	***0***	***2089333261***
Indebtedness at the end of the financial year				
i) Principal Amount	5521339881	175464483	0	**5696804364**
ii) Interest due but not paid	0	0	**0**	**0**
iii) Interest accrued but not due	12278764	0	**0**	**12278764**
Total (i+ii+iii)	**5533618645**	**175464483**	**0**	**5709083128**

I. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(i) Gopala Kishan Prasad Vupputuri - Managing Director

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
01.	Gross salary	**VGK Prasad** Managing Director	**V.Indira Devi** Wholetime Director	**K Vasumati Devi** Executive Director	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40,50,000	27,00,000	27,00,000	90,50,000
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
02.	Stock Option	Nil	Nil	Nil	Nil
03.	Sweat Equity	Nil	Nil	Nil	Nil
04.	Commission	Nil	Nil	Nil	Nil
05.	Others, please specify	Nil	Nil	Nil	Nil
06.	Total (A)	40,50,000	27,00,000	27,00,000	90,50,000
	Ceiling as per the Act				1,74,98,211

B. Remuneration to other directors: *-- Not Applicable --*

***C.* Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD:**

Sl.No.	Particulars ofRemuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
01.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35,21,192	3,08,767	11,20,968	49,50,927
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
02.	Stock Option	Nil	Nil	Nil	Nil
03.	Sweat Equity	Nil	Nil	Nil	Nil
04.	Commission	Nil	Nil	Nil	Nil
05.	Others, please specify	Nil	Nil	Nil	Nil
06.	Total (A)	35,21,192	3,08,767	11,20,968	49,50,927

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)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board
IKF FINANCE LIMITED

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

Sd/-
(K.Vasumathi Devi)
Executive Director
DIN : 03161150

Place: Hyderabad
Date : 01-12-2016

Annexure-IV

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

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

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

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Particulars	Details
01.	Name (s) of the related party & nature of relationship	DFL Finance Limited
	Nature of contracts/arrangements/transaction	Interest receivced on Loan
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	2,219
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
02.	Name (s) of the related party & nature of relationship	V.India Devi
	Nature of contracts/arrangements/transaction	Staff Loan given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	41,88,953 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
03.	Name (s) of the related party & nature of relationship	K.Vasumathi Devi
	Nature of contracts/arrangements/transaction	Staff Loan given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	71,72,344 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
04.	Name (s) of the related party & nature of relationship	D.Vasantha Lakshmi
	Nature of contracts/arrangements/transaction	Staff Loan given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	42,51,022 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil

05.	Name (s) of the related party & nature of relationship	Ch.Venkata Rama Rao
	Nature of contracts/arrangements/transaction	Staff Loan given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	3,05,800 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
06.	Name (s) of the related party & nature of relationship	Oblike Infra Heights LLP
	Nature of contracts/arrangements/transaction	Business Loan Given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	3,27,00,000 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
07.	Name (s) of the related party & nature of relationship	Satyanarayana Prasad Kanaparthi
	Nature of contracts/arrangements/transaction	Management Consultancy services
	Duration of the contracts/arrangements/transaction	One Year
	Salient terms of the contracts or arrangements or transaction including the value, if any	1,00,000 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
08.	Name (s) of the related party & nature of relationship	Ch.Venkata Rama Rao
	Nature of contracts/arrangements/transaction	Salary Paid
	Duration of the contracts/arrangements/transaction	One Year
	Salient terms of the contracts or arrangements or transaction including the value, if any	2,76,000 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
09.	Name (s) of the related party & nature of relationship	DFL Finance Limited
	Nature of contracts/arrangements/transaction	Business Loan Given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	5,00,000 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
10.	Name (s) of the related party & nature of relationship	IKF Housing Finance (P) Limited
	Nature of contracts/arrangements/transaction	Unsecured Loan Received
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	10,81,91,215 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil

11.	Name (s) of the related party & nature of relationship	IKF Infratech (P) Limited
	Nature of contracts/arrangements/transaction	Unsecured Loan Given
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	8,98,96,132 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
12.	Name (s) of the related party & nature of relationship	K.P.Venkatesh
	Nature of contracts/arrangements/transaction	Salary Paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	35,21,192 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
13.	Name (s) of the related party & nature of relationship	S.Kiran Kumar
	Nature of contracts/arrangements/transaction	Salary Paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	11,20,968 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil
14.	Name (s) of the related party & nature of relationship	S.Shruthi
	Nature of contracts/arrangements/transaction	Salary Paid
	Duration of the contracts/arrangements/transaction	Not Applicable
	Salient terms of the contracts or arrangements or transaction including the value, if any	3,08,767 during the period
	Date of approval by the Board	25-11-2016
	Amount paid as advances, if any	Nil

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, 2016 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, ofthe 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

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

Place: Hyderabad
Date : 01-12-2016

INDEPENDENT AUDITOR'S REPORT

To the Members of IKF Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of IKF Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act")with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are freefrom material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Instituteof Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require thatwe comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2016, of its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

(a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(g) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

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

(i) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;

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

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
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants

Sd/-
per Shrawan Jalan
Partner
Membership No.: 102102

Mumbai
December 1, 2016

Annexure 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

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

(b) All fixed assets were physically verified by the management in the financial year 2013-14 in accordance with 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 deeds of immovable properties included in fixed assets are held in the name of the Company.

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

(iii) (a) The Company has granted loans to four companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans to four companies including loans to two companies which are re-payable on demand, covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/ receipts are regular. We are informed that the loans which are re-payable on demand have been repaid during the year and there has been no default on the part of the parties to whom the money had been lent.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested have been complied with by the Company. In our opinion and according to the information and explanations given to us, the Company has not made any investments and has not given loans /guarantees/ provided security to which the provisions of Section 186 apply and hence not commented upon.

(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 Act, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.
According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess 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, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which amount relates	Due Date	Deat of Payment
Income Tax Act, 1961	Tax deducted at source	30,000	April 2015	May 07, 2015	May 07, 2016

(b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues under	Amount (Rs.) dispute (Rs)	Amount Paid which its	Period to Payment relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	1,615,620	800,000	Assessment year 2011-12	The Income Tax Appellate Tribunal

* Excluding interest and penalty, as applicable.

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

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or 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 / provided 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 financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on 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 and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, 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.

(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's Registration Number: 301003E/E300005
Chartered Accountants

Sd/-
per Shrawan Jalan
Partner
Membership No.: 102102

Mumbai
December 1, 2016

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

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

To the Members of IKF Finance Limited

We have audited the internal financial controls over financial reporting of IKF Finance Limited ("the Company") as of March 31, 2016, 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Act, to the extent applicable to an audit of internal financial controls, both 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
per Shrawan Jalan
Partner
Membership No.: 102102

Mumbai
December 1, 2016

BALANCE SHEET AS AT 31-03-2016

(Amount in Rupees unless otherwise stated)

Particulars	Notes	31-03-2016	31-03-2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	45,52,62,540	32,10,00,000
Reserves and Surplus	4	1,07,56,54,193	48,44,58,200
		1,53,09,16,733	**80,54,58,200**
Share Application Money Pending Allotment		0	52,57,85,496
		0	**52,57,85,496**
Non-current Liabilities			
Long-term Borrowings	5	2,38,28,81,608	1,14,58,23,165
Deferred Tax Liabilities (Net)	6	31,93,214	96,62,443
Other Long-term Liabilities	7	1,45,76,611	1,02,52,628
Long-term provisions	8	3,95,47,034	2,21,73,057
		2,44,01,98,467	**1,18,79,11,293**
Current Liabilities			
Short-term Borrowings	9	2,27,74,96,811	1,66,05,74,193
Other Current Liabilities	10	1,18,23,69,858	92,02,28,357
Short-term Provisions	8	1,31,23,802	1,34,67,859
		3,47,29,90,471	**2,59,42,70,409**
Total		**7,44,41,05,671**	**5,11,34,25,398**
ASSETS			
Non-current Assets			
Fixed Assets:			
Tangible Assets	11	3,46,78,358	2,45,68,398
Intangible Assets	12	25,18,761	27,49,946
Capital work-in-progress		41,08,658	0
Long-term Loans and Advances	13	3,56,26,58,064	2,24,92,96,218
Other Non-current Assets	14	12,67,90,933	7,90,46,277
		3,73,07,54,774	**2,35,56,60,839**
Current Assets			
Trade Receivables	15	71,98,696	21,69,508
Cash and Bank Balances	16	56,81,42,020	75,36,30,279
Short-term Loans and Advances	13	2,99,57,95,311	1,91,68,68,281
Other Current Assets	14	14,22,14,870	8,50,96,491
		3,71,33,50,897	**2,75,77,64,559**
Total		**7,44,41,05,671**	**5,11,34,25,398**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report 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

Sd/-	Sd/-	Sd/-	Sd/-
per Shrawan Jalan	**(Ch.Sreenivasa Rao)**	**(V. G. K. Prasad)**	**(K.Vasumathi Devi)**
Partner	Company Secretary	Managing Director	Executive Director
Membership No: 102102		DIN: 01817992	DIN : 03161150

Place: Mumbai
Date : 01-12-2016

Place : Hyderabad
Date : 01-12-2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2016

(Amount in Rupees unless otherwise stated)

Particulars	Notes	31-03-2016	31-03-2015
Revenue from Operations	17	1,01,41,96,392	79,71,04,436
Other Income	18	24,54,014	14,43,135
Total Revenue (I)		**1,01,66,50,406**	**79,85,47,571**
Expenses:			
Employee benefits expenses	19	11,27,88,825	7,19,66,922
Finance cost	20	57,81,56,028	43,94,08,770
Other expenses	21	5,48,75,563	4,39,04,433
Depreciation and amoztization expenses	22	(5,59,930)	61,23,418
Provisions and write-offs	23	3,56,33,738	1,82,75,414
Total expenses (II)		**78,08,94,224**	**57,96,78,957**
Profit before tax (III)=(I)-(II)		**23,57,56,182**	**21,88,68,614**
Tax expenses			
Current tax		6,66,94,643	7,05,82,254
Deferred tax		(64,69,230)	1,73,703
Adjustment of tax relating to earlier periods		5,48,650	12,51,350
Total tax expense (IV)		**6,07,74,063**	**7,20,07,307**
Profit after tax (III)-(IV)		**17,49,82,119**	**14,68,61,307**
Earnings per equity share [Nominal value of share Rs.10 (March 31, 2015: Rs.10)]	24		
Basic (Computed on the basis of total profit for the year)		**3.96**	**4.58**
Diluted (Computed on the basis of total profit for the year)		**3.96**	**4.58**

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

As per our report even date
For S.R.BATLIBOI & CO. LLP
ICAI Firm registration number : 301003E/E300005
Chartered Accountants

Sd/-
per Shrawan Jalan
Partner
Membership No: 102102

Place: Mumbai
Date : 01-12-2016

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

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

Sd/-
(K.Vasumathi Devi)
Executive Director
DIN : 03161150

Sd/-
(Ch.Sreenivasa Rao)
Company Secretary

Place : Hyderabad
Date : 01-12-2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2016

(Amount in Rupees unless otherwise stated)

Particulars	31-03-2016	31-03-2015
Cash flow from operating activities		
Profit before tax	**235,756,182**	**218,868,614**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	(559,930)	6,123,418
Provision for employee benefits	783,590	67,691
Amortization of ancillary borrowing costs	19,232,958	8,675,000
Portfolio loans and other balances written off	12,573,448	5,703,543
Contingent provision against standard assets	17,107,806	4,835,789
Provision for non-performing assets	5,952,484	3,310,701
Operating profit before working capital changes	**290,846,538**	**247,584,756**
Movements in working capital :		
Increase / (decrease) in other current and non-current liabilities	8,153,393	131,742,500
Decrease / (increase) in trade receivables	(5,029,188)	(1,851,972)
Decrease / (increase) in loans and advances	(2,368,158,528)	(1,183,421,392)
Decrease / (increase) in other non-current assets	(40,338,614)	(12,448,946)
Decrease / (increase) in other current assets	(57,118,379)	(84,999,432)
Decrease / (increase) in Margin money deposit (net)	(10,200,351)	(62,951,000)
Cash generated from / (used in) operations	**(2,181,845,129)**	**(966,345,486)**
Direct taxes paid (net of refunds)	(110,761,051)	(84,481,164)
Net cash flow from / (used in) operating activities (A)	**(2,292,606,180)**	**(1,050,826,650)**
Cash flows from investing activities		
Purchase of fixed assets, including capital work in progress & capital advances	(13,427,500)	(14,244,778)
Net cash flow from / (used in) investing activities (B)	**(13,427,500)**	**(14,244,778)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including share application money)	24,690,918	525,785,496
Long-term borrowings (net)	1,495,370,533	1,527,194,019
Short-term borrowings (net)	616,922,618	(518,930,807)
Net cash flow from / (used in) financing activities (C)	**2,136,984,069**	**1,534,048,708**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(169,049,611)**	**468,977,279**
Cash and cash equivalents at the beginning of the year	594,900,279	125,923,000
Cash and cash equivalents at the end of the year (refer note 16)	**425,850,669**	**594,900,279**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report 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

Sd/-
per Shrawan Jalan
Partner
Membership No: 102102

Sd/-
(Ch.Sreenivasa Rao)
Company Secretary

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

Sd/-
(K.Vasumathi Devi)
Executive Director
DIN : 03161150

Place: Mumbai
Date : 01-12-2016

Place : Hyderabad
Date : 01-12-2016

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

03. Share capital	31-03-2016	31-03-2015
Authorized shares		
50,000,000 (March 31, 2015: 35,000,000) equity shares of Rs.10 each	500,000,000	350,000,000
Issued, subscribed and fully paid-up shares		
45,526,254 (March 31, 2015: 32,100,000) equity shares of Rs.10 each fully paid up	455,262,540	321,000,000
Total issued, subscribed and fully paid-up share capital	**455,262,540**	**321,000,000**

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

Equity shares

	31-03-2016		31-03-2015	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	32,100,000	321,000,000	32,100,000	321,000,000
Issued during the year	13,426,254	134,262,540	-	-
Outstanding at the end of the year	**45,526,254**	**455,262,540**	**32,100,000**	**321,000,000**

(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. Any 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) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs.10 each fully paid	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
Vupputuri Gopala Kishan Prasad	8,431,800	18.52%	5,273,407	16.43%
Koganti Vasumathi Devi	2,131,286	4.68%	2,131,286	6.64%
Vupputuri Vasantha Lakshmi	2,006,117	4.41%	2,006,117	6.25%
IKF Infratech (P) Limited	6,046,400	13.28%	6,046,400	18.84%
IKF Housing Finance (P) Limited	-	0.00%	2,631,600	8.20%
Indian Business Excellence Fund-IIA	11,829,268	25.98%	3,815,893	11.89%
Indian Business Excellence Fund-II	7,073,171	15.54%	2,281,668	7.11%

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.

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

04. Reserves and surplus	31-03-2016	31-03-2015
Securities premium account		
Balance as per the last financial statements	90,007,450	90,007,450
Add: Issued during the year	416,213,874	-
Closing Balance	**506,221,324**	**90,007,450**
Statutory reserve		
Balance as per the last financial statements	121,478,509	91,289,236
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	34,996,424	30,189,273
Closing Balance	**156,474,933**	**121,478,509**
General reserve		
Balance as per the last financial statements	27,678,230	20,130,912
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	8,749,106	7,547,318
Closing Balance	**36,427,336**	**27,678,230**
Surplus/ (deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	245,294,011	144,342,553
Less: Adjustment of carrying amount of the tangible assets in accordance with Schedule II of the Companies Act, 2013	-	(8,173,258)
Add: Profit for the year	174,982,119	146,861,307
Less: Transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(34,996,424)	(30,189,273)
Less: Transfer to General Reserve	(8,749,106)	(7,547,318)
Net surplus/ (deficit) in the statement of profit and loss	**376,530,600**	**245,294,011**
Total reserves and surplus	**1,075,654,193**	**484,458,200**

05. Long-term borrowings	Non Current portion		Current maturities	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Term loans				
Indian rupee loan from banks (secured)	1,995,115,532	892,316,145	699,384,063	335,978,879
Indian rupee loan from financial institutions (secured)	118,437,543	37,369,543	48,932,000	27,632,000
Indian rupee loan from non banking financial companies (secured)	269,328,533	216,137,477	288,109,882	378,544,886
Other loans and advances				
Non Convertible Debentures	-	-	-	35,958,089
	2,382,881,608	**1,145,823,165**	**1,036,425,945**	**778,113,854**
The above amount includes				
Secured borrowings	2,382,881,608	1,145,823,165	1,036,425,945	778,113,854
Amount disclosed under the head "other current liabilities" (note 10)	-	-	(1,036,425,945)	(778,113,854)
Net amount	**2,382,881,608**	**1,145,823,165**	-	-

Nature of security

Term Loans from banks, financial institutions and NBFCs 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.

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

05. Long-term borrowings (Contd.)

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2016

		Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		
Original maturity of loan	**Interest rate**	**No. of instalments**	**Amount (in Rupees)**	**No. of instalments**	**Amount (in Rupees)**	**No.of instalments**	**Amount (in Rupees)**	**Total**
Monthly repayment schedule								
1-7 Yrs	9.01%-9.50%	12	578,170	48	2,935,263	19	1,499,778	5,013,211
	9.51%-11.00%	24	53,150,203	51	197,155,720	-	-	250,305,923
	11.01%-12.00%	36	113,323,758	84	307,514,609	-	-	420,838,367
	12.01%-12.50%	54	158,761,026	76	233,123,290	-	-	391,884,316
	12.51%-14.00%	95	205,106,550	52	70,865,948	-	-	275,972,497
Quarterly repayment schedule								
1-5 Yrs	9.51%-10.00%	7	212,500,000	25	890,625,000	-	-	1,103,125,000
	10.01%-10.50%	40	293,006,239	86	679,162,000	-	-	972,168,239
Bullet repayment schedule								
1-14 Yrs	12.00%-14.00%	-	-	-	-	-	-	-
Total			**1,036,425,945**		**2,381,381,830**		**1,499,778**	**3,419,307,553**

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2015

		Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		
Original maturity of loan	**Interest rate**	**No. of instalments**	**Amount (in Rupees)**	**No. of instalments**	**Amount (in Rupees)**	**No.of instalments**	**Amount (in Rupees)**	**Total**
Monthly repayment schedule								
1-5 Yrs	9.51%-11.00%	12	114,976	27	305,923	-	-	420,898
	11.01%-12.00%	12	48,161,633	37	201,838,367	-	-	250,000,000
	12.01%-12.50%	48	142,398,807	96	230,863,853	-	-	373,262,660
	12.51%-14.00%	136	379,603,348	108	214,692,023	-	-	594,295,372
Quarterly repayment schedule								
1-5 Yrs	11.01%-12.00%	3	46,875,000	14	23,125,000	-	-	70,000,000
	12.01%-12.50%	28	115,331,762	75	484,668,238	-	-	600,000,000
Bullet repayment schedule								
1-14 Yrs	12.00%-14.00%	128	35,958,089	-	-	-	-	35,958,089
Total			**768,443,615**		**1,155,493,404**		**-**	**1,923,937,019**

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

06. Deferred tax liabilities	31-03-2016	31-03-2015
Deferred tax liabilities		
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	44,335	9,662,443
Impact of amortisation of anciallary borrowing cost	21,472,944	-
Gross deferred tax liabilities	**21,517,279**	**9,662,443**
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	792,608	-
Impact of provision for standard and non performing assets	17,201,742	-
Others	329,715	-
Gross deferred tax assets	**18,324,065**	**-**
Net deferred tax liabilities	**3,193,214**	**9,662,443**

07. Other non-current liabilities	31-03-2016	31-03-2015
Deposit from franchisees	13,560,577	4,087,555
Unamortised gain on securitisation / Assignment	1,016,034	6,165,073
	14,576,611	**10,252,628**

	Non-Current		Current	
08. Provisions	**31-03-2016**	**31-03-2015**	**31-03-2016**	**31-03-2015**
Provision for employee benefits				
Provision for gratuity (refer note 30)	2,290,246	2,182,720	-	-
Provision for leave benefits	-	-	676,064	-
	2,290,246	**2,182,720**	**676,064**	**-**
Other provisions				
Provision for taxation (net of advance tax)	-	-	-	6,813,960
Contingent provision against standard assets (refer note 31)	21,292,711	9,978,745	12,447,738	6,653,899
Provision for non-performing assets (refer note 31)	15,964,077	10,011,592	-	-
	37,256,788	**19,990,337**	**12,447,738**	**13,467,859**
	39,547,034	**22,173,057**	**13,123,802**	**13,467,859**

09. Short-term borrowings	31-03-2016	31-03-2015
Loan repayable on demand		
Cash credit from banks	2,102,032,328	1,435,706,580
Other loans and advances		
Commercial paper	144,232,633	224,054,342
Interest free loan and advances from related parties (refer note 27)	31,231,850	813,271
	2,277,496,811	**1,660,574,193**
The above amount includes		
Secured borrowings	2,102,032,328	1,435,706,580

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.

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

10. Other current liabilities	31-03-2016	31-03-2015
Employee benefits payable	6,729,470	1,743,734
Payable towards securitisation / assignment transactions	84,521,300	73,526,866
Expenses payable	150,005	271,907
Other payable	32,510,377	44,808,080
Unamortised gain on securitisation / assignment	5,149,039	7,482,350
Statutory dues payable	4,604,958	3,643,107
Other liabilities		
Current maturities of long term borrowings (refer note 6)	1,036,425,945	778,113,854
Interest accrued but not due on borrowings	12,278,764	10,638,459
	1,182,369,858	**920,228,357**

11. Tangible assets	Building	Furniture and Fixtures	Computers	Office Equipments	Vehicles	Total
Gross Block						
At April 1, 2014	1,071,722	33,247,615	5,293,562	952,149	2,525,493	43,090,541
Additions	-	10,750,063	2,260,126	-	19,600	13,029,789
Disposals	-	(1,396,284)	(628,506)	-	(45,489)	(2,070,279)
At March 31, 2015	**1,071,722**	**42,601,394**	**6,925,182**	**952,149**	**2,499,604**	**54,050,051**
Additions	-	1,818,072	1,345,450	169,355	5,744,268	9,077,145
Disposals	-	-	-	-	-	-
At March 31, 2016	**1,071,722**	**44,419,466**	**8,270,632**	**1,121,504**	**8,243,872**	**63,127,196**
Depreciation						
At April 1, 2014	305,876	13,216,763	3,119,455	366,921	1,291,832	18,300,847
Charge for the year	33,502	11,310,823	1,314,858	241,766	350,136	13,251,085
Disposals	-	(1,396,284)	(628,506)	-	(45,489)	(2,070,279)
At March 31, 2015	**339,378**	**23,131,302**	**3,805,807**	**608,687**	**1,596,479**	**29,481,653**
Charge for the year#	8,765	(2,849,115)	1,516,179	(4,831)	296,188	(1,032,814)
At March 31, 2016	**348,143**	**20,282,187**	**5,321,986**	**603,856**	**1,892,667**	**28,448,839**
Net Block						
At March 31, 2015	**732,344**	**19,470,092**	**3,119,375**	**343,462**	**903,125**	**24,568,398**
At March 31, 2016	**723,579**	**24,137,279**	**2,948,646**	**517,648**	**6,351,205**	**34,678,358**

All assets have been recognized at cost

12. Intangible assets	Computer software	Total
Gross block		
At April 1, 2014	3,802,638	3,802,638
Addition	1,214,994	1,214,994
At March 31, 2015	**5,017,632**	**5,017,632**
Addition	241,699	241,699
Disposals	-	-
At March 31, 2016	**5,259,331**	**5,259,331**
Depreciation		
At April 1, 2014	1,222,095	1,222,095
Charge for the year	1,045,591	1,045,591
At March 31, 2015	**2,267,686**	**2,267,686**
Charge for the year #	472,884	472,884
At March 31, 2016	**2,740,570**	**2,740,570**
Net block		
At March 31, 2015	**2,749,946**	**2,749,946**
At March 31, 2016	**2,518,761**	**2,518,761**

Depreciation charge for the year includes the reversal of excess depreciation charged during perivious years aggregating Rs.8,557,526.

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

	Non-current		Current	
13. Loans and advances	**31-03-2016**	**31-03-2015**	**31-03-2016**	**31-03-2015**
A. Portfolio Loans				
Secured, considered good*	3,391,674,414	2,189,938,000	2,957,804,428	1,907,103,035
Secured, considered doubtful**	110,546,520	39,453,569	-	-
Loan and advances to related parties (refer note 27)	-	-	30,000,000	-
(A)	**3,502,220,934**	**2,229,391,569**	**2,987,804,428**	**1,907,103,035**

* 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. Security deposits				
Unsecured, considered good	12,504,556	13,013,500	-	3,174,348
(B)	**12,504,556**	**13,013,500**	**-**	**3,174,348**
C. Other loans and advances (unsecured, considered good)				
Advance income tax (net of provision)	37,252,446	548,650	-	-
CENVAT input credit	10,680,128	6,342,499	-	-
Employee loans	-	-	4,553,701	4,624,988
Others Receivables	-	-	3,437,182	1,965,910
(C)	**47,932,574**	**6,891,149**	**7,990,883**	**6,590,898**
Total (A+B+C)	**3,562,658,064**	**2,249,296,218**	**2,995,795,311**	**1,916,868,281**

Loans and advances due by officers, etc.	**Non-current**		**Current**	
	31-03-2016	**31-03-2015**	**31-03-2016**	**31-03-2015**
Security deposits include				
Dues from officers	8,849,800	8,849,800	-	-

14. Other assets	**Non-current**		**Current**	
	31-03-2016	**31-03-2015**	**31-03-2016**	**31-03-2015**
Non-current bank balances (refere note 16)	89,504,000	62,865,000	-	-
Interest accrued but not due on portfolio loans	-	-	54,283,397	-
Interest accrued and due on portfolio loans	-	-	42,782,910	44,004,422
Interest accrued but not due on deposits placed with banks	1,360,308	1,958,710	9,328,731	13,005,902
Unamortised ancillary cost of borrowings	35,926,625	14,222,567	22,574,140	10,115,800
Other-unsecured, considered good	-	-	13,245,692	17,970,367
	126,790,933	**79,046,277**	**142,214,870**	**85,096,491**

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

15. Trade receivables	Current 31-03-2016	Current 31-03-2015
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	7,198,696	2,169,508
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
	7,198,696	**2,169,508**

16. Cash and bank balances	Non-current 31-03-2016	Non-current 31-03-2015	Current 31-03-2016	Current 31-03-2015
Cash and cash equivalents				
Balances with banks				
On current accounts	-	-	403,732,949	583,330,398
Cash on hand	-	-	22,117,720	11,569,881
	-	**-**	**425,850,669**	**594,900,279**
Other bank balances				
Margin money deposit (refer note below)	89,504,000	62,865,000	142,291,351	158,730,000
	89,504,000	**62,865,000**	**142,291,351**	**158,730,000**
Amount disclosed under non-current assets (refer note 14)	**(89,504,000)**	**(62,865,000)**		
	-	**-**	**568,142,020**	**753,630,279**

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

17. Revenue from operations	31-03-2016	31-03-2015
Interest income on portfolio loans (refer note 25)	909,252,723	737,328,935
Excess interest spread on securitization / income from assignment	66,192,904	32,098,312
Other operating revenue		
Fee and other charges	6,934,037	4,639,623
Income from alliance partner arrangement	10,834,269	7,556,219
Interest on margin money deposits*	20,982,459	15,481,346
	1,014,196,392	**797,104,436**

* 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.

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

18. Other income	**31-03-2016**	**31-03-2015**
Other fee income	1,380,860	621,039
Rental Income	737,295	694,200
Miscellaneous income	335,859	127,896
	2,454,014	**1,443,135**

19. Employee benefit expenses	**31-03-2016**	**31-03-2015**
Salaries and bonus / incentives (refer note 25)	107,530,864	70,055,241
Contribution to provident fund (refer note 25)	1,944,897	572,151
Contribution to Employee State Insurance Corporation (refer note 25)	745,731	552,300
Leave benefits	676,064	-
Gratuity expenses (refer note 30)	107,526	67,691
Staff welfare expenses	1,783,743	719,539
	112,788,825	**71,966,922**

20. Finance costs	**31-03-2016**	**31-03-2015**
Interest		
On term loans from banks (refer note 25)	179,521,651	29,566,993
On term loans from financial institutions	9,143,202	5,726,498
On term loans from non banking financial companies	68,323,707	68,429,154
On bank overdraft facility	241,660,368	292,288,185
On debentures	4,908,603	5,208,666
On commercial paper	26,682,831	4,037,637
On shortfall in payment of advance income tax	2,607,495	2,842,460
Other finance costs	38,479,973	26,274,558
Bank charges	6,828,198	5,034,619
	578,156,028	**439,408,770**

21. Other expenses	**31-03-2016**	**31-03-2015**
Rent (refer note 25)	18,171,622	11,877,261
Rates and taxes (refer note 25)	558,344	596,278
Insurance	32,346	54,110
Repairs and maintenance	1,160,793	921,129
Electricity charges (refer note 25)	2,349,399	1,869,116
Travelling and conveyance	5,746,536	4,986,665
Communication expenses	4,991,500	4,767,758
Printing and stationery	1,178,106	971,821
Legal and professional fees	8,191,232	8,277,488
Auditors' remuneration (refer details below)	850,000	125,000
CSR expenditure	-	2,766,000
Miscellaneous expenses (refer note 25)	11,645,685	6,691,807
	54,875,563	**43,904,433**

Notes to financial statements for the year ended March 31, 2016

(Amount in Rupees unless otherwise stated)

Payment to auditors	31-03-2016	31-03-2015
As auditor:		
Audit fee	850,000	100,000
Tax audit fee	-	25,000
	850,000	**125,000**

22. Depreciation and amortization expense	31-03-2016	31-03-2015
Depreciation of tangible assets	(1,032,814)	5,077,827
Amortization of intangible assets	472,884	1,045,591
	(559,930)	**6,123,418**

23. Provisions and write-offs	31-03-2016	31-03-2015
Contingent provision against standard assets (refer note 31)	17,107,806	4,835,789
Provision for non-performing assets (refer note 31)	5,952,484	3,310,701
Portfolio loans and other balances written off	12,573,448	5,703,543
Loss on assignment transactions	-	4,425,381
	35,633,738	**18,275,414**

24. Earnings per share (EPS)	31-03-2016	31-03-2015
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic EPS	174,982,119	146,861,307
Net profit for calculation of diluted EPS	174,982,119	146,861,307
Weighted average number of equity shares in calculating basic EPS	44,242,323	32,100,000
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	44,242,323	32,100,000
Earnings per Share :		
Basic (Rs.)	3.96	4.58
Diluted (Rs.)	3.96	4.58

[Nominal value of shares Rs. 10 each (Previous Year : Rs. 10)]

Notes to financial statements for the year ended March 31, 2016

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 togetherwith rule 7 of the Companies (Accounts) Rules, 2014andthe 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 recognised 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 recognised under the internal rate of return method. Income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.

ii. Interest income on deposits with banks is recognised 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 amortised over the life of the underlying loan portfolio / securitiesand any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss net of any losses when redeemed in cash. 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 recognised on realisation basis.

v. All other income is recognised on an accrual basis.

c. Tangible fixed assets

All tangible assetsare 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.

e. Intangible assets

Software expenditure is capitalized in accordance with AS-26 "Intangible Assets" notified by the Companies (Accounting Standards) Rules, 2006 (as amended). Computer Softwareis amortized on a straight line method over 6 years which is as per the useful life of the assets estimated by the management.

f. Impairment

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. Leases (where the Company is the lessee)

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

h. Borrowing costs

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

i. 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 an 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 utilised 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.

j. 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 recognised directly in equity is recognised 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 recognised directly in equity is recognised in equity and not in the statement of profit and loss.

iii) Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised 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 realised. 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.

k. 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.

l. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are 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.

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

n. 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.

o. 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 12months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised / settled within12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as noncurrent.'

p. **Classification of loan portfolio**

Portfolio loans are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue upto5 months
Non-performing assets	
Sub-standard assets	Overdue for more than 5 months and upto16 months
Doubtful assets	Overdue for more than 16 months and above
Loss assets	a) An asset which has been identified as loss asset by the Company or it's internal or external auditor. 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.

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

q. Provisioning policy for Loan portfolio

Provisioning policy for loan portfolio:

Asset Classification	Arrear period	Provisioning percentage
Standard assets	Upto5 months	0.40%
Sub-standard assets	Overdue for more than 5 months and upto16 months	10%
Doubtful assets	Overdue for more than 16 months and upto28 months Overdue for more than 28 months and upto40 months Overdue for more than 40months and upto52 months Overdue for more than 52months and above	30% 50% 75% 100%
Loss assets	As identified by the Company or it'sinternal / external auditors and loans with potential threat of non-recoverability	Written off

25. Prior period items

The prior period items for the year ended March 31, 2016 are as follows:

Particulars	March 31, 2016	Refer note
Interest income on portfolio loans	36,526,971	Note 17
Interest on term loans from banks	(3,082,607)	Note 20
Salaries and bonus / incentives	(2,922,556)	Note 19
Contribution to provident fund	(71,708)	Note 19
Contribution to Employee State Insurance Corporation	(35,962)	Note 19
Other expenses		
- Rent	(958,575)	Note 21
- Rates and taxes	(112,023)	Note 21
- Electricity charges	(94,876)	Note 21
- Miscellaneous expenses	(111,012)	Note 21
Total	**29,137,652**	

26. Segment information

The Company operates in a single businesssegment 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. 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, 2016.

Key management personnel	Mr. V G K Prasad - Managing Director Mrs. V Indira Devi – Director Mrs.KVasumathi Devi – Director
Relative of key management personnel	Mrs. D Vasantha Lakshmi
Enterpriseshavinga significant influence	Indian Business Excellence Fund-IIA Indian Business Excellence Fund-II
Enterprisessignificantly influenced by key management personnel or their relatives	IKF Housing Finance Private Limited (formerly known as IKF Financial Services Private Limited) IKF Infratech Private Limited

Related party transactions during the year:

Name of related party	Nature of transaction	Transaction value for the year ended 31-03-2016	Outstanding amount as at 31-03-2016	Transaction value for the year ended 31-03-2015	Outstanding amount as at 31-03-2015
Key management personnel					
Mr. V G K Prasad	Rent paid	1,680,000	-	1,500,000	-
	Director's remuneration	4,050,000	-	3,150,000	-
	Rent deposit given	-	5,000,000	-	5,000,000
	Unsecured loan received	213,026,565	(29,125,982)	98,520,745	(813,271)
Mrs. V Indira Devi	Rent paid	3,600,000	-	2,700,000	-
	Director's remuneration	2,700,000	-	2,100,000	-
	Staff Loan given	4,188,953	-		
	Rent deposit given	-	3,849,800	-	3,849,800
Mrs.KVasumathi Devi	Director's remuneration	2,700,000	(56,607)	2,100,000	(180,747)
	Unsecured loan received	7,172,344	-	2,300,000	-
Relatives of key management personnel					
Mrs. D Vasantha Lakshmi	Salary	2,700,000	(173,008)	2,100,000	(179,874)
	Staff Loan given	4,251,022	-	-	-
Enterprisessignificantly influenced by key management personnel or their relatives					
IKF Housing Finance (P) Ltd	Unsecured loan received	108,191,215	-	61,773,799	-
IKF Infratech (P) Limited	Unsecured loan received	89,896,132	(2,105,869)	4,243,000	-
Enterpriseshaving a significant influence					
Indian Business Excellence Fund-IIA	Proceeds from issue of share capital	328,548,375	-	156,451,613	-
Indian Business Excellence Fund-II	Proceeds from issue of share capital	196,451,623	-	93,548,388	-

25. Capital and other commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided:

Particulars	March 31, 2016	March 31, 2015
For purchase of fixed assets	1,657,584	-

26. Contingent liabilities not provided for

Particulars	March 31, 2016	March 31, 2015
Credit enhancements provided by the Company towards securitization (including cash collaterals, principal and interest subordination)	216,833,631	299,140,788
Performance security provided by the Company towards advance partner arrangement / business correspondent agreement	35,581,744	6,219,000
Unfructified tax liabilities not acknowledged as debt by the Company	11,731,972	1,398,000

27. Retirement 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.1,000,000 as per The Payment of Gratuity Act, 1972.

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

Statement of profit and loss

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	663,560	485,687
Interest cost on benefit obligation	170,252	129,001
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	(726,286)	155,093
Net employee benefit expense	107,526	769,781
Actuary return on plan assets*	-	-

* Represents expected return as determined by the actuary for financial year 2015-16.

Balance Sheet

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Defined benefit obligation	2,290,246	2,182,720
Fair value of plan assets	-	-
Plan liability	**2,290,246**	**2,182,720**

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

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	2,182,720	1,412,939
Interest cost	170,252	129,001
Current service cost	663,560	485,687
Actuarial (gains) / losses on obligation	(726,286)	155,093
Benefits paid	-	-
Closing defined benefit obligation	**2,290,246**	**2,182,720**

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

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	-	-

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Discount rate	7.90%	7.80%
Expected rate of return on assets	-	-
Salary escalation rate per annum	6.00%	6.00%
Employee turnover rate	2.00%	2.00%

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

Particulars	Gratuity				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Defined benefit obligation	2,290,246	2,182,720	2,115,029	2,115,029	1,325,000
Plan assets	-	-	-	-	-
Surplus / (deficit)	(2,290,246)	(2,182,720)	(2,115,029)	(2,115,029)	(1,325,000)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

31. Loan portfolio and provision for standard and non-performing assets as at March 31, 2016:

(Amount in Rupees)

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2015	Provision made during the year	Provision written back during the year	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
Standard assets	6,379,478,843	4,097,041,035	16,632,643	21,608,612	4,500,806	33,740,449	6,345,738,394	4,080,408,392
Sub-standard assets	100,953,551	29,504,763	2,950,476	10,645,967	2,482,393	11,114,050	89,839,500	26,554,287
Doubtful assets	9,592,969	9,948,806	7,061,116	-588,529	1,622,560	4,850,027	4,742,943	2,887,690
Total	**6,490,025,363**	**4,136,494,604**	**26,644,235**	**31,666,050**	**8,605,759**	**49,704,526**	**6,440,320,837**	**4,109,850,369**

Loan portfolio and provision for standard and non-performing assets as at March 31, 2015:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at 31-03-2015	As at 31-03-2014	As at 31-03-2014	Provision made during the year	Provision written back during the year	As at 31-03-2015	As at 31-03-2015	As at 31-03-2014
Standard assets	4,097,041,035	2,958,198,099	11,797,392	8,707,663	3,871,874	16,632,643	4,080,408,392	2,946,401,245
Sub-standard assets	29,504,763	25,137,051	2,513,705	2,215,776	1,778,987	2,950,476	26,554,287	22,623,364
Doubtful assets	9,948,806	4,563,261	4,190,234	3,874,256	1,000,916	7,061,116	2,887,690	375,485
Total	**4,136,494,604**	**2,987,898,411**	**18,501,331**	**14,797,695**	**6,651,777**	**26,644,235**	**4,109,850,369**	**2,969,400,094**

32. Leases (operating lease)

Office Premises:

Head office, registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term ranging from one year to eleven years with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The registered office, regional offices premises have been obtained on a lease term ranging from three to nine years with an 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, 2016	March 31, 2015
Operating lease expenses recognised in the statement of profit and loss	18,171,622	11,877,261
Minimum lease obligations		
Not later than one year	8,011,930	6,554,600
Later than one year but not later than five years	25,177,353	26,673,780
More than five years	-	3,194,400

33. The Company has certain litigations pending with income tax authorities, and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities, where applicable in thefinancial statements. Refer note 29 for further details.

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, 2016	Year ended March 31, 2015
Amount involved	-	-
Amount recovered	-	-
Amount written off/provided	-	-
Balance	-	-

35. Restructured advances

There are no restructured advances as on March 31, 2016, hence disclosure of information as required in terms of Sub-Para 9 of Paragraph 20B of the Prudential Norms is not required.

36. CSR expenses

The Company has not made any contribution towards CSR activities during the current year. (Previous year: Rs.2,766,000)

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, 2016, 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, 2016	March 31, 2015
i) CRAR (%)	21.25%	16.40%
ii) CRAR – Tier I Capital (%)	21.25%	16.01%
iii) CRAR – Tier II Capital (%)	0.00%	0.39%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

b. Investments:

The Company has not made any investments in the current and previous year.

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 Securitisation:

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

(Rupees in crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total number of loans securitised	1,567	1,532
Total book value of loans securitised	37.99	43.92
Total book value of loans securitised including loans placed as collateral	41.69	48.49
Sale consideration received for loans securitised	37.99	43.92
Excess interest spread recognised in the statement of profit and loss	4.29	2.88

Particulars	As at March 31, 2016	As at March 31, 2015
Credit enhancements provided and outstanding (Gross):		
Interest subordination	7.23	7.26
Principal subordination	9.66	11.67
Cash collateral	4.80	13.54

(Rupees in crore)

Sr. No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
1.	Number of SPVs sponsored by the NBFC for securitisation transactions during the year	4	6
2.	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet:	62.48	74.08
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	9.66	11.67
	-Others	-	-
4.	Amount of exposures to other than MRR:		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	-First loss	-	-
	-Others	-	-
	ii) Exposure to third party securitisations		
	-First loss	-	-
	-Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	-First loss	4.80	13.54
	-Others	-	-
	ii) Exposure to third party securitisations		
	-First loss	-	-
	-Others	-	-

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

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

f. Details of assignment transactions undertaken:

(Rupees in crore)

Particulars	March 31, 2016	March 31, 2015
Number of accounts	962	1,004
Aggregate value (net of provision) of accounts sold	32.95	24.65
Aggregate consideration	32.95	26.35
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain or loss over net book value	-	1.70

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, 2016:

(Rupees in crore)

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*	67.50	18.88	20.89	72.28	119.22	290.09	58.49	0.04	**647.40**
Investments	-	-	-	-	-	-	-	-	-
Borrowings	8.21	7.11	10.35	28.38	273.24	176.50	61.63	0.14	**566.55**
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

**net of provision on NPA*

Maturity pattern of certain Assets and Liabilities as on March 31, 2015:

(Rupees in crore)

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*	31.93	26.42	13.71	35.96	84.01	205.68	14.94	0.00	**412.65**
Investments	-	-	-	-	-	-	-	-	-
Borrowings	25.54	21.14	25.65	28.76	82.44	143.65	31.77	0.00	**358.95**
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

**net of provision on NPA*

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 13 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. Ministry of Corporate Affairs
ii. Ministry of Finance (Financial Intelligence Unit)

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:

(Rupees in crore)

Instrument	Date of rating	Rating assigned	Valid up to	Borrowing limit or conditions imposed by rating agency, if any
CARE Ratings				
Long term working capital facilities	10-Oct-15	CARE A-	09-Oct-16	425
Long-term facilities bank loan	10-Oct-15	CARE A-	09-Oct-16	276
Short term bank loan facilities	10-Oct-15	CARE A2+	09-Oct-16	14
Non-Convertible Debentures (NCD)	10-Oct-15	CARE A-	09-Oct-16	3.5
Proposed Non-Convertible Debentures (NCD)	10-Oct-15	CARE A-	09-Oct-16	25
Commercial Paper Backed by stand by letter of credit (SBLC)	10-Oct-15	Provisional CARE A1+ (SO)	09-Oct-16	72
Proposed Commercial Paper	01-Mar-16	CARE A2+	28-Feb-17	25
Brickwork Ratings				
Long term bank loan facilities	04-Nov-15	BWR A	03-Nov-16	185
Long term cash credit facilities	04-Nov-15	BWR A	03-Nov-16	425
Short term bank loan facilities	04-Nov-15	BWR A2+	03-Nov-16	25
Non-fund based bank guarantee	04-Nov-15	BWR A2+	03-Nov-16	15
Commercial Paper	04-Nov-15	BWR A2+	03-Nov-16	20
Proposed Subordinated Non-Convertible Debentures (Sub Debt)	31-Mar-16	BWR A	30-Mar-17	100

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

(Rupees in crore)

Particulars	March 31, 2016	March 31, 2015
Provisions for depreciation on investments	-	-
Provision made towards income tax	6.67	7.06
Provision towards non-performing assets	0.60	0.33
Provision for standard assets	1.71	0.48
Provision for gratuity	0.01	0.01
Provision for leave benefits	0.07	-

n. Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2016 (previous year: Nil).

o. Concentration of Advances, Exposures and NPAs:

(Rupees in crore)

Particulars	March 31, 2016	March 31, 2015
Concentration of Advances		
Total advances to twenty largest borrowers	53.68	30.60
(%) of advances to twenty largest borrowers to total advances	8.27%	7.32%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	53.87	30.60
(%) of exposure to twenty largest borrowers/customers to total exposure	8.25%	7.32%
Concentration of NPAs		
Total exposure to top four NPA accounts	0.62	0.21

p. Sector-wise NPAs*

Sector	(%) of NPAs to total advances in that sector as at March 31, 2016	(%) of NPAs to total advances in that sector as at March 31, 2015
Agriculture and allied activities	1.86%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	1.87%	1.05%
Other personal loans	3.16%	1.91%

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

q. Movement of NPAs

(Rupees in crore)

Particulars	March 31, 2016	March 31, 2015
(i) Net NPAs to Net Advances (%)	**1.48%**	**0.72%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**3.95**	**2.98**
(b) Additions during the year	10.23	3.03
(c) Reductions during the year (incl. loans written off)	3.12	2.06
(d) Closing balance	**11.06**	**3.95**
(iii) Movement of Net NPAs		
(a) Opening balance	**2.95**	**2.30**
(b) Additions during the year	9.22	2.43
(c) Reductions during the year	2.71	1.78
(d) Closing balance	**9.46**	**2.95**
(iv) Movement of provisions for NPAs		
(a) Opening balance	**1.00**	**0.68**
(b) Provisions made during the year	1.01	0.60
(c) Write-off / write-back of excess provisions	0.41	0.28
(d) Closing balance	**1.60**	**1.00**

r. Disclosure of Customer Complaints*

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(i) Number of complaints pending at the beginning of the year	0	0
(ii) Number of complaints received during the year	33	24
(iii) Number of complaints redressed during the year	32	24
(iv) Number of complaints pending at the end of the year	1	0

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

The Company has a Customer Grievance Redressal Mechanism to register their complaints and for the Company to monitor and redress them.

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 in the current and previous year which are required to be consolidated as per accounting norms. Also there are no outstanding investments from earlier years.

39. The Company does not have any outstanding loan against gold jewellery as at March 31, 2016 (Previous year: Nil)

40. Previous year figures have been audited by another firm of Chartered Accountants.

41. Previous year's figures have been regrouped where necessary to conform to this year's classification.

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

Sd/-	**Sd/-**	**Sd/-**
(V.G.K Prasad)	**(K.Vasumathi Devi)**	**(Ch. Sreenivasa Rao)**
Managing Director	Executive Director	Company Secretary

ATTENDANCE SLIP

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

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

D.P.Id	
Client Id / Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.
I hereby record my presence at the 25th Annual General Meeting of the Company at the Registered Office of the Company, Vijayawada - 520 010, on Friday, 30th December, 2016 at 4:30 p.m.

____
SIGNATURE

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

PROXY FORM

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

IKF FINANCE LIMITED

CIN : 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. / Clinent 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 25th Annual General Meeting of the Company, to be held at Registered Office of the Company, Vijayawada-520 010 on Friday, 30th December, 2016 at 4:30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Item No.	Resolutions	For	Against
1	To receive, consider and adopt the audited balance sheet as at 31st March, 2016 and the statement of profit and loss for the year ended on that date together with Cash Flow Statements, Auditors' report and the Board Report thereon.		
2	To Re-appoint Mr. Sinha S Chunduri (DIN: 03644504) as the Director of the Company.		

Item No.	Resolutions	For	Against
3	To Re-appoint Mr. Prasad Jagadish Athota (DIN: 03618655) as the Director of the Company.		
4	To ratify the continuation of the Statutory Auditors M/s. S.R.Batliboi & Co., LLP. Chartered Accountants are eligible for continuing appointment.		
5	To enhance the Borrowing Powers of the Company from Rs.1000 crores to Rs. 1500 crores.		
6	To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.		
7	Authorization to issue of Non Convertible Debentures (NCD)/Bondson Private Placement Basis.		

Signed this .... day of .... 2016 Signature shareholder : ....

Affix a
1 Rupee
Reevenue
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.

25th Annual General Meeting – Friday, 30th December, 2016

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	To receive, consider and adopt the audited balance sheet as at 31st March, 2016 and the statement of profit and loss for the year ended on that date together with Cash Flow Statements, Auditors' report and the Board Report thereon.			
2	To Re-appoint Mr. Sinha S Chunduri (DIN: 03644504) as the Director of the Company.			
3	To Re-appoint Mr. Prasad Jagadish Athota (DIN: 03618655) as the Director of the Company.			
4	To ratify the continuation of the Statutory Auditors M/s. S.R.Batliboi & Co., LLP. Chartered Accountants are eligible for continuing appointment.			
5	To enhance the Borrowing Powers of the Company from Rs.1000 crores to Rs. 1500 crores.			
6	To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.			
7	Authorization to issue of Non Convertible Debentures (NCD)/ Bondson Private Placement Basis.			

Place : Hyderabad
Date : 30-12-2016

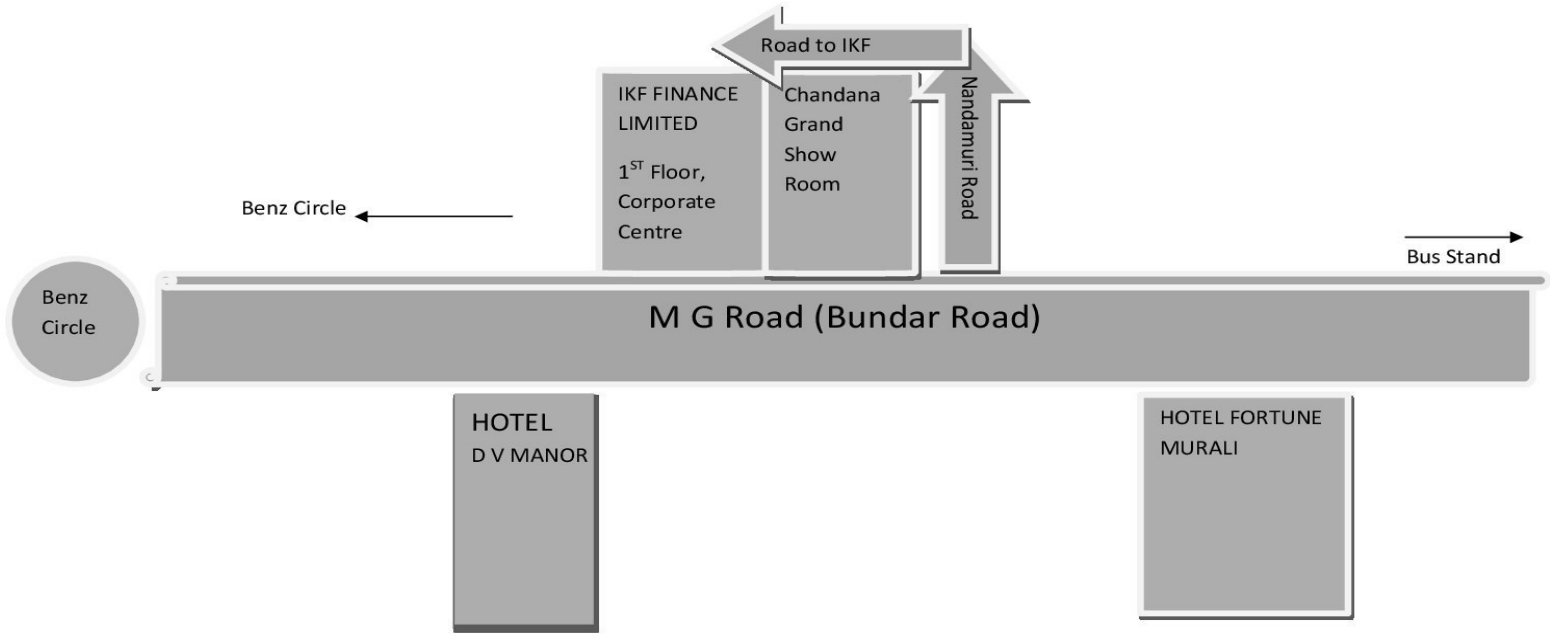
(Signature of the Shareholder*/Proxy)

(*As per Company Records)

IKF Finance Limited

Address :#40-1-144, Corporate Centre, M.G.Road, Vijayawada-520010.

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 - 520 010.
ANDHRA PRADESH.
Phones : (0866) 2474 644, 2474 633
Email : ikffinance@gmail.com
Web : ikffinance.com