

IKF FINANCE LIMITED



***27th Annual Report
2017-2018***

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



BOARD OF DIRECTORS

Mr. V.G.K. Prasad
Mrs.V.Indira Devi
Mrs. K.Vasumathi Devi
Dr. Satyanand Sinha Chunduri
Mr. N.Haranadh
Mr. S.Veerabhadra Rao
Mr. K.Satyanarayana Prasad
Mr. Vishal Kumar Gupta
Mrs. D.Vasantha Lakshmi

Managing Director
Whole Time Director
Executive Director
Director
Independent Director
Independent Director
Independent Director
Nominee Director
Alternate Director to Dr. Satyanand Sinha Chunduri

KEY MANAGEMENT PERSONS:

Mr. K.P.Venkatesh
Mr. Ch.Srinivasa Rao Rao

Chief Executive Officer
Company Secretary

BOARD COMMITTEES

Audit Committee

Mr. S.Veerabhadra Rao
Mr. N.Haranadh
Mr. K.Satyanarayana Prasad
Mr. Vishal Kumar Gupta

Stakeholders Relationship Committee

Mr. N.Haranadh
Mr. K.Satyanarayana Prasad

Independent Directors Committee

Mr. K.Satyanarayana Prasad
Mr. N.Haranadh
Mr. S.Veerabhadra 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. V.G.K.Prasad
Mr. Vishal Kumar Gupta

Nomination & Remuneration Committee

Mr. K.Satyanarayana Prasad
Mr. S.Veerabhadra Rao
Mr. N. Haranadh
Mr. Vishal Kumar Gupta

Asset Liability Management Committee

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

Risk Management Committee

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

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.

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DEBENTURE TRUSTEES:

Catalyst Trusteeship Limited
GDA House, Plot No. 85,
Bhusari Colony (Right), Paud Road
Pune - 411038

Milestone Trusteeship Services (P) Limited
602, Hallmark Business Plaza,
Sant Dyaneshwar Marg,
Bhandra (East), Mumbai - 400051

STATUTORY AUDITORS

M/s.S.R.BATLIBOI & Co. LLP
Chartered Accountants
12th 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,
Suryaraopet, Vijayawada - 520010
Andhra Pradesh, India

REGISTERED OFFICE

40-1-144,
Corporate Centre,
M.G. Road, Labbipet
Vijayawada - 520010.

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 (Lead Banker)
Indian Overseas Bank
The Federal Bank Limited
Bank of India
State Bank of India
Small Industries Development Bank of India
South Indian Bank
Equitas Small Finance Bank
Au Small Finance Bank
Lakshmi Vilas Bank Limited
RBL Bank Limited

Andhra Bank
IDBI Bank Limited
Axis Bank Limited
Punjab National Bank
HDFC Bank Limited
DCB Bank Limited
Oriental Bank of Commerce
Corporation Bank
Vijaya Bank
Bank of Maharashtra

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NOTICE

Notice is hereby given that the 27th Annual General Meeting of **IKF Finance Limited** will be held on Saturday, the 29th day of September, 2018, 4.30 P.M. at the Registered Office of the Company at # 40-1-44, Corporate Centre, M G Road, Vijayawada - 520010, 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, 2018 together with the Report 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 2018 together with the report of the directors and auditors thereon be and are hereby received, considered, approved and adopted”

02. To appoint a Director in place of Mr. Satyanand Sinha 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. Satyanand Sinha Chunduri (DIN: 03644504), who retires by rotation in accordance with section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

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

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

Special business:

04. **To enhance the Borrowing Powers of the Company from Rs.2000 crores to Rs. 3000 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.3000 Crores (Rupees Three 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.”



05. **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.3000 Crore (Rupees Three Thousand Crore only) over and above the aggregate of the paid up capital of the company and its free reserves which have been /or propose to be obtained from or privately placed with the lending agencies together with interest there on at agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses, and all other monies payable by the company to *the* trustees under the trust deeds and/or to the lending agencies under their respective agreements/loan agreements /debentures trust deeds entered into/to be entered by the company in respect of said borrowings.”

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

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

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

“RESOLVED THAT pursuant to the provisions of section 42 and other applicable provisions of the Companies Act, 2013, read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions of the Companies Act, 2013, to the extent notified, and as applicable and the Companies Act, 1956, as amended and in force, in accordance with the memorandum and articles of association, the Board of Directors of the Company be and is hereby authorized to issue, offer or invitation and allot secured/unsecured, redeemable, non-convertible, listed / unlisted, senior/subordinated bonds/debentures/Commercial Paper/ Tier II Debt/ Other debt securities (“Bonds”) of value aggregating upto Rs.1000 Cr (Rupees One Thousand Crores Only) through private placement offer letter(s) in one or more tranches in conformity and in compliance with the all applicable rules, regulation, directions made in this regard, as amended from time to time to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals, as the case may be or such other person/persons as the board of directors may decide so.”

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

For and on Behalf of the Board
IKF Finance Limited

Sd/-
(Ch.Sreenivasa Rao)
Company Secretary
Membership No. ACS14723

Place: Vijayawada
Date : 04-09-2018



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 Saturday, September 22, 2018 to Friday, September 28, 2018 (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 27th Annual Report 2017-18 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 2017-18 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. 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., Saturday, September 22, 2018, may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, Partner of M/s. B S S & Associates (Membership No. 22119), Company Secretary in Practice, Company Secretary in Practice, 6-3-626, Parameswara Appts, 5th Floor, 5A, AnandNagar, Khairtabad, Hyderabad-500004 not later than not later than Friday, September 28, 2018 (5.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to sreenivas@ikffinance.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach Mr. S.Srikanth, Partner of M/s. B S S & Associates, (Membership No. 22119), Company Secretary in Practice, Company Secretary in Practice, 6-3-626, Parameswara Appts, 5th Floor, 5A, AnandNagar, Khairtabad, Hyderabad-500004 not later than Friday, September 28, 2018 (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 Wednesday, September 26, 2018 at 9.00 a.m. and ends on Friday, September 28, 2018 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. Saturday, September 22, 2018, 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	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders):</p> <ul style="list-style-type: none">◦ 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	<p>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.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none">◦ 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: **180905028** 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 Wednesday, September 26, 2018 at 9.00 a.m. and ends on Friday, September 28, 2018 at 5.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on Saturday, September 22, 2018 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 September 22, 2018.
- 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 27th AGM of the company on September 29, 2018.
- vi) Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report 2017-2018 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	Satyanand Sinha Chunduri	Vasumathi Devi Koganti
DIN	03644504	03161150
Date of Birth	02-02-1945	09-05-1975
Date of first Appointment on the Board	01-02-1993	31-10-2006
Age	73 Years	43 Years
Qualification	M.B.B.S., M.D.,	BE (Electronics & Communications) MBA (Global Management, USA)
Experience	Management & Administrative more than two decades	Having nine (9) Years of working experience in IT and Telecommunications in several US Companies. Associated with IKF Finance Limited as Executive Director since 2007
Relationship with other director/Manager and other KMP	1. Brother-in law of Sri. V.G.K.Prasad Managing Director	1. Daughter of Sri V.G.K.Prasad Managing Director 2. Daughter of Smt. V.Indira Devi Whole Time Director 3. Sister of Smt. V.Vasantha Lakshmi, Alternate Director
No of Meeting of the Board Attended during the Financial Year - 2017-2018	Nil	7
No of Shares held in the Company	1,17,700 Shares Fully paid up Rs.10/- 0.26% of Share Capital of the Company	21,31,286 Shares Fully paid up Rs.10/- 4.68% of paid up share capital of the Company. 5,15,980 Shares - Partly paid Rs.2.70/-
Directorships of other Board	Nil	Director of IKF Home Finance Ltd.
Membership/Chairmanship of Committees of other Board	Nil	3

**Explanatory Statement****Pursuant to Section 102 of the Companies Act, 2013****Item no.4**

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. 3000 Crores (Rupees Three Thousand Crores Only). The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.

Item no.5

As mentioned in Item No.5, it is proposed to increase the borrowing powers to Rs. 3000 crore (Rupees Three Thousand Crore only). To secure such borrowings, the Company would be required to mortgage and/or charge its moveable and/or immoveable properties, the whole or substantially the whole of the undertaking(s) or any other assets of the Company (both present and future) in favour of the financial institutions/banks/ other lender(s)/ trustees. The approval of the shareholders in the AGM is required as per Section 180(1)(a) of the Companies Act, 2013. In the circumstances, the board recommends this resolution for acceptance.

None of the Directors / Key Managerial Personnel of the Company / their relatives 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, and the rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 and other applicable provisions, if any, of the Companies Act, 2013 of the Act deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures, Tier II Debt, Commercial Paper or other debt instruments on private placement, the company shall obtain previous approval of its members by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures. In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, the Board, which term shall include any Committee constituted by the Board, may at an appropriate time, offer or invite subscriptions for NCDs, Bonds, Tier II Debt, Commercial Paper or any other debt securities on a private placement basis, in one or more tranches, upto an amount not exceeding Rs. 1000 Crore, within the overall borrowing limits of the Company, as approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price, of the NCDs, Tier II Debt, Commercial Paper or any other Debt Instruments.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 6 of the Notice. This resolution is an enabling resolution and authorizes the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, Tier II Debt, Commercial Paper or any other Debt Instruments as may be required by the Company, from time to time for a year from the date of passing this resolution.

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

None of the Directors / Key Managerial Personnel of the Company / their relatives 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. 6 of the Notice for approval by the members.

For and on Behalf of the Board
IKF Finance Limited

Sd/-
(Ch.Sreenivasa Rao)
Company Secretary

Place: Vijayawada

Date : 04-09-2018

Membership No. ACS14723



DIRECTORS' REPORT

To
The members of IKF Finance Limited

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2018. The summarized financial results of the Company are as given hereunder:

Financial Results:

(Rs.in lacs)

	2017-18	2016-17
Revenue from Operations	13569.68	12583.42
Other Income	9.28	9.08
Profit (loss) before depreciation, interest, tax and exceptional items	10472.71	10089.84
Depreciation/amortization	72.71	91.84
Finance cost	7078.48	7062.37
Provision for Standard Assets	12.55	(73.62)
Provision for Non Performing Assets	134.56	263.20
Portfolio Loans & other balances written off	239.47	177.13
Loss on assignment transactions	-	-
Profit (loss) before tax	2934.94	2568.92
Provision for tax/deferred tax	1019.44	882.81
Profit (loss) after tax before exception item	1915.50	1686.11
Less: Exceptional items	Nil	Nil
Net profit (loss) after exceptional items	1915.50	1686.11
Balance brought forward from previous year	5029.89	3765.30
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	(383.10)	(337.22)
Transfer to General reserve	95.77	(84.31)
Surplus carried to Balance sheet	6466.51	5029.89

Review of Operations:

Your Company's performance for the year ended March 31, 2018 continues to be encouraging and has registered a growth of 7.84% in its Gross Receipts to Rs.135.70 Cr as against Rs. 125.83 Cr but the Net Profit was increased from Rs.16.86 Cr to Rs.19.16 Cr registering a growth of 13.60% for the corresponding previous year. During the year, the Loan Book has grown by 4.55% from Rs.690.56 Cr to Rs.722.01 Cr. The total assets managed by the Company, including Channel Business and receivables assigned / securitized stood at around Rs.1031 Cr as at March 31, 2018 as against Rs.839 Cr in the previous year thereby registering a growth of 22.88%.

Future Outlook:

The prospects of NBFC sector seems to be bright as doors to access MSME segment have opened up in view of slowdown of majority of the Banks, whose priorities have changed, in the light of increased Non Performing Assets, and the same is expected to continue for next 1-2 years.

Further, performance of the Automobile sector, where your company is having high stakes, has started improving after overcoming the adverse implications of demonetization and teething troubles in implementation of GST. The overall economic environment appears to be positive as majority of the economic agencies have forecasted the GDP growth of over 7.0%. However, FY 2019 is again going to be a challenging year, in the short to medium term, on the backdrop of increasing Oil prices and hardening of the Interest Rates.

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. 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 along with a declaration by the Managing Director with regard to code of conduct to be presented to the members of the Company as such a detailed report on Corporate Governance Report are attached as part of this report.

Management's Discussion and Analysis:**Economic Environment:**

Indian economy continue to be one of the fastest growing economy amongst the world major economies as the GDP is estimated to have grown by 6.6% in FY 2018 and is expected to cross 7.0% in FY 2019. The growth is to be considered as satisfactory on the backdrop of two significant monetary events – demonetization and GST. The overall economic activity is expected to be back on track as the adverse implications of demonetization and teething troubles in implementation of GST are being moderated over the period of time.

The weakening Rupee against the dollar and spike in Crude prices are two major causes for concern as these could derail the estimates and expectations if continue to be so in the medium to long term.

Automotive Sector:

The overall automobile segment registered a growth of 14.78% with the overall growth of 19.94% in Commercial Vehicles, out of which Medium & Heavy Commercial Vehicles grew by 12.48% and Light Commercial Vehicles grew by 25.42% in April-March 2018 as compared to the same period last year. The sales of Passenger Vehicles grew by 7.89% and Three Wheelers grew by 24.19% in April-March 2018 over the same period last year.

Resource Mobilization:**Deposits:**

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

Working Capital Limits:

During the year your company has decreased its Cash Credit Limits to Rs.422 Cr against Rs.425 from the Consortium of Eleven Banks led by **Central Bank of India**. Besides, your Company has mobilized Rs.40 Cr by way of Working Capital Demand Loan.

Term Loans:

Your Company has mobilized Term Loan of Rs.144 Cr from various Banks & NBFCs on multiple banking arrangement during the year under review 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 70 Cr from two NBFCs (Rs.50 Cr from Mahindra & Mahindra Financial Services Limited and Rs.20 Cr from Unifi Capital (maturity value) and has closed by repaying Rs.6 Cr to Lifecell International Limited).



Non Convertible Debentures:

During the year under review, your Company has mobilized Rs.25 Cr from Sundaram Mutual Fund by issue of Secured Non Convertible Debentures (NCDs) and Rs 25 Cr from Reliance Unicorn Enterprises Private Limited by issuing Market Linked Non Convertible Debentures.

Tier II Capital / Sub Debt:

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

Securitization / Assignment of Loan Receivables:

During the year, your Company has Securitized loan receivables to the tune of Rs.71.47 Cr and has assigned loan receivables to the tune of Rs.240.79 Cr.

Borrowing Profile:

Total borrowings of the Company for the year under review stood at Rs.549 Cr (including Tier II Capital), of which borrowings from Banks constituted 50.81%, borrowings from Financial Institutions 1.35%, borrowings from NBFCs 9.30%, Commercial Paper 11.74%, Non Convertible Debentures 18.59% and Tier II Capital / Sub-Debt 8.20%. 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 continued its association with HDFC Bank Limited (Channel Business Arrangement) during FY 2017-18 till June 30, 2017 and has discontinued the same since then.

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 32.35% as on 31.03.2018, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 27.90% and Tier II constituted 4.45%.

Credit Rating:

During the year under review, Brickwork Ratings India (P) Ltd. has retained the Long Term Bank Loan rating “BWR A”, and has retained “BWR A” rating for Subordinated Non Convertible Debentures and Secured NCDs, signifying adequate degree of safety regarding timely servicing of financial obligations with low credit risk. Credit Analysis and Research Limited (CARE) has retained the long term bank loan facilities and Non Convertible Debentures at “A-” signifying adequate degree of safety regarding timely payment of interest and principle and has retained the short term bank loan rating at “A2+” and has assigned “A2+” rating for Standalone Commercial Paper.

Dividend

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2018 since it is proposed to retain the same in the business.

Share Capital

a. Authorized Share Capital

During the Authorised Share Capital of the Company was increased from Rs 50,00,00,000 consists of 5,00,00,000 (Five Crore) No of equity shares to Rs. 85,00,00,000/- (Rupees Eighty Five Crores Only) divided into 6,00,00,000/- (Six Crore only) Equity Shares of Rs.10/- (Rupees Ten only) each and 25,00,000 (Twenty Five Lac only) preference shares of Rs 100/- (Rupees One Hundred only) by creation of additional 1,00,00,000 (One Crore) equity shares of Rs 10/- each and 25,00,000 (Twenty Five Lac only) preference shares of Rs 100/- (Rupees One Hundred only) each at the Extra Ordinary General Meeting held on 09.01.2018.

b. Paid up Share Capital.

The paid up share capital of the Company is Rs 45,52,62,540 consisting of 4,55,26,254 equity shares of Rs 10/- each and further 51,79,688 partly paid up (Rs 2.70 paid up) shares amounting to Rs 1,39,85,157.60 were allotted to the promoters under preferential allotment.

c. Compulsorily Convertible Preference Shares.

During the year the Company has allotted 19,53,125 No of Compulsorily Convertible Preference Shares of Rs.100/- each, to the existing Investors at a premium of Rs.28/- each.

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

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

e. Buy Back of Securities

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

f. Sweat Equity

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

g. Bonus Shares

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

h. Employees Stock Option

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

Reserves

The Directors of the Company propose to transfer Rs. 95.77 Lacs to General Reserves out of the current year profits as against Rs 84.31 Lacs during the Financial Year 2017-18. Further your Directors also propose to transfer Rs.383.10 Lacs as against Rs.337.22 Lacs during the Financial Year 2017-18 to Statutory Reserve @ 20% profit after tax as required under Section 45-IC of Reserve Bank of India Act, 1934.

Details of Associated Companies

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

However, the following are the group companies promoted by the Promoters of the Company;

- IKF Home Finance Limited
- IKF Infratech Private Limited

Acquisition of IKF Home Finance Limited

IKF Home Finance Limited is a Public Limited Company and is related to the promoters of the Company, who are holding 82% of shareholding. Further, the Company is in the process of making IKF Home Finance Limited as its subsidiary by acquiring its shareholding and also obtained regulatory clearances from Reserve Bank of India and National Housing Bank.

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 Ninth) Annual General Meeting of the company subject to ratification by the members at every Annual General Meeting.

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.

However the Statutory Auditors of the Company has qualified on the following and the response of your Board of Directors with respect to the qualifications are as follows:

Auditors Qualification on Notes to Accounts	Board Response to the Qualifications
<p>During the Current Year the Company has not complied with appointment of key managerial personnel requirement for a Public Limited Company as per Section 203 of the Companies Act, 2013 (the "Act") read with rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company is in the process of appointing Chief Financial Officer in order to meet requirement.</p>	<p>The management is in the process of identification of suitable person to be appointed as Chief Financial Officer of the Company and has taken all reasonable steps in this regard and the same is expected to be complied shortly.</p>



Secretarial Auditor

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

Qualification by Secretarial Auditor

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

Auditors Qualification	Board Response to the Qualifications
During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, the Company has not appointed CFO as required under Section 203 of the Companies Act, 2013.	The management is in the process of identification of suitable person to be appointed as Chief Financial Officer of the Company and has taken all reasonable steps in this regard and the same is expected to be complied shortly.

Internal Audit and Auditor:

As part of the effort to evaluate the effectiveness of the internal control systems, and to maintain its objectivity and independence and on recommendations of the Audit Committee your directors have re appointed M/s. Brahmaiah & Co, Chartered Accountant as internal auditor of the Company for the year ended 31st March, 2018 who shall report to the Audit Committee / Board. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon were presented to the Audit Committee / Board.

Internal Financial Controls

The Company has a well-established internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safeguarding of assets, (c) prevention and detection of frauds / errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information. However the Statutory Auditors of the Company in their report on the Internal Financial Controls under Clause (i) of Sub Section 3 of Section 143 of the Companies Act, 2013 has qualified on the following and the response of your Board of Directors with respect to the qualifications are as follows:

S.No.	Auditors Qualification on Internal Financial Controls	Board Response to the Qualifications
1.	The following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2018	
a)	The Company's internal financial controls over procurements of fixed assets were not operating effectively which could potentially result in under/over valuation of fixed assets and related depreciation cost	The management has taken all reasonable steps in procurement of fixed assets, except few procedural / process related lapses, and there was no under/over valuation of fixed assets of the Company and as such there was no impact on the financials of the Company.
b)	The Company's internal financial controls over creation of unique customer were not operating effectively which could potentially cover results in under /over valuation of provisions written off	The management has taken all reasonable steps to create unique customer IDs, except few procedural / process related lapses which got rectified subsequently, and proper accounting in provisions/write offs and there was no under /over valuation of provisions written off during the year and as such there was no impact on the financials of the Company.
c)	The Company's internal financial controls over segregation of duties and recording of journal entries were not operating effectively which could potentially affect the internal control environment of the Company	The management has taken all reasonable steps over segregation of duties and recording of journal entries and as such there was no impact on internal control environment of the Company.



Vigil Mechanism / Whistle Blower Policy

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

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

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

Corporate Social Responsibility Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors has reconstituted Corporate Social Responsibility Committee of three directors Mr. S.Veerabhadra Rao, Mr. K.Satyanarayana Prasad, Mr. Vishal Kumar Gupta and Mr. V.G.K Prasad at the meeting held on 04-11-2017. During the year under review the Company has spent an amount of Rs. 75,000 under the CSR activity due to diverse factors. The report on CSR activities for Financial Year 2017-18 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. Satyanand Sinha Chunduri (DIN: 03644504), Mrs. Vasumathi Devi Koganti (DIN: 03161150), 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.

Except the above there are no other changes in the composition of Board.

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

Key Managerial personnel:

During the Period under review there was no changes in the appointment of Key Managerial Personnel:

Declaration by Independent Directors:

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

Familiarization programme for Independent Directors:

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

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Independent Directors' Meeting:

The Independent Directors met on 23-03-2018, 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 2017-18 the Board of Directors has met Eleven times viz 04-05-2017, 05-07-2017, 31-08-2017, 07-11-2017, 13-12-2017, 16-01-2018, 17-01-2018, 19-01-2018, 22-01-2018, 23-01-2018, and 22-03-2018. 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 2017-18 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure - IV** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.



Directors' Responsibility Statement:

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

- (a) in the preparation of the annual accounts for the period ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 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 Ville, Opp.: Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-500082, 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/-
(V G K Prasad)
Managing Director
DIN: 01817992

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

Place: Hyderabad
Date : 04-09-2018



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 seven 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 eight 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 Mr. V.G.K.Prasad - Managing Director, Mrs. V.Indira Devi - Whole Time Director and Mrs. K.Vasumathi Devi - Executive Director.

Mr. S.Veerabhadra Rao, Mr. N.Haranadh, and Mr. K.Satyanarayana Prasad are the Independent Directors. Mr.Vishal Kumar Gupta is the Nominee Director and Mr. Satyana Sinha Chunduri is the ordinary director and Mrs. Vupputuri Vasantha Lakshmi is the alternate director to Sri Satyana Sinha Chunduri. The composition of the Board is in conformity with best practice in Corporate Governance.

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

04-05-2017	05-07-2017	31-08-2017	07-11-2017	13-12-2017
16-01-2018	17-01-2018	19-01-2018	22-01-2018	23-01-2018
22-03-2018				



27th Annual Report

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, 2017 to 31st March, 2018 are as follows:

Name of the Director	Category of Board Directorship	No. of Board Meetings attended	% of total Meetings attended	Attendance at the last A G M	No. of Other Directorships	No. of Committee Memberships
V G K Prasad	Managing Director	7	64%	Yes	2	4
V Indira Devi	Whole Time Director	4	36%	Yes	1	0
K Vasumathi Devi	Executive Director	7	64%	Yes	1	3
N Haranadh	Independent Director	8	73%	No	-	2
Satyanad Sinha Chunduri	Director	-	-	No	-	-
D.Vasantha Lakshmi	Alternate Director	6	55%	Yes	2	-
S Veerabhadra Rao	Independent Director	8	73%	Yes	1	6
K Satyanarayana Prasad	Independent Director	10	91%	Yes	-	4
Vishal Kumar Gupta	Nominee Director	3	25%	No	4	4

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 four Non Executive Directors with three Independent Directors and one Nominee Director. The Committee comprises of Mr. S.Veerabhadra Rao as Chairman of the Committee and Mr. N.Haranadh, Mr. Vishal Kumar Gupta and Mr. K Satyanarayana Prasad as Members. The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings.

During the year the committee met 6 times on 04-05-2017, 31-08-2017, 07-11-2017 and 13-12-2017. 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
Mr. S.Veerabhadra Rao	3	75%
Mr. N.Haranadh	2	50%
Mr. Vishal Kumar Gupta	2	50%
Mr. K.Satyanarayana Prasad	3	75%

The previous Annual General Meeting (“AGM”) of the Company was held on November 30, 2017 and was attended by Mr. 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 Mr. S.Veerabhadra Rao, Mr. N.Haranadh and Mr. 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 31-08-2017.

Attendance of each Director at Nomination & Compensation Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. S.Veerabhadra Rao	Independent Director	1	1
Mr. N.Haranadh	Independent Director	1	0
Mr. Vishal Kumar Gupta	Nominee Director	1	1

**Criteria for Performance evaluation:****I. Remuneration Policy:**

The Policy inter alia provides for the following:

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

II. Remuneration paid to DirectorsRemuneration to Executive Directors:**a) 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 2017-2018 are given below:

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

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

Remuneration to Non-Executive Directors

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

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2017-2018

The details of sitting fees paid/payable to Non-Executive Directors during the financial year 2017-2018 is Nil.

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

05. Stakeholder Relationship Committee:

The Share Transfer and Investor Grievance Committee comprises of Mr. K.Satyanarayana Prasad as Chairman and Mr. N Haranadh as Member. The Share Transfer and Investor Grievance Committee was formed to monitor transfers and transmission of shares and to address the Investor Grievances. During the year there was no complaints received by the Company.

06. Asset Liability Management Committee:

The Asset Liability Management Committee comprises of Mr. V.G.K.Prasad as Chairman, Mr. S.Veerabhadra Rao, Mr. Vishal Kumar Gupta and Mrs. 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 2017-2018 the committee met 2 times on 04-05-2017 and 07-11-2017.

Attendance of each Director at Asset Liability Management Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. V.G.K. Prasad	Executive	2	2
Mr. S.Veerabhadra Rao	Independent Director	2	1
Mr. Vishal Kumar Gupta	Nominee Director	2	1
Mrs. K.Vasumathi Devi	Whole Time Director	2	2

07. Risk Management Committee:

The Risk Management Committee comprises of Mr. V.G.K.Prasad as Chairman, Mr. S.Veerabhadra Rao, Mr. Vishal Kumar Gupta and Mrs. 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 2017-2018 the committee met 3 times 04-05-2017, 07-11-2017 and 13-12-2017.

Attendance of each Director at Risk Management Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. V.G.K.Prasad	Executive	3	3
Mr. S.Veerabhadra Rao	Independent Director	3	1
Mrs. K.Vasumathi Devi	Whole Time Director	3	3
Mr. Vishal Kumar Gupta	Nominee Director	2	2

08. Nomination Committee:

The Nomination Committee comprises of Mr. S.Veerabhadra Rao, Mr. Haranadh and Mr. Vishal Kumar Gupta as members to identify fit and proper persons for the directorship of the company During the year 2017-2018 the committee met on 31-08-2017 during the year.

Attendance of each Director at Nomination Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. S.Veerabhadra Rao	Independent Director	1	1
Mr. N.Haranadh	Independent Director	1	0
Mr. Vishal Kumar Gupta	Nominee Director	1	1

**09. General Body Meetings:**

Time and location of last three Annual General Meetings

General Body Meeting	Day	Date	Time	Location
26th Annual General Meeting	Thursday	30-11-2017	4.30 PM	Registered Office of the Company, Vijayawada-10
25th Annual General Meeting	Friday	30-12-2016	4.30 PM	Registered Office of the Company, Vijayawada-10
24th Annual General Meeting	Wednesday	30-09-2015	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:

26th Annual General Meeting held on 30.11.2017 : 3 (Special Resolutions)

Purpose of Resolution

01. To Enhance The Borrowing Powers of The Company From 1500 Crores To 2000 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.2000 Crores (Rupees Two 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.”

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.2000 Crore (Rupees Two 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.”

03. Authorisation to issue of Non Convertible Debentures (NCD)/ Bonds on Private Placement Basis

“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.500 Cr (Rupees Five 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 FURTHER 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”

25th Annual General Meeting held on 30.12.2016 : 3 (Special Resolutions)

Purpose of Resolution

01. To Enhance The Borrowing Powers of The Company From 1050 Crores To 1500 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.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.”

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.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.”

03. Authorisation to issue of Non Convertible Debentures (NCD)/ Bonds on Private Placement Basis

“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 FURTHER 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”

24th Annual General Meeting held on 30-09-2015 : 2 (Special Resolutions)

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 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”

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 “Prajasakthi” (Telugu). web site link www.ikffinance.com.

14. General Information to Shareholder:

General Body Meeting Day Date Time Location

27th Annual General Meeting Saturday 29-09-2018 4.30 PM Registered Office, # 40-1-144, Corporate Centre, M.G. Road, Vijayawada - 520010.

Financial Calendar

Financial Year - 1st April 2017 to 31st March 2018

Book Closure dates - September 22, 2018 to September 28, 2018

Last date for receipt of proxy forms September 27, 2018 (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:

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



M/s.Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp.: Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad – 500082, Tel.No.: 040-23374967, Fax No.: 040-23374295, Email : bsshyd@bigshareonline.com.

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2018 – 99.71% (Fully Paid up). All the partly paid up shares are in physical mode only.

16. Distribution of Shareholding as on 31st March, 2018:

Fully Paid Up

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	1088	70.47%	20,66,250	0.45%
5,001	10,000	204	13.20%	18,02,720	0.40%
10,001	20,000	114	7.37%	18,14,460	0.40%
20,001	30,000	36	2.33%	9,43,010	0.21%
30,001	40,000	21	1.36%	7,68,340	0.17%
40,001	50,000	11	0.71%	5,41,600	0.12%
50,001	1,00,000	15	0.97%	12,39,040	0.27%
1,00,001	& above	57	3.69%	44,60,87,120	97.98%
Total		1546	100.00%	45,52,62,540	100.00%

Partly Paid up

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	0	0.00%	0	0.00%
5,001	10,000	0	0.00%	0	0.00%
10,001	20,000	0	0.00%	0	0.00%
20,001	30,000	0	0.00%	0	0.00%
30,001	40,000	0	0.00%	0	0.00%
40,001	50,000	0	0.00%	0	0.00%
50,001	1,00,000	0	0.00%	0	0.00%
1,00,001	& above	5	100.00%	1,39,85,157	100.00%
Total		5	100.00%	1,39,85,157	100.00%

Compulsorily Convertible Preference Shares

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	0	0.00%	0	0.00%
5,001	10,000	0	0.00%	0	0.00%
10,001	20,000	0	0.00%	0	0.00%
20,001	30,000	0	0.00%	0	0.00%
30,001	40,000	0	0.00%	0	0.00%
40,001	50,000	0	0.00%	0	0.00%
50,001	1,00,000	0	0.00%	0	0.00%
1,00,001	& above	2	100.00%	19,53,12,500	100.00%
Total		2	100.00%	19,53,12,500	100.00%

**17. Shareholding Pattern as on 31-03-2018:****Fully Paid Up**

Category	Total Shareholders	% of Shareholdings	Total Shares	%
Clearing Member	2	0.13%	375	0.00%
Corporate Bodies	34	2.20%	43,570	0.10%
Foreign Company	1	0.06%	1,18,29,268	25.98%
Foreign Promoters	2	0.13%	16,11,800	3.54%
Nationalized Banks	1	0.06%	3,899	0.01%
Non Resident Indians	8	0.52%	6,429	0.01%
Promoters	6	0.39%	2,16,43,756	47.54%
Public	1491	96.44%	33,13,986	7.28%
Trusts	1	0.06%	70,73,171	15.54%
Total	1546	100.00%	4,55,26,254	100.00%

Partly Paid Up

Category	Total Shareholders	% of Shareholdings	Total Shares	%
Clearing Member	0	0.00%	0	0.00%
Corporate Bodies	0	0.00%	0	0.00%
Foreign Company	0	0.00%	0	0.00%
Foreign Promoters	0	0.00%	0	0.00%
Non Resident Indians	0	0.00%	0	0.00%
Promoters	5	100.00%	51,79,688	100.00%
Public	0	0.00%	0	0.00%
Trusts	0	0.00%	0	0.00%
Total	5	100.00%	51,79,688	100.00%

Compulsorily Convertible Preference Shares

Category	Total Shareholders	% of Shareholdings	Total Shares	%
Clearing Member	0	0.00%	0	0.00%
Corporate Bodies	0	0.00%	0	0.00%
Foreign Company	1	50.00%	12,22,278	62.58%
Foreign Promoters	0	0.00%	0	0.00%
Non Resident Indians	0	0.00%	0	0.00%
Promoters	0	0.00%	0	0.00%
Public	0	0.00%	0	0.00%
Trusts	1	50.00%	7,30,847	37.42%
Total	2	100.00%	19,53,125	100.00%

18. Address for correspondence and any assistance/clarification**Compliance Officer:**

Mr. CH.Sreenivasa Rao, 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, 2018

[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, 2018 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, 2018, 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, 2018 according to the provisions of:

01. The Companies Act, 2013 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; **Not applicable to the Company during the Audit Period**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not applicable to the Company during the Audit Period**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable to the Company during the Audit Period**
 - d) Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; **Not applicable to the Company during the Audit Period**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) 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; and
- ii) The Listing Agreement entered into by the Company with stock exchanges; **Not applicable to the Company during the Audit Period.**

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



We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / Company Secretary / 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.

Except in case of few Board meetings, which were held at a shorter notice to consider and transact some urgent matters, where at one Independent Director was duly present; adequate notice was given to all Directors to schedule the Board meetings and agenda with detailed notes there on were sent to all the directors at least Seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

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

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

- i. To issue of Partly Paid Equity Shares on a Preferential Allotment / Private Placement basis to the Promoters.
- ii. To issue and allotment of Compulsorily Convertible Preference Shares and Equity Shares arising on Conversion of such Compulsorily Convertible Preference Shares.
- iii. Increase in the Authorized Share Capital from Rs.50,00,00,000 divided into 5,00,00,000 Equity Shares to Rs.85,00,00,000 divided into 6,00,00,000 Equity Shares and 25,00,000 Preference Shares.
- iv. To enhance the Borrowing Powers of the Company from Rs.2000 crores to Rs.3000 crores
- v. To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.
- vi. Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis.

02. During the period, the Company has allotted following securities:

- i. 250 Unsecured, Rated, Redeemable, Non convertible Debentures of Rs.10,00,000 each
- ii. 5,179,688 Partly-paid Equity Shares of Rs.10 each at a premium of Rs.62.59 per share.
- iii. 730,847 Compulsory Convertible preference Shares of Rs.100 each at a premium of Rs.28.00 per share.
- iv. 1,222,278 Compulsory Convertible preference of Rs.100 each at a premium of Rs.28.00 per share.
- v. 250 Secured Rated Redeemable Non-Convertible Debentures of Rs.10,00,000 each.

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

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

Place: Hyderabad
Date: 04-09-2018

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



‘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.

01. 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.
02. 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.
03. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
04. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
05. 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.
06. 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 : 04-09-2018**



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:

- Mr. S.Veerabhadra Rao - Chairman
- Mr. Vishal Kumar Gupta - Member
- Mr. V.G.K.Prasad - Member

Average Net Profit of the Company for the last three financial years: Rs.23,71,72,165

Prescribed CSR expenditure (two percent of the amount as in item 3 above): Rs.47,43,443

Details of CSR spend for the financial year:

- i. Total amount spent for the financial year: Rs.75,000/-
- ii. Amount unspent: Rs.46,87,333/-
- iii. Manner in which the amount spent during the financial year is detailed below:

S.No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget project or programs wise)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent directly
1	Promotion of Road Safety and Drivers Training	Promoting education and Vocational Skills	Road Safety	75,000	75,000	75,000	--

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

	Sd/- (S.Veerabhadra Rao) Chairman of the Committee	Sd/- (V.G.K.Prasad) Member	Sd/- (Vishal Kumar Gupta) Member
Place: Hyderabad			
Date : 04-09-2018			

**Annexure-III****Form No. MGT-9**

Extract Of Annual Return As On The Financial Year Ended 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

- 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 : Door No.: 40-1-144,
Corporate Centre,
M.G.Road, Labbipet,
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- 500082.

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: Fully Paid Up

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	2,13,94,005	1900	2,13,95,905	46.99	2,15,61,705	82,051	2,16,43,756	47.54	0.0054
b) Central Govt									
c) State Govt(s)									
Bodies Corp	0	0	0	0	0	0	0	0	0.0000
Banks / FI									
Any Other									
Sub-total(A)(1):-	2,13,92,205	0	2,13,92,205	46.99	2,15,61,705	82,051	2,16,43,756	47.54	0.0054
2) Foreign									
NRIs-Individuals	16,11,800	0	16,11,800	3.54	16,11,800	0	16,11,800	3.54	0.0000
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other....									
Sub-total (A)(2):-	16,11,800	0	16,11,800	3.54	16,11,800	0	16,11,800	3.54	0.0000
B. Public Shareholding									
1. Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance									
Companies									
FII's									
Foreign Venture									
Capital Funds									
Others (specify)									
Clearing Members									
Sub-total (B)(1)									
2. Non Institutions									
Bodies Corp.									
i) Indian	70,73,171	0	70,73,171	15.54	70,73,171	0	70,73,171	15.54	0.0000
ii) Overseas	118,29,268	0	118,29,268	25.98	118,29,268	0	118,29,268	25.98	0.0000
Individuals									
i) Individual shareholders holding nominal share 51,0capital upto Rs. 1 lakh	6,82,323	1,50,106	8,32,429	1.83	7,54,189	51,099	8,05,288	1.77	0.0006
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	21,03,377	4,90,970	25,94,347	5.70	24,26,647	0	24,26,647	5.33	(0.0037)
Others(Specify)	1,89,334	0	1,89,334	0.41	1,36,093	0	136,093	0.30	(0.0012)
Sub-total (B)(2)	29,75,034	6,41,076	36,16,110	7.95	33,17,160	51,099	33,68,259	7.40	(0.0054)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	218,77,476	6,41,076	2,25,18,552	49.47	2,21,19,599	51,099	2,22,70,698	48.92	(0.0054)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	448,82,431	6,43,823	455,26,254	100.00	4,53,93,104	1,33,150	4,55,26,254	100.00	0.0000

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



Partly Paid Up (Rs.2.70)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the years
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	0	0	0	0	51,79,688	0	51,79,688	100	100.00
b) Central Govt									
c) State Govt(s)									
Bodies Corp	0	0	0	0	0	0	0	0	0.00
Banks / FI									
Any Other									
Sub-total(A)(1):-	0	0	0	0	51,79,688	0	51,79,688	100	100.00
2) Foreign									
NRIs-Individuals	0	0	0	0	0	0	0	0	0.00
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other....									
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0.00
B.Public Shareholding									
1. Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FIs									
Foreign Venture Capital Funds									
Others (specify)									
Clearing Members									
Sub-total (B)(1)									
2. Non Institutions									
Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0.00
ii) Overseas	0	0	0	0	0	0	0	0	0.00
Individuals									
i) Individual shareholders holding nominal share 51.0capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh	0	0	0	0	0	0	0	0	0.00
Others(Specify)	0	0	0	0	0	0	0	0	0.00
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	0	0	0	0	51,79,688	0	51,79,688	100	100.00



Compulsorily Convertible Preference Shares of Rs.100/-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the years
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	0	0	0	0	0	0	0	0	0.00
b) Central Govt									
c) State Govt(s)									
Bodies Corp	0	0	0	0	0	0	0	0	0.00
Banks / FI									
Any Other									
Sub-total(A)(1):-	0	0	0	0	0	0	0	0	0.00
2) Foreign									
NRIs-Individuals	0	0	0	0	0	0	0	0	0.00
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other....									
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0.00
B.Public Shareholding									
1. Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance									
Companies									
FIs									
Foreign Venture									
Capital Funds									
Others (specify)									
Clearing Members									
Sub-total (B)(1)									
2. Non Institutions									
Bodies Corp.									
i) Indian	0	0	0	0	7,30,847	0	7,30,847	37.42	37.42
ii) Overseas	0	0	0	0	12,22,278	0	12,22,278	62.58	62.58
Individuals									
i) Individual shareholders holding nominal share upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh	0	0	0	0	0	0	0	0	0.00
Others(Specify)	0	0	0	0	0	0	0	0	0.00
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	0	0	0	0	19,53,125	0	19,53,125	100.00	100.00

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



ii. Shareholding of Promoters

Fully Paid up Shares

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	1,44,81,900	31.81	NIL	1,47,31,651	32.36	NIL	0.55
2	Koganti Vasumathi Devi	21,31,286	4.68	NIL	21,31,286	4.68	NIL	0
3	Vupputuri Vasantha Lakshmi	20,06,117	4.41	38.87	20,06,117	4.41	38.87	0
4	Vupputuri Raghu Ram	14,49,700	3.18	97.86	14,49,700	3.18	97.86	0
5	Vupputuri Indira Devi	13,26,902	2.91	60.93	13,26,902	2.91	60.93	0
6	Durga Rani Chunduri	14,94,100	3.28	NIL	14,94,100	3.28	NIL	0
7	Chunduri Sinha Satyanand	1,17,700	0.26	NIL	1,17,700	0.26	NIL	0

Partly Paid up Shares (Rs.2.70)

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	0	0	0	35,05,821	67.68	NIL	67.68
2	Koganti Vasumathi Devi	0	0	0	5,15,980	9.96	NIL	9.96
3	Vupputuri Vasantha Lakshmi	0	0	0	4,85,677	9.38	NIL	9.38
4	Vupputuri Raghu Ram	0	0	0	3,50,970	6.78	NIL	6.78
5	Vupputuri Indira Devi	0	0	0	3,21,240	6.20	NIL	6.20



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

Fully Paid Up Shares

	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	2,30,05,805	50.54	2,30,05,805	50.54
11/08/2017 Increase due to Transfer	1,000	0.002	2,30,06,805	50.54
23/03/2018 Increase due to Transfer	80,551	0.170	2,30,87,365	50.71
31/03/2018 Increase due to Transfer	1,68,200	0.370	2,32,55,556	51.08
At the End of the year	2,32,55,556	51.08	2,32,55,556	51.08

Partly Paid Up Shares

	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	0	0.00	0	0.00
17/01/2018 Increase due to Allotment	51,79,688	100.00	51,79,688	100.00
At the End of the year	51,79,688	100.00	51,79,688	100.00

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



Name wise changes - Fully Paid Up Shares

	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	1,44,81,900	31.81	1,44,81,900	31.81
Increase due to transfer on 11-08-2017	1,000	0.01	1,44,82,900	31.82
Increase due to transfer on 23-03-2018	80,551	0.17	1,45,63,451	31.99
Increase due to transfer on 31-03-2018	1,68,200	0.37	1,47,31,651	32.36
At the End of the year	1,47,31,651	32.36	1,47,31,651	32.36
02. Satyanand 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. 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
04. 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
05. 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
06. 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
07. 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
08. IKF Infratech Pvt Limited				
At the beginning of the year	60,46,400	13.28	60,46,400	13.28
Decrease due to transfer on 26.04.2016	(60,46,400)	(13.58)	0	0
At the End of the year	0	0	0	0



Name wise changes - Partly Paid Up Shares

	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	0	0	0	0
Allotted during the year	35,05,821	67.68	35,05,821	67.68
At the End of the year	35,05,821	67.68	35,05,821	67.68
02. Vupputuri Indira Devi				
At the beginning of the year	0	0	0	0
Allotted during the year	3,21,240	6.20	3,21,240	6.20
At the End of the year	3,21,240	6.20	3,21,240	6.20
03. Koganti Vasumathi Devi				
At the beginning of the year	0	0	0	0
Allotted during the year	5,15,980	9.96	5,15,980	9.96
At the End of the year	5,15,980	9.96	5,15,980	9.96
04. Vupputuri Raghuram				
At the beginning of the year	0	0	0	0
Allotted during the year	3,50,970	6.78	3,50,970	6.78
At the End of the year	3,50,970	6.78	3,50,970	6.78
05. Vupputuri Vasantha Lakshmi				
At the beginning of the year	0	0	0	0
Allotted during the year	4,85,677	9.38	4,85,677	9.38
At the End of the year	4,85,677	9.38	4,85,677	9.38

IKF FINANCE LIMITED

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

Fully Paid Up Shares

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	1,18,29,268	25.98	1,18,29,268	25.98
	No Change	0	0	1,18,29,268	25.98
	At the End of the year	1,18,29,268	25.98	1,18,29,268	25.98
02.	Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Ltd.) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)				
	At the beginning of the year	70,73,171	15.54	70,73,171	15.54
	No Change	0	0	70,73,171	15.54
	At the End of the year	70,73,171	15.54	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	3,05,684	0.67
	At the End of 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	2,42,335	0.53
	At the End of the year	2,42,335	0.53	2,42,335	0.53
05.	M Rama Rao				
	At the beginning of the year	1,22,445	0.27	1,22,445	0.27
	No Change	0	0	1,22,445	0.27
	At the End of the year	1,22,445	0.27	1,22,445	0.27
06.	Mundru Venkat Rao				
	At the beginning of the year	1,10,425	0.24	1,10,425	0.24
	No Change	0	0	1,10,425	0.24
	At the End of the year	1,10,425	0.24	1,10,425	0.24
07.	V Lakshmi Narayana				
	At the beginning of the year	93,634	0.21	93,634	0.21
	No Change	0	0	93,634	0.21
	At the End of the year	93,634	0.21	93,634	0.21
08.	K Chakradhara Rao				
	At the beginning of the year	93,634	0.21	93,634	0.21
	No Charge	0	0	93,634	0.21
	At the End of the year	93,634	0.21	93,634	0.21
09.	Bharat C Jain				
	At the beginning of the year	85,615	0.19	85,615	0.19
	Increase due to transfer	0	0	85,615	0.19
	At the End of the year	85,615	0.19	85,615	0.19
10.	J Krishna Prasad				
	At the beginning of the year	82,200	0.18	82,200	0.18
	Increase due to transfer	0	0.00	82,200	0.18
	At the End of the year	82,200	0.18	82,200	0.18



Compulsorily Convertible Preference Shares

Sl. 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	0	0	0	0
	Allotment during the year	12,22,278	62.58	12,22,278	62.58
	At the End of the year	12,22,278	62.58	12,22,278	62.58
02.	Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Ltd.) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)				
	At the beginning of the year	0	0	0	0
	Allotment during the year	7,30,847	37.42	7,30,847	37.42
	At the End of the year	7,30,847	37.42	7,30,847	37.42

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

Fully Paid Up

Sl. 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	1,44,81,900	31.81	1,44,81,900	31.81
	Increase due to transfer on 11-08-2017	1,000	0.01	1,44,82,900	31.82
	Increase due to transfer on 23-03-2018	80,551	0.17	1,45,63,451	31.99
	Increase due to transfer on 31-03-2018	1,68,200	0.37	1,47,31,651	32.36
	At the End of the year	1,47,31,651	32.36	1,47,31,651	32.36
02.	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
03.	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

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Partly Paid Up Shares

Sl. 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	0	0	0	0
	Allotted during the year	35,05,821	67.68	35,05,821	67.68
	At the End of the year	35,05,821	67.68	35,05,821	67.68
02.	Vupputuri Indira Devi				
	At the beginning of the year	0	0	0	0
	Allotted during the year	3,21,240	6.20	3,21,240	6.20
	At the End of the year	3,21,240	6.20	3,21,240	6.20
03.	Koganti Vasumathi Devi				
	At the beginning of the year	0	0	0	0
	Allotted during the year	5,15,980	9.96	5,15,980	9.96
	At the End of the year	5,15,980	9.96	5,15,980	9.96

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	5455270945	507747842	0	5963018787
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	24165719	0	0	24165719
Total (i+ii+iii)	5479436664	507747842	0	5987184506
Change in Indebtedness during the financial year				
- Addition	1542085000	950000000	0	2492085000
- Reduction	2818440626	113250014	0	2931690640
Net Change	(1276355626)	836749986	0	(439605640)
Indebtedness at the end of the financial year				
i) Principal Amount	4143178039	134497828	0	5487675867
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	59902999	0	0	59902999
Total (i+ii+iii)	4203081038	134497828	0	5547578866



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	V.Indira Devi	K Vasumati Devi	
		Managing Director	Wholetime Director	Executive Director	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,00,000	30,00,000	30,00,000	1,05,00,000
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	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)	45,00,000	30,00,000	30,00,000	1,05,00,000
Ceiling as per the Act					2,10,70,471

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

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

S.No.	Particulars of Remuneration	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	35,31,000	12,00,000	Nil	47,31,000
	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)	35,31,000	12,00,000	Nil	47,31,000

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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 : 04-09-2018



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:

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2017-18.

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

The details of material contracts or arrangements or transactions with related parties during the financial year 2017-18 is enclosed.

For and on Behalf of the Board
IKF Finance Limited

Place: Hyderabad
Date : 04-09-2018

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



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 Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V G K Prasad Rent paid Not Applicable 18,48,000 during the period 13-04-2015 Nil
02.	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V.Indira Devi Rent paid Not Applicable 39,60,000 during the period 13-04-2015 Nil
03.	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	K.Vasumathi Devi Salary paid Not Applicable 30,00,000 during the period 31-08-2017 Nil
04.	Name (s) of the related party & nature of relationship Nature of contracts/arrangements/transaction Duration of the contracts/arrangements/transaction Salient terms of the contracts or arrangements or transaction including the value, if any Date of approval by the Board Amount paid as advances, if any	V G K Prasad Salary paid Not Applicable 45,00,000 during the period 31-08-2017 Nil



05. Name (s) of the related party & nature of relationship	V Indira Devi
Nature of contracts/arrangements/transaction	Salary paid
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	30,00,000 during the period
Date of approval by the Board	31-08-2017
Amount paid as advances, if any	Nil
06. Name (s) of the related party & nature of relationship	K Vasumathi Devi, Executive Director
Nature of contracts/arrangements/transaction Salary paid	Allotment of Partly Paid up Shares (Rs.2.70 Paid up)
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.13,93,146 Share Premium Received Rs.87,19,701
Date of approval by the Board	17-01-2018
Amount paid as advances, if any	Nil
07. Name (s) of the related party & nature of relationship	V G K Prasad, Managing Director
Nature of contracts/arrangements/transaction Salary paid	Allotment of Partly Paid up Shares (Rs.2.70 Paid up)
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.94,65,717 Share Premium Received Rs.5,92,45,921
Date of approval by the Board	17-01-2018
Amount paid as advances, if any	Nil
08. Name (s) of the related party & nature of relationship	V Indira Devi, Whole Time Director
Nature of contracts/arrangements/transaction Salary paid	Allotment of Partly Paid up Shares (Rs.2.70 Paid up)
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.8,67,348 Share Premium Received Rs.54,28,731
Date of approval by the Board	17-01-2018
Amount paid as advances, if any	Nil
09. Name (s) of the related party & nature of relationship	V Vasantha Lakshmi, Alternate Director
Nature of contracts/arrangements/transaction Salary paid	Allotment of Partly Paid up Shares (Rs.2.70 Paid up)
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.13,11,328 Share Premium Received Rs.82,07,601
Date of approval by the Board	17-01-2018
Amount paid as advances, if any	Nil

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10. Name (s) of the related party & nature of relationship	V Raghu Ram, Promoter
Nature of contracts/arrangements/transaction Salary paid	Allotment of Partly Paid up Shares (Rs.2.70 Paid up)
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.9,47,619 Share Premium Received Rs.59,31,147
Date of approval by the Board	17-01-2018
Amount paid as advances, if any	Nil
11. Name (s) of the related party & nature of relationship	K P Venkatesh, CEO
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	35,31,000 during the period
Date of approval by the Board	14-02-2015
Amount paid as advances, if any	Nil
12. Name (s) of the related party & nature of relationship	CH Sreenivasa Rao, CS
Nature of contracts/arrangements/transaction	Salary paid
Duration of the contracts/arrangements/transaction	8 months
Salient terms of the contracts or arrangements or transaction including the value, if any	12,00,000 during the period
Date of approval by the Board	16-06-2016
Amount paid as advances, if any	Nil
13. Name (s) of the related party & nature of relationship	SVR Finance & Leasing Pvt. Limited
Nature of contracts/arrangements/transaction	Trade Advance given
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	55,00,000 during the period
Date of approval by the Board	30-12-2017
Amount paid as advances, if any	Nil
14. Name (s) of the related party & nature of relationship	Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II), Existing Investor
Nature of contracts/arrangements/transaction	Allotment of Compulsorily Convertible Preference Shares
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.7,30,84,700 Share Premium Received Rs.2,04,63,716
Date of approval by the Board	19-01-2018
Amount paid as advances, if any	Nil
15. Name (s) of the related party & nature of relationship	Business Excellence Trust-IIA, Existing Investor
Nature of contracts/arrangements/transaction	Allotment of Compulsorily Convertible Preference Shares
Duration of the contracts/arrangements/transaction	Not Applicable
Salient terms of the contracts or arrangements or transaction including the value, if any	Share Capital Received Rs.7,30,84,700 Share Premium Received Rs.2,04,63,716
Date of approval by the Board	19-01-2018
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, 2018 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that;
 - i. There were no material deficiencies in internal controls over financial reporting during the year;
 - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statement; and
 - iii. There were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board
IKF FINANCE LIMITED

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

Place: Hyderabad
Date : 04-09-2018

**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, 2018, 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial 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 free from 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 there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we 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 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, 2018, 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to those financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
 - (g) 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.
 - 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 Number: 102102

Place of Signature : Mumbai
Date : September 04, 2018



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

Re: IKF Finance Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year 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 deed of immovable property included in fixed assets is held in the name of the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 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 and the provisions of section 186 of the Companies Act 2013 are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, service tax, goods and service 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.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, goods and service 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.
- (c) According to the information and explanations given to us there are no dues of income-tax, service tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money 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 material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / 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 by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of partly paid shares and compulsory convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
per Shrawan Jalan
Partner
Membership Number: 102102

Place of Signature : Mumbai
Date : September 04, 2018

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



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

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

We have audited the internal financial controls over financial reporting of IKF Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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



Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2018:

- (a) The Company's internal financial controls over procurement of fixed assets were not operating effectively which could potentially result in under / over valuation of fixed asset and related depreciation cost.
- (b) The Company's internal financial controls over creation of unique customer were not operating effectively which could potentially result in under / over valuation of provisions and write off.
- (c) The Company's internal financial controls over segregation of duties and recording of journal entries were not operating effectively which could potentially affect the internal control environment of the Company.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these financial statements were operating effectively as of March 31, 2018.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of IKF Finance Limited, which comprise the Balance Sheet as at March 31, 2018, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of IKF Finance Limited and this report does not affect our report dated September 04, 2018, which expressed an unqualified opinion on those financial statements.

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

Sd/-
per Shrawan Jalan
Partner
Membership Number: 102102

Place of Signature : Mumbai
Date : September 04, 2018

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



BALANCE SHEET AS AT 31-03-2018

(Amount in Rupees unless otherwise stated)

Particulars	Notes	31-03-2018	31-03-2017
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	3	66,45,60,198	45,52,62,540
Reserves and Surplus	4	1,57,80,35,710	1,24,42,65,369
		2,24,25,95,908	1,69,95,27,909
Non-current Liabilities			
Long-term Borrowings	5	2,90,00,13,769	2,73,31,71,531
Other Long-term Liabilities	7	3,94,20,146	2,22,70,708
Long-term provisions	8	7,83,34,791	6,34,51,014
		3,01,77,68,706	2,81,88,93,253
Current Liabilities			
Short-term Borrowings	9	1,10,43,35,537	1,99,88,69,202
Other Current Liabilities	10	2,00,38,34,622	1,46,22,77,882
Short-term Provisions	8	2,12,23,439	1,10,84,813
		3,12,93,93,598	3,47,22,31,897
Total		8,38,97,58,212	7,99,06,53,058
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets:			
Property, Plant & Equipment	11	3,36,26,694	3,52,10,514
Intangible Assets	12	70,66,680	25,36,377
Deferred Tax Asset (Net)	6	99,86,579	38,82,634
Long-term Loans and Advances	13	4,96,18,21,004	4,03,67,00,395
Other Non-current Assets	14	8,85,36,504	13,79,05,579
		5,10,10,37,461	4,21,62,35,499
Current Assets			
Trade Receivables	15	1,30,42,828	2,03,90,344
Cash and Bank Balances	16	78,40,77,545	69,79,84,545
Short-term Loans and Advances	13	2,33,69,15,845	2,93,78,04,899
Other Current Assets	14	15,46,84,533	11,82,37,770
		3,28,87,20,751	3,77,44,17,559
Total		8,38,97,58,212	7,99,06,53,058

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
Place: Mumbai
Date : 04-09-2018

Sd/-
(Ch.Sreenivasa Rao)
Company Secretary
M. No.: ACS14723
Place : Hyderabad
Date : 04-09-2018

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

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

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2018**

(Amount in Rupees unless otherwise stated)

Particulars	Notes	31-03-2018	31-03-2017
Income:			
Revenue from Operations	17	1,35,69,68,553	1,25,83,42,329
Other Income	18	9,27,936	9,08,291
Total Revenue (I)		1,35,78,96,489	1,25,92,50,620
Expenses:			
Employee benefits expenses	19	19,77,79,999	15,14,49,053
Finance cost	20	70,78,48,150	70,62,37,448
Other expenses	21	11,28,45,950	9,88,17,149
Depreciation and amortization expenses	22	72,70,937	91,83,540
Provisions and write-offs	23	3,86,57,355	3,66,71,730
Total expenses (II)		1,06,44,02,391	1,00,23,58,920
Profit before tax (III)=(I)-(II)		29,34,94,098	25,68,91,700
Tax expenses			
Current tax		10,88,64,302	9,45,40,372
Deferred tax		(61,03,943)	(70,75,848)
Adjustment of tax relating to earlier periods		(8,16,000)	8,16,000
Total tax expense (IV)		10,19,44,359	8,82,80,524
Profit after tax (III)-(IV)		19,15,49,739	16,86,11,176

Earnings per equity share

[Nominal value of share Rs.10 (March 31, 2017: Rs.10)] 24

Basic (Computed on the basis of total profit for the year)	4.18	3.70
Diluted (Computed on the basis of total profit for the year)	4.15	3.70

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
M.No.: ACS14723

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

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

Place: Mumbai
Date : 04-09-2018

Place : Hyderabad
Date : 04-09-2018


CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2018

(Amount in Rupees unless otherwise stated)

Particulars	31-03-2018	31-03-2017
Cash flow from operating activities		
Profit before tax	29,34,94,098	25,68,91,700
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	72,70,937	91,83,540
Provision for employee benefits	18,04,833	20,89,882
Amortization of ancillary borrowing costs	2,29,53,708	2,42,77,351
Portfolio loans and other balances written off	2,39,46,909	1,77,12,621
Contingent provision against standard assets	12,54,627	(73,61,722)
Provision for non-performing assets	1,34,55,819	2,63,20,831
Operating profit before working capital changes	36,41,80,931	32,91,14,203
Movements in working capital :		
Increase / (decrease) in other current and non-current liabilities	30,63,57,671	9,30,50,011
Decrease / (increase) in trade receivables	73,47,516	(1,31,91,648)
Decrease / (increase) in loans and advances	(34,81,78,463)	(38,81,33,253)
Decrease / (increase) in other non-current assets	(99,91,610)	(2,15,79,021)
Decrease / (increase) in other current assets	(3,64,46,769)	(1,88,05,809)
Decrease / (increase) in Margin money deposit (net)	(26,35,02,934)	(4,98,43,908)
Cash generated from / (used in) operations	1,97,66,341	(6,93,89,424)
Direct taxes paid (net of refunds)	(9,95,41,175)	(9,73,88,750)
Net cash flow from / (used in) operating activities (A)	(7,97,74,834)	(16,67,78,174)
Cash flows from investing activities		
Purchase of fixed assets, including capital work in progress & capital advances	(1,02,17,421)	(56,24,655)
Net cash flow from / (used in) investing activities (B)	(1,02,17,421)	(56,24,655)
Cash flows from financing activities		
Proceeds from issuance of Compulsorily Convertible Preference Shares	25,00,00,000	-
Proceeds from issuance of Partly Paid up Equity Shares	10,15,18,259	-
Long-term borrowings (net)	41,91,90,746	54,48,42,034
Short-term borrowings (net)	(89,45,33,665)	(27,86,27,609)
Net cash flow from / (used in) financing activities (C)	(12,38,24,660)	26,62,14,424
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(21,38,16,915)	9,38,11,595
Cash and cash equivalents at the beginning of the year	519,662,264	42,58,50,669
Cash and cash equivalents at the end of the year	305,845,351	51,96,62,264

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
 M.No.: ACS14723

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

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

Place: Mumbai
 Date : 04-09-2018

Place : Hyderabad
 Date : 04-09-2018



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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

03. Share capital	31-03-2018	31-03-2017
Authorized shares		
6,00,00,000 (March 31, 2017: 5,00,00,000) equity shares of Rs.10 each	60,00,00,000	50,00,00,000
25,00,00,000 (March 31, 2017: Nil) preference shares of Rs.100 each	25,00,00,000	-
Issued, subscribed and fully paid-up shares		
4,55,26,254 (March 31, 2017: 4,55,26,254) equity shares of Rs.10 each fully paid up	45,52,62,540	45,52,62,540
19,53,125 (March 31, 2017: Nil) compulsory convertible preference of Rs.100 each fully paid up	19,53,12,500	-
	65,05,75,040	45,52,62,540
Issued, subscribed and partly paid-up shares		
51,79,688 (March 31, 2017: Nil) equity shares of Rs.10 each, partly paid up Rs. 2.70 per share	1,39,85,158	-
	1,39,85,158	-

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

Equity shares	31-03-2018		31-03-2017	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
Fully Paid Equity Shares of Rs 10 each				
At the beginning of the year	45,526,254	455,262,540	45,526,254	4 55,262,540
Issued during the year	-	-	-	-
Outstanding at the end of the year	4,55,26,254	45,52,62,540	4,55,26,254	45,52,62,540
Compulsorily Convertible Preference Shares of Rs 100 each				
At the beginning of the year	-	-	-	-
Issued during the year	19,53,125	19,53,12,500	-	-
Outstanding at the end of the year	19,53,125	19,53,12,500	-	-
Partly Paid up Equity Shares of Rs 10 each, partly paid up Rs. 2.70 per share				
At the beginning of the year	-	-	-	-
Issued during the year	51,79,688	1,39,85,158	-	-
Outstanding at the end of the year	51,79,688	1,39,85,158	-	-
	52,659,067	664,560,198	45,526,254	455,262,540

(b) Terms/ rights attached to equity shares

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

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

(c) Terms of conversion/ redemption of CCPS

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

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



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

Equity shares of Rs.10 each fully paid	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Equity shares of Rs.10 each fully paid up				
Vupputuri Gopala Kishan Prasad	14,731,651	32.36%	14,481,900	31.81%
India Business Excellence Fund-IIA	11,829,268	25.98%	11,829,268	25.98%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	7,073,171	15.54%	7,073,171	15.54%
Equity Shares of Rs 10 each, partly paid up Rs. 2.70 per share				
Vupputuri Gopala Kishan Prasad	3,505,821	67.68%	-	-
Koganti Vasumathi Devi	515,980	9.96%	-	-
V Indira Devi	321,240	6.20%	-	-
V Raghu Ram	350,970	6.78%	-	-
D Vasantha Lakshmi	485,677	9.38%	-	-
Preference shares of Rs.100 each fully paid up				
India Business Excellence Fund-IIA	1,222,278	62.58%	-	-
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	730,847	37.42%	-	-

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



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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

04. Reserves and surplus	31-03-2018	31-03-2017		
Capital reserve				
Balance as per the last financial statements	32,50,000	32,50,000		
Add: Issued during the year	-	-		
Closing Balance	32,50,000	32,50,000		
Securities premium account				
Balance as per the last financial statements	50,29,71,324	50,29,71,324		
Add: Issued during the year	14,22,20,602	-		
Closing Balance	64,51,91,926	50,29,71,324		
Statutory reserve pursuant to sec 45-IC of The RBI Act, 1934				
Balance as per the last financial statements	19,01,97,168	15,64,74,933		
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	3,83,09,948	3,37,22,235		
Closing Balance	22,85,07,116	19,01,97,168		
General reserve				
Balance as per the last financial statements	4,48,57,895	3,64,27,336		
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	9,577,487	84,30,559		
Closing Balance	54,435,382	4,48,57,895		
Surplus/ (deficit) in the Statement of Profit and Loss				
Balance as per last financial statements	50,29,88,982	37,65,30,600		
Add: Profit for the year	19,15,49,739	16,86,11,176		
Less: Transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(3,83,09,948)	(3,37,22,235)		
Less: Transfer to General Reserve	(95,77,487)	(84,30,559)		
Net surplus/ (deficit) in the statement of profit and loss	646,651,286	50,29,88,982		
Total reserves and surplus	1,578,035,710	1,24,42,65,369		
05. Long-term borrowings				
	Non Current portion		Current maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Secured				
Term loans				
Indian rupee loan from banks	1,33,14,05,866	1,42,20,65,354	99,70,26,421	82,26,41,653
Indian rupee loan from financial institutions	2,99,97,061	7,42,50,000	4,42,49,161	4,61,88,000
Indian rupee loan from non banking financial companies	21,86,10,991	26,68,56,477	29,20,51,129	21,21,48,102
Debentures				
Non Convertible Debentures	61,99,99,851	51,99,99,700	14,99,99,850	15,00,00,300
Unsecured				
Non Convertible Debentures (Tier-II)	30,00,00,000	30,00,00,000	-	-
Indian rupee loan from banks (Tier-II)	15,00,00,000	15,00,00,000	-	-
Other Non Convertible Debentures	25,00,00,000	-	-	-
	2,90,00,13,769	2,73,31,71,531	1,48,33,26,561	1,23,09,78,054

* Amount disclosed under note 10 Other current liabilities.

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.

IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736



Notes to financial statements for the year ended March 31, 2018

(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, 2018

Original maturity of loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	
Monthly repayment schedule								
1-7 Yrs	8.00%-9.00%	12	3,49,584	48	17,34,743	-	-	20,84,327
	9.01%-10.50%	97	33,00,99,623	176	63,29,14,737	-	-	96,30,14,360
	10.51%-11.50%	60	26,53,37,499	77	28,73,63,999	-	-	55,27,01,498
	11.51%-12.50%	44	15,38,00,124	-	-	-	-	15,38,00,124
	12.51%-13.50%	12	2,12,39,882	3	48,75,440	-	-	2,61,15,321
Quarterly repayment schedule								
1-5 Yrs	9.00%-10.00%	6	5,00,00,000	22	14,00,00,000	2	1,00,00,000	20,00,00,000
	11.00%-12.00%	8	26,25,00,000	8	36,56,25,000	-	-	62,81,25,000
	12.01%-12.50%	20	25,00,00,000	13	13,75,00,000	-	-	38,75,00,000
Bullet repayment schedule								
1-14 Yrs	9.51%-10.50%	-	-	1	25,00,00,000	-	-	25,00,00,000
	10.51%-11.50%	4	14,99,99,850	5	55,99,99,850	-	-	70,99,99,700
	11.51%-12.50%	-	-	5	21,00,00,000	-	-	21,00,00,000
	> 13.50%	-	-	1	30,00,00,000	-	-	30,00,00,000
Total			1,48,33,26,562		2,89,00,13,769		1,00,00,000	4,38,33,40,330

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2017

Original maturity of loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	
Monthly repayment schedule								
1-7 Yrs	9.01%-10.50%	36	10,31,163	72	37,68,803	7	5,78,460	53,78,426
	10.51%-11.50%	54	22,64,19,650	131	53,60,08,221	7	1,91,29,422	78,15,57,293
	11.51%-12.50%	56	16,31,00,012	44	15,38,00,124	1	15,00,00,000	46,69,00,136
	12.51%-13.50%	22	4,45,91,230	15	2,59,35,500	-	-	7,05,26,730
Quarterly repayment schedule								
1-5 Yrs	11.00%-12.00%	8	26,25,00,000	18	68,81,25,000	-	-	95,06,25,000
	12.01%-12.50%	24	28,33,36,000	34	39,58,26,000	-	-	67,91,62,000
Bullet repayment schedule								
1-14 Yrs	10.51%-11.50%	-	-	1	16,00,00,000	-	-	16,00,00,000
	11.51%-12.50%	5	25,00,00,000	4	30,00,00,000	-	-	55,00,00,000
	> 13.50%	-	-	-	-	1	30,00,00,000	30,00,00,000
Total			1,23,09,78,055		2,26,34,63,648		46,97,07,882	3,96,41,49,585



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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

06. Deferred tax liabilities	31-03-2018	31-03-2017		
Deferred tax liabilities				
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(8,55,653)	(6,93,182)		
Impact of amortisation of ancillary borrowing cost	1,30,50,499	1,77,99,103		
Gross deferred tax liabilities	1,21,94,846	1,71,05,922		
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	23,97,517	17,49,847		
Impact of provision for standard and non performing assets	1,89,69,703	1,87,87,302		
Others	8,14,206	4,51,407		
Gross deferred tax assets	2,21,81,425	2,09,88,556		
Net deferred tax (asset)/liability	(99,86,579)	(38,82,634)		
07. Other non-current liabilities	31-03-2018	31-03-2017		
Deposit from franchisees	3,94,20,146	2,22,70,708		
	3,94,20,146	2,22,70,708		
08. Provisions	Long Term 31-03-2018	Long Term 31-03-2017	Short Term 31-03-2018	Short Term 31-03-2017
Provision for employee benefits				
Provision for gratuity (refer note 30)	42,91,649	32,26,447	6,21,577	2,20,406
Provision for leave benefits	-	-	19,47,799	16,09,339
	42,91,649	32,26,447	25,69,376	18,29,745
Other provisions				
Provision for taxation (net of advance tax Rs.10,00,37,224)	-	-	93,23,124	-
Provision for prior year income-tax	-	8,16,000	-	-
Contingent provision against standard assets (refer note 31)	1,83,02,415	1,71,23,600	93,30,940	92,55,068
Provision for non-performing assets (refer note 31)	5,57,40,726	4,22,84,907	-	-
	7,40,43,142	6,02,24,567	1,86,54,063	92,55,068
	7,83,34,791	6,34,51,014	2,12,23,439	1,10,84,813
09. Short-term borrowings	31-03-2018	31-03-2017		
Loan repayable on demand				
Cash credit from banks	45,98,37,709	1,94,11,21,360		
Unsecured				
Commercial paper	64,44,97,828	5,77,47,842		
Interest free loan and advances from related parties (refer note 27)			-	
	1,10,43,35,537	1,99,88,69,202		
The above amount includes				
Secured borrowings	45,98,37,709	19,41,21,360		

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.

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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

10. Other current liabilities	31-03-2018	31-03-2017
Employee benefits payable	68,86,865	79,95,733
Payable towards securitisation / assignment transactions	23,19,84,870	11,86,98,120
Expenses payable	5,32,293	2,15,825
Other payable	19,70,28,324	6,94,23,216
Statutory dues payable	1,04,15,156	62,95,546
Deposit from franchisees	1,34,61,644	45,05,667
Deposit from others	2,95,909	-
Other liabilities		
Current maturities of long term borrowings (refer note 5)	1,48,33,26,561	1,23,09,78,055
Interest accrued but not due on borrowings	5,99,02,999	2,41,65,719
	2,00,38,34,622	1,45,77,72,214

11. Property, Plant and Equipment	Building	Furniture and Fixtures	Computers	Office Equipments	Vehicles	Total
Gross Block						
At March 31, 2016	1,071,722	44,419,466	8,270,632	1,121,504	8,243,872	63,127,196
Additions	-	53,29,017	27,25,559	2,41,536	9,27,201	92,23,313
At March 31, 2017	1,071,722	4,97,48,483	1,09,96,191	13,63,040	91,71,073	7,23,50,509
Additions	-	4,47,689	21,68,000	31,935	21,68,808	48,16,432
At March 31, 2018	1,071,722	5,01,96,172	1,31,64,191	13,94,975	1,13,39,881	7,71,66,941
Depreciation						
At March 31, 2016	348,143	20,282,187	5,321,986	603,856	1,892,667	28,448,839
Charge for the year	8,437	55,13,719	19,38,791	3,59,199	8,71,011	86,91,156
At March 31, 2017	3,56,580	2,57,95,906	72,60,777	9,63,055	27,63,678	3,71,39,995
Charge for the year	16,969	34,25,244	18,87,484	1,10,802	9,59,753	64,00,252
At March 31, 2018	3,73,548	2,92,21,150	91,48,261	10,73,856	37,23,431	4,35,40,246
Net Block						
At March 31, 2016	7,23,579	2,41,37,279	29,48,646	5,17,648	63,51,205	3,46,78,358
At March 31, 2017	7,15,142	2,39,52,577	37,35,414	3,99,985	64,07,395	3,52,10,514
At March 31, 2018	6,98,174	2,09,75,022	40,15,930	3,21,119	76,16,450	3,36,26,694

All assets have been recognized at cost

12. Intangible assets	Computer software	Total
Gross block		
At March 31, 2016	52,59,331	52,59,331
Addition	5,10,000	5,10,000
At March 31, 2017	57,69,331	57,69,331
Addition	54,00,989	54,00,989
At March 31, 2018	1,11,70,320	1,11,70,320
Depreciation		
At March 31, 2016	27,40,570	27,40,570
Charge for the year	4,92,384	4,92,384
At March 31, 2017	32,32,954	32,32,954
Charge for the year	8,70,686	8,70,686
At March 31, 2018	41,03,640	41,03,640
Net block		
At March 31, 2016	25,18,761	25,18,761
At March 31, 2017	25,36,377	25,36,377
At March 31, 2018	70,66,680	70,66,680

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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

	Current	
	31-03-2018	31-03-2017
15. Trade receivables		
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	1,30,42,828	2,03,90,344
	1,30,42,828	2,03,90,344

	Non-current		Current	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
16. Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
On current accounts	-	-	28,96,7,471	50,32,88,949
Cash on hand	-	-	1,62,37,880	1,63,73,314
	-	-	30,58,45,352	51,96,62,263

Other bank balances				
Margin money deposit (refer note below)	6,69,10,000	10,33,16,977	47,82,32,193	17,83,22,282
	6,69,10,000	10,33,16,977	47,82,32,193	17,83,22,282
Amount disclosed under non-current assets (refer note 14)	(6,69,10,000)	(10,33,16,977)	-	-
	-	-	78,40,77,545	69,79,84,545

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	31-03-2018	31-03-2017
Interest income on portfolio loans	1,16,78,84,728	1,12,49,39,981
Excess interest spread on securitization / income from assignment	15,34,52,310	7,96,61,396
Other operating revenue		
Fee and other charges	87,41,490	64,59,425
Income from alliance partner arrangement	60,04,771	84,62,631
Interest on margin money deposits*	1,89,05,488	1,83,28,493
Servicer fee on securitization/assignment	19,79,766	2,04,90,403
	1,35,69,68,553	1,25,83,42,329

* 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.



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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

18. Other income	31-03-2018	31-03-2017
Rental Income	7,67,691	7,83,174
Miscellaneous income	1,60,245	1,25,117
	9,27,936	9,08,291
19. Employee benefit expenses	31-03-2018	31-03-2017
Salaries and bonus / incentives (refer note 25)	18,32,25,129	13,99,01,851
Contribution to provident fund	72,02,849	48,63,366
Contribution to Employee State Insurance Corporation	33,34,888	19,88,551
Leave benefits	3,38,460	9,33,275
Gratuity expenses	14,66,373	11,56,607
Staff welfare expenses	22,12,300	26,05,403
	19,77,79,999	15,14,49,053
20. Finance costs	31-03-2018	31-03-2017
Interest		
On term loans from banks	26,05,53,003	27,65,23,977
On term loans from financial institutions	1,10,34,978	1,69,70,186
On term loans from non banking financial companies	6,07,77,615	6,40,66,389
On bank overdraft facility	18,90,34,808	23,61,79,034
On debentures	13,39,39,331	3,91,75,916
On commercial paper	53,21,786	2,51,98,749
On shortfall in payment of advance income tax	7,00,278	2,63,180
Other finance costs	4,30,76,781	4,59,59,144
Bank charges	34,09,571	19,00,873
	70,78,48,150	70,62,37,448
21. Other expenses	31-03-2018	31-03-2017
Rent	1,99,17,701	1,65,99,850
Rates and taxes (refer note 25)	1,42,44,186	1,13,53,296
Insurance	2,61,176	5,43,822
Repairs and maintenance	39,02,187	31,65,841
Electricity charges (refer note 25)	31,85,590	24,77,537
Travelling and conveyance	83,60,169	63,59,312
Communication expenses (refer note 25)	52,46,465	68,15,432
Printing and stationery (refer note 25)	15,51,723	14,26,562
Legal and professional fees	2,06,66,459	2,39,12,367
Auditors' remuneration (refer details below)	20,31,232	14,69,054
CSR expenditure (refer note 36)	75,000	-
Sourcing commission	2,80,99,899	2,19,42,564
Miscellaneous expenses (refer note 25)	53,04,163	28,20,567
	11,28,45,950	9,88,17,149

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Notes to financial statements for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

	31-03-2018	31-03-2017
Payment to auditors		
As auditor:		
Audit fee	18,00,000	13,50,000
Certification fee	1,50,000	50,000
Reimbursement expenses	81,232	69,054
	20,31,232	14,69,054
22. Depreciation and amortization expense	31-03-2018	31-03-2017
Depreciation of tangible assets	64,00,252	86,91,156
Amortization of intangible assets	8,70,685	4,92,384
	72,70,937	91,83,540
23. Provisions and write-offs	31-03-2018	31-03-2017
Contingent provision against standard assets (refer note 31)	12,54,627	(73,61,722)
Provision for non-performing assets (refer note 31)	1,34,55,819	2,63,20,831
Portfolio loans and other balances written off	2,39,46,909	1,77,12,621
	3,86,57,355	3,66,71,730
24. Earnings per share (EPS)	31-03-2018	31-03-2017
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic EPS	19,15,49,739	16,86,11,176
Net profit for calculation of diluted EPS	19,15,49,739	16,86,11,176
Weighted average number of equity shares in calculating basic EPS	5,25,59,067	4,55,26,254
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	5,26,59,067	4,55,26,254
Earnings per Share :		
Basic (Rs.)	4.18	3.70
Diluted (Rs.)	4.15	3.70
[Nominal value of shares Rs. 10 each (Previous Year : Rs. 10)]		



As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007		
(Rs. in Lacs)		
Particulars	Amount Outstanding	Amount Overdue
Liabilities side		
(1) Loans and advances availed by the NBFs inclusive of interest accrued thereon but not paid:		
(a) Debenture : Secured	1,157.00	-
: Unsecured (Subordinated debts)	7,000.00	-
(b) Deferred Credits	-	-
(c) Term Loans	30,452.74	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	6,444.98	-
(f) Public Deposits	-	-
(g) Other Loans - Bank Cash Credit	4,598.38	-
- Security Deposits & Others	0.20	-
Total (1)	49,653.49	-
(2) Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-
Total (2)	-	-
Assets side	Amount	Outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured		-
(b) Unsecured		234.78
Total (3)		234.78
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		-
(b) Operating lease		-
(ii) Stock on Hire including hire charges under sundry debtors :		
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Other loans counting towards AFC Activities :		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		73,367.02
Total (4)		73,367.02
(5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(I) Shares: (a) Equity		-
(b) Preference		-
(ii) Debenture and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Please specify)		-



Notes to financial statements for the year ended March 31, 2018

1. Corporate information

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

2. Basis of preparation

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

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

2.1. Summary of significant accounting policies

a. Use of estimates

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

b. Revenue recognition

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

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

c. Tangible fixed assets

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

d. Depreciation

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

**e. Intangible assets**

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

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

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

f. Impairment

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

h. Borrowing costs

Ancillary borrowing costs incurred in connection with the arrangement of borrowings and amortized 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 utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

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

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 recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

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



p. Classification of loan portfolio

Portfolio loans are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue upto 3 months
Non-performing assets	
Sub-standard assets	Overdue for more than 3 months and upto 14 months
Doubtful assets	Overdue for more than 14 months and above
Loss assets	a) An asset which has been identified as loss asset by the Company or its 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	Upto 3 months	0.40%
Sub-standard assets	Overdue for more than 3 months and upto 14 months	10%
Doubtful assets	Overdue for more than 14 months and upto 26 months Overdue for more than 26 months and upto 38 months Overdue for more than 38 months and upto 50 months Overdue for more than 50 months and above	30% 50% 75% 100%
Loss assets	As identified by the Company or its internal / 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, 2018 are as follows:

Particulars	March 31, 2018	Refer note
Salaries and bonus / incentives	10,91,596	Note 19
Staff Welfare Expenses	(74,149)	Note 19
Other expenses		
- Rent	(22,660)	Note 21
- Communication expenses	(55,699)	Note 21
- Printing & Stationery	(39,186)	Note 21
- Rates and taxes	(21,000)	Note 21
- Electricity charges	(1,26,118)	Note 21
- Postage & Courier	(83,316)	Note 21
- Office Maintenance	(31,395)	Note 21
- Office Expenses	(2,10,057)	Note 21
- Computer Maintenance	(850)	Note 21
Total	(9,82,754)	

26. Segment information

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

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, 2018.

Key management personnel	Mr. V G K Prasad - Managing Director Mrs. V Indira Devi – Whole Time Director Mrs.KVasumathi Devi – Executive Director Mr. K P Venkatesh - Chief Executive Officer Mr. CH Sreenivasa Rao - Company Secretary Mr. S Kiran Kumar - Chief Financial Officer (upto 25-05-2016)
Relative of key management personnel	Mrs. D Vasantha Lakshmi Mr. V Raghu Ram Mr. Satyanand Sinha Chunduri Mrs. Durga Rani Chunduri
Enterprises having a significant influence	Indian Business Excellence Fund-IIA Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Ltd.) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)
Enterprises significantly influenced by key management personnel or their relatives	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited) IKF Infratech Private Limited
Enterprises in which directors are interested	S V R Finance & Leasing Private Limited

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Related party transactions during the year:

Name of related party	Nature of transaction	Transaction value for the year ended 31-03-2018	Outstanding amount as at 31-03-2018	Transaction value for the year ended 31-03-2017	Outstanding amount as at 31-03-2017
Key management personnel					
Mr. V G K Prasad	Rent paid	18,48,000	-	17,64,000	-
	Director's remuneration	45,00,000	-	45,00,000	-
	Rent deposit given	-	50,00,000	-	5,000,000
	Share capital (Rs.10/- paid up)	-	14,73,16,510	-	14,48,19,000
	Allotment of Partly paid up shares (Rs.2.70 paid up)	94,65,717	94,65,717	-	-
	Premium received on allotment of partly paid up	5,92,45,921	-	-	-
	Unsecured loan received	-	-	4,11,24,112	-
Mrs. V Indira Devi	Rent paid	39,60,000	-	37,80,000	-
	Director's remuneration	30,00,000	-	30,00,000	-
	Share capital (Rs.10/- paid up)	-	1,32,69,020	-	1,32,69,020
	Allotment of Partly paid up shares (Rs.2.70 paid up)	8,67,348	8,67,348	-	-
	Premium received on allotment of partly paid up	54,28,731	-	-	-
	Unsecured loan received	-	-	90,91,506	-
	Rent deposit given	-	38,49,800	-	3,849,800
Mrs.K Vasumathi Devi	Director's remuneration	30,00,000	-	30,00,000	-
	Share capital (Rs.10/- paid up)	-	2,13,12,860	-	2,13,12,860
	Allotment of Partly paid up shares (Rs.2.70 paid up)	13,93,146	13,93,146	-	-
	Premium received on allotment of partly paid up	87,19,701	-	-	-
Mr. K P Venkatesh	Salary paid	35,31,000	-	35,31,000	-
Mr. Ch Sreenivasa Rao	Salary paid	12,00,000	-	6,87,097	-
Mr. S Kiran Kumar	Salary paid	-	-	7,50,000	-
Relatives of key management personnel					
Mrs. D Vasantha Lakshmi	Salary paid	20,00,000	-	30,00,000	-
	Share capital (Rs.10/- paid up)	-	2,00,61,170	-	2,00,61,170
	Allotment of Partly paid up shares (Rs.2.70 paid up)	13,11,328	13,11,328	-	-
	Premium received on allotment of partly paid up	82,07,601	-	-	-
Mr. V Raghu Ram	Share capital (Rs.10/- paid up)	-	1,44,97,000	-	1,44,97,000
	Allotment of Partly paid up shares (Rs.2.70 paid up)	9,47,619	9,47,619	-	-
	Premium received on allotment of partly paid up	59,31,147	-	-	-
Mr. Satyanand Sinha Chunduri	Share capital (Rs.10/- paid up)	-	11,77,000	-	11,77,000
Mrs. Durga Rani Chunduri	Share capital (Rs.10/- paid up)	-	1,49,41,000	-	1,49,41,000
Enterprisessignificantly influenced by key management personnel or their relatives					
IKF Home Finance Limited	Unsecured loan received			22,12,326	-
IKF Infratech (P) Limited	Unsecured loan received			1,83,15,868	-
Enterprises in which Directors are interested					
SVR Finance & Leasing (P) Ltd	Trade Advance	55,00,000	55,00,000	-	-
	Interest Paid	1,94,082	1,94,082	-	-
DFL Finance Limited	SME Loan given	-	-	25,00,000	87,500
Oblike Infra Heights LLP	SME Loan given	-	-	3,25,00,000	3,25,00,000



Name of related party	Nature of transaction	Transaction value for the year ended 31-03-2018	Outstanding amount as at 31-03-2018	Transaction value for the year ended 31-03-2017	Outstanding amount as at 31-03-2017
Enterprises having a significant influence					
India Business Excellence Fund-IIA					
	Share capital (Rs.10/- paid up)	-	11,82,92,680	-	11,82,92,680
	Fully paid up preference shares	12,22,27,800	12,22,27,800	-	-
	Fully paid up preference shares premium	3,42,23,784	-	-	-
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)					
	Share capital (Rs.10/- paid up)	-	7,07,31,710	-	7,07,31,710
	Fully paid up preference shares	7,30,84,700	7,30,84,700	-	-
	Fully paid up preference shares premium	2,04,63,716	-	-	-

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, 2018	March 31, 2017
For purchase of fixed assets	-	-

26. Contingent liabilities provided for

Particulars	March 31, 2018	March 31, 2017
Credit enhancements provided by the Company towards securitization (including cash collaterals, principal and interest subordination)	44,54,10,931	35,50,32,168
Performance security provided by the Company towards advance partner arrangement / business correspondent agreement	1,00,68,146	2,74,85,824

27. Retirement and other employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.20,00,000 as per The Payment of Gratuity Act, 1972.

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

Statement of profit and loss

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	16,51,073	8,97,063
Interest cost on benefit obligation	2,60,237	1,80,929
Past service cost	2,468	-
Net actuarial (gain) / loss recognised in the year	(4,47,405)	78,615
Net employee benefit expense	14,66,373	11,56,607

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Balance Sheet

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Defined benefit obligation	49,13,226	34,46,853
Fair value of plan assets	-	-
Plan liability	49,13,226	34,46,853

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

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Opening defined benefit obligation	34,46,853	22,90,246
Current service cost	16,51,073	8,97,063
Interest cost	2,60,237	1,80,929
Past service cost	2,468	-
Actuarial (gains) / losses on obligation	(4,47,405)	78,615
Closing defined benefit obligation	49,13,226	34,46,853
Current liability	6,21,577	2,20,406
Non-current liability	42,91,649	32,26,447

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

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
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, 2018	March 31, 2017
Discount rate	8.00%	7.55%
Expected rate of return on assets	-	-
Salary escalation rate per annum	6.00%	6.00%
Employee turnover rate	9.00%	2.00%

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

Particulars	Gratuity				
	31-03-2018	31-03-2017	31-03-2016	31-03-2015	31-03-2014
Defined benefit obligation	49,13,226	34,46,853	22,90,246	21,82,720	21,15,029
Plan assets	-	-	-	-	-
Surplus / (deficit)	(49,13,226)	(34,46,853)	(22,90,246)	(21,82,720)	(21,15,029)
Experience adjustments on plan liabilities	-	-	-	-	-



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

(Amount in Rupees)

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at 31-03-2018	As at 31-03-2017	As at 31-03-2017	Provision made during the year	Provision written back during the year	As at 31-03-2018	As at 31-03-2017	
Standard assets	6,84,65,67,622	6,54,99,18,877	2,63,78,728	2,21,61,368	2,09,06,741	2,76,33,355	6,81,89,34,267	6,52,35,40,149
Sub-standard assets	30,41,10,938	32,75,87,256	3,29,88,579	2,55,99,593	2,52,88,326	3,32,99,846	27,08,11,092	29,45,98,677
Doubtful assets	6,94,13,502	1,53,43,087	92,96,328	1,38,64,142	7,19,590	2,24,40,880	4,69,72,622	60,46,759
Total	7,22,00,92,062	6,89,28,49,220	6,86,63,635	6,16,25,103	4,69,14,657	8,33,74,081	7,13,67,17,980	6,82,41,85,585

Loan portfolio and provision for standard and non-performing assets as at March 31, 2017:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at 31-03-2017	As at 31-03-2016	As at 31-03-2016	Provision made during the year	Provision written back during the year	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
Standard assets	6,54,99,18,877	6,379,478,843	33,740,449	171,23,117	2,44,84,843	2,63,78,723	6,52,35,40,154	6,345,738,394
Sub-standard assets	32,75,87,256	100,953,551	11,114,050	3,05,17,851	86,43,322	3,29,88,579	29,45,98,677	89,839,501
Doubtful assets	1,53,43,087	9,592,969	4,850,027	73,39,601	28,93,300	92,96,328	60,46,759	4,742,942
Total	6,89,28,49,220	6,490,025,363	49,704,526	5,49,80,569	3,60,21,465	6,86,63,630	6,82,41,85,590	6,440,320,837

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, 2018	March 31, 2017
Operating lease expenses recognised in the statement of profit and loss	1,99,17,701	1,65,99,850
Minimum lease obligations		
- Not later than one year	1,79,46,730	83,91,930
- Later than one year but not later than five years	2,83,29,972	1,74,20,463
- More than five years	30,70,051	-

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.

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, 2018	Year ended March 31, 2017
Amount involved	-	1,81,576
Amount recovered	-	-
Amount written off/provided	-	1,81,576
Balance	-	-



35. Restructured advances

There are no restructured advances as on March 31, 2018 (March 31, 2017: -NIL), 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

(Amount in Rupees)

Particulars		March 31, 2018	March 31, 2017
a) Gross amount required to be spent by the Company during the year		47,62,333	42,42,375
b) Amount spent during the year ending 31st March, 2018 :	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	75,000	46,87,333	47,62,333
c) Amount spent during the year ending 31st March, 2017 :			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	-	42,42,375	42,42,375

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, 2018, 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, 2018	March 31, 2017
i) CRAR (%)	32.35%	27.41%
ii) CRAR – Tier I Capital (%)	27.90%	21.58%
iii) CRAR – Tier II Capital (%)	4.45%	5.83%
iv) Amount of subordinated debt raised as Tier-II capital	45,00,00,000	45,00,00,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-

As required by the RBI circular DNBS.PD. CC No. 85 / 03.02.089 /2006-07 dated December 06, 2016, "Asset finance company is required to have aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively." As on March 31, 2017 the ratio of financing real/physical asset to the total asset is 59.93%. The Company had given instructions for transfer of funds amounting to Rs.46 crores to the bank on March 31, 2017 for payment of cash credit availed. But due to some technical reasons the request was not executed, which was subsequently made by the bank on April 04, 2017. The ratio of financing real/physical assets to the total assets after adjustment of above payment is 63.64%.

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:

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Total number of loans securitised	3169	4,004
Total book value of loans securitised	71,47,36,736	98,62,08,258
Total book value of loans securitised including loans placed as collateral	80,30,74,985	1,06,94,19,492
Sale consideration received for loans securitised	71,47,36,736	98,62,08,258
Excess interest spread recognised in the statement of profit and loss	6,96,41,599	3,80,53,274

Particulars	As at March 31, 2018	As at March 31, 2017
Credit enhancements provided and outstanding (Gross):		
Interest subordination	12,84,70,112	12,26,45,324
Principal subordination	21,99,39,820	15,41,44,845
Cash collateral	9,70,01,000	7,82,42,000

(Amount in Rupees)

Sr. No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
1.	Number of SPVs sponsored by the NBFC for securitisation transactions during the year	2	4
2.	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet:	60,17,16,327	90,22,76,267
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	3,65,13,000	10,14,07,461
	-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	10,16,31,520	6,04,88,000
	-Others	-	-
	ii) Exposure to third party securitisations		
	-First loss	-	-
	-Others	-	-

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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:

(Amount in Rupees)

Particulars	March 31, 2018	March 31, 2017
Number of accounts	2,884	2884
Aggregate value (net of provision) of accounts sold	2,40,79,33,459	62,09,46,126
Aggregate consideration	2,40,79,33,459	62,09,46,126
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain or loss over net book value	-	-

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

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

h. Asset Liability Management:

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

(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*	10.41	18.66	17.22	52.36	134.56	363.77	103.31	21.71	722.01
Investments	-	-	-	-	-	-	-	-	-
Borrowings	10.98	12.22	12.69	37.24	75.19	222.33	60.67	1.00	432.33
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

*net of provision on NPA

Maturity pattern of certain Assets and Liabilities as on March 31, 2017:

(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*	27.34	23.22	19.37	59.78	162.44	313.33	83.40	0.41	689.29
Investments	-	-	-	-	-	-	-	-	-
Borrowings	8.49	13.64	9.94	37.83	250.58	191.02	27.83	46.97	596.30
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:

(Amount in Rupees)

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	02-Jan-2018	CARE A-	01-Jan-2019	500,00,00,000
Long-term facilities bank loan	02-Jan-2018	CARE A-	01-Jan-2019	301,00,00,000
Non-fund based bank guarantee	02-Jan-2018	CARE A2+	01-Jan-2019	14,00,00,000
Non Convertible Dedenture (NCD)	02-Jan-2018	CARE A-	01-Jan-2019	75,00,00,000
Market Linked Dedenture (MLD)	09-May-2017	CARE A-	08-May-2018	25,00,00,000
Commercial Paper	22-Feb-2018	CARE A2+	01-Feb-2019	20,00,00,000
Commercial Paper	22-Feb-2018	CARE A2+	08-Feb-2019	50,00,00,000
Proposed Non Convertible Dedentures	26-Mar-2018	CARE A-	25-Mar-2019	25,00,00,000
Brickwork Ratings				
Long term bank loan facilities	25-Jan-2018	BWR A	24-Jan-2019	269,50,00,000
Long term cash credit facilities	25-Jan-2018	BWR A	24-Jan-2019	412,00,00,000
Non Convertible Dedenture (NCD)	25-Jan-2018	BWR A	24-Jan-2019	30,00,00,000
Non Convertible Dedenture (NCD)	25-Jan-2018	BWR A	24-Jan-2019	16,00,00,000

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

(Amount in Rupees)

Particulars	March 31, 2018	March 31, 2017
Provisions for depreciation on investments	-	-
Provision made towards income tax	10,19,44,359	8,82,80,524
Provision towards non-performing assets	1,34,55,819	2,63,20,831
Provision for standard assets	12,54,627	(73,61,722)
Provision for gratuity	14,66,373	11,56,607
Provision for leave benefits	3,38,460	9,33,275

n. Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2018 (previous year: Nil).

o. Concentration of Advances, Exposures and NPAs:

(Amount in Rupees)

Particulars	March 31, 2018	March 31, 2017
Concentration of Advances		
Total advances to twenty largest borrowers	85,06,79,250	63,46,15,397
(%) of advances to twenty largest borrowers to total advances	11.76%	9.21%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	85,42,65,482	63,75,32,173
(%) of exposure to twenty largest borrowers/customers to total exposure	11.80%	9.24%
Concentration of NPAs		
Total exposure to top four NPA accounts	5,33,43,495	3,35,31,043

p. Sector-wise NPAs*

Sector	(%) of NPAs to total advances in that sector as at March 31, 2018	(%) of NPAs to total advances in that sector as at March 31, 2017
Agriculture and allied activities	3.41%	6.79%
MSME	1.79%	2.77%
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	8.25%	5.81%
Other personal loans	3.11%	3.70%

*As certified by the Management and relied upon by Auditors

q. Movement of NPAs

(Amount in Rupees)

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to Net Advances (%)	4.40%	4.35%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	34,29,30,343	11,05,46,520
(b) Additions during the year	30,37,17,860	32,46,24,925
(c) Reductions during the year (incl. loans written off)	(27,31,23,763)	(9,22,41,102)
(d) Closing balance	37,35,24,440	34,29,30,343
(iii) Movement of Net NPAs		
(a) Opening balance	30,06,45,436	9,45,82,443
(b) Additions during the year	26,42,54,124	28,73,51,600
(c) Reductions during the year	24,71,15,847	8,12,88,607
(d) Closing balance	31,77,83,713	30,06,45,436
(iv) Movement of provisions for NPAs		
(a) Opening balance	4,22,84,907	1,59,64,077
(b) Provisions made during the year	3,94,63,735	3,72,73,325
(c) Write-off / write-back of excess provisions	(2,60,07,916)	(1,09,52,495)
(d) Closing balance	5,57,40,726	4,22,84,907



r. Disclosure of Customer Complaints*

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Number of complaints pending at the beginning of the year	1	1
(ii) Number of complaints received during the year	17	47
(iii) Number of complaints redressed during the year	16	47
(iv) Number of complaints pending at the end of the year	2	1

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

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

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

t. Off-balance sheet SPVs sponsored

The Company has not sponsored any off-Balance Sheet SPV 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, 2018 (Previous year: Nil)
40. During the current year, the Company has not complied with appointment of key managerial personnel requirement for a public limited company as per Section 203 of The Companies Act, 2013 (the "Act") read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company is in the process of appointing chief financial officer in order to meet requirement.
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/-
(V.G.K Prasad)
Managing Director
DIN: 01817992

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

Sd/-
(Ch. Sreenivasa Rao)
Company Secretary
Membership No.: ACS14723

Place: Hyderabad
Date : 04-09-2018

ATTENDANCE SLIP



IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

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

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

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 27th Annual General Meeting of the Company at the Registered Office of the Company, 40-1-144, Corporate Centre, M G Road, Vijayawada - 520010, on Saturday day, 29th September, 2018 at 4:30 p.m.

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

SIGNATURE

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

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

PROXY FORM

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



IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

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

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

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held at Registered Office of the Company, Vijayawada-520010 on Saturday, 29th September, 2018 at 4:30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Item No.	Resolutions	For	Against	Abstain
1	Receive, consider, approve and adopt the audited Financial Statements for the financial year ended 31st March, 2018 together with the Reports of the Directors and Auditors thereon for the year ended 31st March 2018.			
2	Appoint a Director in place of Mr. Satyanand Sinha Chunduri (DIN: 03644504), who retires by rotation and, being eligible, offers himself for re-appointment.			

Item No.	Resolutions	For	Against	Abstain
3	Appoint a Director in place of Mrs. Vasumathi Devi Koganti (DIN: 03161150), who retires by rotation and, being eligible, offers herself for re-appointment.			
4	Enhance the Borrowing Powers of the Company from Rs.2000 crores to Rs. 3000 crores.			
5	Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.			
6	Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis.			

Affix a
1 Rupee
Revenue
Stamp

Signed this day of 2018

Signature shareholder :

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Note:

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



IKF FINANCE LIMITED

CIN : U65992AP1991PLC012736

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.
27th Annual General Meeting – Saturday, 29th September, 2018

Form No. MGT-12 Polling Paper

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

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

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

Item No	Ordinary Business	No. of shares held by me	I/We assent to the resolution	I/We dissent to the resolution
1	Receive, consider, approve and adopt the audited Financial Statements for the financial year ended 31st March, 2018 together with the Reports of the Directors and Auditors thereon for the year ended 31st March 2018.			
2	Appoint a Director in place of Mr. Satyanand Sinha Chunduri (DIN: 03644504), who retires by rotation and, being eligible, offers himself for re-appointment.			
3	Appoint a Director in place of Mrs. Vasumathi Devi Koganti (DIN: 03161150), who retires by rotation and, being eligible, offers herself for re-appointment.			
4	Enhance the Borrowing Powers of the Company from Rs.2000 crores to Rs. 3000 crores.			
5	Enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company.			
6	Authorization to issue of Non Convertible Debentures (NCD)/Tier II Debt(s)/Commercial Papers/Bonds on Private Placement Basis.			

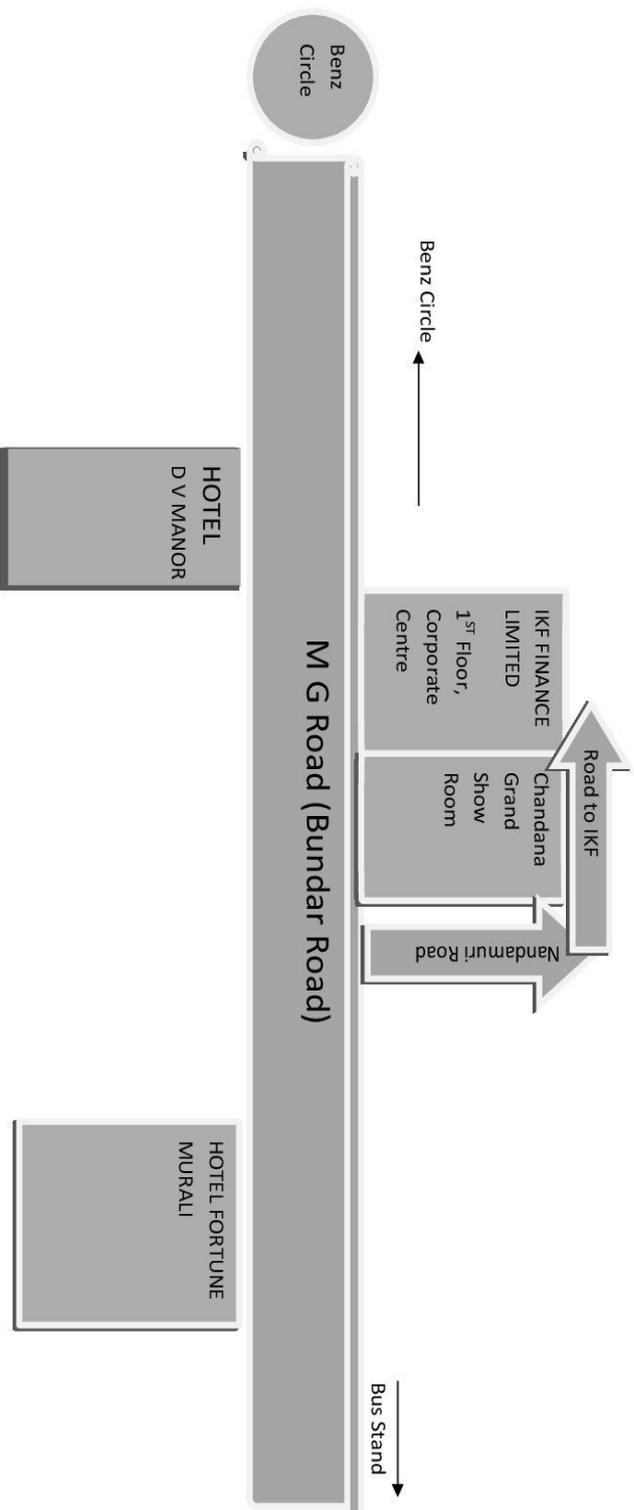
Place : Vijayawada
Date : 29-09-2018

(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 - 520010.

ANDHRA PRADESH.

Phones : (0866) 2474 644, 2474 633

Email : ikffinance@gmail.com

Web : www.ikffinance.com