



May 29, 2024

To
Listing Operations
BSE Limited
P J Towers,
Dalal Street, Fort,
Mumbai – 400 001.

Dear Sir/ Madam

Sub: **Asset Cover Certificate**

Ref: Regulations 54 read and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Scrip Code: 959773,974327,974714, 975026, 975569

Pursuant to the provisions of Regulation 54 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time and other regulations, if applicable, we hereby submit Security Cover Certificate

Kindly take the above on record.

Thanking you,

Yours faithfully,
For IKF Finance Limited

(Ch Sreenivasa Rao)
Company Secretary and Compliance Officer

IKF Finance Limited

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

Ph: 91-866-2474644, 2474633 | Fax: 91-866-2485755 | Email: ikffinance@gmail.com | Web: www.ikffinance.com

Corporate Office: Plot No's. 30/A, Survey No. 83/1, 11th Floor, My Home Twitza, , APIIC Hyderabad Knowledge City, Raidurg (Panmaqtha) Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad – 500081, Telangana

Ph: 91-40-69268899 | **CIN:U65992AP1991PLC012736**

SGCO & Co. LLP

Chartered Accountants

Independent Auditor's Report on Compliance with Covenants as at March 31, 2024 under Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) for submission to Debenture Trustees

To,

The Board of Directors,

IKF Finance Limited
40-1-144, 1st Floor,
Corporate Centre, M.G. Road,
Vijayawada, Andhra Pradesh-520010

Dear Sirs,

1. We, SGCO & Co. LLP, Chartered Accountants, are the Statutory Auditors of IKF Finance Limited (the "Company"), have been requested by the Company to examine the accompanying Statement of Compliance with Covenants for the listed non-convertible debt securities as per Debenture Trust Deeds as at March 31, 2024 (the "Statement") which has been prepared by the Company from the Audited Standalone Financial Statements and other relevant records and documents maintained by the Company as at and for the half year ended March 31, 2024 pursuant to the requirements of the Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and circular SEBI/ HO/ MIRSD/ MIRSD_CRADT/ CIR/P/2022/67 dated May 19, 2022 (together referred to as the 'Regulations') for the purpose of onward submission to Debenture Trustees of the Company to ensure compliance with the SEBI Regulations in respect of its listed non-convertible debt securities as at March 31, 2024 ("Debt Securities"). The Company has entered into agreement(s) with the Debenture Trustees ("Debenture Trust Deeds") in respect of such Debt Securities, as indicated in the Statement.

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Management's Responsibility

2. The preparation and completeness of the accompanying Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation, and maintenance of internal control relevant to preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
3. The Management of the Company is also responsible for ensuring that the Company complies with the requirements of the SEBI Regulations and for providing all relevant information to the Debenture Trustees and for complying with all the covenants as prescribed in the Debenture Trust Deeds and Information Memorandums.

Auditor's Responsibility

4. Pursuant to the requirements of the SEBI Regulations, it is our responsibility to provide limited assurance as to whether any matter has come to our attention that causes us to believe that, as at March 31, 2024, the Company is not in compliance with all the covenants, as mentioned in the Debenture Trust Deeds in respect of securities mentioned in the accompanying Statement.
5. We have audited the Standalone Financial Statements of the Company for the year ended March 31, 2024 and issued an unmodified audit opinion vide our report dated May 29, 2024. Our review of such Standalone Financial Statements was conducted in accordance with the Standard on Auditing specified under section 143(10) of Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Standalone Financial Statements are free from material misstatements. Further, we have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2024.
6. We conducted our examination of the Statement, on a test check basis, in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.



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7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. Our scope of work, in respect of this certificate, did not include verification of compliance with other requirements of the other circulars and notifications issued by regulatory authorities from time to time and any other laws and regulations applicable to the Company did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.
9. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Limited assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria mentioned in paragraph 4 above. The procedures selected depend on the auditor's judgment, including the assessment of the associated risks with the reporting requirements. We have performed the following procedures:
 - A. On test check basis obtained and read the Debenture Trust Deeds and the Information Memorandums in respect of the non - convertible debt securities.
 - B. Traced and agreed the principal amount of the listed non- convertible debt securities outstanding as on March 31, 2024 with the Audited Standalone Financial Statements and the books of account maintained by the Company as at and for the half year ended March 31, 2024.
 - C. Traced and agreed the interest and principal repayment amount of the listed non- convertible debt securities outstanding as on March 31, 2024 with the Audited Standalone Financial Statements and the Audited books of account maintained by the Company as at and for the year ended March 31, 2024;
 - D. With respect to compliance with financial covenants (as per Annexure) we have performed



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following procedures:

- i. Obtained the computation of the financial covenants as at March 31, 2024 and verified the figures included in such computation with the Standalone Financial Statements as at March 31, 2024 and other relevant records maintained by the Company on a test check basis.
 - ii. Compared, on a test check basis, the financial covenants computed by the management as at March 31, 2024 with the requirements stipulated in the Debenture Trust Deed(s) to verify whether such covenants are in compliance with the requirements of the Debenture Trust Deeds.
- E. With respect to covenants other than those mentioned in paragraph 9(D) above, the management has represented and confirmed that the Company has complied with such covenants including affirmative, reporting, and negative covenants, as prescribed in the Debenture Trust Deeds, as at and for the half year ended March 31, 2024, except for covenants where the due date for compliance has not elapsed as on date of this Report and that such covenants shall be complied with subsequent to the date of this Report. We have solely relied on such representation provided by the management and have not performed any independent procedures in this regard.
- F. Performed necessary inquiries with the Management and obtained necessary representations.
- G. We have relied on management representations for accuracy and correctness of figures and information given in the Statement.

10. Conclusion

Based on the procedures performed by us, as referred to in paragraph 9 above and according to the information and explanations received and Management representations obtained, nothing has come to our attention that causes us to believe that, as at March 31, 2024, the Company is not in compliance with all the covenants as mentioned in the Debenture Trust Deeds in respect of the securities mentioned in the accompanying Statement.

11. Restriction on Use

The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 1 above and to be submitted with the accompanying Statement to the Debenture Trustees and is not to be used or referred to for any other person. Accordingly, we do



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not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this report.

For SGCO & Co. LLP

Chartered Accountants

Firm Regn. No.: 112081W/W100184

Sudha Jaideep Shetty

Partner

Membership Number: 047684

UDIN: 24047684BKHXYQY6285



Place: Hyderabad

Date: May 29, 2024

ISIN DETAILS									
Amounts in Lacs									
S No	ISIN	Facility	Type of Charge	Sanctioned Amount	Outstanding Amount as on 31.03.2024	Cover Required	Security Required	Actual Cover	Actual Security
1	INE859C07154	Non Convertible Debentures	Fixed Charge	10000	7,608	1.1	8369	1.11	8453.00
2	INE859C07162	Non Convertible Debentures	Fixed Charge	5000	5007	1.1	5508	1.11	5563.00
Total				15,000	12,615	1.10	13,877		14,016

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SGCO & Co. LLP

Chartered Accountants

To,
The Board of Directors
IKF Finance Limited
40-1-144, 1st Floor,
Corporate Centre, M.G. Road,
Vijayawada, Andhra Pradesh-520010

Independent Statutory Auditor's Certificate with respect to maintenance of Security cover with respect to listed non-convertible debentures as at March 31st, 2024

1. This report is issued as per request received from IKF Finance Limited (hereinafter the "Company") via email dated May 28, 2024.
2. We SGCO & Co LLP, Chartered Accountants, are the Statutory Auditors of IKF Finance Limited (the "Company") and have been requested by the Company to certify the accompanying Statement showing 'Security Cover' for the listed non-convertible debt securities as at March 31st, 2024 (the "Statement") pursuant to the requirements of the Regulation 54 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, (the "SEBI Regulation").

Accordingly, the Company has prepared the details of security cover available for debenture holders in accordance with the audited financial statements as at March 31, 2024 and other relevant records/documents maintained by the Company as per attached statement.

We understand that this certificate is required by the Company for the purpose of submission with BSE Limited and Trustees with respect to maintenance of asset cover in respect of listed non-convertible debt securities of the Company (as per Regulation 54) of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulation, 2015 ("Regulations") in the format notified by SEBI vide circular no. SEBI/ HO/ MIRSD/MIRST_CRADT I CIR/ PI 2022/67 dated May 19, 2022.

Management Responsibility

3. The preparation and presentation of the Statement is the responsibility of the Company's management including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Company's management is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations, the circular and for providing all relevant information to the Stock Exchange.

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Auditor's responsibility

5. Pursuant to the requirements of the SEBI Regulations and the circular, it is our responsibility to provide a limited assurance as to whether as at March 31, 2024, the Company has maintained security cover as per the terms of the Information Memorandum and Debenture Trust Deeds.
6. We have audited the financial statements of the Company for the year ended March 31, 2024 and issued an unmodified conclusion vide our report dated May 29, 2024. Our audit of such financial statements was conducted in accordance with the Standard on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements. Further, we have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2024.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 7 above. The procedures performed vary in nature and timing from and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures in relation to the Statement:
- a) Traced all the amounts relating to assets and liabilities (as mentioned in the Annexure I) to the audited books of accounts as at March 31, 2024, and other records of the Company and verified the arithmetical accuracy of the numbers in the statement;
 - b) Verified the amount of security cover as at March 31, 2024, certified by the management and Chartered Accountants dated May 28, 2024
 - c) Obtained statement of receivables hypothecated to Lenders for Listed non-convertible Debentures as at March 31, 2024, certified by the management and Chartered Accountant dated May 28, 2024
 - d) Obtained and read on a test check basis the Debenture Trust Deed and the Information Memorandum in respect of the secured Debentures and noted the security cover percentage required to be maintained by the Company in respect of such Debentures.
 - e) Traced and agreed the principal amount of the Listed non-convertible Debentures outstanding as at March 31, 2024 to the audited books of account maintained by the Company as at and for the year ended March 31, 2024.
 - f) Traced the value of assets indicated in Annexure I of the Statement from management certified Statement of receivables hypothecated to lenders as on March 31, 2024 ("Hypothecated assets reports"). We have checked the Receivable amount of Hypothecated assets from Loans Balance as on March 31, 2024.



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g) Obtained the list of security created in the register of charges maintained by the Company, 'Form No. CHG-9' filed with Ministry of Corporate Affairs. Traced the value of charge created against assets to the security cover relating to principal value of listed non- convertible debt securities.

h) Performed necessary inquiries with the Management and obtained necessary representations.

Conclusion

10. Based on the procedures performed by us, as referred to in paragraph 9 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that the Company has not maintained asset cover as per the terms of the Debenture Trust deed.

Restriction of use

11. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustees and is not to be used or referred to for any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this report.

For SGCO & Co. LLP
Chartered Accountants
FRN:- 112081W/W100184

Sudha

Sudha Jaideep Shetty
Partner

Membership No: 047684
UDIN: 24047684BKHQX7718



Place: Hyderabad
Date: May 29, 2024

S. No.	ISIN	Facility	Date of Trust deed	Covenant reference as per DTD	Compliance
2	INE859C08103	140 (One Hundred and Forty Reference Rate Unsecured Rated Listed Redeemable Subordinated Tier II Non-Convertible Debenture of face value of Rs 1,00,00,000 each aggregating upto Rs 140 Cr (Rs One Hundred and Forty Crore only)	October 15, 2022	Schedule 1.12.1 (Clause a to p) Schedule 1.12.1 (Clause a to b) Schedule 2.5.2 (Clause a to k) Schedule 2.5.3 (Clause a to e)	Complied
3	INE859C08111	7000 (seven thousand) unsecured, rated, listed, redeemable, unsubordinated, non-convertible debentures of face value of Rs. 1,00,000/- (rupees one lakh only) each, aggregating up to Rs.70,00,00,000/- (Rupees Seventy Crores only)	March 23, 2023	Schedule VII (Clause a to Z) Schedule IX (Clause 1 to 5) Schedule XII (Clause a to F) Schedule XIII (Clause a to w)	Complied
4	INE859C07154	10000 (Ten Thousand) Secured, Listed, Rated, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures of Face Value of INR 1,00,000/- (Rupees One Lakh Only) Each amounting INR 1,00,00,00,000/- (Rupees One Hundred Crores only)	August 09, 2023	Schedule VIII (Clause 1 to 2) Main Clause 2 (Sub clause a to o) Main Clause 3 (Sub clause a to z) Main Clause 4 along with Part B Annexure 1	Complied
5	INE859C07162	5000 (Five Thousand) Secured, Listed, Rated, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures Having A Face Value Of INR 1,00,000/- (Indian Rupees One Lakh Only) Each, Aggregating Up To INR 50,00,00,000/- (Indian Rupees Fifty Crores Only)	23 rd March, 2024	Schedule VII Schedule X Schedule IX	Complied

For IKF Finance Limited

(Ch. Sreenivasa Rao)
Company Secretary



Place: Hyderabad
Date: 28.09.2024

IKF Finance Limited

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Financial Covenants		
Neo		
Sr. No	Requirement	As Per Verification
1	Maintain CRAR At 18%	26.51%
2	Cumulative ALM (Excluding CC limits) should always be positive in all the buckets upto 1 year	Positive
3	Tangible Networth to Gross Loan Portfolio minimum 12%	23.13%
4	Sum of PAR > 90 and write offs on Borrowers entire Portfolio maximum 5%	1.75%
5	Leverage Ratio below 4%	3.35
6	Promoter Group Shareholding not fall below 35%	42.84%

Piramal		
Sr. No	Requirement	As Per Verification
1	Debt to Networth is less than 5 %	3.10
2	Maintain CRAR At 20%	26.51%
3	Gross NPA- Less than 5 %	2.35%
4	NNPA is not more than 4%	1.80%
5	The earnings of the company after tax shall remain positive	Positive

Northern Arc Capital		
Sr. No	Requirement	As Per Verification
1	Maintain CRAR At 20%	26.51%
2	Cumulative ALM (Excluding CC limits) should always be positive in all the buckets upto one year to the extent of at least 10%	Positive
3	Tangible Networth to Gross Loan Portfolio minimum 12%	23.13%
4	Gross NPA- Less than 5 %	2.35%
5	Leverage Ratio below 4%	3.35

For IKF Finance Limited

(Ch Sreenivasa Rao)
Company Secretary
Place: Vijayawada
Date: 29.05.2024



IKF Finance Limited

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