

Independent Auditor's Review Report on unaudited standalone quarterly financial results of the company pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
IKF Finance Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of IKF Finance Limited (the "Company"), for the quarter ended June 30, 2022 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33, Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

4A, Kaledonia,
2nd Floor, Sahar Road,
Near Andheri Station,
Andheri (East),
Mumbai – 400 069

Tel. +91 22 6625 6363
Fax. +91 22 6625 6364
E-mail: info@sgco.co.in
www.sgco.co.in

SGCO & Co. LLP
Chartered Accountants

5. The unaudited financial results for the quarter ended June 30, 2021 were not subjected to limited review and have been certified by the Management which has been relied upon by us.

For S G C O & Co. LLP
Chartered Accountants
FRN. 112081W/W100184

Suresh Murarka
Partner
Mem. No. 044739
UDIN : 22044739AOVMHU9917

Place: Mumbai
Date: 11th August, 2022

4A, Kaledonia,
2nd Floor, Sahar Road,
Near Andheri Station,
Andheri (East),
Mumbai – 400 069

Tel. +91 22 6625 6363
Fax. +91 22 6625 6364
E-mail: info@sgco.co.in
www.sgco.co.in

IKF Finance Limited

Regd Office: #40-1-144, Corporate Center, M.G.Road, Vijaywada - 520 101
 CIN: U65992AP1991PLC012736, Tel: 91-866-2474644, Fax: 91-866-2485755,
 Website: www.ikffinance.com


Statement of Unaudited Financial Results for the Quarter Ended June 30,2022

(Rs in Lacs)

	Particulars	Quarter Ended			Year Ended
		June 30,2022 (Unaudited)	March 31,2022 (Unaudited) Refer Note 11	June 30,2021 (Unaudited) Refer Note 9	March31,2022 (Audited)
1	Revenue from operations				
	(a) Interest income	6004.02	6,076.95	5,328.56	21,899.30
	(b) Fees and commission income	15.87	81.26	30.41	160.21
	Total revenue from operations	6,019.89	6,158.21	5,358.97	22,059.51
2	Other income	2.17	46.38	2.08	63.31
3	Total income (1 + 2)	6,022.06	6,204.59	5,361.05	22,122.82
4	Expenses				
	(a) Finance costs	3063.82	2,933.99	2,893.01	11,787.65
	(b) Impairment on financial instruments	211.47	(47.49)	411.45	511.78
	(c) Employee benefits expenses	825.78	981.93	724.28	3,248.03
	(d) Depreciation, amortization and impairment	63.61	31.50	34.55	128.96
	(e) Others expenses	288.86	327.26	163.39	1,019.11
	Total expenses	4,453.54	4,227.19	4,226.68	16,695.53
5	Profit before tax (3 - 4)	1,568.52	1,977.40	1,134.37	5,427.29
6	Tax expenses				
	(a) Current tax	418.66	770.20	216.18	1,487.04
	(b) Deferred tax	-13.09	-267.96	66.26	-100.25
	(c) Adjustment of tax relating to earlier periods	0.00	10.06	0.00	10.06
7	Net Profit for the period (5 - 6)	1,162.95	1,465.10	851.93	4,030.44
8	Other comprehensive income				
	(A) Items that will not be reclassified to profit or loss				
	(a) Remeasurements of the defined benefit plans	14.50	1.36	2.34	11.07
	(b) Income tax relating to items that will not be reclassified to profit or loss	-3.65	-0.34	(0.58)	-2.79
9	Total Comprehensive Income (7 + 8)	1,173.80	1,466.12	853.69	4,038.72
10	Earnings per Share (Rs) (Face Value of Rs.10/- each)				
	- Basic (Not Annualised)	2.21	2.84	1.65	7.80
	- Diluted (Not Annualised)	2.21	2.83	1.65	7.80

Notes:

- IKF Finance Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the Quarter ended and the year ended June 30,2022 in accordance with Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations 2015') and the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provisions of the Companies Act, 2013, as applicable.
- The above financial results are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their meeting held on August 11,2022.
- The Company is engaged primarily in the business of financing and accordingly there is no separate reportable segment as per Ind AS 108 dealing with "Operating Segments"
- The COVID 19 outbreak across the world has for past 27 months adversely affected the world economy including India. However, in recent times the industry is showing signs of revival signalling a slow but steady return of growth for economy. The impact of the COVID-19 pandemic, on Company's results, including gain/loss on fair value changes, investment, remains uncertain and dependent on actual visibility of growth over coming quarters and steps taken by the government, RBI and other regulators to mitigate the economic impact and foster speedier growth. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of financial assets (Loans) the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic condition.
- Details of loans transferred / acquired during the quarter ended June 30, 2022 under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of loans not in default transferred / acquired through assignment during the Year ended June 30,2022

Particulars	Transferred	Acquired
Aggregate amount of loans transferred / acquired (Rs. in lakhs)	1875.92	355.58
Weighted average maturity (in years)	28.40	4.96
Weighted average holding period (in years)	8.24	14.94
Retention of beneficial economic interest by the originator	10.00%	10.00%
Tangible security Coverage	100.00%	100.00%
Rating-wise distribution of rated loans	Not Applicable	Not Applicable

(ii) The Company has not transferred any non-performing assets (NPAs)

(iii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.

(iv) The Company has not acquired any loans not in default through assignment.

(v) The Company has not acquired any stressed loan.

- The Indian Parliament has approved the Code on Social Security,2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

- 7 All Secured NCDS issued by the company are secured by pari-passu charge and / or exclusive charge on receivables under loan contracts, owned assets and book debts to the minimum extent of 100 % or such higher security as per the respective termsheets of outstanding secured NCDS.
- 8 The Compliance related to disclosure of certain ratios and other financial information as required under Regulation 52 (4) of the Listing Regulations is made in Appendix 1.
- 9 The figures reported for the quarter ended June 30, 2021 have been certified by the management and have not been subjected to Limited Review.
- 10 Previous period figures have been regrouped/ reclassified wherever required.
- 11 The figures for quarter ended March 31, 2022, are the balancing figures between reviewed figures in respect of the period ended December 31, 2021 and year ended March 31,2022

Appendix 1

Analytical Ratios and other disclosures based on Standalone financial results:

	Particulars	Quarter Ended			Year Ended
		June 30,2022 (Unaudited)	March 31,2022 (Unaudited) Refer Note 11	June 30,2021 (Unaudited) Refer Note 9	March31,2022 (Audited)
a)	Debt equity ratio (no. of times) (refer note ii)	3.46	3.37	3.35	3.37
b)	Debt service coverage ratio	N/A	N/A	N/A	N/A
c)	Interest service coverage ratio	N/A	N/A	N/A	N/A
d)	Outstanding redeemable preference shares (quantity and value)	-	-	-	-
e)	Capital redemption reserve	N/A	N/A	N/A	N/A
f)	Debenture redemption reserve	N/A	N/A	N/A	N/A
g)	Net worth (refer note iii)	39,906.34	38,736.77	34,844.56	38,736.77
h)	Net profit (loss) after tax	1,162.95	1,465.10	851.93	4,030.44
i)	Earnings per share (face value of Rs 10/- each) (not annualized for the interim period)				
	-Basic (Rupees)	2.21	2.84	1.65	7.80
	-Diluted (Rupees)	2.21	2.83	1.65	7.80
j)	Current ratio	N/A	N/A	N/A	N/A
k)	Long term debt to working capital	3.21	3.00	2.82	3.00
l)	Bad debts to Account receivable ratio	N/A	N/A	N/A	N/A
m)	Current liability ratio	N/A	N/A	N/A	N/A
n)	Total debts to total assets (refer note iv)	76.51%	76.04%	75.35%	76.04%
o)	Debtors turnover	N/A	N/A	N/A	N/A
p)	Inventory turnover	N/A	N/A	N/A	N/A
q)	Operating margin (%)	N/A	N/A	N/A	N/A
r)	Net profit margin (%) (refer note v)	19.31%	23.61%	15.89%	18.22%
s)	Sector specific equivalent ratios, as applicable.				
	1) Capital Adequacy Ratio (%) (refer note vi)	24.11%	24.11%	24.54%	24.11%
	2) Gross Stage-3 Assets % (refer note vii)	2.71%	2.72%	3.88%	2.72%
	3) Net Stage-3 Assets % (refer note viii)	1.83%	1.82%	3.07%	1.82%
	4) Provision Coverage Ratio for Stage-3 assets (PCR %) (refer note ix)	33.13%	33.78%	21.50%	33.78%

Notes:

- i) Certain ratios/line items marked with remark "N/A" are not applicable since the Company is a Non banking financial company registered with the Reserve Bank of India
- ii) Debt equity ratio=[Debt Securities + Borrowings (Other than Debt Securities) + Deposits+ Subordinated Liabilities]/[Equity Share capital + Other equity]
- iii) Net worth = [Equity share capital +Other equity]
- iv) Total debts to total assets=[Debt Securities + Borrowings (Other than Debt Securities)+ Deposits+ Subordinated Liabilities]/Total assets
- v) Net profit margin = Profit after tax/Total income
- vi) Capital Adequacy Ratio has been computed on a standalone basis as per relevant RBI guidelines
- vii) Gross Stage-3 Assets % (as per Ind AS) = Gross Stage-3 Assets/Gross loan assets
- viii) Net Stage-3 Assets % (as per Ind AS) = (Gross Stage-3 Assets less Impairment loss allowance for Stage-3 Assets)/(Gross loan assets less Impairment loss allowance for Stage-3 Assets)
- ix) Provision Coverage Ratio (PCR %) as per Ind AS Carrying amount of Impairment loss allowance for Stage-3 Assets/Gross Stage-3 Assets

For and on behalf of the Board of Directors
V.G.K Prasad

Place : Vijayawada
Date: August 11,2022

Chairman