S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of IKF Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IKF Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, its consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to Note 43 to the consolidated financial statements, which describes the uncertainties relating to the impact of COVID-19 pandemic on the Group's operations and financial metrics. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditor of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of financial instruments (expected credit losses) (as described in Note 2.4c, 2.6f & 6 of the consolidated financial statements)</td></tr>
<tr><td>IND AS 109 requires the Group to provide for impairment of its financial assets as at reporting date using the expected credit loss (ECL) model. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of Group’s financial assets (loan portfolio).

In the process, a significant degree of judgement has been applied by management including but not limited to the following matters;
Staging of financial assets (i.e. classification of loan book in ‘significant increase in credit risk (“SICR”)’ and ‘default categories’);
Applying assumptions regarding the probability of various scenarios and discounting rates for different loan products;
Grouping of loan portfolio under homogeneous pools in order to determine probability of default on collective basis;
Estimation of losses for loan products with no/ minimal historical defaults; and
Estimation of management overlay for macro-economic factors which could impact credit quality of the loans.
Additional considerations on account of COVID-19

Pursuant to the Reserve Bank of India circular dated August 6, 2020 for “Resolution Framework for COVID-19-related Stress” (“RBI circulars”) allowing lending institutions to implement a resolution plan in respect of its eligible exposures, subject to specified conditions and pursuant to RBI circular dated March 27, 2020 and May 23, 2020 (“RBI Circulars”) allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended moratorium to its borrowers in accordance with its Board approved policy.

In management’s view and considering the guidance provided by the Institute of Chartered Accountants of India (‘ICAI’), providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Group has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and the extent of its economic impact which depends on future developments including</td><td>Our audit procedures included but were not limited to:
Read and assessed the Group's accounting policy for impairment of financial assets and its compliance with IND AS 109 and the governance framework approved by the Board of Directors pursuant to the Reserve Bank of India guidelines issued on March 13, 2020.
Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present, requiring them to be classified under stage 2 or 3.
Performed inquiries with the Group's management and its risk management function to assess the impact of Covid-19 including second wave on the business activities of the Group.
Assessed the Group’s policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on sample basis.
Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Group's policy on moratorium and reschedulement/ restructuring of loans in accordance with the regulations issued in this respect.
We performed procedures to test the inputs used in the ECL computation, on a sample basis.
Tested assumptions used by the management in determining the overlay of macro-economic factors, including COVID-19 pandemic.
Tested the arithmetical accuracy of computation of ECL provision, performed by the Group in spreadsheets.
Assessed adequacy of the disclosures included in the consolidated financial statements in respect of expected credit losses, including the specific disclosures made with regards to the management's evaluation of uncertainties arising from COVID-19 and its impact on ECL estimation.</td></tr>
</table>

governmental and regulatory measures and the Group's responses thereto, the actual credit loss can be different than that being estimated. In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.	

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. 22,984.42 Lakhs as at March 31, 2021, and total revenues of Rs. 4,021.41 Lakhs and net cash inflows of Rs. 1,937.12 Lakhs for the year ended on that date. This financial statement and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

(a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 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 with reference to consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company and subsidiary incorporated in India, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary as noted in the 'Other matter' paragraph:

    i. The Group does not have any pending litigations which would impact its consolidated financial position;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2021.

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

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACS6917
Place of Signature: Mumbai
Date: July 21, 2021

ANNEXURE 1 REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

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

In conjunction with our audit of the consolidated financial statements of IKF Finance Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") ,which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the " Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor, in terms of his report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated 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 with Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary, which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary.

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

per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 21103380AAAACS6917
Place of Signature: Mumbai
Date: July 21, 2021

IKF Finance Limited

Consolidated Balance Sheet as at March 31, 2021

(Currency : INR in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	14,474.42	3,229.63
(b) Bank Balance other than included in (a) above	4	4,164.82	3,774.93
(c) Receivables			
(I) Trade receivables	5	65.27	23.96
(d) Loans	6	1,58,784.68	1,38,041.67
(e) Investments	8	-	-
(f) Other financial assets	7	1,968.14	1,241.78
		1,79,457.33	**1,46,311.97**
(2) Non-financial assets			
(a) Current Tax Assets (Net)		217.94	156.56
(b) Deferred Tax Assets (Net)	29	-	298.70
(c) Investment Property	11	6.47	6.64
(d) Property, Plant and Equipment	10	319.40	358.43
(e) Right of use asset	10	45.71	79.73
(f) Intangible assets	12	207.32	218.68
(g) Goodwill		774.47	774.47
(h) Other non-financial assets	9	401.70	373.52
		1,973.01	**2,266.73**
Total assets		**1,81,430.34**	**1,48,578.70**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(i)Trade payables and other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		23.52	17.85
(b) Debt securities	13	43,210.76	6,109.76
(c) Borrowings (other than debt securities)	14	92,148.69	1,00,834.33
(d) Subordinated Liabilities	15	5,986.79	6,450.76
(e) Other financial liabilities	16	3,583.67	3,742.07
		1,44,953.43	**1,17,154.77**
(2) Non-financial liabilities			
(a) Current tax liabilities (Net)		71.90	38.68
(b) Provisions	17	303.22	230.93
(c) Deferred tax liabilities (Net)	29	116.67	-
(d) Other non-financial liabilities	18	148.76	149.37
		640.55	**418.98**
EQUITY			
(a) Equity share capital	19	5,167.49	5,027.64
(b) Other equity	20	30,169.33	25,555.01
(c) Non- Controlling Interest		499.54	422.30
		35,836.36	**31,004.95**
Total liabilities and equity		**1,81,430.34**	**1,48,578.70**

Significant accounting policies and key accounting estimates and judgments **2**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380
Place: Mumbai
Date: July 21, 2021

For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65992AP1991PLC012736

VUPPUTURI GOPALA KISHAN PRASAD

V.G.K Prasad
Director
DIN: 01817992

VUPPUTURI INDIRA DEVI

V.Indira Devi
Whole Time Director
DIN: 03161174

SREEPAL GULABCHAND JAIN

Sreepal Jain
Chief Financial Officer

CHAPALAMADUGU SREENIVASA RAO

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

IKF Finance Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(Currency : INR in lakhs)

	Particulars	Note No	As at March 31, 2021	Year ended March 31, 2020
	Revenue From operations			
(i)	Interest income	21	23,422.50	23,579.61
(ii)	Fees and commission income	22	329.07	296.94
(I)	**Total revenue from operations**		**23,751.57**	**23,876.55**
(II)	Other income	23	57.33	73.67
(III)	**Total income (I + II)**		**23,808.90**	**23,950.22**
	Expenses			
(i)	Finance costs	24	12,865.82	12,534.48
(ii)	Impairment on financial instruments	25	781.57	2,040.22
(iii)	Employee benefits expenses	26	3,438.10	3,190.88
(iv)	Depreciation, amortization and impairment	27	193.18	194.80
(v)	Others expenses	28	1,219.14	1,175.54
(IV)	**Total expenses**		**18,497.81**	**19,135.92**
(V)	**Profit before tax (III - IV)**		**5,311.09**	**4,814.30**
(VI)	**Tax Expense:**			
	(1) Current Tax	29	1,044.15	1,356.89
	(2) Deferred Tax	29	411.32	(128.95)
	(3) Adjustment of tax relating to earlier periods	29	65.46	2.13
			1,520.93	**1,230.07**
(VII)	**Profit for the period (V-VI)**		**3,790.16**	**3,584.23**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss (specify items and amounts)			
	(a) Remeasurements of the defined benefit plans	30	16.20	(3.89)
	Income tax relating to items that will not be reclassified to profit or loss		(4.08)	0.98
	Other comprehensive income / (loss)		**12.12**	**(2.91)**
(IX)	**Total comprehensive income for the period (VII + VIII)**		**3,802.28**	**3,581.32**
	Attributable to:			
	Owners of the Company		3,725.04	3,513.68
	Non-controlling interest		77.24	67.64
(X)	**Earnings per equity share**	31		
	Basic (Rs.)		7.54	7.13
	Diluted (Rs.)		7.53	7.12

Significant accounting policies and key accounting estimates and judgments **2**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Date: July 21, 2021
Place: Mumbai

For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65992AP1991PLC012736

VUPPUTURI GOPALA KISHAN PRASAD
V.G.K Prasad
Director
DIN: 01817992

VUPPUTURI INDIRA DEVI
V.Indira Devi
Whole Time Director
DIN: 03161174

SREEPAL GULABCHAND JAIN
Sreepal Jain
Chief Financial Officer

CHAPALAMADUGU SREENIVASA RAO
Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021

IKF Finance Limited

Consolidated Cash Flow statement for the year ended March 31, 2021

(Currency : INR in lakhs)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**5,311.09**	**4,814.30**
Adjustments for:		
Depreciation, amortisation and impairment	193.18	194.80
Interest Income	(23,422.49)	(23,579.61)
Interest expenses	12,865.83	12,518.30
Impairment on financial instrument	781.57	2,040.22
Lease equalisation	-	(6.85)
Share based payment expense	13.09	17.56
Provision for expenses	4.83	31.69
Employee benefit expenses	106.26	94.71
Rental income on Investment property	(6.36)	(7.63)
(Profit)/ Loss on sale of property, plant and equipment	(0.14)	3.03
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	**(4,153.14)**	**(3,879.48)**
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	(44.40)	85.76
Decrease / (Increase) in loans	(28,317.25)	(14,652.82)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(389.89)	(142.92)
Decrease / (Increase) in other financial assets	(292.59)	128.18
Decrease / (Increase) in other non-financial assets	(28.18)	41.18
(Decrease) / Increase in trade payables	5.67	(8.20)
(Decrease) / Increase in other financial liabilities	(125.82)	(833.71)
(Decrease) / Increase in provisions	(17.77)	(17.83)
(Decrease) / Increase in other non-financial liabilities	(0.60)	(42.71)
Interest received	20,192.84	21,853.54
Interest paid	(10,940.08)	(11,104.85)
	(24,111.21)	**(8,573.86)**
Income tax paid (net of refunds)	(1,137.77)	(1,201.19)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(25,248.98)**	**(9,775.05)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45.96)	(98.20)
Rental income on Investment property	6.36	7.63
Proceeds from sale of property, plant and equipment	0.54	0.19
Purchase of intangible assets	(47.95)	(89.93)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(87.01)**	**(180.31)**
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	1,015.18	175.00
Amount received from debt securities	39,500.00	5,000.00
Repayment of debt securities	(3,300.00)	(11,611.11)
Amount received from borrowings other than debt securities	38,025.08	41,007.06
Repayment of borrowings other than debt securities	(38,101.19)	(25,079.99)
Amount received from subordinated Liabilities	2,500.00	2,000.00
Repayment of subordinated debt	(3,000.00)	-
Payment of principal portion of lease liabilities	(51.94)	(54.40)
Payment of interest on lease liabilities	(6.35)	(11.80)
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	**36,580.78**	**11,424.76**
Net Increase / (Decrease) in Cash and Cash Equivalents	**11,244.79**	**1,469.40**
Cash and Cash Equivalents at the beginning of Year	3,229.63	1,760.23
Cash and Cash Equivalents at the end of the Year	14,474.42	3,229.63

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No.103380

Date: July 21, 2021
Place: Mumbai

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

VUPPUTURI GOPALA KISHAN PRASAD

V.G.K Prasad
Director
DIN: 01817992

VUPPUTURI INDIRA DEVI

V.Indira Devi
Whole Time Director
DIN: 03161174

SREEPAL GULABCHAND JAIN
Digitally signed by SREEPAL GULABCHAND JAIN
Date: 2021.07.21 15:42:14 +05'30'

Sreepal Jain
Chief Financial Officer

CHAPALAMADUGU SREENIVASA RAO

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

IKF Finance Limited

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(Currency : INR in lakhs)

A. Equity share capital

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Outstanding as on April 1, 2020	Issued during the year	Outstanding as on March 31, 2021	Outstanding as on April 1, 2019	Issued during the year	Outstanding as on March 31, 2020
Issued, Subscribed and paid up - fully paid (Equity shares of Rs.10 each, Fully paid-up)	4,747.94	-	**4,747.94**	4,747.94	-	**4,747.94**
Issued, Subscribed and paid up - partly paid (Equity shares of Rs.10 each, partly paid-up of 8.10 per share, (INR 5.40 per share in March 2020))	279.70	139.85	**419.55**	279.70	-	**279.70**

B. Other equity

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Capital Reserve	Securities Premium	General Reserve	Share based payment Reserve	Retained Earnings	Impairment Reserve	
Balance at March 31, 2019	**3,043.71**	**32.50**	**9,085.06**	**721.74**	-	**9,132.53**	-	**22,015.54**
Profit for the year	-	-	-	-	-	3,516.59	-	**3,516.59**
Prior Period items	-	-	-	-	-	(16.17)		**(16.17)**
Other comprehensive income for the year	-	-	-	-	-	(2.91)	-	**(2.91)**
Total comprehensive income for the year (net of tax)	-	-	-	-	-	**3,497.51**	-	**3,497.51**
Transfer to Statutory Reserve	670.18	-	-	-	-	(645.78)	-	**24.40**
Transfer to General Reserve	-	-	-	138.67	-	(138.67)	-	-
Share based payment expense	-	-	-	-	17.56	-	-	**17.56**
Issue of equity shares	-	-	-	-	-	-	-	-
Balance at March 31, 2020	**3,713.89**	**32.50**	**9,085.06**	**860.41**	**17.56**	**11,845.59**	-	**25,555.01**
Profit for the year	-	-	-	-	-	3,712.93	-	**3,712.93**
Other comprehensive income for the year	-	-	-	-	-	12.12	-	**12.12**
Prior Period items	-	-	-	-	-	0.85	-	**0.85**
Total comprehensive income for the year (net of tax)	-	-	-	-	-	**3,725.90**	-	**3,725.90**
Transfer to Statutory Reserve	971.97	-	-	-	-	(971.97)	-	-
Transfer to General Reserve	-	-	-	159.53	-	(159.53)	-	-
Issue of equity shares	-	-	875.33	-	-	-	-	**875.33**
Share based payment expense	-	-	-	-	13.09	-	-	**13.09**
Balance at March 31, 2021	**4,685.86**	**32.50**	**9,960.39**	**1,019.94**	**30.65**	**14,439.99**	-	**30,169.33**

As per our report of even date

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

VUPPUTURI GOPALA KISHAN PRASAD

VUPPUTURI INDIRA DEVI
Digitally signed by VUPPUTURI INDIRA DEVI
DN: cn=VUPPUTURI INDIRA DEVI, o, ou, email=vupputuriindiradevi@gmail.com, c=US
Date: 2021.07.21 15:24:27 +05'30'

SREEPAL GULABCHAND JAIN
Digitally signed by SREEPAL GULABCHAND JAIN
Date: 2021.07.21 15:42:42 +05'30'

CHAPALAMADUGU SREENIVASA RAO

per Jitendra H. Ranawat	V.G.K Prasad	V.Indira Devi	Sreepal Jain	Ch.Sreenivasa Rao
Partner	Director	Whole Time Director	Chief Financial Officer	Company Secretary
Membership No.103380	DIN: 01817992	DIN: 03161174		M.No. ACS14723

Date: July 21, 2021
Place: Mumbai

1 Group Overview

IKF Finance Limited ('the Company' or 'the Holding 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.

The consolidated financial statements relates to the Company and its subsidiary company IKF Home Finance Limited (IKFHF) ("together hereinafter referred to as "Group").

1.1 Basis of Consolidation

i. The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2021 and are prepared based on the accounting policies consistent with those used by the Company.

ii. Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements.

The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realized.

b. The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company is made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

c. Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group to arrive at the income attributable to shareholders of the Company.

d. Goodwill arising on consolidation is not amortized but tested for impairment.

Subsidiary considered in preparation of these consolidated financial statements is as under:

Name of the subsidiary	Country of in corporation	Proportion of ownership
IKF Home Finance Limited	India	91.49%

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements for the year ended March 31, 2021 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2.2 Presentation of Financial Statements

The financial statement of the Group are presented as per Division III of the Schedule III to the Companies Act 2013 as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind-AS. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 34 – Maturity analysis of assets and liabilities.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

2.3 Basis of Measurement

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments, plan assets of defined benefit plans and share based payment plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Lakhs in compliance with Schedule III of the Act, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

a. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b. Effective Interest Rate (EIR) method

The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

c. Impairment of loans portfolio

The measurement of impairment losses on loan assets requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.
The Group's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- PD calculation includes historical data, benchmarking, assumptions and expectations of future conditions.
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
  It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6-Loans and Note 41- Risk Management.

d. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

f. Operating leases

Group as a lessee:

The Group has applied Ind AS 116 using the partial retrospective approach.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Group has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Group recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

g. Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.5 Revenue recognition

a. Interest Income on loans

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost.

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset except for credit impaired asset.

The calculation of the effective interest rate includes transaction costs and fees (loan processing fees, commission paid to direct selling agents and other premiums or discounts) that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

b. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation rental income is recognised as per the contractual terms.

Operating leases are leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset.

c. Interest income on fixed deposits

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

d. Other income

Other charges including application fees (penal interest, cheque bouncing charges, etc.) are recognised on realization basis.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at transaction price, which equates fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

a. Classification and measurement of Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Group classifies and measures financial assets in the following categories:
- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group records loans at amortised cost.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income and interest income which is recognised in statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

b. Financial Liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss. Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

c. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

d. Reclassification

Financial assets and liabilities are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets.

e. De-recognition of financial assets and financial liabilities

i. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

i. The Group has transferred its contractual rights to receive cash flows from the financial asset, or

ii. It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

i. The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
ii. The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
iii. The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the

period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

i. The Group has transferred substantially all the risks and rewards of the asset, or
ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

ii. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

f. Impairment of Financial Assets

The Group recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into three stages as described below:

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Group compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognises lifetime ECL for impaired financial instruments.

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) -

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PD is further explained in Note 41- Risk Management.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using other methodologies.

Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

g. Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in Note 40- Fair Value Measurement) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

2.7 Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss (if any). The total cost of the asset comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Advances paid towards the acquisition of assets outstanding at each balance sheet date are disclosed as other non-financial assets. The cost of assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Depreciation is provided on a straight-line method, over the estimated useful life of each asset as prescribed in Schedule II of the Companies Act, 2013 as follows:

Asset	**Useful Life**
Building (Investment Property)	60 years
Office Equipment	5 years
Furniture and Fixture*	10 years
Computers	3 years
Vehicles (Car, Lorry, Bus)	8 years
Vehicles (Bike, Moped, Cycle)	10 years
Servers	6 years

*Useful life for Furniture and Fixture for IKF Home Finance Limited is 5 Years. For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Cost comprise the purchase price and any attributable cost of bringing the asset to its working condition for its intended use

Intangible assets are amortised on a straight line basis over their estimated useful life.

The estimated useful life of intangible assets are as follows:

Asset	Useful Life
Software	6 years

2.9 Impairment of non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, 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. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

2.10 Employee benefits

Defined Contribution Plan:

The Group has a defined contribution plan for post-employment benefits in the form of Provident Fund. Under the Provident Fund Plan, the Group contributes to a Government administered provident fund / recognized provident fund on behalf of the employees. The Group has no further obligation beyond making the contributions.

The Group's contributions to the above Plan are charged to the Statement of Profit and Loss.

Defined Benefit Plan:

The Group provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under 'The Payment of Gratuity Act, 1972'. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other Employee Benefits:

The employees of the Group are entitled to compensated absence and deferred compensation as per the policy of the Group, the liability in respect of which is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in the actuarial assumptions are recognized immediately in the Statement of Profit and Loss in the year in which they arise.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. Unutilised leave balance that accrues to employees as at the year end is charged to the Statement of Profit and Loss on an undiscounted basis.

2.11 Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

(a) Current tax

Current 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 tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group:
• has a legally enforceable right to set off current tax assets against current tax liabilities; and
• the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.12 Provision and contingencies

A provision is recognised when the Group 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 measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract.
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 Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

2.13 Earnings per share

The Group reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 – "Earnings Per Share". Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

2.14 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.15 Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.16 Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting year, based on the Group`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

3 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	101.42	8.86
Balances with banks in current accounts	14,373.00	3,220.77
Total	**14,474.42**	**3,229.63**

4 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks to the extent held as margin money*	4,164.82	3,774.93
Total	**4,164.82**	**3,774.93**

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

5 Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Trade receivables		
Receivables considered good - Unsecured	94.06	49.66
	94.06	**49.66**
Less: Provision for impairment	28.79	25.70
Total	**65.27**	**23.96**

No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

6 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Term loans	1,62,605.18	1,42,188.01
(ii) term loans - related parties	-	-
(iii) Staff loans	49.69	18.95
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**
(i) Secured by tangible assets*	1,62,654.87	1,42,206.96
(i) Secured by intangible assets	-	-
(ii) Covered by Bank/ Government Guarantees	-	-
(iii) Unsecured	-	-
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**
(i) Public sectors	-	-
(ii) Others	1,62,654.87	1,42,206.96
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**
(i) Loans in India	1,62,654.87	**1,42,206.96**
(ii) Loans outside India	**-**	**-**
Total	**1,62,654.87**	**1,42,206.96**
Less: Impairment loss allowance	3,870.19	4,165.29
Total - Net of impairment loss allowance	**1,58,784.68**	**1,38,041.67**

*Secured against hypothecation of automobiles, book debts, equitable mortgage of immovable property etc.

6.1 The table below discloses credit quality and the maximum exposure to credit risk based on the Group's year end stage classification. The numbers presented are gross of impairment loss allowance:

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
Stage I	1,00,018.78	93,253.81
Stage II	58,131.52	45,302.29
Stage III	4,454.88	3,631.91
Total	**1,62,605.18**	**1,42,188.01**

6.2 Gross movement of loans for the year ended March 31, 2021:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020				
Term loans	**93,253.81**	**45,302.29**	**3,631.91**	**1,42,188.01**
Staff loans	**18.95**	**-**	**-**	**18.95**
New loans originated during the year				-
Term loans	51,712.08	9,162.23	114.71	60,989.02
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				
Transfers to Stage 1	10,673.59	(10,208.24)	(465.35)	-
Transfers to Stage 2	(27,586.92)	27,874.85	(287.93)	-
Transfers to Stage 3	(1,351.59)	(2,042.57)	3,394.16	-
Interest on stage 3 loans	-	-	98.96	98.96
Amounts written off				
Term loans	(158.19)	(320.81)	(594.60)	(1,073.60)
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)				
Term loans	(26,524.00)	(11,636.23)	(1,436.98)	(39,597.21)
Staff loans	30.74	-	-	30.74
Gross carrying amount as at March 31, 2021				
Term loans	**1,00,018.78**	**58,131.52**	**4,454.88**	**1,62,605.18**
Staff loans	**49.69**	**-**	**-**	**49.69**

6.3 Gross movement of loans for the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019				
Term loans	**89,448.34**	**30,165.84**	**4,423.46**	**1,24,037.64**
Staff loans	**24.68**	**-**	**-**	**24.68**
New loans originated during the year				-
Term loans	52,597.73	19,434.11	385.56	72,417.40
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans				-
Transfers to Stage 1	10,705.01	(9,493.01)	(1,212.00)	-
Transfers to Stage 2	(21,024.78)	22,068.22	(1,043.44)	-
Transfers to Stage 3	(1,956.55)	(1,335.74)	3,292.29	-
Interest on stage 3 loans	-	-	17.22	17.22
Amounts written off				
Term loans	(216.41)	(210.62)	(115.00)	(542.03)
Staff loans	-	-	-	
Assets derecognised or repaid (excluding write offs)				-
Term loans	(36,299.53)	(15,326.51)	(2,116.18)	(53,742.22)
Staff loans	(5.73)	-	-	(5.73)
Gross carrying amount as at March 31, 2020				
Term loans	**93,253.81**	**45,302.29**	**3,631.91**	**1,42,188.01**
Staff loans	**18.95**	**-**	**-**	**18.95**

6.4 ECL movement of term loans during the year ended March 31, 2021:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020	**1,235.11**	**1,868.77**	**1,061.41**	**4,165.29**
New loans originated during the year	530.58	225.68	28.90	785.16
Inter-stage movements:				
Transfers to Stage 1	643.76	(428.75)	(215.01)	-
Transfers to Stage 2	(323.13)	395.00	(71.87)	-
Transfers to Stage 3	(15.56)	(89.36)	104.92	-
Amounts written off	(6.65)	(35.05)	(365.38)	(407.08)
Assets derecognised or repaid (excluding write offs)	(1,040.55)	(353.60)	720.96	(673.19)
Gross carrying amount as at March 31, 2021	**1,023.56**	**1,582.69**	**1,263.93**	**3,870.18**

6.5 ECL movement of term loans during the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019	**646.37**	**837.02**	**1,209.42**	**2,692.81**
New loans originated during the year	776.15	771.04	89.08	1,636.27
Inter-stage movements:	-	-	-	
Transfers to Stage 1	603.24	(286.84)	(316.40)	-
Transfers to Stage 2	(138.84)	374.63	(235.79)	-
Transfers to Stage 3	(13.49)	(43.14)	56.63	-
Amounts written off	(2.92)	(16.71)	(73.54)	(93.17)
Assets derecognised or repaid (excluding write offs)	(635.40)	232.77	332.01	(70.62)
Gross carrying amount as at March 31, 2020	**1,235.11**	**1,868.77**	**1,061.41**	**4,165.29**

(Currency : INR in lakhs)

7 Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Rent and utility deposit	175.11	160.25
Excess Interest Spread (EIS) Receivables	1,508.93	1,076.57
Other -unsecured, considered good	284.10	4.96
Total	**1,968.14**	**1,241.78**

8 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investment in Equity instruments		
- Subsidiary (at cost)		
IKF Home finance limited	-	-
Total	**-**	**-**

9 Other Non-Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	34.26	65.87
Advances to employees	6.42	1.54
GST input credit	345.10	304.18
Other -unsecured, considered good	15.92	1.93
Total	**401.70**	**373.52**

IKF Finance Limited
Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021
(Currency : INR in lakhs)

10 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and Fixtures	Computer & Printer	Office equipment	Vehicles	Total	Right to Use Assets
Gross carrying amount							
As at March 31, 2019	**29.13**	**220.54**	**88.29**	**21.61**	**75.51**	**435.08**	**165.09**
Additions	-	43.30	13.37	5.70	35.83	98.20	17.40
Disposals	0.00	(4.18)	(0.16)	-	-	(4.34)	-
As at March 31, 2020	**29.13**	**259.66**	**101.50**	**27.31**	**111.34**	**528.94**	**182.49**
Additions	-	28.57	16.26	1.13	-	45.96	23.22
Disposals	-	-	(1.03)	-	-	(1.03)	(18.21)
As at March 31, 2021	**29.13**	**288.23**	**116.73**	**28.44**	**111.34**	**573.87**	**187.50**
Accumulated depreciation and impairment:							
As at March 31, 2019	**4.70**	**34.14**	**31.21**	**4.19**	**11.86**	**86.10**	**44.15**
Depreciation for the year	2.95	35.02	30.01	3.87	13.68	85.53	58.61
Disposals	-	(1.09)	(0.03)	-	-	(1.12)	-
As at March 31, 2020	**7.65**	**68.07**	**61.19**	**8.06**	**25.54**	**170.51**	**102.76**
Depreciation for the year	2.95	36.43	24.98	4.15	16.07	84.58	49.10
Disposals	-	-	(0.62)	-	-	(0.62)	(10.06)
As at March 31, 2021	**10.60**	**104.50**	**85.55**	**12.21**	**41.61**	**254.47**	**141.80**
Net book value							
As at March 31, 2019	24.43	186.40	57.08	17.42	63.65	348.98	120.94
As at March 31, 2020	21.48	191.59	40.31	19.25	85.80	358.43	79.73
As at March 31, 2021	18.53	183.73	31.18	16.23	69.73	319.40	45.71

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

11 Investment Property

Particulars	**Buildings**	**Total**
Gross carrying amount		
As at March 31, 2019	6.98	6.98
Addition	-	-
Disposals	-	-
As at March 31, 2020	**6.98**	**6.98**
Additions	-	-
Disposals	-	-
As at March 31, 2021	**6.98**	**6.98**
Accumulated depreciation and impairment		
As at March 31, 2019	0.17	0.17
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2020	**0.34**	**0.34**
Depreciation for the year	0.17	0.17
Disposals	-	-
As at March 31, 2021	**0.51**	**0.51**
Net book value		
As at March 31, 2019	6.81	6.81
As at March 31, 2020	6.64	6.64
As at March 31, 2021	6.47	6.47

(i) Amounts recognised in Statement of Profit and Loss for Investment Property

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Rental Income	6.36	7.63
Direct operating expense from property that generated rental income	-	0.40
Profit from investment properties before depreciation	**6.36**	**7.23**
Depreciation	0.17	0.17
Profit from investment properties	**6.19**	**7.06**

(ii) Contractual obligations

The Group has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Group.

(iii) Pledged details

Investment property pledged in favor of consortium leader central bank for cash credit facility.

(iv) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

12 Intangible assets

Particulars	Computer software
Gross carrying amount	
As at March 31, 2019	**228.74**
Additions	89.93
Disposal	-
As at March 31, 2020	**318.67**
Additions	47.95
Disposal	-
As at March 31, 2021	**366.62**
Accumulated amortisation and impairment	
As at March 31, 2019	**49.47**
Amortisation for the year	50.52
Disposal	-
As at March 31, 2020	**99.99**
Amortisation for the year	59.31
Disposal	-
As at March 31, 2021	**159.30**
Net book value	
As at March 31, 2019	179.27
As at March 31, 2020	218.68
As at March 31, 2021	207.32

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

13 Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Secured		
Non convertible debentures	41,448.94	769.66
Unsecured	-	
Other non convertible debentures	1,761.82	5,340.10
Commercial Paper	-	-
Total	**43,210.76**	**6,109.76**
Debt Securities:		
Within India	43,210.76	6,109.76
Outside India	-	-
Total	**43,210.76**	**6,109.76**

Nature of security

Non convertible debentures (secured)

Non convertible debentures are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and mortgage of personal properties of directors in addition to their personal guarantees.

Terms of repayment of Debt securities as on March 31, 2021

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Quarterly repayment schedule								
1-5 Years	9.01%-10.00%	3	3,750.00	1	1,250.00	-	-	5,000.00
	10.01%-11.00%	-	-	-	-	-	-	-
	11.01%-12.00%	-	-	-	-	-	-	-
	12.01%-12.50%	8	1,100.00	5	650.00			1,750.00
Bullet repayment schedule								
1-7 Years	8.51%-9.50%	3	15,500.00	-	-	-	-	15,500.00
	9.51%-10.50%	-	-	3	8,500.00	-	-	8,500.00
	10.51%-11.50%	2	600.00	3	5,500.00	-	-	6,100.00
	11.51%-12.50%	-	-	1	5,000.00	-	-	5,000.00
Total			**20,950.00**	**-**	**20,900.00**	**-**	**-**	**41,850.00**
Add : Interest accrued but not due								1,496.87
Less : Unamortized Finance Cost								(136.11)
Total Amortized Cost			**20,950.00**		**20,900.00**		**-**	**43,210.76**

Terms of repayment of Debt securities as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Quarterly repayment schedule								
1-5 Years	11.00%-12.00%	4	1,250.00	-	-	-	-	1,250.00
	12.01%-12.50%	8	1,100.00	13	1,750.00	-	-	2,850.00
Bullet repayment schedule								
1-7 Years	10.51%-11.50%	1	950.00	1	600.00	-	-	1,550.00
	-	-	-	-	-	-	-	-
Total			**3,300.00**	**-**	**2,350.00**	**-**	**-**	**5,650.00**
Add : Interest accrued but not due								484.61
Less : Unamortized Finance Cost								(24.85)
Total Amortized Cost			**3,300.00**		**2,350.00**		**-**	**6,109.76**

(Currency : INR in lakhs)

14 Borrowings (other than debt securities)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Term loans (Secured)		
from banks	43,940.41	45,611.60
from non banking financial companies	8,632.55	18,105.85
from financial institutions	3,825.83	-
From National Housing Bank (NHB)	2,195.84	-
Term loans (Un Secured)		
from other parties	176.00	-
Loans repayable on demand (Secured):		
Cash credit from Bank	26,566.40	21,739.98
Associated liabilities in respect of securitisation transactions	6,811.66	15,376.90
Total	**92,148.69**	**1,00,834.33**
Borrowings:		
Within India	92,148.69	1,00,834.33
Outside India		-
Total	**92,148.69**	**1,00,834.33**

Nature of security

Term loans (secured)

Term Loans from bank, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable 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.

Loans repayable on demand (Secured)

These loans are secured against the first pari passu charge on current assets, book debts and receivables including loans & advances of the Group as per the agreement. Further, the loan has been guaranteed by personal guarantee of director/promoter to the extent of 312.20 Cr (March 31, 2020: INR 287.20 Cr).

Terms of repayment of borrowings (other than debt) as on March 31, 2021

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	6.00%-7.00%	1	860.00	-	-	-	-	860.00
	7.01%-8.00%	20	1,692.66	23	1,821.75	-	-	3,514.41
	8.01%-9.00%	58	1,540.33	132	3,104.31	8.00	4.99	4,649.63
	9.01%-10.50%	92	1,438.38	186	1,543.28	-	-	2,981.66
	10.51%-11.50%	36	1,790.55	17	770.24	-	-	2,560.79
	11.51%-12.50%	84	4,619.98	74	3,551.32	-	-	8,171.30
Quarterly repayment schedule								
1-5 Years	6.00%-7.00%	6	57.00	32	304.00	16.00	139.00	500.00
	7.01%-8.00%	7	269.00	28	933.00	5.00	79.00	1,281.00
	8.01%-9.00%	23	3,850.00	74	12,796.70	1.00	239.88	16,886.58
	9.01%-10.50%	27	4,743.67	34	9,215.89	-	-	13,959.56
	10.51%-11.50%	4	666.67	5	832.99	-	-	1,499.66
	11.51%-12.50%	35	385.26	89	1,241.84	-	-	1,627.10
Bullet repayment schedule								
1-14 Years	5.00%-6.00%	1	420.00	-	-	-	-	420.00
	9.51%-10.50%	-	-	-	-	-	-	-
	10.51%-11.50%	-	-	-	-	-	-	-
	11.51%-12.50%	-	-	-	-	-	-	-
	>13.50%	-	-	-	-	-	-	-
Repayable on Demand	9.01%-10.50%	1	175.00	-	-	-	-	175.00
Total			**22,508.50**		**36,115.32**		**462.87**	**59,086.69**
Add : Interest accrued but not due								67.83
Less : Unamortized Finance Cost								(383.89)
Total Amortized Cost			**22,508.50**	**-**	**36,115.32**	**-**	**462.87**	**58,770.63**

Terms of repayment of borrowings (other than debt) as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Monthly repayment schedule								
1-7 Years	8.00%-9.00%	36	780.66	107	2,698.51	20	11.95	3,491.12
	9.00%-10.50%	90	6,473.57	40	1,891.66	-	-	8,365.23
	10.51%-11.50%	68	3,080.32	92	3,989.74	-	-	7,070.06
	11.51%-12.50%	104	5,000.06	177	8,769.39	-	-	13,769.45
	12.51%-14.50%	60	807.58	59	968.04	-	-	1,775.62
Quarterly repayment schedule								
1-5 Years	9.00%-10.00%	22	3,200.00	58	8,945.36	-	-	12,145.36
	10.00%-11.00%	8	2,433.33	21	9,366.67	-	-	11,800.00
	11.00%-12.00%	7	1,500.00	11	2,000.00	-	-	3,500.00
	12.01%-12.50%	11	385.26	36	1,335.79	7	351.32	2,072.37
								-
Bullet repayment schedule								
1-14 Years	9.51%-10.50%							-
	10.51%-11.50%							-
	11.51%-12.50%							-
	>13.50%							-
								-
Total			**23,660.78**		**39,965.16**		**363.27**	**63,989.21**
Add : Interest accrued but not due								145.57
Less : Unamortized Finance Cost								(417.33)
Total Amortized Cost			**23,660.78**	**-**	**39,965.16**	**-**	**363.27**	**63,717.45**

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

15 Subordinated Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured - At amortised cost		
Non convertible debentures (Tier-II)	4,500.44	4,975.20
Indian rupee loan from banks (Tier-II)	1,486.35	1,475.56
Total	**5,986.79**	**6,450.76**
Subordinated Liabilities:		
Within India	**5,986.79**	**6,450.76**
Outside India	**-**	**-**
Total	**5,986.79**	**6,450.76**

Terms of repayment of subordinated liabilities as on March 31, 2021

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-7 Years	11.51%-12.50%	-	-	1	1,500.00	-	-	1,500.00
	>13.50%	-	-	1	2,000.00	1	2,500.00	4,500.00
Total					**3,500.00**		**2,500.00**	**6,000.00**
Add : Interest accrued but not due								37.71
Less : Unamortized Finance Cost								(50.92)
Total Amortized Cost					**3,500.00**		**2,500.00**	**5,986.79**

Terms of repayment of subordinated liabilities as on March 31, 2020

Original maturity loan	Interest rate	Due within 1 year		Due between 2 to 5 Years		Due more than 5 Years		Total
		No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	No. of Installments	Amount (In lakhs)	
Bullet repayment schedule								
1-7 Years	11.51%-12.50%	-	-	1	1,500.00	-	-	1,500.00
	>13.50%	-	-	1	3,000.00	1	2,000.00	5,000.00
Total					**4,500.00**		**2,000.00**	**6,500.00**
Add : Interest accrued but not due								5.15
Less : Unamortized Finance Cost								(54.39)
Total Amortized Cost					**4,500.00**		**2,000.00**	**6,450.76**

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

16 Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	48.89	86.30
Employee benefits payable	153.10	127.73
Expenses payable	7.66	15.71
Other Payables	675.59	1,305.06
Deposit from franchisees	501.93	495.74
Payable towards securitisation / assignment transactions	2,196.50	1,711.53
Total	**3,583.67**	**3,742.07**

17 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity	127.59	108.31
Provision for leave benefits	175.63	122.62
Total	**303.22**	**230.93**

18 Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	148.76	149.37
Total	**148.76**	**149.37**

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021
(Currency : INR in lakhs)

19. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of INR 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Preference shares of INR 100 each	25,00,000	2,500.00	25,00,000	2,500.00
	6,25,00,000	**8,500.00**	**6,25,00,000**	**8,500.00**
Issued, subscribed and fully paid-up shares				
Equity Shares of INR 10 each fully paid up	4,74,79,379	4,747.94	4,74,79,379	4,747.94
	4,74,79,379	**4,747.94**	**4,74,79,379**	**4,747.94**
Issued, subscribed and partly paid-up shares				
Equity Shares of INR 10 each, partly paid up INR 8.10 per share (Partly paid up INR 5.40 per share in March 2020)	51,79,688	419.55	51,79,688	279.70
	51,79,688	**419.55**	**51,79,688**	**279.70**
Total	**5,26,59,067**	**5,167.49**	**5,26,59,067**	**5,027.64**

A. Reconciliation of number of shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Fully paid equity share of INR 10 each				
At the beginning of the year	4,74,79,379	4,747.94	4,74,79,379	4,747.94
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**4,74,79,379**	**4,747.94**	**4,74,79,379**	**4,747.94**
Partly paid up equity share of INR 10 each, partly paid up INR 8.10 per share (Partly paid up INR 5.40 per share in March 2020)				
At the beginning of the year	51,79,688	279.70	51,79,688	279.70
Amount called/Issued during the year	-	139.85	-	-
Outstanding at the end of the year	**51,79,688**	**419.55**	**51,79,688**	**279.70**

Notes:

B. Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of INR 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Group the equity shareholders will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholder.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021
(Currency : INR in lakhs)

C. Details of shareholder(s) holding more than 5% of equity shares in the Company :

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% Holding	No. of shares held	% Holding
Equity shares of INR 10 each fully paid up				
Vupputuri Gopala Kishan Prasad	1,58,75,616	33.44%	1,58,67,900	33.42%
India Business Excellence Fund-IIA	1,30,51,546	27.49%	1,30,51,546	27.49%
Vistra ITCL (India) Limited (formerly known as IL and FS Trust Company Limited) (Trustee of Business Excellence Trust-II - India Business Excellence Fund II)	78,04,018	16.44%	78,04,018	16.44%
Equity Shares of INR 10 each, partly paid up INR 8.10 per share (Partly paid up INR 5.40 per share in March 2020)				
Vupputuri Gopala Kishan Prasad	35,05,821	67.68%	35,05,821	67.68%
Koganti Vasumathi Devi	5,15,980	9.96%	5,15,980	9.96%
Devineni Vasantha Lakshmi	4,85,677	9.38%	4,85,677	9.38%
Vupputuri Raghu Ram	3,50,970	6.78%	3,50,970	6.78%
Vupputuri Indira Devi	3,21,240	6.20%	3,21,240	6.20%

As per the records of the Group, 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.

D. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particular	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Equity shares of ₹ 10 each, fully paid up, allotted on conversion of 19,53,125/- 0.01% Compulsorily convertible preference share of INR 100 each, Fully paid-up	-	-	195.31	-	-

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

20. Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	32.50	32.50
Securities premium reserve	9,960.39	9,085.06
Share Based Payment reserve	30.65	17.56
Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934	4,187.41	3,549.31
Statutory Reserve U/s 29C of NHB Act	460.46	126.60
Provision U/s 36(viia) Income tax Act, 1961	37.98	37.98
General reserve	1,019.94	860.41
Retained earnings	14,440.00	11,845.59
Total	**30,169.33**	**25,555.01**

Nature and purpose of reserve

a. Capital reserve

This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

b. Securities premium reserve

The securities premium reserve is used to record the premium received on issue of shares. The reserve cab be utilised only for limited purpose such as issuance of bonus shares in accordance with provision of the Companies Act, 2013.

c. Statutory reserve

i. Reserves created under Section 45IC of The Reserve Bank of India Act 1934
ii. Reserves created under Section 29C of NHB Act 1987
ii. Reserves created under Section 36(viia) Income tax Act, 1961

d. Share based payment reserve

The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the Company and its subsidiaries under stock option schemes of the Company.

e. Retained earnings

Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

B. Movement in Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
I. Capital Reserve		
Opening balance	32.50	32.50
Add : Share issued during the year	-	-
	32.50	**32.50**
II. Securities premium reserve		
Opening balance	9,085.06	9,085.06
Add : Premium received on issue of securities	875.33	-
	9,960.39	**9,085.06**
III. Share Based Payment reserve		
Opening balance	17.56	-
Add : During the year	13.09	17.56
	30.65	**17.56**
IV. Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934		
Opening balance	3,549.31	2,994.64
Add : Transfer from retained earnings	638.10	554.67
	4,187.41	**3,549.31**
V. Statutory Reserve U/s 29C of NHB Act		
Opening balance	126.60	35.49
Add : Transfer from retained earnings	333.86	91.11
	460.46	**126.60**
VI. Provision U/s 36(viia) Income tax Act, 1961		
Opening balance	37.98	**13.59**
Add : Transfer from retained earnings	**-**	24.39
	37.98	**37.98**
VII. General Reserve		
Opening balance	860.41	721.74
Add : Transfer from retained earnings	159.53	138.67
	1,019.94	**860.41**
VIII. Retained earnings		
Opening balance	11,845.59	9,132.53
Add : Profit for the year	3,712.93	3,516.59
Add : Prior Period items	0.85	(16.17)
Add : Other comprehensive income	12.12	(2.91)
Appropriations:		
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(638.10)	(554.67)
Transfer to Statutory NHB Reserve	(333.86)	(91.11)
Transfer to General reserve	(159.53)	(138.67)
Total	**14,440.00**	**11,845.59**

(Currency : INR in lakhs)

21 Interest income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised cost		
Interest on loans	23,201.48	23,355.89
Interest on deposits with banks	221.02	223.72
Total	**23,422.50**	**23,579.61**

22 Fees and commission income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	329.07	296.94
Total	**329.07**	**296.94**

23 Other income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on income tax refund	7.68	10.64
Rental income	6.36	7.63
Miscellaneous Income	43.29	55.40
Total	**57.33**	**73.67**

24 Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost		
Interest on deposits	84.87	95.13
Interest on borrowings	8,127.92	8,509.34
Interest on commercial paper and bonds	-	33.21
Interest on debentures	2,237.52	1,833.25
Interest on subordinated liabilities	843.17	15.76
Interest on ICD	-	-
Interest on lease liabilities	4.77	8.95
Interest on securitisation	1,025.83	1,550.61
Interest on Income tax	8.73	-
Bank Charges	11.48	13.60
Other finance cost	521.53	474.63
Total	**12,865.82**	**12,534.48**

25 Impairment on financial instruments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost		
Loans	(295.10)	1,472.49
Trade receivables	3.08	25.70
Bad debts and write offs	1,073.59	542.03
Total	**781.57**	**2,040.22**

26 Employee benefits expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	3,083.94	2,840.99
Contribution to provident and other funds	169.04	167.63
Share based payment to employees	13.09	17.56
Staff welfare expenses	65.77	69.99
Gratuity	39.27	36.26
Leave encashment	66.99	58.45
Total	**3,438.10**	**3,190.88**

(Currency : INR in lakhs)

27 Depreciation, amortization and impairment

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	133.70	144.12
Depreciation on investment property	0.17	0.16
Amortization of intangible assets	59.31	50.52
Total	**193.18**	**194.80**

28 Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	183.12	205.66
Communication cost	55.57	68.46
Travelling and conveyance	82.69	190.16
Rates and taxes	228.20	229.57
Insurance	9.27	8.54
Commission and Brokerage	26.20	43.74
Repairs and maintenance	62.02	53.09
Printing and stationary	28.17	11.79
Payment to auditors (Refer Note 28.1)	43.50	35.01
Advertisement, publicity and sales promotion expenses	4.19	6.99
Operation Cost	56.29	57.62
Legal and professional fees	174.83	148.27
Corporate social responsibility (Refer Note 28.2)	252.52	50.86
Provision	-	27.37
Loss on sale of property, plant and equipment	-	3.03
Miscellaneous expenses	12.57	35.38
Total	**1,219.14**	**1,175.54**

28.1 Payment to the auditors:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	33.00	31.00
In other capacity	-	-
- Certification services	9.25	1.90
Other of pocket expenses	1.25	2.11
Total	**43.50**	**35.01**

28.2 Corporate social responsibility:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be spent by the Group as per the provision of Section 135 of Companies Act 2013.	86.40	70.78
b) Amount spent during the year (paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	252.52	50.86
c) Amount spent during the year (yet to be paid in cash)		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	19.92
	252.52	**70.78**

IKF Finance Limited
Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021
(Currency : INR in lakhs)

29 Income tax

(a) Income tax expense

Particulars	Year ended March 31, 2021 INR	Year ended March 31, 2020 INR
Current tax		
Current tax on profits for the year	1,044.15	1,356.89
Adjustment for current tax of the prior periods	65.46	2.13
Subtotal (A)	**1,109.61**	**1,359.02**
Deferred tax		
Decrease/(Increase) in deferred tax assets	25.09	(344.10)
(Decrease)/Increase in deferred tax liabilities	382.14	216.13
Subtotal (B)	**407.23**	**(127.97)**
Deferred tax asset/ (liability) relating to items recognised in other Comprehensive Income (C)	**(4.09)**	**0.98**
Income tax expense for the year (A+B+C)	**1,520.93**	**1,230.07**

(b) Deferred tax

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2021:

Particulars	Net balance March 31, 2020	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2021
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current	52.47	27.23	(4.07)	75.63
Impact of provision for expected credit loss on loans	906.93	(68.51)	-	838.42
Impact of difference between tax depreciation and depreciation/amortization	2.49	(0.47)	-	2.02
Impact of leases under Ind AS 116	2.08	4.96	-	7.04
EIR impact of financial asssets and liabilities	51.82	8.47	-	60.29
Share based payment	4.42	3.30	-	7.72
Others	4.14	(4.14)	-	-
(A)	**1,024.35**	**(29.16)**	**(4.07)**	**991.12**
Deferred tax liabilities				
Impact of amortisation of anciallary borrowing cost	130.25	(11.25)	-	119.00
Remeasurement of defined benefit plan	0.57	(0.57)	-	-
EIR impact of financial asssets and liabilities	40.49	46.00	-	86.49
Impact of direct assignment and securitisaton transactions	498.77	322.86	-	821.63
Interest income recognised on stage 3 loans	49.52	24.91	-	74.43
Others	6.05	0.19	-	6.24
(B)	**725.65**	**382.14**	**-**	**1,107.79**
Deferred tax assets (net) (A-B)	**298.70**	**(411.30)**	**(4.07)**	**(116.67)**

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

The major components of deferred tax (liabilities) arising on account of timing differences for the year ended March 31, 2020:

Particulars	Net balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax assets				
Impact of expenditure charged to the statement of profit and loss in the current	40.52	11.95	-	52.47
Impact of provision for expected credit loss on loans	600.16	306.77	-	906.93
Impact of difference between tax depreciation and depreciation/amortization	5.60	(2.50)	-	3.10
Impact of leases under Ind AS 116	1.71	0.37	-	2.08
EIR impact of financial asssets and liabilities	30.18	21.64	-	51.82
Share based payment	-	4.42	-	4.42
Remeasurement of defined benefit plan	-	(1.20)	1.20	-
Others	0.29	3.85	-	4.14
(A)	**678.46**	**345.30**	**1.20**	**1,024.96**
Deferred tax liabilities				
Impact of amortisation of anciallary borrowing cost	103.35	26.90	-	130.25
Remeasurement of defined benefit plan	0.35	-	0.22	0.57
EIR impact of financial asssets and liabilities	36.28	4.21	-	40.49
Impact of direct assignment and securitisaton transactions	316.75	182.02	-	498.77
Interest income recognised on stage 3 loans	52.28	(2.76)	-	49.52
Impact of difference between tax depreciation and depreciation/amortization cha	0.61	-	-	0.61
Others	0.07	5.98	-	6.05
(B)	**509.69**	**216.35**	**0.22**	**726.26**
Deferred tax liability (net) (A-B)	**168.77**	**128.95**	**0.98**	**298.70**

(c) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	INR	**INR**
Profit before tax as per Statement of profit and loss (A)	5,311.09	4,814.33
Applicable income tax rate	25.17%	25.17%
Expected Income Tax Expense (B)	1,336.70	1,211.67
Tax effect of:		
Effect of income exempt from tax	(0.45)	(0.55)
Effect of expenses/provisions not deductible in determining taxable profit	63.96	14.71
Effect of differential tax rate	-	(14.24)
Adjustment related to tax of prior years	65.46	2.13
Others	55.26	16.35
Income tax expense	**1,520.93**	**1,230.07**

30 Employee Benefits

a. Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Group contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Group contributes an equal amount.

The Group recognised INR 164.74 lakhs (PY: INR 163.01 lakhs) for year ended March 31, 2021, for provident fund and other contributions in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

The Group has a defined benefit gratuity plan (unfunded). 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 INR 20 lakhs as per The Payment of Gratuity Act. 1972.

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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation (A)	127.59	108.31
Fair Value of plan assets (B)	-	-
Present value of obligation (A- B)	127.59	108.31

Particulars	As at March 31, 2021	As at March 31, 2020
Obligation expected to be settled in the next 12 months	7.95	6.73
Obligation expected to be settled beyond next 12 months	119.64	101.58

Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Opening balance	108.31	72.87	-	-	108.31	72.87
Current service cost	32.01	30.87	-	-	32.01	30.87
Past service cost	-	-	-	-	-	-
Interest cost (income)	7.26	5.39	-	-	7.26	5.39
Defined benefit cost included in P&L	**39.27**	**36.26**	**-**	**-**	**39.27**	**36.26**
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	-	-	-	-	-	-
Financial assumption	(0.86)	4.71	-	-	(0.86)	4.71
Experience adjustments	(15.33)	(0.81)	-	-	(15.33)	(0.81)
Total remeasurements in OCI	**(16.19)**	**3.90**	**-**	**-**	**(16.19)**	**3.90**
Others						
Benefits paid	(3.79)	(4.72)	-	-	(3.79)	(4.72)
Closing balance	**127.60**	**108.31**	**-**	**-**	**127.60**	**108.31**

(Currency : INR in lakhs)

Actuarial assumptions:
The following were the principal actuarial assumptions at the reporting date:

Particulars	As at March 31, 2021	As at March 31, 2020
IKF Finance Limited		
Discount rate	6.91%	6.82%
Salary escalation rate	6.00%	6.00%
Withdrawal/attrition rate (based on categories)	9.00%	9.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	23.08 years	24.20 years
IKF Home Finance Limited		
Discount rate	6.91%	6.82%
Salary escalation rate	5.00%	5.00%
Withdrawal/attrition rate (based on categories)	5.95%	5.95%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	24.64 years	24.71 years

Notes:
a) The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

b) The salary growth rate indicated above is the Group's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

c) Attrition rate indicated above represents the Group's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Salary escalation Rate (+/- 1%)	137.83	118.41	117.31	100.24
IKF Finance	7.40%	-6.70%	7.70%	-7.00%
IKF Home Finance	12.00%	-10.40%	12.90%	-11.20%
Discount Rate (+/- 1%)	118.65	137.76	100.42	117.32
IKF Finance	-6.60%	7.40%	-6.90%	7.80%
IKF Home Finance	-9.80%	11.40%	-10.50%	12.30%
Withdrawal Rate (+/- 1%)	127.30	127.81	107.87	108.69
IKF Finance	-0.20%	0.20%	-0.30%	0.30%
IKF Home Finance	-0.40%	0.20%	-10.50%	12.30%

The Sensitivity is performed on the defined benefit obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous year to the methods and assumptions underlying the sensitivity analyses.

Expected future contributions
The Best Estimate Contribution for the Group during the next year would be INR Nil

Expected cash flow for following years:

Maturity Profile of Defined Benefit Obligations	
Year 1	7.95
Year 2	9.16
Year 3	20.26
Year 4	13.56
Year 5	14.70
Year 6	9.86
Year 7	9.45
Year 8	10.57
Year 9	10.70
Year 10	11.74

The weighted average duration of the defined benefit obligation for IKF finance is 10.58 (for IKF Home Finance 14.93).

c. Compensated absences :
The Group provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation.

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of unfunded obligation	175.63	122.62
Expenses recognised in the Statement of Profit and Loss	66.99	58.45

(Currency : INR in lakhs)

31 Earnings per share

Particulars	As at March 31, 2021	As at March 31, 2020
Profit for the year	**3,790.16**	**3,584.23**
Weighted average number of equity shares used in calculating basic earnings per share	502.80	502.76
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	0.33	0.37
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	**503.13**	**503.13**
Basic earnings per share	**7.54**	**7.13**
Diluted earnings per share	**7.53**	**7.12**

32 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Promoters of the Group. The Group operates only in one Business Segment i.e. lending, since the nature of the loans are exposed to similar risks and return profiles, hence they are collectively operating under a single segment. Accordingly the Group does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

(Currency : INR in lakhs)

33 Transfer of financial assets

Transfer of financial assets that are not derecognised in their entirety

(i) Securitisations:

The Group uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	13,444.97	19,848.02
Carrying amount of associated liabilities	6,811.66	15,376.90

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

Transfer of financial assets which qualify for derecognition in their entirety

(i) Assignment transaction

The Group has sold loans and advances measured at amortised cost under assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Group’s balance sheet.

The gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

The table below summarises the carrying amount of the Excess Interest Spread (EIS) receivable on above transaction which are derecognised

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of EIS receivable	1,508.93	1,076.57

(Currency : INR in lakhs)

34 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	14,474.42	-	14,474.42	3,229.63	-	3,229.63
Bank Balance other than cash and cash equivalents	2,813.43	1,351.39	4,164.82	2,125.99	1,648.94	3,774.93
Receivables				-	-	
(I) Trade receivables	65.27	-	65.27	23.96	-	23.96
Loans	60,587.71	98,196.97	1,58,784.68	49,173.23	88,868.44	1,38,041.67
Investments	-	-	-	-	-	-
Other Financial assets	894.14	1,074.00	1,968.14	367.37	874.41	1,241.78
Sub total	**78,834.97**	**1,00,622.36**	**1,79,457.33**	**54,920.18**	**91,391.79**	**1,46,311.97**
Non-financial assets						
Current Tax assets (Net)	217.94	-	217.94	156.56	-	156.56
Deferred Tax assets (Net)	-	-	-	-	298.70	298.70
Investment Property	-	6.47	6.47	-	6.64	6.64
Property, plant and equipment	-	319.40	319.40	-	358.43	358.43
Right to Use Assets	-	45.71	45.71	-	79.73	79.73
Other intangible assets	-	207.32	207.32	-	218.68	218.68
Goodwill	-	774.47	774.47		774.47	774.47
Other non-financial assets	37.69	364.01	401.70	103.25	270.27	373.52
Sub total	**255.63**	**1,717.38**	**1,973.01**	**259.81**	**2,006.92**	**2,266.73**
Total assets	**79,090.60**	**1,02,339.74**	**1,81,430.34**	**55,180.00**	**93,398.72**	**1,48,578.70**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables and Other payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	23.52	-	23.52	17.9	-	17.85
Debt Securities	21,857.60	21,353.16	43,210.76	3,767.53	2,342.23	6,109.76
Borrowings (Other than Debt Securities)	54,503.45	37,645.24	92,148.69	57,457.97	43,376.36	1,00,834.33
Subordinated Liabilities	37.70	5,949.09	5,986.79	5.15	6,445.61	6,450.76
Other Financial liabilities	3,290.91	292.76	3,583.67	3,298.45	443.62	3,742.07
Sub total	**79,713.18**	**65,240.25**	**1,44,953.43**	**64,546.95**	**52,607.82**	**1,17,154.77**
Non-Financial liabilities						
Current tax liabilities (Net)	71.90	-	71.90	-	38.68	38.68
Provisions	27.24	275.98	303.22	19.89	211.04	230.93
Deferred tax liabilities (Net)	-	116.67	116.67	-	-	-
Other non-financial liabilities	148.76	-	148.76	149.37	-	149.37
Sub total	**247.90**	**392.65**	**640.55**	**169.26**	**249.72**	**418.98**
Total liabilities	**79,961.08**	**65,632.90**	**1,45,593.98**	**64,716.21**	**52,857.54**	**1,17,573.75**

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

35 Changes in liabilities arising from financing activities

Particulars	As at April 1, 2020	Cash Flows (net)	Others (net)*	As at March 31, 2021
Subordinated liabilities	6,450.76	(500.00)	36.03	5,986.79
Debt securities	6,109.76	36,200.00	901.00	43,210.76
Borrowing other than debt securities	1,00,834.33	(76.11)	(8,609.53)	92,148.69
	1,13,394.85	**35,623.89**	**(7,672.50)**	**1,41,346.24**

Particulars	As at March 31, 2019	Cash Flows (net)	Others (net)*	As at March 31, 2020
Subordinated liabilities	4,525.83	2,000.00	(75.07)	6,450.76
Debt securities	12,609.31	(6,611.11)	111.56	6,109.76
Borrowing other than debt securities	81,240.00	15,889.75	3,704.58	1,00,834.33
	98,375.14	**11,278.64**	**3,741.07**	**1,13,394.85**

* Others column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees and cash flows from securitisation etc.

36 Employee Stock Option Plan (ESOP)

The Group had granted 5,62,860 Equity shares (face value of INR 10/- each) under Employee Stock Option Plan 2019 on June 11, 2019 to the employees of IKF Finance Limited. The shares will vest gradually and vesting of these shares is dependent on continued employment with the Group.

A. Expenses arising from share-based payment transactions

Total expenses arising from equity - settled share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended March 31, 2021 is INR 13.09 lakhs (March 31, 2020 - INR 17.56 lakhs).

B. Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
	Number	WAEP	Number	WAEP
Outstanding at 1 April	4,75,550.00	120.00	-	-
Granted during the year	-		5,62,860.00	120.00
Forfeited during the year	1,18,620.00	120.00	87,310.00	120.00
Exercised during the year	-		-	-
Expired during the year	-		-	-
Outstanding at 31 March	3,56,930.00	120.00	4,75,550.00	120.00
Exercisable at 31 March	71,386.00	-	-	-

No Share options granted during the year. No options were vested or exercised during the year.

The weighted average remaining contractual life for the share options outstanding as at March 31, 2021 is 1.25 years (March 31, 2020: 2.15 years).

The weighted average fair value of options granted during the year ending March 31, 2020 was 14.79 .

C. Fair value of options granted

The weighted average fair value of options granted during the year ending March 31, 2020 was 14.79 . The fair value of options was determined using the Black Scholes Model using the following inputs as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average fair values at the measurement date	14.79	14.79
Expected volatility (%)	0.36%	0.36%
Risk–free interest rate (%)	4.50%	4.50%
Expected life of share options/SARs (years)	1.30 years to 4.30 years	1.30 years to 4.30 years
Weighted average share price (INR)	120	120.00

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

37 Contingent liabilities and commitments

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Group believes that the outcome of these proceedings will not have a materially adverse effect on the Group's financial position and results of operations.

37.1 Contingent Liability

There are no Contingent Liabilities as on March 31, 2021 (March 31, 2020: INR 0.)

37.2 Commitment

There are no commitment as on March 31, 2021 (March 31, 2020: INR 0.)

(Currency : INR in lakhs)

38 Leases

Group as a Lessee

The Group's lease asset classes primarily consist of leases for office spaces. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:(i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) . For these short-term leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Following are the changes in the carrying value of right of use assets

Particulars	As at March 31, 2021	As at March 31, 2020
Opening	79.73	120.94
Additions	23.22	17.40
Deletion	(8.14)	-
Depreciation	(49.10)	(58.61)
Closing Balance	**45.71**	**79.73**

The following is the movement in lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	86.30	123.70
Additions	22.54	16.99
Finance cost accrued during the period	6.35	8.95
Payment of lease liabilities	(66.30)	(63.34)
Balance at the end	**48.89**	**86.30**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 3 months	11.77	15.90
Over 3 months & upto 6 months	11.81	15.28
Over 6 months & upto 1 year	23.61	29.54
Over 1 year & upto 3 years	56.20	81.66
Over 3 years	20.40	29.69

The following are the amounts recognised in statement of profit or loss:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	49.10	58.61
Interest expense on lease liabilities	6.35	11.81
Expense relating to short-term leases	183.12	205.66
Total amount recognised in profit or loss	**238.57**	**276.08**

Future Commitments:

Particulars	As at March 31, 2021
Future undiscounted lease payments for which the leases have not yet commenced	-

Extension / Termination Options:

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2021.

39 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

(Currency : INR in lakhs)

40 Fair Value Measurement:

A. Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 - Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that Group can access at the measurement date.

Level 2 - Valuation technique using observable inputs: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 - Valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

B. Fair value of financial instrument not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying value		Fair value	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial Assets					
Cash and cash equivalents	1	14,474.42	3,229.63	14,474.42	3,229.63
Bank Balance other than cash and cash equivalents	1	4,164.82	3,774.93	4,164.82	3,774.93
Trade receivables	3	65.27	23.96	65.27	23.96
Loans	3	1,58,784.68	1,38,041.67	1,63,371.04	1,35,939.51
Rent and utility deposits	3	175.11	160.25	175.11	160.25
EIS receivable	3	1,508.93	1,076.57	1,508.93	1,076.57
Other financial assets	3	284.10	4.96	284.10	4.96
		1,79,457.33	**1,46,311.97**	**1,84,043.69**	**1,44,209.81**
Financial Liabilities					
Trade Payables	3	23.52	17.85	23.52	17.85
Debt securities	3	43,210.76	6,109.76	44,241.40	6,185.63
Borrowings (other than debt securities)	3	92,148.69	1,00,834.33	92,214.73	1,01,051.19
Subordinated Liabilities	3	5,986.79	6,450.76	6,045.49	6,528.95
Other financial liabilities	3	3,583.67	3,742.07	3,583.67	3,742.07
Total Financial liabilities		**1,44,953.43**	**1,17,154.77**	**1,46,108.81**	**1,17,525.69**

Investment in subsidiary is measured at cost in accordance with Ind AS 27.

Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, rent and utility deposits and other financial liabilities.

Loans and advances to customers

The fair values of loans are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

Borrowings other than debt securities, Debt securities and Subordinated liabilities

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Group's own credit risk.

EIS receivable

EIS receivable is calculated by discounting the contractual future cash flows. The carrying value closely approximates its fair value.

41 Risk management

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Group are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Group has a risk management policy which covers all the risk associated with its assets and liabilities.

41.1 Introduction and Risk Profile

Risk management and mitigation

The Group's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. The Group's continuous training and development emphasises that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits.

The Group is generally exposed to credit risk, liquidity risk, market risk, prepayment risk and operational risk.

41.2 Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Group. It is their responsibility to review and manage credit risk. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

Definition of default and cure

The Group considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes more than 3 months past due on its contractual payments.

The staging criteria used by the Group is as below:

Loans months past due	Stage
Upto 1 month	Stage 1
Between 1 month to 3 months	Stage 2
More than 3 months	Stage 3

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes past due for more than 3 months on its contractual payments.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL.
For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(Currency : INR in lakhs)

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Group uses historical information wherever available to determine PD

Portfolio	As at March 31, 2021		As at March 31, 2020	
	Stage 1	Stage 2	Stage 1	Stage 2
Cars & Muvs	2.95%	7.38%	3.51%	13.33%
Commercial Vehicles	2.95%	7.69%	2.78%	10.66%
Construction Equipment	2.95%	8.10%	2.78%	10.66%
Three Wheeler	5.31%	12.28%	7.84%	21.71%
Tractor	2.95%	7.66%	4.60%	13.17%
Two Wheeler	2.95%	5.73%	2.78%	5.48%
SME	2.95%	11.15%	2.78%	10.66%
Home Loans*	2.96%	36.04%	2.96%	33.47%
Loans Against Property*	3.43%	26.00%	3.43%	23.56%

Stage 3 assets have a PD of 100%

*Loans related IKF Home Finance

Loss given Default (LGD)

LGD is the estimated loss that the Group might bear if the borrower defaults. The Group determines its recovery (net present value) by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset.

Particulars	As at March 31, 2021	As at March 31, 2020
Cars & Muvs	33.73%	18.75%
Commercial Vehicles	33.59%	20.84%
Construction Equipment	25.01%	22.74%
Three Wheeler	19.43%	20.29%
Tractor	15.97%	15.58%
Two Wheeler	15.19%	15.00%
SME	23.29%	23.00%
Home Loans*	20.00%	20.00%
Loans Against Property*	20.00%	20.00%

*Loans related IKF Home Finance

LGD Rates have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Group assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Concentration of Credit Risk

Group's loan portfolio is predominantly to finance commercial vehicle loans. The Group manages concentration of risk primarily by geographical region. The following tables show the region-wise concentrations of net terms loans.

Geography	March 31, 2021	March 31, 2020
West	42,322.24	36,891.42
Central	6,492.54	4,638.36
South	1,13,790.40	1,00,658.23
	1,62,605.18	**1,42,188.01**

Quantitative Information of Collateral

Net value of total term loans to value of collateral is as follows:

As at March 31, 2021	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,475.04	17,088.34	10,415.64	28,979.02
Commercial Vehicles	2,846.46	26,384.55	17,298.21	46,529.22
Construction Equipment	2,629.76	12,684.50	9,532.23	24,846.49
Three Wheeler	198.06	3,845.42	3,522.54	7,566.02
Tractor	249.65	1,830.33	452.67	2,532.65
Two Wheeler	2,546.55	1,141.39	5,484.31	9,172.25
SME	5,558.32	4,831.23	13,338.84	23,728.39
Home Loans	7,423.24	5,308.61	1,648.45	14,380.31
Loans Against Property	3,423.64	1,447.20	-	4,870.84
Total	**26,350.72**	**74,561.57**	**61,692.89**	**1,62,605.18**

(Currency : INR in lakhs)

As at March 31, 2020	Loan to value			
	Upto 50%	51%-70%	More than 70%	Total
Cars & Muvs	1,101.15	13,005.21	10,929.49	25,035.85
Commercial Vehicles	1,745.19	19,546.99	14,853.76	36,145.94
Construction Equipment	2,143.33	13,089.26	13,161.89	28,394.48
Three Wheeler	178.73	2,408.74	4,674.73	7,262.20
Tractor	151.35	995.21	412.45	1,559.01
Two Wheeler	800.60	1,092.39	325.06	2,218.05
SME	2,417.76	6,779.64	17,926.94	27,124.35
Home Loans	4,533.07	2,751.31	1,679.77	8,964.15
Loans Against Property	4,031.53	1,434.38	18.08	5,483.98
Total	**17,102.71**	**61,103.13**	**63,982.17**	**1,42,188.01**

41.3 Liquidity Risk

In assessing the Group's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Group maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into securitization deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. Net liquid assets consist of cash and short–term bank deposits. Borrowings from banks and financial institutions and issue of Non convertible debentures are considered as important sources of funds to finance lending to customers.

Analysis of financial assets and liabilities by remaining contractual maturities:

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31, 2021.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	14,474.42	-	-	-	-	14,474.42
Bank Balance other than included in (a) above	271.56	1,935.22	743.51	1,192.56	200.00	4,342.85
Trade receivables	65.27	-	-	-	-	65.27
Other receivables	-	-	-	-	-	-
Loans	29,440.03	18,449.40	33,627.81	87,786.22	34,210.38	2,03,513.84
Investments	-	-	-	-	-	-
Other financial assets	438.39	138.83	333.92	748.63	350.49	2,010.26
Total undiscounted financial assets	**44,689.67**	**20,523.45**	**34,705.24**	**89,727.41**	**34,760.87**	**2,24,406.64**
Financial liabilities						
Trade payables	-	23.52	-	-	-	23.52
Other payables	-	-	-	-	-	-
Subordinated Liabilities	201.19	203.52	395.54	2,820.05	5,693.40	9,313.70
Debt securities	1,625.02	1,827.57	21,283.72	22,899.39	-	47,635.70
Borrowings (other than debt securities)	12,291.50	10,517.52	38,301.15	33,711.96	8,517.33	1,03,339.46
Deposits	-	-	-	-	-	-
Other financial liabilities	2,618.00	568.84	118.65	371.24	-	3,676.73
Total undiscounted financial liabilities	**16,735.71**	**13,140.97**	**60,099.06**	**59,802.64**	**14,210.73**	**1,63,989.11**
Net undiscounted financial assets / (liabilities)	**27,953.96**	**7,382.48**	**(25,393.82)**	**29,924.76**	**20,550.14**	**60,417.53**

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31, 2020.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	3,229.64	-	-	-	-	3,229.64
Bank Balance other than included in (a) above	314.23	1,354.97	575.87	1,913.53	-	4,158.60
Trade receivables	23.96	-	-	-	-	23.96
Other receivables	-	-	-	-	-	-
Loans	18,145.86	18,252.87	33,122.17	82,749.40	39,799.11	1,92,069.41
Investments	-	-	-	-	-	-
Other financial assets	130.80	99.87	143.26	319.34	558.67	1,251.94
Total undiscounted financial assets	**21,844.49**	**19,707.71**	**33,841.30**	**84,982.27**	**40,357.78**	**2,00,733.55**
Financial liabilities						
Trade payables	17.85	-	-	-	-	17.85
Other payables	-	-	-	-	-	-
Subordinated Liabilities	222.14	216.99	435.14	6,040.88	2,701.15	9,616.30
Debt securities	779.51	702.27	2,648.08	2,725.54	-	6,855.40
Borrowings (other than debt securities)	12,221.28	11,825.25	41,998.27	38,782.21	10,782.78	1,15,609.79
Deposits	-	-	-	-	-	-
Other financial liabilities	3,266.64	12.06	25.42	44.85	593.05	3,942.02
Total undiscounted financial liabilities	**16,507.42**	**12,756.57**	**45,106.91**	**47,593.48**	**14,076.98**	**1,36,041.36**
Net undiscounted financial assets / (liabilities)	**5,337.07**	**6,951.14**	**(11,265.61)**	**37,388.79**	**26,280.80**	**64,692.19**

(Currency : INR in lakhs)

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Particulars	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years
As at March 31, 2021						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	-	-	-	-	-	-
As at March 31, 2020						
Guarantees and counter guarantees	-	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	-	-	-	-
Total commitments	-	-	-	-	-	-

41.4 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. There are broadly two types of market risks: (1) Interest rate risk, and (2) Price risk. The Group has not made investments in quoted equity instruments or other quoted investments and hence is not exposed to Equity price risk. Interest rate risk is discussed below:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources.

The Group has taken borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Group seek to optimize borrowing profile between short-term and long-term loans. The Group adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings are as follows:

Impact on Profit before taxes	As at March 31, 2021	As at March 31, 2020
On Floating Rate Borrowings:		
1% increase in interest rates	(377.25)	(386.71)
1% decrease in interest rates	377.25	386.71

41.5 Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like ours when interest rates fall.

41.6 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

IKF Finance Limited

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2021

(Currency : INR in lakhs)

42 Related Party Disclosure

a. Name of related party and nature of relationship:

Enterprises having a significant influence	India Business Excellence Fund -IIA Vistra ITCL (india) Limied (formerly known as IL and FS trust Company Limited) (Trustee of Business Excellence Trust -II - India Business Excellence Fund - II)
Subsidiary	IKF Home Finance Limited (formerly known as IKF Housing Finance Private Limited)
Enterprises in which directors are interested	SVR Finance & Leasing Private Limited
Enterprises significantly influenced by Key Management Personnel and their relatives	IKF Infratech Private Limited
Relative of Key Management Personnel	Mrs. D. Vasantha Lakshmi Mr. V. Raghu Ram Mr. Sinha Satyanand Chunduri Mrs. Durga Rani Chunduri
Key Management Personnel (KMP)	Mr V.G.K.Prasad — Managing Director Mrs. V. Indira Devi — Whole time Director Mrs. K Vasumathi Devi — Executive Director Mr.Sreepal Gulabchand Jain-Chief Financial Officer(From 31-10-19) Mr.P.Chandra Sekhar - Chief Financial Officer (Upto 30-10-19) Mr. Ch.Sreenivasa Rao - Company Secretary Mr. Vishal Kumar Joshi - Company Secretary (IKF Home Finance)

IKF Finance Limited
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42 Related Party Disclosure (continued)
b. Transaction with related parties:

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Key management personnel										
Mr. V G K Prasad	Rent paid	-	20.33	-	-	-	20.33	-	-	-
	Director's remuneration	-	55.42	-	-	-	70.00	-	-	-
	Director Commission Payable	-	35.66	-	-	35.66	41.55	-	35.66	41.55
	Rent deposit given	50.00	-	-	-	50.00	-	-	-	50.00
	Advance Received	-	-	-	-	-	-	(344.85)	344.85	-
	Interest paid on advance	-	-	-	-	-	0.64	-	-	-
	Share Capital (INR 10/- Paid up)	1,586.79	-	-	-	1,586.79	-	-	-	1,587.56
	Partly paid up shares (Rs 8.10 Paid Up)	189.31	-	-	-	189.31	-	94.66	-	283.97
	Premium on partly paid up shares	1,184.92	-	-	-	1,184.92	-	592.46	-	1,777.38
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	118.45		118.45		236.90	-	-	-	236.90
	Interest paid in IKF Home Finance	-	-	0.40	-	-	-	-	-	-
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.74	118.45	-	119.19
Mrs. V Indira Devi	Rent paid	-	43.56	-	-	-	43.56	-	-	-
	Director's remuneration	-	30.00	-	-	-	30.00	-	-	-
	Director Commission Payable	-	15.18	-	-	15.18	17.68	-	15.18	17.68
	Rent deposit given	38.50	-	-	-	38.50	-	-	-	38.50
	Share Capital (INR 10/- Paid up)	132.69	-	-	-	132.69	-	-	-	132.69
	Partly paid up shares (Rs 8.10 Paid Up)	17.35	-	-	-	17.35	-	8.67	-	26.02
	Premium Received on Allotment of Partly Paid up Shares	108.57	-	-	-	108.57	-	54.29	-	162.86
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.07	10.85		10.92
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	10.85		10.86		21.71	-	-	-	21.71
Mrs.K.Vasumathi Devi	Director's remuneration	-	38.33	-	-	-	50.00	-	-	
	Director Commission Payable	-	25.04	-	-	25.04	29.17	-	25.04	29.17
	Share Capital (INR 10/- Paid up)	213.13	-	-	-	213.13	-	-	-	213.13
	Partly paid up shares (Rs 8.10 Paid Up)	27.86	-	-	-	27.86	-	13.93	-	41.79
	Premium Received on Allotment of Partly Paid up Shares	174.39	-	-	-	174.39	-	87.20	-	261.59
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.11	17.43	-	17.55
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	17.43	-	17.44	-	34.87	-	-	-	34.87
Mr.P.Chandra Sekhar	Salary Paid	-	24.00	-	-	-	24.00	-	-	
	Staff Loan	83.24	-	(56.06)	-	27.19	-	(13.74)	4.00	17.45
	ESOP Compensation	-	0.79	-	-	-	0.71	-	-	-
Mr.Sreepal Gulabchand Jain	Salary Paid	-	32.54	-	-	-	47.71	-	-	-
Mr. Vishal Kumar Joshi	Salary Paid	-	6.92	-	-	-	6.92	-	-	-
Mr.Ch.Sreenivasa Rao	Salary Paid	-	21.00	-	-	-	21.00	-	-	-
	Staff Loan	2.50	-	(2.50)	-	-	-	-	-	-
	ESOP Compensation	-	0.62	-	-	-	0.56	-	-	-
Relatives of key management personnel										
Mrs. D Vasantha Lakshmi	Share Capital (INR 10/- Paid up)	200.61	-	-	-	200.61	-		-	200.61
	Partly paid up shares (Rs 8.10 Paid Up)	26.23	-	-	-	26.23	-	13.11	-	39.34
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	16.41		16.41		32.82	-	-	-	32.82
	Premium Received on Allotment of Partly Paid up Shares	164.15	-	-	-	164.15	-	82.08	-	246.23
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.09	16.41	-	-
	Director's remuneration in IKF Home Finance	-	38.33	-	-	-	70.07		-	-
Mr. V Raghu Ram	Share Capital (INR 10/- Paid up)	144.97	-	-	-	144.97	-		-	144.97
	Partly paid up shares (Rs 8.10 Paid Up)	18.95	-	-	-	18.95	-	9.48	-	28.43
	Premium Received on Allotment of Partly Paid up Shares	118.62	-	-	-	118.62	-	59.31	-	177.93
	Unsecured Loan in IKF Home Finance	-	-	-	-	-	0.07	11.86	-	11.93
	Partly paid up shares (Rs 5.00 Paid Up) in IKF Home Finance	11.86	-	11.86	-	23.72	-		-	23.72
Mr. Sinha Satyanand Chunduri	Share Capital (INR 10/- Paid up)	11.77	-	-	-	11.77	-	-	-	11.77
Mrs. Durga Rani Chunduri	Share Capital (INR 10/- Paid up)	149.41	-	-	-	149.41	-	-	-	149.41

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(Currency : INR in lakhs)

42 Related Party Disclosure (continued)
b. Transaction with related parties:

Name of related party	Nature of transaction	For the FY 2020					For the FY 2021			
		As at March 31, 2019	Transaction value for the year ended March 31, 2020	Received During the year	Paid During The year	As at March 31, 2020	Transaction value for the year ended March 31, 2021	Received During the year	Paid During the Year	As at March 31, 2021
Enterprises significantly influenced by key management personnel or their relatives										
IKF Infratech Private Limited	Non Convertible Debentures	-	63.20	-	-	63.20	-	-	-	58.20
	Interest paid in IKF Home Finance		16.78			-				
	Interest Paid	-	(0.41)	-	-	-	6.80	-	5.42	1.38
Enterprises in which Directors are interested										
SVR Finance & Leasing Private Limited	Trade Advance	79.30	-	(79.30)	50.00	50.00	-	(50.00)	-	-
	Interest Paid	-	0.37		-	0.37	-	-	-	-
Enterprises having a significant influence										
India Business Excellence Fund-IIA	Share Capital (INR 10/- Paid up)	1,305.16	-	-	-	1,305.16	-	-	-	1,305.16
	Share Premium	1,100.05	-	-	-	-	-	-	-	
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 (INR 10/- Paid up)	780.40	-	-	-	780.40	-	-	-	780.40
	Share Premium	657.76	-	-	-	-	-	-	-	-

Key management personnel compensation

Particulars	As at March 31, 2021	As at March 31, 2020
Short-term employee benefits	408.10	322.42
Post-employment benefits	-	-
Long-term employee benefits	-	-
Termination benefits	-	-
Employee-share based payment	1.27	1.41
Total compensation	**409.37**	**323.83**

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.
* The Increased/Decreased value is relating to purchase of shares/debentures from the public.

Notes:
(i) Transaction values are excluding taxes and duties.
(ii) Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Group. In other cases, disclosures have been made only when there have been transactions with those parties.
(iii) Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Group. All above transactions are in the ordinary course of business

43 Impact due to COVID-19

Consequent to the outbreak of the Covid-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of Covid-19 cases.
The impact of Covid-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, and collection efficiency. The extent to which the Covid-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Group's operations and estimates related to Impairment of assets including loans to customers, will depend on future developments, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group.

In accordance with Reserve Bank of India guidelines relating to Covid-19 Regulatory package dated March 27, 2020 April 17, 2020 and May 23, 2020, the Group had offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020 to all eligible borrowers. Further. the Group offered resolution plan to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated 6 August 2020.

Estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the Group's financial assets (Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Group believes that the factors considered are reasonable under the current circumstances. The Group has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation along with the second wave of Covid-19 in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Group.
The Group holds adequate impairment allowances as at March 31, 2021 including the potential impact of Covid-19 based on the information available at this point in time.

44 In accordance with the instructions in RBI circular number DOR.STR.REC.4/21.04.048/2021-22/17 dated April 7, 2021, all lending institutions shall refund / adjust interest on interest' to all borrowers including those who have availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Indian Banks' Association (IBA) in consultation with other industry participants / bodies published the methodology for calculation of the amount of such 'interest on interest/compound interest/penal interest'. Accordingly, the Group has estimated Rs. 164.36 lakhs and made provision for refund/ adjustment as at March 31, 2021.

45 Note on Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. 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 Group will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective

46 Previous year's information have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

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

per Jitendra H. Ranawat
Partner
Membership No.103380
Place: Mumbai
Date: July 21, 2021

For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65992AP1991PLC012736

VUPPUTURI GOPALA KISHAN PRASAD

V.G.K Prasad
Director
DIN: 01817992

VUPPUTURI INDIRA DEVI

V.Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

CHAPALAMADUGU SREENIVASA RAO

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: July 21, 2021