

INDEPENDENT AUDITOR'S REPORT

To the Members of IKF Finance Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of IKF Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SA), 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 standalone financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone 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 standalone financial statements.

Emphasis of matter

We draw attention to Note 45 to the standalone financial statements, which describes the uncertainties relating to the impact of COVID-19 pandemic on the Company'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 standalone financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone 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 standalone 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 standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial instruments (expected credit losses) (as described in Note 2.4.c, 2.6.f & 6 of the standalone financial statements)	
IND AS 109 requires the company 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	Our audit procedures included but were not limited to: • Read and assessed the Company's accounting policy for impairment of financial assets and its



reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of Company'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 Company 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 Company 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 governmental and regulatory measures and the Company'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.

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 Company's management and its risk management function to assess the impact of Covid-19 including second wave on the business activities of the Company.
- Assessed the Company'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 Company'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 Company in spreadsheets.
- Assessed adequacy of the disclosures included in the standalone 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.



Other Information

The 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 standalone 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 standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone 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 and Those Charged with Governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 SA 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 standalone 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 standalone 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 Company has adequate internal financial controls system 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 Company's ability 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 standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 standalone 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164 (2) of the Act;



S.R. BATLIBOI & CO. LLP

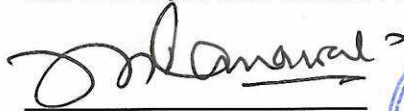
Chartered Accountants

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its 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:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Jitendra H. Ranawat

Partner

Membership Number: 103380

UDIN: 21103380AAAACB5574

Place of Signature: Mumbai

Date: June 26, 2021



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

Re: IKF Finance Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in investment property are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted loan to one party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.
- (b) The Company has granted loan to one party covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayments/receipts are regular.
- (c) There is no amount of loan granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which is overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investment made and guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in payment of tax deducted at source in few cases. As informed, the provisions relating to service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, the provisions relating to service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.
- (c) According to the information and explanation given to us there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute. As informed, the provisions of service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are not applicable to the Company.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

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

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Jitendra H. Ranawat
Partner

Membership Number: 103380

UDIN: 21103380AAAACB5574

Place of Signature: Mumbai

Date: June 26, 2021



ANNEXURE 2 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")

We have audited the internal financial controls over financial reporting of IKF Finance Limited ("the Company") as of March 31, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone 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 standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these standalone financial statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone 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 standalone 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 standalone financial statements.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these standalone financial statements

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

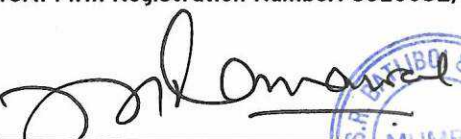
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Jitendra H. Ranawat

Partner

Membership Number: 103380

UDIN: 21103380AAAACB5574

Place of Signature: Mumbai

Date: June 26, 2021

IKF Finance Limited
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	3	11,793.28	2,485.62
(a) Cash and cash equivalents	4	3,964.82	3,774.93
(b) Bank Balance other than included in (a) above			
(c) Receivables	5	49.39	23.96
(i) Trade receivables	6	1,40,161.15	1,26,037.44
(d) Loans	8	4,525.10	4,525.10
(e) Investments	7	969.15	340.92
(f) Other financial assets		1,61,462.89	1,37,187.97
(2) Non-financial assets		217.94	156.56
(a) Current Tax Assets (Net)	29	-	344.61
(b) Deferred Tax Assets (Net)	11	6.47	6.64
(c) Investment Property	10	240.52	272.40
(d) Property, Plant and Equipment	10	24.77	63.55
(e) Right of use asset	12	170.57	178.39
(f) Intangible assets	9	382.01	328.18
(g) Other non-financial assets		1,042.28	1,350.33
Total assets		1,62,505.17	1,38,538.30
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	13	33,687.94	6,109.76
(b) Debt securities	14	85,755.89	93,150.90
(c) Borrowings (other than debt securities)	15	5,986.79	6,450.76
(d) Subordinated Liabilities	16	2,670.12	2,738.86
(e) Other financial liabilities		1,28,100.74	1,08,450.28
(2) Non-financial liabilities	17	275.54	208.48
(a) Provisions	29	27.12	-
(b) Deferred tax liabilities (Net)	18	112.08	118.69
(c) Other non-financial liabilities		414.74	327.17
EQUITY	19	5,167.49	5,027.64
(a) Equity share capital	20	28,822.20	24,733.21
(b) Other equity		33,989.69	29,760.85
Total liabilities and equity		1,62,505.17	1,38,538.30

Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone 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: June 26, 2021



For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65997AP1991PLC012736

V.G.K. Prasad
Director
DIN: 01817992
Sreepal Jain
Chief Financial Officer

V.Indira Devi
Whole Time Director
DIN: 03161174
Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021



IKF Finance Limited
Statement of Profit and Loss for the year ended March 31, 2021

(Currency : INR in lakhs)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From operations	21	20,295.71	20,440.51
(i) Interest income	22	110.92	128.56
(iv) Fees and commission income			
		20,406.63	20,569.07
(I) Total revenue from operations			
	23	16.29	19.22
(II) Other income		20,422.92	20,588.29
(III) Total income (I + II)			
Expenses			
(i) Finance costs	24	11,609.00	11,551.63
(ii) Impairment on financial instruments	25	647.15	1,634.74
(iii) Employee benefits expenses	26	2,621.34	2,505.30
(iv) Depreciation, amortization and impairment	27	144.14	149.12
(v) Others expenses	28	981.02	953.75
(IV) Total expenses		16,002.65	16,794.54
		4,420.27	3,793.75
(V) Profit before tax (III - IV)			
(VI) Tax Expense:			
(1) Current Tax	29	795.96	1,229.39
(2) Deferred Tax	29	368.34	(211.14)
(3) Adjustment of tax relating to earlier periods	29	65.46	2.13
		1,229.76	1,020.38
		3,190.51	2,773.37
(VII) Profit for the period (V-VI)			
(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	13.44	(4.76)
Income tax relating to items that will not be reclassified to profit or loss		(3.38)	1.20
Other comprehensive Income / (loss)		10.06	(3.56)
		3,200.57	2,769.81
(IX) Total comprehensive Income for the period (VII + VIII)			
(X) Earnings per share (equity share, par value of Rs.10 each)			
Basic	31	6.35	5.52
Diluted	31	6.34	5.51

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Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone 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: June 26, 2021
Place: Mumbai



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

V.G.K Prasad

Director
DIN: 01817992

Sreepal Jain
Chief Financial Officer

V.Indira Devi

Whole Time Director
DIN: 03161174

Ch.Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021

IKF Finance Limited
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	4,420.27	3,793.75
Profit before tax		
Adjustments for:	144.14	149.12
Depreciation, amortisation and impairment	(20,295.71)	(20,440.51)
Interest income	11,609.00	11,551.63
Interest expenses	647.15	1,634.74
Impairment on financial instrument	13.09	17.56
Share based payment expense	4.83	5.03
Provision for expenses	98.26	86.54
Employee benefit expenses	(6.36)	(7.63)
Rental income on investment property	(0.14)	3.03
(Profit)/ Loss on sale of property, plant and equipment		
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	(3,365.47)	(3,206.74)
Adjustments for changes in Working Capital:		
Decrease / (Increase) in trade receivable	(28.52)	85.76
Decrease / (Increase) in loans	(21,661.13)	(14,176.32)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(189.89)	(142.92)
Decrease / (Increase) in other financial assets	(281.13)	9.27
Decrease / (Increase) in other non-financial assets	(53.83)	89.82
(Decrease) / Increase in other financial liabilities	(32.01)	(1,747.78)
(Decrease) / Increase in provisions	(17.76)	(21.96)
(Decrease) / Increase in other non-financial liabilities	(6.61)	(28.44)
Interest received	17,250.35	19,594.99
Interest paid	(10,176.00)	(10,130.21)
Income tax paid (net of refunds)	(18,562.00)	(9,674.53)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	(922.80)	(1,130.62)
CASH FLOW FROM INVESTING ACTIVITIES	(33.46)	(56.00)
Purchase of property, plant and equipment	6.36	7.63
Rental income on investment property	0.54	0.19
Proceeds from sale of property, plant and equipment	(31.99)	(72.63)
Purchase of intangible assets	(58.53)	(120.81)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	1,015.18	5,000.00
CASH FROM FINANCING ACTIVITIES	30,500.00	(11,611.11)
Proceeds from issue of equity shares (including securities premium)	(3,300.00)	39,307.06
Amount received from debt securities	33,730.08	(22,606.71)
Repayment of debt securities	(32,548.05)	2,000.00
Amount received from borrowings other than debt securities	2,500.00	
Repayment of borrowings other than debt securities	(3,000.00)	
Amount received from subordinated liabilities	(41.45)	(41.37)
Repayment of subordinated debt	(4.77)	(8.95)
Payment of principal portion of lease liabilities		
Payment of interest on lease liabilities	28,850.99	12,038.92
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	9,307.66	1,112.96
Net Increase / (Decrease) in Cash and Cash Equivalents	2,485.62	1,372.66
Cash and Cash Equivalents at the beginning of Year	11,793.28	2,485.62
Cash and Cash Equivalents at the end of the Year		

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

S. R. Batliboi
S. R. Batliboi
Partner
Membership No. 103380

Date: June 26, 2021
Place: Mumbai

For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U69999AP1991PLC012736

V. Indira Devi
V. Indira Devi
Director
DIN: 01817992
Ch. Sreenivasa Rao
Chief Financial Officer

V. Indira Devi
V. Indira Devi
Whole Time Director
DIN: 03161174

Ch. Sreenivasa Rao
Company Secretary
M.No. ACS14723

Place: Vijayawada
Date: June 26, 2021



IKF Finance Limited
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	2,994.64	32.50	9,085.06	721.74	-	9,111.90	-	21,945.84
Profit for the year	-	-	-	-	-	2,773.37	-	2,773.37
Other comprehensive income for the year	-	-	-	-	-	(3.56)	-	(3.56)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	2,769.81	-	2,769.81
Transfer to Statutory Reserve	554.67	-	-	138.67	-	(554.67)	-	-
Transfer to General Reserve	-	-	-	-	17.56	-	-	17.56
Share based payment expense	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-	-
Balance at March 31, 2020	3,549.31	32.50	9,085.06	860.41	17.56	11,188.37	-	24,733.21
Profit for the year	-	-	-	-	-	3,190.51	-	3,190.51
Other comprehensive income for the year	-	-	-	-	-	10.06	-	10.06
Total comprehensive income for the year (net of tax)	-	-	-	-	-	3,200.57	-	3,200.57
Transfer to Statutory Reserve	638.10	-	-	159.53	-	(638.10)	-	-
Transfer to General Reserve	-	-	875.33	-	-	-	-	875.33
Issue of equity shares	-	-	-	-	13.09	-	-	13.09
Share based payment expense	-	-	-	-	-	-	-	-
Balance at March 31, 2021	4,187.41	32.50	9,960.39	1,019.94	30.65	13,591.31	-	28,822.20

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No. 103380

Date: June 26, 2021
Place: Mumbai

For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65992AP1991PLC12736

V. G. K. Prasad
Director
DIN: 01817992

Place: Vijayawada
Date: June 26, 2021

V. Indira Devi
Whole Time Director
DIN: 03161174

Sreepal Jain
Chief Financial Officer

Ch. Sreenivasa Rao
Company Secretary
M.No. ACS14723



IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2021

(All amount in Rs. Lakhs, unless otherwise stated)

1 Company Overview

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

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements for the year ended March 31, 2021 have been prepared by the Company 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 company 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 Company 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 Company 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 Company'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 Company 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 Company'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:



IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2021

(All amount in Rs. Lakhs, unless otherwise stated)

- PD calculation includes historical data, benchmarking, assumptions and expectations of future conditions.
 - The Company'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 Company'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

Company as a lessee:

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

The Company 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 Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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.



IKF Finance Limited
Notes to the financial statements for the year ended March 31, 2021
(All amount in Rs. Lakhs, unless otherwise stated)

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 Company 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 Company's balance sheet when the Company 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.



IKF Finance Limited
Notes to the financial statements for the year ended March 31, 2021
(All amount in Rs. Lakhs, unless otherwise stated)

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 Company 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 Company 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.



IKF Finance Limited
Notes to the financial statements for the year ended March 31, 2021
(All amount in Rs. Lakhs, unless otherwise stated)

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 Company 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 Company acquires, disposes of, or terminates a business line or in the period the Company 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 Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

- i. The Company 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 Company 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:



IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2021

(All amount in Rs. Lakhs, unless otherwise stated)

- i. The Company 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 Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- iii. The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company 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 Company has transferred substantially all the risks and rewards of the asset, or
- ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company 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 Company 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 Company's continuing involvement, in which case, the Company 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 Company 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 Company 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.



IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2021

(All amount in Rs. Lakhs, unless otherwise stated)

The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company.

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.



IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2021

(All amount in Rs. Lakhs, unless otherwise stated)

The Company 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 Company has access to at the measurement date. The Company 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 Company 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 Company 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.



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(All amount in Rs. Lakhs, unless otherwise stated)

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

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 Investment in Subsidiaries

Ind AS 101 permits a first time adopter to measure its investment, at the date of transition, at cost determined in accordance with Ind AS 27, or deemed cost. The deemed cost of such investment shall be its fair value at the Company's date of transition to Ind AS, or Previous GAAP carrying amount at that date. The Company has elected to measure its investment in subsidiary at the Previous GAAP carrying amount as its deemed cost on the transition date.



2.10 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.

2.11 Employee benefits

Defined Contribution Plan:

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

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

Defined Benefit Plan:

The Company 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 Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:



IKF Finance Limited

Notes to the financial statements for the year ended March 31, 2021

(All amount in Rs. Lakhs, unless otherwise stated)

- 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 Company are entitled to compensated absence and deferred compensation as per the policy of the Company, 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.

2.12 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 Company:

- 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 Company 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 Company:

- 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.

2.13 Provision and contingencies

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are 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 Company 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 Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.



2.14 Earnings per share

The Company 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.

2.15 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.

2.16 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 Company are segregated.

2.17 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 Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company 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.

2.18 Statutory Reserve

In accordance with section 45-IC of the RBI Act, 1934, the Company creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and loss before any dividend is declared.



IKF Finance Limited
Notes to 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	93.49	5.99
Balances with banks in current accounts	11,699.79	2,479.63
Total	11,793.28	2,485.62

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*	3,964.82	3,774.93
Total	3,964.82	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	78.18	49.66
Receivables considered good - Unsecured	78.18	49.66
	28.79	25.70
Less: Provision for impairment	49.39	23.96
Total		

No trade or other receivables are due from directors or other officers of the Company 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	1,43,354.04	1,27,778.37
(ii) term loans - related parties	-	1,912.22
(iii) Staff loans	49.69	18.95
Total	1,43,403.73	1,29,709.54
Less: Impairment loss allowance	3,242.58	3,672.10
Total - Net of Impairment loss allowance	1,40,161.15	1,26,037.44
(i) Secured by tangible assets*	1,43,403.73	1,29,709.54
(i) Secured by intangible assets	-	-
(ii) Covered by Bank/ Government Guarantees	-	-
(iii) Unsecured	1,43,403.73	1,29,709.54
Total	3,242.58	3,672.10
Less: Impairment loss allowance	1,40,161.15	1,26,037.44
Total - Net of Impairment loss allowance		
(i) Public sectors	1,43,403.73	1,29,709.54
(ii) Others	1,43,403.73	1,29,709.54
Total	3,242.58	3,672.10
Less: Impairment loss allowance	1,40,161.15	1,26,037.44
Total - Net of Impairment loss allowance		
(i) Loans in India	1,43,403.73	1,29,709.54
(ii) Loans outside India	1,43,403.73	1,29,709.54
Total	3,242.58	3,672.10
Less: Impairment loss allowance	1,40,161.15	1,26,037.44
Total - Net of Impairment loss allowance		

*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 company'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	82,084.22	81,348.86
Stage I	56,993.86	44,851.14
Stage II	4,275.96	3,490.59
Stage III	1,43,354.04	1,29,690.59
Total		



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Notes to financial statements for the year ended March 31, 2021
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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	81,348.86	44,851.14	3,490.59	1,29,690.59
Term loans	18.95	-	-	18.95
Staff loans	-	-	-	-
New loans originated during the year	42,798.30	9,123.74	114.71	52,036.75
Term loans	-	-	-	-
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans	10,524.93	(10,059.58)	(465.36)	-
Transfers to Stage 1	(26,750.05)	27,027.07	(277.02)	-
Transfers to Stage 2	(1,332.89)	(1,995.48)	3,328.37	-
Transfers to Stage 3	-	-	98.96	98.96
Interest on stage 3 loans	-	-	-	-
Amounts written off	(158.19)	(320.80)	(594.59)	(1,073.58)
Term loans	-	-	-	-
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(24,346.74)	(11,632.23)	(1,419.70)	(37,398.67)
Term loans	30.75	-	-	30.75
Staff loans	-	-	-	-
Gross carrying amount as at March 31, 2021	82,084.22	56,993.86	4,275.96	1,43,354.04
Term loans	49.69	-	-	49.69
Staff loans	-	-	-	-

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	77,581.91	30,060.35	4,401.08	1,12,043.34
Term loans	24.68	-	-	24.68
Staff loans	-	-	-	-
New loans originated during the year	46,067.03	19,404.82	383.73	65,855.58
Term loans	-	-	-	-
Staff loans	-	-	-	-
Inter-stage movements:				
-Term loans	10,705.01	(9,493.01)	(1,212.00)	-
Transfers to Stage 1	(20,626.24)	21,669.68	(1,043.44)	-
Transfers to Stage 2	(1,891.24)	(1,261.56)	3,152.80	-
Transfers to Stage 3	-	-	17.22	17.22
Interest on stage 3 loans	-	-	-	-
Amounts written off	(216.41)	(210.62)	(115.00)	(542.03)
Term loans	-	-	-	-
Staff loans	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(30,271.20)	(15,318.52)	(2,093.80)	(47,683.52)
Term loans	(5.74)	-	-	(5.74)
Staff loans	-	-	-	-
Gross carrying amount as at March 31, 2020	81,348.86	44,851.14	3,490.59	1,29,690.59
Term loans	18.95	-	-	18.95
Staff loans	-	-	-	-

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	905.92	1,761.54	1,004.64	3,672.10
New loans originated during the year	358.85	217.76	28.90	605.51
Inter-stage movements:				
Transfers to Stage 1	598.95	(383.94)	(215.01)	-
Transfers to Stage 2	(301.98)	369.41	(67.43)	-
Transfers to Stage 3	(15.05)	(77.17)	92.22	-
Amounts written off	(6.65)	(35.05)	(365.38)	(407.08)
Assets derecognised or repaid (excluding write offs)	(861.34)	(496.68)	730.06	(627.96)
Gross carrying amount as at March 31, 2021	678.70	1,355.07	1,208.00	3,242.57

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	571.40	828.75	1,204.94	2,605.09
New loans originated during the year	507.53	771.04	89.09	1,367.66
Inter-stage movements:				
Transfers to Stage 1	603.24	(286.84)	(316.40)	-
Transfers to Stage 2	(135.87)	371.66	(235.79)	-
Transfers to Stage 3	(13.05)	(38.55)	51.60	-
Amounts written off	(2.92)	(16.71)	(73.54)	(93.16)
Assets derecognised or repaid (excluding write offs)	(624.41)	132.19	284.74	(207.47)
Gross carrying amount as at March 31, 2020	905.92	1,761.54	1,004.64	3,672.10



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7 Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Rent and utility deposit	145.70	144.90
Excess Interest Spread (EIS) Receivables	541.71	196.02
Other -unsecured, considered good	281.74	-
Total	969.15	340.92

8 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investment in Equity Instruments - Subsidiary (at cost) IKF Home finance limited* (Equity shares of Rs. 10 each, fully paid up) (March 31, 2021: 3,76,14,747 Shares; March 31, 2020: 3,76,14,747 Shares)	4,525.10	4,525.10
Total (A)	4,525.10	4,525.10
(i) Investments in India (ii) Investments outside India	4,525.10	4,525.10
Total (B)	4,525.10	4,525.10

*In accordance with the Amendment to the Share Purchase Agreement dated March 23, 2018 executed on October 20, 2018, the company has subscribed to the 2,91,14,747 Equity shares of Rs. 10 each (fully paid) at a premium of Rs. 2.6228 per share in IKF Home Finance Limited during the year ended March 31, 2019.
Further, the company subscribed to the 85,00,000 Equity shares of Rs. 10 each (fully paid) at par on preferential allotment basis in IKF Home Finance Limited during the year ended March 31, 2019.

9 Other Non-Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	20.07	29.29
Advances to employees	0.92	0.20
GST input credit	345.10	296.79
Other -unsecured, considered good	15.92	1.90
Total	382.01	328.18



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(Currency : INR in lakhs)

10 Property, plant and equipment

Particulars	Furniture and Fixtures	Computer & Printer	Office equipment	Vehicles	Total	Right to Use Assets
Gross carrying amount	207.38	66.13	5.71	75.51	354.73	122.38
As at March 31, 2019	41.97	8.58	5.45	-	56.00	17.40
Additions	(4.18)	(0.16)	-	-	(4.34)	-
Disposals						
As at March 31, 2020	245.17	74.55	11.16	75.51	406.39	139.78
Additions	25.35	8.09	-	-	33.45	8.58
Disposals	-	(0.68)	-	-	(0.68)	(18.21)
As at March 31, 2021	270.52	81.96	11.16	75.51	439.16	130.15
Accumulated depreciation and impairment:						
As at March 31, 2019	31.48	22.36	1.28	11.86	66.98	30.79
Depreciation for the year	32.48	21.78	1.98	11.89	68.13	45.44
Disposals	(1.09)	(0.03)	-	-	(1.12)	-
As at March 31, 2020	62.87	44.11	3.26	23.75	133.99	76.23
Depreciation for the year	33.58	17.36	2.18	11.81	64.93	39.22
Disposals	-	(0.28)	-	-	(0.28)	(10.06)
As at March 31, 2021	96.45	61.19	5.44	35.56	198.64	105.39
Net book value						
As at March 31, 2019	175.90	43.77	4.43	63.65	287.75	91.59
As at March 31, 2020	182.30	30.44	7.90	51.76	272.40	63.55
As at March 31, 2021	174.07	20.77	5.72	39.95	240.52	24.77



IKF Finance Limited**Notes to financial statements for the year ended March 31, 2021**

(Currency : INR in lakhs)

11 Investment Property

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

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

(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 to financial statements for the year ended March 31, 2021
(Currency : INR In lakhs)

12 Intangible assets

Particulars	Computer software
Gross carrying amount	165.61
As at March 31, 2019	72.63
Additions	-
Disposal	238.24
As at March 31, 2020	32.00
Additions	-
Disposal	270.24
As at March 31, 2021	
Accumulated amortisation and impairment	24.47
As at March 31, 2019	35.38
Amortisation for the year	-
Disposal	59.85
As at March 31, 2020	39.82
Amortisation for the year	-
Disposal	99.67
As at March 31, 2021	
Net book value	141.14
As at March 31, 2019	178.39
As at March 31, 2020	170.57
As at March 31, 2021	



IKF Finance Limited

Notes to 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	31,926.12	769.66
Non convertible debentures	-	-
Unsecured	1,761.82	5,340.10
Other non convertible debentures	-	-
Commercial Paper	-	-
Total	33,687.94	6,109.76
Debt Securities:		
Within India	33,687.94	6,109.76
Outside India	-	-
Total	33,687.94	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	9.01%-10.00%	3	3,750.00	1	1,250.00	-	-	5,000.00
1-5 Years	10.01%-11.00%	-	-	-	-	-	-	-
	11.01%-12.00%	-	-	-	-	-	-	1,750.00
	12.01%-12.50%	8	1,100.00	5	650.00	-	-	15,500.00
Bullet repayment schedule	8.51%-9.50%	3	15,500.00	-	-	-	-	5,000.00
1-7 Years	9.51%-10.50%	-	-	1	5,000.00	-	-	600.00
	10.51%-11.50%	2	600.00	-	-	-	-	5,000.00
	11.51%-12.50%	-	-	1	5,000.00	-	-	-
Total			20,950.00	-	11,900.00	-	-	32,850.00
Add : Interest accrued but not due								907.60
Less : Unamortized Finance Cost			20,950.00		11,900.00			(69.66)
Total Amortized Cost								33,687.94

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	11.00%-12.00%	4	1,250.00	-	-	-	-	1,250.00
1-5 Years	12.01%-12.50%	8	1,100.00	13	1,750.00	-	-	2,850.00
Bullet repayment schedule	10.51%-11.50%	1	950.00	1	600.00	-	-	1,550.00
1-7 Years	-	-	-	-	-	-	-	-
Total			3,300.00	-	2,350.00	-	-	5,650.00
Add : Interest accrued but not due								434.61
Less : Unamortized Finance Cost			3,300.00		2,350.00			(24.85)
Total Amortized Cost								6,109.76



KF Finance Limited

Notes to financial statements for the year ended March 31, 2021
(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	42,976.76	43,499.53
from non banking financial companies	8,632.55	13,032.21
from financial institutions	862.58	-
Loans repayable on demand (Secured):		
Cash credit from Bank	26,472.34	21,242.26
Associated liabilities in respect of securitisation transactions	6,811.66	15,376.90
Total	85,755.89	93,150.90
Borrowings:		
Within India	85,755.89	93,150.90
Outside India	-	-
Total	85,755.89	93,150.90

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 Company 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								
	6.00%-7.00%	1	860.00	-	-	-	-	860.00
	7.01%-8.00%	17	1,542.66	23	1,821.75	-	-	3,364.41
	8.01%-9.00%	46	1,535.41	84	3,079.74	-	-	4,615.15
	9.01%-10.50%	36	1,009.21	17	422.45	-	-	1,431.66
	10.51%-11.50%	24	1,504.83	14	698.81	-	-	2,203.64
	11.51%-12.50%	84	4,619.98	74	3,551.32	-	-	8,171.30
Quarterly repayment schedule								
	6.00%-7.00%	-	-	-	-	-	-	-
	7.01%-8.00%	-	-	-	-	-	-	-
	8.01%-9.00%	23	3,850.00	74	12,796.70	1.00	239.88	16,885.58
	9.01%-10.50%	15	4,610.33	26	9,115.89	-	-	13,726.22
	10.51%-11.50%	4	666.67	5	832.99	-	-	1,499.66
	11.51%-12.50%	-	-	-	-	-	-	-
			20,199.09		32,319.65		239.88	52,758.62
Total								65.52
Add : Interest accrued but not due								(352.25)
Less : Unamortized Finance Cost			20,199.09		32,319.65		239.88	52,471.89
Total Amortized Cost								

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								
	8.00%-9.00%	24	776.15	59	2,675.98	-	-	3,452.13
	9.00%-10.50%	90	6,473.57	40	1,891.66	-	-	8,365.23
	10.51%-11.50%	44	2,194.61	74	3,482.60	-	-	5,677.21
	11.51%-12.50%	80	4,161.83	155	8,004.90	-	-	12,166.73
	12.51%-13.50%	-	-	-	-	-	-	-
Quarterly repayment schedule								
	9.00%-10.00%	22	3,200.00	58	8,945.36	-	-	12,145.36
	10.00%-11.00%	4	2,300.00	16	9,200.00	-	-	11,500.00
	11.00%-12.00%	7	1,500.00	11	2,000.00	-	-	3,500.00
	12.01%-12.50%	-	-	-	-	-	-	-
			20,606.16		36,200.50		-	56,806.66
Total								108.26
Add : Interest accrued but not due								(383.18)
Less : Unamortized Finance Cost			20,606.16		36,200.50		-	56,531.74
Total Amortized Cost								



IKF Finance Limited
Notes to 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

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

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 to 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	26.68	68.23
Employee benefits payable	109.74	92.83
Expenses payable	7.66	15.71
Other Payables	191.17	561.49
Deposit from franchisees	501.93	495.74
Payable towards securitisation / assignment transactions	1,832.94	1,504.86
Total	2,670.12	2,738.86

17 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity	110.45	96.40
Provision for leave benefits	165.09	112.08
Total	275.54	208.48

18 Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	112.08	118.69
Total	112.08	118.69



IKF Finance Limited
Notes to 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	-	-	-	-
	4,74,79,379	4,747.94	4,74,79,379	4,747.94
Outstanding at the end of the year				
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)	51,79,688	279.70	51,79,688	279.70
At the beginning of the year	-	139.85	-	-
Amount called/issued during the year	-	-	-	-
	51,79,688	419.55	51,79,688	279.70
Outstanding at the end of the year				

Notes:
B. Terms/rights attached to equity shares

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



IKF Finance Limited
Notes to 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 Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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 to 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
General reserve	1,019.94	860.41
Retained earnings	13,591.31	11,188.37
Total	28,822.20	24,733.21

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 can be utilised only for limited purpose such as issuance of bonus shares in accordance with provision of the Companies Act, 2013.

c. Statutory reserve

Reserves created under Section 45IC of The Reserve Bank of India Act, 1934

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 Company 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	32.50	32.50
Opening balance	-	-
Add : Share issued during the year	32.50	32.50
II. Securities premium reserve	9,085.06	9,085.06
Opening balance	875.33	-
Add : Premium received on issue of securities	9,960.39	9,085.06
III. Share Based Payment reserve	17.56	-
Opening balance	13.09	17.56
Add : During the year	30.65	17.56
IV. Statutory Reserve under section 45-IC of the Reserve Bank of India Act, 1934	3,549.31	2,994.64
Opening balance	638.10	554.67
Add : Transfer from retained earnings	4,187.41	3,549.31
V. General Reserve	860.41	721.74
Opening balance	159.53	138.67
Add : Transfer from retained earnings	1,019.94	860.41
VI. Retained earnings	11,188.37	9,111.90
Opening balance	3,190.51	2,773.36
Add : Profit for the year	10.06	(3.56)
Add : Other comprehensive income	-	-
Appropriations:	(638.10)	(554.67)
Transfer to Statutory Reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(159.53)	(138.67)
Transfer to General reserve	13,591.31	11,188.37
Total		



IKF Finance Limited

 Notes to financial statements for the year ended March 31, 2021
 (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	20,081.82	20,216.79
Interest on loans	213.89	223.72
Interest on deposits with banks		
Total	20,295.71	20,440.51

22 Fees and commission income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	110.92	128.56
Total	110.92	128.56

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	2.25	0.95
Total	16.29	19.22

24 Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost	84.87	95.13
Interest on deposits	6,661.38	7,558.05
Interest on borrowings	-	33.21
Interest on commercial paper and bonds	2,237.52	1,218.28
Interest on debentures	843.17	630.72
Interest on subordinated liabilities	261.37	-
Interest on ICD	4.77	8.95
Interest on lease liabilities	1,025.83	1,550.61
Interest on securitisation	9.35	9.00
Bank Charges	480.74	447.68
Other finance cost		
Total	11,609.00	11,551.63

25 Impairment on financial instruments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost	(429.52)	1,067.01
Loans	3.08	25.70
Trade receivables	1,073.59	542.03
Bad debts and write offs		
Total	647.15	1,634.74

26 Employee benefits expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	2,337.96	2,223.35
Contribution to provident and other funds	130.81	133.42
Share based payment to employees	13.09	17.56
Staff welfare expenses	41.21	49.19
Gratuity	31.28	29.32
Leave encashment	65.99	52.46
Total	2,621.34	2,505.30



IKF Finance Limited
Notes to financial statements for the year ended March 31, 2021

(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	104.15	113.57
Depreciation on investment property	0.17	0.17
Amortization of intangible assets	39.82	35.38
Total	144.14	149.12

28 Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	164.38	196.66
Communication cost	42.60	54.39
Travelling and conveyance	74.02	165.97
Rates and taxes	159.19	188.50
Insurance	4.41	3.96
Commission and Brokerage	14.30	32.51
Repairs and maintenance	58.37	50.31
Printing and stationery	25.94	9.66
Payment to auditors (Refer Note 28.1)	41.25	32.57
Advertisement, publicity and sales promotion expenses	4.19	6.99
Operation Cost	27.16	34.54
Legal and professional fees	107.93	89.42
Corporate social responsibility (Refer Note 28.2)	245.06	50.86
Loss on sale of property, plant and equipment	-	3.03
Miscellaneous expenses	12.22	34.38
Total	981.02	953.75

28.1 Payment to the auditors:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	31.50	29.50
In other capacity	-	-
- Certification services	8.75	1.50
Other of pocket expenses	1.00	1.57
Total	41.25	32.57

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 Company as per the provision of Section 135 of Companies Act 2013.	78.95	70.78
b) Amount spent during the year (paid in cash)		
i) Construction/acquisition of any asset	245.06	50.86
ii) On purposes other than (i) above	-	-
c) Amount spent during the year (yet to be paid in cash)		
i) Construction/acquisition of any asset	-	19.92
ii) On purposes other than (i) above	-	-
	245.06	70.78



IKF Finance Limited

Notes to 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	Year ended March 31, 2020
	INR	INR
Current tax		
Current tax on profits for the year	795.96	1,229.39
Adjustment for current tax of the prior periods	65.46	2.13
Subtotal (A)	861.42	1,231.52
Deferred tax		
Decrease/(Increase) in deferred tax assets	68.44	(202.69)
(Decrease)/Increase in deferred tax liabilities	296.52	0.38
Subtotal (B)	364.96	(202.31)
Deferred tax asset/ (liability) relating to items recognised in other Comprehensive Income (C)	(3.38)	1.20
Income tax expense for the year (A+B+C)	1,229.76	1,028.01

(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 year but allowed for tax purposes on payment basis	52.47	20.26	(3.38)	69.35
Impact of provision for expected credit loss on loans	781.32	(100.86)	-	680.46
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1.96	0.62	-	2.58
Impact of leases under Ind AS 116	1.60	5.11	-	6.71
Share based payment	4.42	3.30	-	7.72
Others	0.25	(0.25)	-	-
(A)	842.02	(71.82)	(3.38)	766.82
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	130.25	(11.25)	-	119.00
EIR impact of financial assets and liabilities	40.49	46.00	-	86.49
Impact of direct assignment and securitisation transactions	277.15	230.62	-	507.77
Interest income recognised on stage 3 loans	49.52	24.91	-	74.43
Others	-	6.24	-	6.24
(B)	497.41	296.52	-	793.94
Deferred tax assets (net) (A-B)	344.61	(368.34)	(3.38)	(27.12)



IKF Finance Limited
Notes to 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 year but allowed for tax purposes on payment basis	40.52	11.95	-	52.47
Impact of provision for expected credit loss on loans	593.29	188.03	-	781.32
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	5.60	(3.64)	-	1.96
Impact of leases under Ind AS 116	1.22	0.38	-	1.60
Share based payment	-	(4.42)	-	4.42
Remeasurement of defined benefit plan	-	(1.20)	1.20	-
Others	0.29	(0.04)	-	0.25
	640.93	191.06	1.20	842.02
(A)				
Deferred tax liabilities				
Impact of amortisation of ancillary borrowing cost	103.35	26.90	-	130.25
EIR impact of financial assets and liabilities	36.28	4.21	-	40.49
Impact of direct assignment and securitisation transactions	316.75	(39.60)	-	277.15
Interest income recognised on stage 3 loans	52.28	(2.76)	-	49.52
	508.66	(11.25)	-	497.41
(B)	132.27	202.31	1.20	344.61
Deferred tax liability (net) (A-B)				

(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)	4,420.27	3,793.75
Applicable income tax rate	25.17%	25.17%
Expected Income Tax Expense (B)	1,112.49	954.81
Tax effect of:		
Effect of income exempt from tax	(0.45)	(0.55)
Effect of expenses/provisions not deductible in determining taxable profit	61.95	13.62
Effect of differential tax rate	-	(14.24)
Adjustment related to tax of prior years	65.46	2.13
Others	(9.69)	64.61
Income tax expense	1,229.76	1,020.38



IKF Finance Limited
Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

30 Employee Benefits
a. Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company 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 Company contributes an equal amount.

The Company recognised INR 130.81 lakhs (PY: INR 133.42 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 Company 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)	110.45	96.40
Fair Value of plan assets (B)	-	-
Present value of obligation (A- B)	110.45	96.40

Particulars	As at March 31, 2021	As at March 31, 2020
Obligation expected to be settled in the next 12 months	7.86	6.73
Obligation expected to be settled beyond next 12 months	102.59	89.68

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	96.40	67.05	-	-	96.40	67.05
Current service cost	24.83	24.37	-	-	24.83	24.37
Past service cost	-	-	-	-	-	-
Interest cost (income)	6.45	4.95	-	-	6.45	4.95
Defined benefit cost included in P&L	31.28	29.32	-	-	31.28	29.32
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	(0.70)	5.57	-	-	(0.70)	5.57
Financial assumption	(12.74)	(0.81)	-	-	(12.74)	(0.81)
Experience adjustments	(13.44)	4.76	-	-	(13.44)	4.76
Total remeasurements in OCI						
Others						
Benefits paid	(3.79)	(4.72)	-	-	(3.79)	(4.72)
Closing balance	110.45	96.41	-	-	110.45	96.41



IKF Finance Limited
Notes to financial statements for the year ended March 31, 2021

(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
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

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 Company'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 Company'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%)	118.63 7.40%	103.05 -6.70%	103.87 7.70%	89.67 -7.00%
Discount Rate (+/- 1%)	103.18 -6.60%	118.67 7.40%	89.76 -6.90%	103.95 7.80%
Withdrawal Rate (+/- 1%)	110.23 -0.20%	110.62 0.20%	96.12 -0.30%	96.66 0.30%

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 Company during the next year would be INR Nil

Expected cash flow for following years:

Maturity Profile of Defined Benefit Obligations	
Year 1	7.86
Year 2	8.44
Year 3	19.17
Year 4	12.27
Year 5	13.24
Year 6	8.50
Year 7	8.06
Year 8	8.11
Year 9	9.46
Year 10	10.43

The weighted average duration of the defined benefit obligation is 10.58

c. Compensated absences :

The Company 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	165.09	112.08
Expenses recognised in the Statement of Profit and Loss	66.99	52.46



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

31 Earnings per share

Particulars	As at March 31, 2021	As at March 31, 2020
Profit for the year	3,190.51	2,773.37
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	6.35	5.52
Diluted earnings per share	6.34	5.51

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 Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Promoters of the Company. The Company 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 Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

33 Transfer of financial assets**Transfer of financial assets that are not derecognised in their entirety****(i) Securitisation:**

The Company 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 Company 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 Company'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	541.71	196.02



IKF Finance Limited
Notes to financial statements for the year ended March 31, 2021

(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	11,793.28	-	11,793.28	2,485.62	-	2,485.62
Bank Balance other than cash and cash equivalents	2,813.43	1,151.39	3,964.82	2,125.99	1,648.94	3,774.93
Receivables						
(i) Trade receivables	49.39	-	49.39	23.96	-	23.96
Loans	59,994.63	80,166.52	1,40,161.15	48,802.36	77,235.08	1,26,037.44
Investments	-	4,525.10	4,525.10	-	4,525.10	4,525.10
Other Financial assets	682.28	286.87	969.15	170.54	170.38	340.92
Sub total	75,333.01	86,129.88	1,61,462.89	53,608.47	83,579.50	1,37,187.97
Non-financial assets						
Current Tax assets (Net)	217.94	-	217.94	156.56	-	156.56
Deferred Tax assets (Net)	-	-	-	-	344.61	344.61
Investment Property	-	6.47	6.47	-	6.64	6.64
Property, plant and equipment	-	240.52	240.52	-	272.40	272.40
Right to Use Assets	-	24.77	24.77	-	63.55	63.55
Other intangible assets	-	170.57	170.57	-	178.39	178.39
Other non-financial assets	36.91	345.10	382.01	57.94	270.24	328.18
Sub total	254.85	787.43	1,042.28	214.50	1,135.83	1,350.33
Total assets	75,587.86	86,917.30	1,62,505.17	53,822.97	84,715.33	1,38,538.31
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	-	-	-	-	-	-
Debt Securities	21,857.60	11,830.34	33,687.94	3,767.52	2,342.23	6,109.76
Borrowings (Other than Debt Securities)	52,285.89	33,470.00	85,755.89	53,842.84	39,308.06	93,150.90
Subordinated Liabilities	37.70	5,949.09	5,986.79	5.15	6,445.61	6,450.76
Other Financial liabilities	2,387.06	283.06	2,670.12	2,231.37	507.45	2,738.82
Sub total	76,568.25	51,532.49	1,28,100.74	59,846.88	48,603.35	1,08,450.23
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	-	-	-
Provisions	27.14	248.40	275.54	19.89	188.59	208.48
Deferred tax liabilities (Net)	-	27.12	27.12	-	-	-
Other non-financial liabilities	112.08	-	112.08	118.69	-	118.69
Sub total	139.22	275.52	414.74	138.58	188.59	327.17
Total liabilities	76,707.47	51,808.01	1,28,515.48	59,985.46	48,791.94	1,08,777.40



IKF Finance Limited

Notes to 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)	36.04	5,986.80
Debt securities	6,109.77	27,200.00	378.17	33,687.94
Borrowing other than debt securities	93,150.87	1,182.04	(8,577.01)	85,755.90
	1,05,711.40	27,882.04	(8,162.80)	1,25,430.64

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)	111.57	6,109.77
Borrowing other than debt securities	72,788.61	16,700.35	3,661.91	93,150.87
	89,923.75	12,089.24	3,698.41	1,05,711.40

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



IKF Finance Limited**Notes to financial statements for the year ended March 31, 2021**

(Currency : INR in lakhs)

36 Employee Stock Option Plan (ESOP)

The Company 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 company.

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.



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

37 Contingent liabilities and commitments

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company 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 Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company'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.)



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

38 Leases

Company as a Lessee

The Company's lease asset classes primarily consist of leases for office spaces. The Company 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 Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company 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 Company 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 Company 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	63.55	91.59
Additions	8.58	17.40
Deletion	(8.14)	-
Depreciation	(39.22)	(45.44)
Closing Balance	24.77	63.55

The following is the movement in lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	68.23	92.61
Additions	7.91	16.99
Finance cost accrued during the period	4.77	8.95
Payment of lease liabilities	(54.23)	(50.32)
Balance at the end	26.68	68.23

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	8.79	12.66
Over 3 months & upto 6 months	8.74	12.91
Over 6 months & upto 1 year	17.15	25.65
Over 1 year & upto 3 years	46.49	73.10
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	39.22	45.44
Interest expense on lease liabilities	4.77	8.95
Expense relating to short-term leases	164.38	196.66
Total amount recognised in profit or loss	208.37	251.05

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.



IKF Finance Limited**Notes to financial statements for the year ended March 31, 2021**

(Currency : INR in lakhs)

39 Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

The below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Funds		
Net owned funds (Tier capital)	29,749.42	22,066.07
Tier II capital	3,001.33	1,862.89
Total capital funds	32,750.75	23,928.95
Total risk weighted assets/ exposures	1,38,401.52	1,12,936.08
% of capital funds to risk weighted assets exposures:		
Tier I capital	21.50%	19.54%
Tier II capital	2.17%	1.65%
Total capital Funds	23.66%	21.19%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(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 Company 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 Company'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	11,793.28	2,485.62	11,793.28	2,485.62
Bank Balance other than cash and cash equivalents	1	3,964.82	3,774.93	3,964.82	3,774.93
Trade receivables	3	49.39	23.96	49.39	23.96
Loans	3	1,40,161.15	1,26,037.44	1,44,747.52	1,24,095.71
Rent and utility deposits	3	145.70	144.90	145.70	144.90
EIS receivable	3	541.71	196.02	541.71	196.02
Other financial assets	3	281.75	-	281.75	-
		1,56,937.80	1,32,662.87	1,61,524.17	1,30,721.14
Financial Liabilities					
Debt securities	3	33,687.94	6,109.76	34,718.59	6,185.63
Borrowings (other than debt securities)	3	85,755.89	93,150.90	85,821.94	93,367.76
Subordinated Liabilities	3	5,986.79	6,450.76	6,045.49	6,528.95
Other financial liabilities	3	2,670.12	2,738.86	2,670.12	2,738.86
Total Financial Liabilities		1,28,100.74	1,08,450.28	1,29,256.14	1,08,821.20

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 Company'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 Company'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.



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

41 Risk management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company 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 Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company 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 Company'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 Company'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 Company'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 Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits.

The Company 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 Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company 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 Company. 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company'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 Company 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.



IKF Finance Limited

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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 Company 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 Company 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%

Stage 3 assets have a PD of 100%

Loss given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults. The Company 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%

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 Company 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 Company 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 Company 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

Company's loan portfolio is predominantly to finance commercial vehicle loans. The Company 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	38,272.29	34,318.89
Central	6,492.54	4,638.36
South	98,589.21	90,733.34
	1,43,354.04	1,29,690.59

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
Total	15,503.84	67,805.76	60,044.44	1,43,354.04



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(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	19,877.66	29,075.06
Total	8,538.11	56,917.44	64,235.04	1,29,690.59

41.3 Liquidity Risk

In assessing the Company'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 Company 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 Company 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 Company'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	11,793.28	-	-	-	-	11,793.28
Bank Balance other than included in (a) above	271.56	1,935.22	743.51	1,192.56	-	4,142.85
Trade receivables	49.39	-	-	-	-	49.39
Loans	29,462.88	18,308.32	33,152.96	83,990.23	19,975.91	1,84,890.30
Investments	-	-	-	4,525.10	4,525.10	4,525.10
Other financial assets	449.50	100.40	149.38	164.06	147.92	1,011.26
Total undiscounted financial assets	42,026.61	20,343.94	34,045.85	85,346.85	24,648.93	2,06,412.18
Financial liabilities						
Trade payables	-	-	-	-	-	-
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	13,376.58	-	38,112.89
Borrowings (other than debt securities)	12,291.50	9,611.61	36,989.50	29,768.40	8,285.65	96,946.66
Deposits	-	-	-	-	-	-
Other financial liabilities	2,254.43	38.07	109.12	361.53	-	2,763.15
Total undiscounted financial liabilities	16,372.14	11,680.77	58,777.88	46,326.56	13,979.05	1,47,136.40
Net undiscounted financial assets / (liabilities)	25,654.47	8,663.17	(24,732.03)	39,020.29	10,669.88	59,275.78

The table below summarises the maturity profile of the undiscounted cash flows of the Company'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	2,485.62	-	-	-	-	2,485.62
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
Loans	17,333.24	17,715.67	32,038.15	78,286.52	21,178.60	1,66,552.18
Investments	-	-	-	4,525.10	4,525.10	4,525.10
Other financial assets	71.32	50.71	55.08	29.09	144.90	351.09
Total undiscounted financial assets	20,228.37	19,121.35	32,669.10	80,229.14	25,848.60	1,78,096.56
Financial liabilities						
Trade payables	-	-	-	-	-	-
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)	11,187.42	10,867.82	40,127.70	35,046.83	9,966.79	1,07,196.56
Deposits	-	-	-	-	-	-
Other financial liabilities	2,194.04	12.06	25.42	44.85	593.05	2,869.42
Total undiscounted financial liabilities	14,383.11	11,799.14	43,236.34	43,858.10	13,260.99	1,26,537.70
Net undiscounted financial assets / (liabilities)	5,845.26	7,322.21	(10,567.24)	36,371.04	12,587.61	51,558.86



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The table below shows the contractual expiry by maturity of the Company'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 Company 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 Company 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 Company 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 Company seek to optimize borrowing profile between short-term and long-term loans. The Company 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	(351.75)	(384.27)
1% decrease in interest rates	351.75	384.27

41.5 Prepayment risk

Prepayment risk is the risk that the Company 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 Company 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

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(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) Limited (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



42 Related Party Disclosure (continued)

b. Transaction with related parties:

2 Related Party Disclosure (continued)
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	-	-	-	23.33	-	-	-
	Director's remuneration	-	55.42	-	-	-	72.00	-	-	-
	Director Commission Payable	-	35.66	-	-	35.66	41.55	-	35.66	41.55
	Rent deposit given	50.00	-	-	-	50.00	-	-	-	50.00
	Advance Received	-	-	-	-	-	0.64	-	-	1567.56*
	Interest paid on Advance	1566.79*	-	-	-	1586.79*	-	-	-	283.97
	Share Capital (INR 10/- Paid up)	189.31	-	-	-	189.31	-	94.66	-	1,777.38
	Partly paid up shares (Rs 8.10 Paid Up)	1,184.52	-	-	-	1,184.52	-	502.46	-	-
	Premium on partly paid up shares	-	-	-	-	-	-	-	-	-
	Premium Received on Allotment of Partly Paid up Shares	-	43.56	-	-	-	43.56	-	-	-
Mrs. Vindira Devi	Rent paid	-	10.00	-	-	-	30.00	-	-	17.68
	Director's remuneration	-	15.18	-	-	15.18	-	-	15.18	35.50
	Director Commission Payable	-	38.50	-	-	38.50	-	-	-	137.69
	Rent deposit given	132.60	-	-	-	132.60	-	-	-	30.03
	Share Capital (INR 10/- Paid up)	17.35	-	-	-	17.35	-	6.97	-	262.86
	Partly paid up shares (Rs 8.10 Paid Up)	-	-	-	-	-	-	-	-	-
	Premium Received on Allotment of Partly Paid up Shares	108.57	-	-	-	108.57	-	54.29	-	-
	Premium Received on Allotment of Partly Paid up Shares	-	-	-	-	-	50.00	-	-	29.12
	Director's remuneration	-	38.33	-	-	-	29.12	-	25.04	211.11
	Director Commission Payable	-	25.04	-	-	-	23.13	-	-	41.79
Mrs. K Vasumathi Devi	Share Capital (INR 10/- Paid up)	213.13	-	-	-	21.85	-	13.91	-	261.59
	Partly paid up shares (Rs 8.10 Paid Up)	17.35	-	-	-	174.39	-	87.20	-	-
	Premium Received on Allotment of Partly Paid up Shares	174.39	-	-	-	-	24.00	-	-	17.45
	Premium Received on Allotment of Partly Paid up Shares	-	74.00	-	-	-	113.74	-	4.00	-
Mr. P Chandra Sekhar	Salary Paid	83.24	-	(56.06)	-	27.19	-	-	-	-
	Staff Loan	-	0.79	-	-	-	0.71	-	-	-
Mr. Srinivas Gulabchand Jain	ESOP Compensation	31.54	-	-	-	-	47.71	-	-	-
	Salary Paid	2.50	-	(2.50)	-	-	21.00	-	-	-
Mr. Ch. Sreenivasa Rao	Staff Loan	-	0.62	-	-	-	0.56	-	-	-
	ESOP Compensation	-	-	-	-	-	-	-	-	-
Relatives of key management personnel										
Mrs. D Vasantha Lakshmi	Share Capital (INR 10/- Paid up)	200.63	-	-	-	200.63	-	13.11	-	39.34
	Partly paid up shares (Rs 8.10 Paid Up)	26.23	-	-	-	164.15	-	82.00	-	246.23
	Premium Received on Allotment of Partly Paid up Shares	164.15	-	-	-	-	-	-	-	-
	Premium Received on Allotment of Partly Paid up Shares	-	144.97	-	-	144.97	-	9.48	-	28.43
Mr. V Raghav Ram	Share Capital (INR 10/- Paid up)	144.97	-	-	-	144.97	-	-	-	177.93
	Partly paid up shares (Rs 8.10 Paid Up)	18.95	-	-	-	118.62	-	59.31	-	-
	Premium Received on Allotment of Partly Paid up Shares	118.62	-	-	-	-	-	-	-	11.77
	Premium Received on Allotment of Partly Paid up Shares	-	11.77	-	-	-	-	-	-	149.41
Mr. Sinha Satyanand Choudhary	Share Capital (INR 10/- Paid up)	11.77	-	-	-	149.41	-	-	-	-
	Share Capital (INR 10/- Paid up)	149.41	-	-	-	-	-	-	-	-
Subsidiary										
WJ Home Finance Limited	Loan given**	2,810.14	-	(9,548.50)	8,630.59	1,912.22	-	(2,362.22)	-	450.00
	Interest Received	-	564.67	-	-	-	54.20	-	-	26,000.00
	Inter Corporate deposits taken ***	-	-	-	-	-	-	(25,600.00)	-	-
	Interest Paid	-	-	-	-	-	261.37	-	-	3,487.22
	Direct Assignment	-	(244.88)	-	2,561.10	2,316.22	-	(152.88)	-	22.85
	Interest Receivable on Direct Assignment	-	176.74	(150.14)	-	26.55	247.12	(250.62)	-	4,525.10
	Investments in equity shares by WJ Finance Ltd.	4,525.10	-	-	-	4,525.10	-	-	-	-
	Service Fee Collected	-	44.25	-	-	-	40.05	-	-	-
	Service Fee Paid	-	1.00	-	-	-	-	-	-	-
	Service Fee Paid	-	-	-	-	-	-	-	-	-

WJ FINANCE LTD
MUMBAI
Chartered Accountants

S.R. BATLIBOI & CO. LLP
MUMBAI
Chartered Accountants

42 Related Party Disclosure (continued)

b. Transaction with related parties:

Related Party Disclosure (continued)		For the FY 2020					For the FY 2021			
Transaction with related parties:		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
Name of related party	Nature of transaction									
Enterprises significantly influenced by key management personnel or their relatives										
IKF Infotech Private Limited	Non Convertible Debentures		63.10*	-	-	63.30*	-	-	-	58.29*
	Interest Paid		(0.41)	-	-	-	6.80	-	5.42	1.37
Enterprises in which Directors are interested										
SVR Finance & Leasing Private Limited	Trade Advance	79.30	-	(79.30)	59.00	50.00	-	(50.00)	-	-
	Interest Paid	-	0.37	-	-	6.37	-	-	-	-
Enterprises having a significant influence										
India Business Excellence Fund RA	Share Capital (INR 10/- Paid up)	1,305.16	-	-	-	1,305.16	-	-	-	1,305.16
	Share Premium	1,100.05	-	-	-	-	-	-	-	-
Vistra ITC (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, 2020	As at March 31, 2021
Short term employee benefits	331.12	277.16
Post employment benefits	-	-
Long term employee benefits	-	-
Termination benefits	1.27	1.43
Employee share based payment	-	-
Total compensation	332.39	278.57

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/debt securities from the public.

** The principle terms of loans sanctioned to IKF Home Finance Ltd are (a) interest @ 13.50% (b) tenor - 3.5 years and (c) Security Cover - L1/Gimes.

*** Inter Corporate Deposits taken from IKF Home Finance Ltd are at interest of 10.00%.

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 Company. In other cases,

disclosure 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 Company. All above transactions are in the ordinary course of business.



- 43 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13th March 2020 - Implementation of Indian Accounting Standards:
A comparison between provision required under IRACP and Impairment allowances under Ind AS 109:
As at March 31, 2021

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	82,133.91	678.70	81,455.21	328.54	350.17
	Stage 2	56,993.86	1,355.87	55,637.99	423.40	932.47
Subtotal for Performing Assets		1,39,127.77	2,034.57	1,37,093.20	751.94	1,282.64
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,654.83	1,052.25	2,602.58	365.48	686.76
Doubtful - upto 1 year	Stage 3	621.13	155.76	465.37	124.23	31.54
Doubtful - 1 to 3 years	Stage 3	-	-	-	-	-
Doubtful - more than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		4,275.96	1,208.01	3,067.95	489.71	718.30
Other Items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other Items		-	-	-	-	-
Total	Stage 1	82,133.91	678.70	81,455.21	328.54	350.17
	Stage 2	56,993.86	1,355.87	55,637.99	423.40	932.47
	Stage 3	4,275.96	1,208.01	3,067.95	489.71	718.30
	Total	1,43,403.73	3,242.58	1,40,161.15	1,241.65	2,000.94

* Provision required as per IRACP norms is excluding provision on interest income from Stage 3 loans.

* Provision required as per IRACP norms is including residual provision in terms of paragraph 6 of circular (Refer Note. 47) made by the company where asset classification benefit is extended.



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

44 RBI Disclosures

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

44.01 Capital to Risk Asset Ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	23.66%	21.19%
CRAR - Tier I Capital (%)	21.50%	19.54%
CRAR - Tier II Capital (%)	2.17%	1.65%
Amount of subordinated debt raised as Tier - II Capital	6,000.00	6,500.00
Amount raised by issue of perpetual debt Instruments	-	-

44.02 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Value of Investments		
(i) Gross value of investments		
(a) In India	4,525.10	4,525.10
(a) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
(iii) Net value of investments		
(a) In India	4,525.10	4,525.10
(a) Outside India	-	-
(b) Movements of provisions held towards impairment on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/ Written- back of excess provisions during the year	-	-
(iv) Closing balance	-	-

44.03 Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, and exchange traded interest rate derivatives. Hence, no disclosure is made for the same

44.04 Securitisation

Particulars	As at March 31, 2021	As at March 31, 2020
(i) No of SPVs sponsored by the NBFC for securitisation transactions	1	5
(ii) Total amount of securitised assets as per books of the SPVs sponsored	11,654.96	18,628.68
(iii) Total amount of exposure retained by the NBFC towards the MRR as on date of balance sheet	-	-
(a) Off-balance sheet exposure towards credit enhancements	-	-
(b) On balance sheet exposures towards credit enhancements	352.00	1,472.85
(iv) Amount of exposures to securitisation transactions other than MRR	-	-
(a) Off-balance sheet exposure towards credit enhancements	-	-
(i) Exposure to own securitisations	-	-
(ii) Exposure to third party securitisations	-	-
(b) On balance sheet exposures towards credit enhancements	-	-
(i) Exposure to own securitisations	214.57	1,840.53
(ii) Exposure to third party securitisations	-	-



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

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

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

44.06 Details of Assignment Transactions undertaken by NBFCs

Particulars	As at March 31, 2021	As at March 31, 2020
Number of accounts	1,578	-
Aggregate value (net of provision) of accounts sold	4,391.46	-
Aggregate consideration	4,391.46	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain or loss over net book value	-	-

44.07 Details of credit Impaired assets purchased / sold

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

44.08 Exposure to Real estate sector

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

44.09 Exposure to Capital Market

The Company has no exposure to the capital market directly or indirectly in the current and previous year.

44.10 Financing of Parent Company Product

This disclosure is not applicable as the Company does not have any holding / parent company

44.11 Single Borrower Limit / Group Borrower Limit

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the RBI.

44.12 Unsecured Advances

The Company has no unsecured advances given against rights, licenses, authorizations etc. during the year and for previous year.

44.13 Registration from Other Financial Sector Regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- i. R.B.I. - B-09.00172
- ii. Ministry of Corporate Affairs - U65992AP1991PLC012736
- iii. Ministry of Finance (Financial Intelligence Unit) - FINBF13220

44.14 Penalty

During the year company has paid Rs. 50,740/- to BSE under protest as per SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated November 13,2020



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

44.15 Credit Rating

Particulars	As at March 31, 2021	As at March 31, 2020
	Rating / Outlook	Rating / Outlook
Nature of borrowing	CARE	CARE
Long term bank facilities	A (Stable)	A (Stable)
Commercial Paper	-	A1
Non - Convertible Debentures	A (Stable)	A (Stable)

Particulars	As at March 31, 2021	As at March 31, 2020
	Rating / Outlook	Rating / Outlook
Nature of borrowing	Brickwork Ratings	Brickwork Ratings
Long term bank facilities	A (Stable)	A (Stable)
Non - Convertible Debentures	A (Stable)	A (Stable)

44.16 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
1. Provisions towards income tax	795.96	1,229.39
2. Provisions towards loans	-429.52	1,067.01
3. Provisions towards trade receivables	3.08	25.70

44.17 Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2021 (previous year: Nil)

44.18 Concentration of Loans

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans to twenty largest borrowers	10,693.01	11,607.12
Percentage of Loans to twenty largest borrowers to total advances of the NBFC	7.63%	9.21%

44.19 Concentration of All Exposure (including off - balance sheet exposures)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	10,693.01	16,132.22
Percentage of exposure to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers.	7.18%	12.36%

44.20 Concentration of credit impaired loans

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten credit impaired accounts	616.24	801.71

44.21 Sector Wise Credit-Impaired Assets under Ind AS

Particulars	As at March 31, 2021	As at March 31, 2020
1. Agriculture & allied activities	1.60%	2.72%
2. MSME	-	-
3. Corporate Borrowers	-	-
4. Services	-	-
5. Unsecured Personal Loans	3.23%	2.86%
6. Auto Loans	2.37%	2.13%
7. Others	-	-



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021
(Currency : INR in lakhs)

44.22 Movement of Credit-Impaired Loans under Ind AS

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Net impaired loss allowance to Net loans (%)	2.19%	1.97%
(II) Movement of Credit impaired loans under Ind-AS (Gross)		
(a) Opening Balance	3,490.59	4,401.08
(b) (Deletion)/Addition during the year	785.37	(910.49)
(c) Closing balance	4,275.96	3,490.59
(III) Movement of Net Impaired loss		
(a) Opening Balance	2,485.95	3,196.14
(b) (Deletion)/Addition during the year	582.00	(710.19)
(c) Closing balance	3,067.95	2,485.95
(III) Movement of impairment loss allowance on credit Impaired loans		
(a) Opening Balance	1,004.64	1,204.95
(b) (Deletion)/Addition during the year	203.37	(200.31)
(c) Closing balance	1,208.01	1,004.64

44.23 Overseas Assets

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

44.24 Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-Balance Sheet SPV

44.25 Customer Complaints

Particulars	As at March 31, 2021	As at March 31, 2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	12	8
(c) No. of complaints redressed during the year	10	8
(d) No. of complaints pending at the end of the year	2	-

44.26 As required by the RBI Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016 the details of frauds noticed / reported are as below:

Particulars	As at March 31, 2021	As at March 31, 2020
Amount Involved	-	-
Amount Recovered	-	-
Amount Written off/provided	-	-
Balance	-	-

44.27 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2021, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

44.28 Asset liability management
Maturity pattern of certain items of asset and liabilities - As at March 31, 2021

Pattern	1 day to 7 days	8 day to 14 days	15 day to 30-31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities*											
Borrowings from banks	365.73		511.08	589.57	4,745.55	5,162.01	29,653.93	22,542.70	7,469.56	239.88	71,280.01
Other Borrowings	-	909.25	1,098.33	1,157.72	991.75	2,710.79	4,395.35	5,070.11	-	-	16,333.30
Market Borrowings	21.29	-	252.60	857.35	172.00	786.92	19,800.00	11,900.00	2,000.00	2,500.00	38,290.16
Assets											
Advances*	2,069.52	840.82	11,204.18	4,621.12	4,649.03	12,829.15	23,780.82	66,158.28	15,168.46	1,738.70	1,43,060.08
Investments	-	-	-	-	-	-	-	-	-	4,525.10	4,525.10

Maturity pattern of certain items of asset and liabilities - As at March 31, 2020

Pattern	1 day to 7 days	8 day to 14 days	15 day to 30-31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities*											
Borrowings from banks	415.48	-	550.90	766.12	2,444.87	4,253.00	28,944.80	20,626.48	8,571.23	-	66,572.88
Other Borrowings	-	7.14	1,781.10	1,367.16	1,498.69	4,451.53	7,516.58	11,259.39	584.75	-	28,466.34
Market Borrowings	-	-	216.39	-	462.50	587.50	2,408.68	5,459.54	-	2,000.00	11,134.61
Assets											
Advances*	1,064.16	173.91	6,957.60	860.70	4,127.83	12,548.46	23,456.89	61,675.00	15,345.37	2,162.73	1,28,372.65
Investments	-	-	-	-	-	-	-	-	-	4,525.10	4,525.10

*The amount appearing above for gross loans and borrowings excludes the impact of EIR.



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

- 44.29 Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as on March 31, 2021.

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No	No of Significant Counterpart	As at March 31, 2021			As at March 31, 2020		
		Amount #	% of total Deposits	% of Total Liabilities*	Amount #	% of total Deposits	% of Total Liabilities*
1	25	1,15,141.16	NA	89.59%	85,247.91	NA	78.37%

ii) Top 20 large deposits – Not Applicable

iii) Top 10 Borrowings

As at March 31, 2021		As at March 31, 2020	
Amount #	% of Total Liabilities*	Amount #	% of Total Liabilities*
91,311.79	71.05%	58,787.13	54.04%

iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument	As at March 31, 2021		As at March 31, 2020	
		Amount #	% of Total Liabilities*	Amount #	% of Total Liabilities*
1	Term Loan	54,258.62	42.22%	58,306.66	53.60%
2	Non Convertible Debentures	37,350.00	29.06%	10,650.00	9.79%
3	Working capital / short term facilities	26,472.34	20.60%	21,242.26	19.53%
	Total	1,18,080.96	91.88%	90,198.92	82.92%

v) Stock Ratios

Sr. No.	Particulars	31 March, 2021	31 March, 2020
1	Commercial Papers to Total Liabilities	0.00%	0.00%
2	Commercial Papers to Total Assets	0.00%	0.00%
3	NCDs (Original Maturity < 1 year) to Total Liabilities	0.00%	0.00%
4	NCDs (Original Maturity < 1 year) to Total Assets	0.00%	0.00%
5	Other Short Term Liabilities # to Total Liabilities*	1.97%	3.52%
6	Other Short Term Liabilities # to Total Assets	1.55%	2.77%

vi) Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RMC subsequently updates the Board of Directors on the same.

Amount does not include accrued but not paid interest on borrowing and amortisation of processing fees.

* Total Liabilities does not include Net Worth.



IKF Finance Limited

Notes to financial statements for the year ended March 31, 2021

(Currency : INR in lakhs)

45 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 Company'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 Company.

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 Company 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 Company 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 Company's financial assets (Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company 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 Company.

The Company 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.

- 46 In accordance with the instructions in RBI circular number RBI/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 Company has estimated Rs. 160.55 lakhs and made provision for refund/ adjustment as at March 31, 2021.



- 47 The Company has extended moratorium/ deferment of term loan installments falling due in moratorium period to its eligible customers who have opted for moratorium under RBI circular on 'COVID-19 Regulatory Package' dated March 27, 2020 and 'COVID-19 Regulatory Package – Asset Classification and Provisioning' dated April 17, 2020.

Particulars	(Rs In Lacs)
Respective amounts in SMA/overdue categories, where the moratorium/deferment as extended, in terms of paragraph 2 and 3. (Outstanding as on March 31, 2021)	57,834.96
Respective amount where asset classification benefits is extended. (Outstanding as on March 31, 2021)	12,378.23
Provisions made in terms of paragraph 5 of the circular (As per para 4, applicable to NBFC covered under IndAS)	1,601.89
Provisions adjusted against slippages / written-back / adjusted against the actual provisioning requirement in terms of paragraph 6 of the circular	1,406.48
Residual provisions in terms of paragraph 6 of the circular	195.41

48 **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 Company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective

- 49 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

[Signature]
per Jitendra H. Ranawat
Partner

Membership No.103380
Place: Mumbai
Date: June 26, 2021



For and on behalf of the Board of Directors of
IKF Finance Limited
CIN: U65992AP1991PLC012735

[Signature]
V.G.K. Prasad
Director
DIN: 01817992

[Signature]
Sreepal Jain
Chief Financial Officer

Place: Vijayawada
Date: June 26, 2021

[Signature]
V. Indira Devi
Whole Time Director
DIN: 03161174

[Signature]
Ch. Sreenivasa Rao
Company Secretary
M.No. ACS14723