

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to  
The Board of Directors  
IKF Finance Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of IKF Finance Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 4 to the Statement, 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.
6. The figures for the preceding quarter ended June 30, 2021 as reported in these unaudited financial results have been approved by the Company's Board of Directors, but have not been subjected to a review by us.

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

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per Shrawan Jalan  
Partner  
Membership No.: 102102  
UDIN: 21102102AAAEOF1824  
Place: Mumbai  
Date: November 13, 2021

**IKF Finance Limited**

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


**Financial Results for the quarter and half year ended September 30, 2021**

(Rs in Lacs)

	Particulars	Quarter Ended		Half Year Ended		Year Ended
		September 30, 2021 (Unaudited)	June 30, 2021 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	March 31, 2021 (Audited)
<b>1</b>	<b>Revenue from operations</b>					
	(a) Interest income	5,131.07	5328.56	10,459.63	10,497.63	20,295.71
	(b) Fees and commission income	37.79	30.41	68.20	25.40	110.92
	<b>Total revenue from operations</b>	<b>5,168.86</b>	<b>5,358.97</b>	<b>10,527.83</b>	<b>10,523.03</b>	<b>20,406.63</b>
<b>2</b>	Other income	2.07	2.08	4.15	11.34	16.29
<b>3</b>	<b>Total income (1 + 2)</b>	<b>5,170.93</b>	<b>5,361.05</b>	<b>10,531.98</b>	<b>10,534.37</b>	<b>20,422.92</b>
<b>4</b>	<b>Expenses</b>					
	(a) Finance costs	2,924.73	2,893.01	5,817.74	5,858.58	11,609.00
	(b) Impairment on financial instruments	106.96	411.45	518.41	790.35	647.15
	(c) Employee benefits expenses	759.28	724.28	1,483.56	1,256.94	2,621.34
	(d) Depreciation, amortization and impairment	31.44	34.55	65.99	73.59	144.14
	(e) Others expenses	277.61	163.39	441.00	333.78	981.02
	<b>Total expenses</b>	<b>4,100.02</b>	<b>4,226.68</b>	<b>8,326.70</b>	<b>8,313.24</b>	<b>16,002.65</b>
<b>5</b>	<b>Profit before tax (3 - 4)</b>	<b>1,070.91</b>	<b>1,134.37</b>	<b>2,205.28</b>	<b>2,221.13</b>	<b>4,420.27</b>
<b>6</b>	<b>Tax expenses</b>					
	(a) Current tax	229.88	216.18	446.06	636.68	795.96
	(b) Deferred tax	53.55	66.26	119.81	-72.86	368.34
	(c) Adjustment of tax relating to earlier periods	0.00	0.00	0.00	55.43	65.46
<b>7</b>	<b>Net Profit for the period (5 - 6)</b>	<b>787.48</b>	<b>851.93</b>	<b>1,639.41</b>	<b>1,601.88</b>	<b>3,190.51</b>
<b>8</b>	<b>Other comprehensive income</b>					
	(A) Items that will not be reclassified to profit or loss					
	(a) Remeasurements of the defined benefit plans	2.33	2.34	4.67	7.98	13.44
	(b) Income tax relating to items that will not be reclassified to profit or loss	-0.59	-0.58	-1.17	-2.01	-3.38
<b>9</b>	<b>Total Comprehensive Income (7 + 8)</b>	<b>789.22</b>	<b>853.69</b>	<b>1,642.91</b>	<b>1,607.85</b>	<b>3,200.57</b>
<b>10</b>	<b>Earnings per Share (Rs) (Face Value of Rs.10/- each)</b>					
	- Basic (Not Annualised)	<b>1.52</b>	<b>1.65</b>	<b>3.17</b>	<b>3.19</b>	<b>6.35</b>
	- Diluted (Not Annualised)	<b>1.52</b>	<b>1.65</b>	<b>3.17</b>	<b>3.19</b>	<b>6.34</b>

**Notes:**

- IKF Finance Limited (the 'Company' / 'IKF') has prepared unaudited financial results (the 'Statement') for the quarter and half year ended September 30, 2021 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations, 2015') and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provision of the Companies Act, 2013, as applicable.
- The above financial results are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their meeting held on November 13, 2021.
- The above financial results for the quarter and half year ended September 30, 2021 have been subjected to Limited Review by the Statutory Auditors of the Company and the auditors have issued an unqualified review report.
- The COVID 19 outbreak across the world has for past 18 months adversely affected the world economy including India. However, in recent times the industry is showing signs of revival signalling a slow but steady return of growth for economy. The impact of the COVID-19 pandemic, on Company's results, including gain/loss on fair value changes, investment, remains uncertain and dependent on actual visibility of growth over coming quarters and steps taken by the government, RBI and other regulators to mitigate the economic impact and foster speedier growth. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of financial assets (Loans) the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic condition.

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- 5 Disclosures for Reserve Bank of India circular on Resolution Framework for Covid-19 related stress dated August 6, 2020 are not applicable to the Company as none of the borrowers opted for the resolution plan.
- 6 Disclosure on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses in terms of RBI circular RBI / 2021-22 / 31 DOR. STR. REC.11 /21.04.048 / 2021-22 dated May 5, 2021:

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	-	1.00	-
(B)	Number of accounts where resolution plan has been implemented under this window	-	1.00	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	-	92.02	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	-	0.98	-

- 7 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 8 The figures for quarter ended September 30, 2021, are the balancing figures between reviewed figures in respect of the half year ended September 30, 2021 and the management certified figures up to the quarter ended June 30, 2021.

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**9 Statement of assets and liabilities as at September 30, 2021.**

(Rs in Lacs)

Particulars	September 30, 2021 (Unaudited)	March 31, 2021 (Audited)
<b>ASSETS</b>		
<b>Financial assets</b>		
(a) Cash and cash equivalents	7,386.50	11,793.28
(b) Bank balance other than included in (a) above	3,740.85	3,964.82
(c) Trade receivables	39.72	49.39
(d) Loans	1,41,696.50	1,40,161.15
(e) Other financial assets	1,215.66	969.15
(f) Investments	4,525.10	4,525.10
<b>Non-financial assets</b>		
(a) Current tax assets (net)	356.81	217.94
(b) Investment Property	128.37	6.47
(c) Property, plant and equipment	255.75	240.52
(d) Right of use asset	16.53	24.77
(e) Intangible assets	166.13	170.57
(f) Other non-financial assets	383.73	382.01
<b>TOTAL ASSETS</b>	<b>1,59,911.65</b>	<b>1,62,505.17</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Financial liabilities</b>		
(a) Debt securities	29,875.00	33,687.94
(b) Borrowings (other than debt securities)	85,736.97	85,755.89
(c) Subordinated liabilities	5,992.58	5,986.79
(d) Other financial liabilities	2,127.62	2,670.12
<b>Non-financial liabilities</b>		
(a) Provisions	304.65	275.54
(b) Deferred tax liabilities (net)	148.11	27.12
(c) Other non-financial liabilities	89.60	112.08
<b>Equity</b>		
(a) Equity share capital	5,167.49	5,167.49
(b) Other equity	30,469.63	28,822.20
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,59,911.65</b>	<b>1,62,505.17</b>

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**10 Statement of cash flows for the half year ended September 30, 2021.**

Particulars	(Rs in Lacs) For the half year ended September 30, 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before tax	2,205.27
<b>Adjustments for:</b>	
Depreciation, amortisation and impairment	65.99
Interest Income	(10,459.63)
Interest expenses	5,817.74
Impairment on financial instrument	518.41
Share based payment expense	4.53
Provision for expenses	45.13
Provision for compensated absences and gratuity	44.49
Rental income on Investment property	(3.81)
(Profit)/ Loss on sale of property, plant and equipment	(0.06)
<b>Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid</b>	<b>(1,761.94)</b>
<b>Adjustments for changes in Working Capital :</b>	
Decrease / (Increase) in trade receivable	9.68
Decrease / (Increase) in loans	(6,535.10)
Decrease / (Increase) in bank balances other than cash and cash equivalents	223.97
Decrease / (Increase) in other financial assets	2.74
Decrease / (Increase) in other non-financial assets	(1.72)
(Decrease) / Increase in other financial liabilities	(578.33)
(Decrease) / Increase in provisions	(10.71)
(Decrease) / Increase in other non-financial liabilities	(22.48)
Interest received	9,821.59
Interest paid	(6,166.86)
	<b>(5,019.16)</b>
Income tax paid (net of refunds)	(584.93)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(5,604.09)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(47.16)
Purchase of Investment property	(121.98)
Rental income on Investment property	3.81
Purchase of intangible assets	(17.04)
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(182.37)</b>
<b>CASH FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of equity shares (including securities premium)	
Amount received from debt securities	3,000.00
Repayment of debt securities	(6,150.00)
Amount received from borrowings other than debt securities	22,500.00
Repayment of borrowings other than debt securities	(17,955.02)
Payment of lease liabilities	(15.30)
<b>NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES</b>	<b>1,379.68</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(4,406.78)</b>
Cash and Cash Equivalents at the beginning of period	11,793.28
Cash and Cash Equivalents at the end of the period	7,386.50

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

11 Figures for the previous period / year have been regrouped / reclassified wherever necessary to conform to current period.

For and on behalf of the Board of Directors

Place : Vijayawada  
 Date : November 13, 2021

V G K Prasad  
 Managing Director