

SGCO & Co.LLP

Chartered Accountants

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

Independent Statutory Auditor's Certificate with respect to maintenance of Security cover with respect to listed non-convertible debentures as at December 31st, 2023

1. This report is issued as per request received from IKF Finance Limited (hereinafter the "Company") via email dated February 09, 2024.

2. We SGCO & Co LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to certify the accompanying Statement showing 'Security Cover' for the listed non-convertible debt securities as at December 31st, 2023 (the "Statement") pursuant to the requirements of the Regulation 54 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, (the "SEBI Regulation").

Accordingly, the Company has prepared the details of security cover available for debenture holders in accordance with the unaudited financial statements as at December 31, 2023 and other relevant records/documents maintained by the Company as per attached statement.

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

Management Responsibility

3. The preparation and presentation of the Statement is the responsibility of the Company's management including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an

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appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Company's management is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations, the circular and for providing all relevant information to the Stock Exchange.

Auditor's responsibility

5. Pursuant to the requirements of the SEBI Regulations and the circular, it is our responsibility to provide a limited assurance as to whether as at December 31, 2023, the Company has maintained security cover as per the terms of the Information Memorandum and Debenture Trust Deeds-

6. We have carried out limited review of the unaudited financial results of the Company for the quarter ended December 31, 2023 and issued an unmodified conclusion vide our report dated February 13, 2024. 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.

7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements

9. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 7 above. The procedures performed vary in nature and timing from and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures in relation to the Statement:

a) Traced all the amounts relating to assets and liabilities (as mentioned in the Annexure I) to the unaudited books of accounts as at December 31, 2023, and other records of the Company and verified the arithmetical accuracy of the numbers in the statement;

b) Verified the amount of security cover as at December 31, 2023, certified by the management and M/s. Hanumaiah & Co. Chartered Accountants dated February 06, 2024

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c) Obtained statement of receivables hypothecated to Lenders for Listed non-convertible Debentures as at December 31, 2023, certified by the management and M/s. Hanumaiah & Co. Chartered Accountants dated February 06, 2024

d) Obtained and read on a test check basis the Debenture Trust Deed and the Information Memorandum in respect of the secured Debentures and noted the security cover percentage required to be maintained by the Company in respect of such Debentures.

e) Traced and agreed the principal amount of the Listed non-convertible Debentures outstanding as at December 31, 2023 to the unaudited books of account maintained by the Company as at quarter and nine months ended December 31, 2023.

f) Traced the value of assets indicated in Annexure I of the Statement from management certified Statement of receivables hypothecated to lenders as on December 31, 2023 ("Hypothecated assets reports"). We have checked the Receivable amount of Hypothecated assets from Loans Balance as on December 31, 2023.

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

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

i) With respect to compliance with the covenants (Annexure II), we have performed following procedures:

(i) Compared the financial covenants computed by the management based on unaudited books of accounts for the quarter and nine months ended December 31, 2023 with the requirements stipulated in the Debenture trust deed (s) to verify whether such covenants are in compliance with the requirements of the debenture trust deed(s).

(ii) Obtained the copies of bank statements and traced the date of repayment of principal and interest due on sample basis for the quarter ended December 31, 2023.

Conclusion

10. Based on the procedures performed by us, as referred to in paragraph 9 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that:

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- a) The Company has not maintained asset cover as per the terms of the Debenture Trust deed; and
- b) The Company is not in compliance with all the covenants as mentioned in the Debenture Trust Deed as at December 31, 2023.

Restriction of use

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

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

SURESH

PRAHLADRA

I MURARKA

Suresh Murarka

Partner

Membership No: **044739**

UDIN:**24044739BKARJO7911**

Place: Mumbai

Date : February 13th, 2024.

Digitally signed by SURESH PRAHLADRA I MURARKA
DN: c=IN, postalCode=400097, st=MAHARASHTRA,
street=002883A, is=100000A, ou=Personal,
serialNumber=9443cccf48c28059b5cb40c3326972250
f44a20a05d111649732248d45f8b35fc,
pseudonym=594e1a8f17945d1aa556815f42ea274,
23.4.20+89330c21b972a538c340e12f903c26164a6
037f8802a44442779303d54797,
email=SURESH@SGCO.CO.IN, cn=SURESH
PRAHLADRA I MURARKA
Date: 2024.02.13 17:27:49 +05'30'

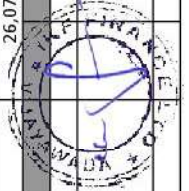
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Annexure-I

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	
Particulars	Description of asset for which this certificate relate	Exclusive Change	Exclusive Change	Part-Partn Change	Part-Partn Change	Part-Partn Change	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate	Carrying book value for exchange charge assets where market value is not ascertainable (For Eg Bank Balance, DSEA market value is not applicable)	Market Value for Assets charged on Exchare basis	Market Value for Part-partn charge Assets (For Eg Bank Balance, DSEA market value is not applicable)	Carrying value/book value for part-partn charge assets where market value is not ascertainable or applicable (For Eg Bank Balance, DSEA market value is not applicable)	Total Value(=C+L+M+ N)
		Debt for which this certificate is issued	Other Secured Debt	Debt for which this certificate is issued	Assets shared by part-partn debtholder (includes debt for which this certificate is issued/other debt with part-partn charge)	Other assets on which there is part-partn charge (see item g above covered in column F)		debt amount consideration less exchare plus part-partn charge)		Market Value for Assets charged on Exchare basis	Carrying book value for exchange charge assets where market value is not ascertainable (For Eg Bank Balance, DSEA market value is not applicable)	Market Value for Part-partn charge Assets (For Eg Bank Balance, DSEA market value is not applicable)	Carrying value/book value for part-partn charge assets where market value is not ascertainable or applicable (For Eg Bank Balance, DSEA market value is not applicable)	Total Value(=C+L+M+ N)	
		Book Value	Book Value	Yes/No	Book Value	Book Value	Book Value			Relating to Column F					
ASSETS															
	Property, Plant and Equipment	-	-	-	-	-	262.96	-	262.96	-	-	-	-	-	
	Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Right of Use Assets	-	-	-	-	-	244.30	-	244.30	-	-	-	-	-	
	Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Intangible Assets	-	-	-	-	-	137.54	-	137.54	-	-	-	-	-	
	Intangible Assets under Development	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Investments	-	-	-	-	-	22,900.31	-	22,900.31	-	-	-	-	-	
	Loans	9,871.57	238,892.34	-	-	-	37,191.51	-	285,955.42	-	9,871.57	-	-	9,871.57	
	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Trade Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Cash and Cash Equivalents	-	-	-	-	-	6,479.10	-	6,479.10	-	-	-	-	-	
	Bank Balances other than Cash and Cash Equivalents	-	-	-	-	-	3,008.28	-	3,008.28	-	-	-	-	-	
	Others	-	-	-	-	-	4,862.25	-	4,862.25	-	-	-	-	-	
	Total	9,871.57	238,892.34	-	-	-	75,086.26	-	323,850.17	-	9,871.57	-	-	9,871.57	
LIABILITIES															
	Debt securities to which this certificate pertains	8,792.36	-	-	-	-	-	-	8,792.36	-	8,792.36	-	-	8,792.36	
	Other debtholding part-partn exchange with above debt	not to be filled	-	-	-	-	-	-	-	-	-	-	-	-	
	Other Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Subordinated debt	-	-	-	-	-	16,365.71	-	16,365.71	-	-	-	-	-	
	Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Bank (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Term loans and cash credit from Banks	-	164,533.40	-	-	-	-	-	164,533.40	-	-	-	-	-	
	Debt securities	-	-	-	-	-	4,361.68	-	4,361.68	-	-	-	-	-	
	Others (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Term loans from NBF/CFI and Securitization	-	39,360.71	-	-	-	-	-	39,360.71	-	-	-	-	-	
	Trade payables	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Lease Liabilities	-	-	-	-	-	260.66	-	260.66	-	-	-	-	-	
	Provisions	-	-	-	-	-	300.50	-	300.50	-	-	-	-	-	
	Others	-	-	-	-	-	4,785.19	-	4,785.19	-	-	-	-	-	
	Total	8,792.36	203,894.11	-	-	-	26,073.74	-	238,760.20	-	8,792.36	-	-	8,792.36	
	Cover on Book Value	1.12	-	-	-	-	-	-	1.12	-	-	-	-	1.12	
	Cover on Market Value	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Exclusive Security Cover Ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Part-Partn Security Cover Ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	




Annexure I

ISIN wise details

Amounts in Lacs

S No	ISIN	Facility	Type of Charge	Sanctioned Amount	Outstanding Amount as on 31.12.2023	Cover Required	Security Required	Actual Cover	Actual Security
1	INE859C07154	Non Convertible Debentures	Fixed Charge	10,000	8,869	1.10	9,756	1.11	9,872
		Total		10,000	8,869	1.10	9,756	1.11	9,872

For IKF FINANCE LTD.


Ch. Sreenivasa Rao
Company Secretary
M. No. 14723



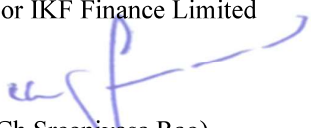
Annexure-II

Financial Covenants		
Neo		
Sr. No	Requirement	As Per Verification
1	Maintain CRAR At 18%	30.46%
2	Cumulative ALM (Excluding CC limits) should always be positive in all the buckets upto 1 year	Positive
3	Tangible Networth to Gross Loan Portfolio minimum 12%	25.61%
4	Sum of PAR > 90 and write offs on Borrowers entire Portfolio maximum 5%	2.61%
5	Leverage Ratio below 4%	2.74
6	Promoter Group Shareholding not fall below 35%	42.84%

Piramal		
Sr. No	Requirement	As Per Verification
1	Debt to Networth is less than 5 %	2.74
2	Maintain CRAR At 20%	30.46%
3	Gross NPA- Less than 5 %	2.32%
4	NNPA is not more than 4%	1.85%
5	The earnings of the company after tax shall remain positive	Positive

Northern Arc Capital		
Sr. No	Requirement	As Per Verification
1	Maintain CRAR At 20%	30.46%
2	Cumulative ALM (Excluding CC limits) should always be positive in all the buckets upto one year to the extent of at least 10%	Positive
3	Tangible Networth to Gross Loan Portfolio minimum 12%	25.61%
4	Gross NPA- Less than 5 %	2.32%

For IKF Finance Limited


 (Ch Sreenivasa Rao)
 Company Secretary
 Place: Vijayawada
 Date: 13.02.2024



IKF Finance Limited

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

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