

SGCO & CO LLP

Chartered Accountants

Limited Review Report on unaudited standalone financial results of the company for the Quarter and nine months ended December 31, 2023 pursuant to the Regulation 52 read with Regulation 63(2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended.

To,
The Board of Directors
IKF Finance Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of IKF Finance Limited (the "Company"), for the quarter and nine months ended December 31, 2023 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India ("ICAI"). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S G C O & Co. LLP
Chartered Accountants
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Place: Mumbai
Date: 13th February 2024

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Standalone Financial Results for the Quarter and Nine Months Ended December 31, 2023

(Rs in Lacs)

	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2023 (Reviewed)	September 30, 2023 (Reviewed)	December 31, 2022 (Reviewed)	December 31, 2023 (Reviewed)	December 31, 2022 (Reviewed)	March 31, 2023 (Audited)
1	Revenue from operations						
	(a) Interest income	11057.19	9,850.07	7552.58	29,764.35	19,865.35	28,401.52
	(b) Fees and commission income	36.55	176.93	39.12	226.20	122.06	240.36
	Total revenue from operations	11,093.74	10,027.00	7,591.70	29,990.55	19,987.41	28,641.88
2	Other income	18.36	3.05	2.44	23.97	6.73	17.80
3	Total income (1 + 2)	11,112.10	10,030.05	7,594.14	30,014.52	19,994.14	28,659.68
4	Expenses						
	(a) Finance costs	5784.11	5,143.03	4246.15	15,780.29	10,644.30	15,402.63
	(b) Impairment on financial instruments	495.30	417.23	279.66	1,148.09	767.21	539.85
	(c) Employee benefits expenses	1737.65	1,670.09	1138.59	5,022.66	2,975.75	4,297.44
	(d) Depreciation, amortization and impairment	76.06	79.39	64.32	224.93	193.08	264.23
	(e) Others expenses	525.07	538.04	368.34	1,502.70	986.15	1,424.80
	Total expenses	8,618.19	7,847.78	6,097.06	23,678.67	15,566.49	21,928.95
5	Profit before tax (3 - 4)	2,493.91	2,182.27	1,497.08	6,335.85	4,427.65	6,730.73
6	Tax expenses						
	(a) Current tax	759.26	574.82	284.54	1,884.72	1,081.70	1,461.47
	(b) Deferred tax	-127.46	-20.47	96.32	-271.60	53.18	255.84
	(c) Adjustment of tax relating to earlier periods	0.03	9.06	0.44	8.82	0.44	12.91
7	Net Profit for the period (5 - 6)	1,862.08	1,618.86	1,115.78	4,713.91	3,292.33	5,000.51
8	Other comprehensive income						
	(A) Items that will not be reclassified to profit or loss						
	(a) Remeasurements of the defined benefit plans	8.65	7.34	1.66	5.58	6.24	13.18
	(b) Income tax relating to items that will not be reclassified to profit or loss	-2.18	-1.85	-0.42	-1.40	-1.57	-3.32
9	Total Comprehensive Income (7 + 8)	1,868.55	1,624.35	1,117.02	4,718.09	3,297.00	5,010.37
10	Earnings per Share (Rs) (Face Value of Rs.10/- each)						
	- Basic (Not Annualised)	2.77	2.46	2.11	7.01	6.22	9.31
	- Diluted (Not Annualised)	2.77	2.46	2.11	7.00	6.22	9.31

Notes:

- IKF Finance Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the quarter and nine months ended December 31, 2023 in accordance with Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations 2015') and the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provisions of the Companies Act, 2013, as applicable.
- The above financial results are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their meeting held on February 13, 2024.
- The above financial results for the quarter and nine months ended December 31, 2023 have been reviewed by the Statutory Auditors of the Company
- The Company is engaged primarily in the business of financing and accordingly there is no separate reportable segment as per Ind AS 108 dealing with "Operating Segments"
- Details of loans transferred / acquired during the quarter ended December 31, 2023 under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of loans not in default transferred / acquired through assignment during the quarter ended December 31, 2023

Particulars	Transferred	Acquired
Aggregate amount of loans transferred / acquired (Rs. in lakhs)	9663.45	677.84
Weighted average maturity (in Months)	24.96	23.65
Weighted average holding period (in Months)	9.52	10.59
Retention of beneficial economic interest by the originator	10.00%	10.00%
Tangible security Coverage	100.00%	100.00%
Rating-wise distribution of rated loans	Not Applicable	Not Applicable

- The Company has not transferred any non-performing assets (NPAs)
 - The Company has not transferred any Special Mention Account (SMA) and loan in default.
 - The Company has not acquired any loans in default through assignment.
 - The Company has not acquired any stressed loan.
- The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

- 7 All Secured NCDS issued by the company are secured by pari-passu charge and / or exclusive charge on receivables under loan contracts, owned assets and book debts to the minimum extent of 100 % or such higher security as per the respective termsheets of outstanding secured NCDs.
- 8 The Compliance related to disclosure of certain ratios and other financial information as required under Regulation 52 (4) of the Listing Regulations is made in Appendix 1.

Appendix 1

Analytical Ratios and other disclosures based on Standalone financial results:

	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31,2023 (Reviewed)	September 30,2023 (Reviewed)	December 31,2022 (Reviewed)	December 31,2023 (Reviewed)	December 31,2022 (Reviewed)	March31,2023 (Audited)
a)	Debt equity ratio (no. of times) (refer note ii)	2.74	2.59	4.18	2.74	4.18	2.94
b)	Debt service coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A
c)	Interest service coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A
d)	Outstanding redeemable preference shares (quantity and value)	-	-	-	-	-	-
e)	Capital redemption reserve	N/A	N/A	N/A	N/A	N/A	N/A
f)	Debenture redemption reserve	N/A	N/A	N/A	N/A	N/A	N/A
g)	Net worth (refer note iii)	85,089.96	83,417.59	45,949.25	85,089.96	45,949.25	69,249.99
h)	Net profit (loss) after tax	1,862.08	1,618.86	1,115.78	4,713.91	3,292.33	5,000.51
i)	Earnings per share (face value of Rs 10/- each) (not annualized for the interim period)						
	-Basic (Rupees)	2.77	2.46	2.11	7.01	6.22	9.31
	-Diluted (Rupees)	2.77	2.46	2.11	7.00	6.22	9.31
j)	Current ratio	N/A	N/A	N/A	N/A	N/A	N/A
k)	Long term debt to working capital	7.02	7.31	6.53	7.02	6.53	6.80
l)	Bad debts to Account receivable ratio	N/A	N/A	N/A	N/A	N/A	N/A
m)	Current liability ratio	N/A	N/A	N/A	N/A	N/A	N/A
n)	Total debts to total assets (refer note iv)	72.07%	71.07%	79.60%	72.07%	79.60%	73.68%
o)	Debtors turnover	N/A	N/A	N/A	N/A	N/A	N/A
p)	Inventory turnover	N/A	N/A	N/A	N/A	N/A	N/A
q)	Operating margin (%)	N/A	N/A	N/A	N/A	N/A	N/A
r)	Net profit margin (%) (refer note v)	16.76%	16.14%	14.69%	15.71%	16.47%	17.45%
s)	Sector specific equivalent ratios, as applicable.						
	1) Capital Adequacy Ratio (%) (refer note vi)	30.46%	32.00%	25.83%	30.46%	25.83%	33.02%
	2) Gross Stage-3 Assets % (refer note vii)	2.32%	2.63%	2.87%	2.32%	2.87%	2.83%
	3) Net Stage-3 Assets % (refer note viii)	1.85%	2.16%	2.12%	1.85%	2.12%	2.26%
	4) Provision Coverage Ratio for Stage-3 assets (PCR %) (refer note ix)	20.68%	18.33%	26.63%	20.68%	26.63%	20.75%

Notes:

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

For and on behalf of the Board of Directors
Vasumathi Devi Koganti

VASUMATHI
DEVI KOGANTI
Managing Director

Place : Hyderabad
Date: February 13,2024

IKF Finance Limited

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