

IKF FINANCE LIMITED



***24th Annual Report
2014-2015***

IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736



BOARD OF DIRECTORS

Mr. V.G.K. Prasad
Mrs. V.Indira Devi
Mrs. K.Vasumathi Devi
Dr. Sinha S. Chunduri
Dr. Prasad Jagadish Athota
Mr. N.Haranadh
Mr. S.Veerabhadra Rao
Mr. P.S.V.Prasada Rao
Mr. K.Satyanaarayana Prasad

Managing Director
Whole Time Director
Executive Director
Director (Alternate Director Mrs. D.Vasantha Lakshmi)
Director (Alternate Director Mr. Ch.V.Rama Rao)
Director
Director
Director
Director

EXECUTIVE OFFICER:

Mr. K P Venkatesh
Mr. Paruchuri Chandra Sekhar

Chief Executive Officer
Chief Financial Officer

AUDIT COMMITTEE

Mr. S.Veerabhadra Rao
Mr. N. Haranadh
Mr. P.S.V.Prasada Rao

SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

Mr. N.Haranadh
Dr. Prasad Jagadish Athota
(Alternate Director Mr. Ch.V.Rama Rao)

MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad
Mr. S.Veerabhadra Rao
Mrs. K.Vasumathi Devi

REMUNERATION AND COMPENSATION COMMITTEE

Mr. P.S.V.Prasada Rao
Mr. S.Veerabhadra Rao
Mr. N.Haranadh

NOMINATION COMMITTEE

Mr. P.S.V.Prasada Rao
Mr. S.Veerabhadra Rao
Mr. V.G.K.Prasad

ASSET LIABILITY MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad
Mr. S.Veerabhadra Rao
Mrs. K.Vasumathi Devi

RISK MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad
Mr. S.Veerabhadra Rao
Mrs. K.Vasumathi Devi

CSR COMMITTEE

Mr. S.Veerabhadra Rao
Mr. P.S.V.Prasada Rao
Mr. V.G.K.Prasad

STATUTORY AUDITORS

M/s.Hanumaiah & Co.
Chartered Accountants
1 & 2 Ground,
RAM'S VSR Apartments
Mogalrajpuram,
VIJAYAWADA - 520 010.

BANKERS

Central Bank of India (Lead Bank)
Andhra Bank Indian Overseas Bank IDBI Bank Limited
Bank of India Axis Bank Limited The Federal Bank Ltd.
State Bank of India Punjab National Bank HDFC Bank Ltd.
SIDBI South Indian Bank Ltd. Oriental Bank of Commerce
DCB Bank Ltd.

SECRETARIAL AUDITORS

M/s.B S S & Associates
Company Secretaries,
Khairatabad,
Hyderabad - 500 004.

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R.Kamani Marg, Ballard Estate,
Mumbai - 400 001.

REGISTERED OFFICE

40-1-144, Corporate Centre,
M.G. Road, Vijayawada - 520 010.

SHARE TRANSFER AGENTS

M/s.Bigshare Services Private Limited
306, 3rd Floor, Right Wing, Amrutha Ville,Opp. Yashoda Hospital,
Rajbhavan Road, Somajiguda, Hyderabad - 500 082.

CORPORATE OFFICE

6-3-902/A, 4th Floor, Central Plaza,
Near Yashoda Hospital, Raj Bhavan Road, Somaji guda,
Hyderabad - 500082.

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**NOTICE**

Notice is hereby given that the 24th Annual General Meeting of the **M/s.IKF Finance Limited** will be held at the Registered Office of the Company at Vijayawada - 520 010 on Wednesday, 30th September, 2015 at 4.30 p.m. to transact the following business:-

1. To consider and adopt the Audited Balance Sheet as at 31st March 2015, and Statement of Profit and Loss for the year ended as on that date and together with Reports of the Board of Directors and the Auditors thereon;
2. To appoint a Director in place of Mr. Sinha S Chunduri (DIN: 03644504), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Prasad Jagadish Athota (DIN: 03618655), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of fifth consecutive Annual General Meeting and to fix their remuneration in place of the retiring Auditors, and if thought fit, to pass, with or without modification(s) the following resolution as a Ordinary Resolution:

“RESOLVED THAT, pursuant to Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, in the place of M/s. Hanumaiah & Co., Chartered Accountants, who have conveyed their non-availability to act as Statutory Auditors of the Company after this AGM, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.301003E) be and are hereby appointed as Statutory Auditors of the Company, who shall hold office from the conclusion of this 24th Annual General Meeting upto the conclusion of the 29th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Board in consultation with the Auditors of the Company.”

Special Business:

5. **To enhance the Borrowing Powers of the Company from 750 crores to 1000 crores**

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/ entities and/or authority/ authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.1000 Crores (Rupees One Thousand Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained

from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

6. To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the company to create charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such assets and properties of the company, both present and future and in such manner as the Board may direct, in favour of all or any Banks, financial institutions, investments institutions and their subsidiaries, any other bodies corporate and any other lenders (hereinafter collectively referred to “the lending agencies”) and/ or Trustees for the holders of debentures/ bonds/ other instruments to secure borrowing of the Company by way of loans/ issue of debentures/ bonds/ other instruments which may be issued for a sum not exceeding Rs.1000 Crore (Rupees One Thousand Crore only) over and above the aggregate of the paid up capital of the company and its free reserves which have been /or propose to be obtained from or privately placed with the lending agencies together with interest there on at agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses, and all other monies payable by the company to the trustees under the trust deeds and/ or to the lending agencies under their respective agreements/ loan agreements /debentures trust deeds entered into to be entered by the company in respect of said borrowings.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.

By Order of the Board

Sd/-
Place: Vijayawada
Date : 31-08-2015

Sd/-
(V G K Prasad)
Managing Director
DIN: 01817992



NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself. A Proxy need not be a member of the Company. Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. The Register of Members of the Company will remain closed from Saturday, September 26, 2015 to Wednesday, September 30, 2015 (both days inclusive).
4. Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any.
5. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting.
6. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
7. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member or shareholder.
8. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
9. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
10. Electronic copy of the Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. The detailed instructions for e-voting are given as a separate attachment to the Annual Report.
12. The facility for voting, either through electronic voting system or ballot or polling paper is also available at the meeting and members who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
13. In spite of casting the vote by remote e-voting or ballot prior to the meeting, a member may also attend the meeting; however that member shall not be permitted to cast his/her vote again.

14. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and amended rules.

During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cutoff date i.e., Wednesday, September 23, 2015, may cast their votes electronically.



Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, Partner of M/s. B S S & Associates C/o. Flat No.304, Right Wing, Amrutha Ville, Opp:Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 not later than Thursday, September 25, 2015 (6.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to cs@ikffinance.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach Mr. S.Srikanth, Partner of M/s. B S S & Associates C/o. Flat No.304, Right Wing, Amrutha Ville, Opp:Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad– 500 082 not later than Thursday, September 25, 2015 (6.00 p.m. IST).

Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on Sunday, September 27, 2015 at 9.00 a.m. and ends on Tuesday, September 29, 2015 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (record date) i.e. Wednesday, September 23, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website www.evotingindia.com during the voting period
- iii. Click on “Shareholders” tab.
- iv. Now, select the “Company Name: IKF Finance Limited” from the drop down menu and click on “SUBMIT”
- v. Now Enter your User ID,
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <ul style="list-style-type: none"> o Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. o In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> o Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction “v”.

- ix. After entering these details appropriately, click on “SUBMIT” tab.



- x. Members holding shares in physical form will then directly reach the Company selection screen.

However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- xii. Click on the EVSN for the relevant <IKF Finance Limited> EVSN Reference No: **150908013** on which you choose to vote.

- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xix. Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in in under help section or write an email to helpdesk.evoting@cdslindia.com.

- xxi. You are advised to cast your vote only through E-voting or through Poll at the AGM. In case you cast your votes through both the modes, votes cast through e-voting shall only be considered and votes cast at the meeting through Poll would be rejected

Other Instructions:

- i) The e-voting period commence on Sunday, September 27, 2015 at 9.00 a.m. and ends on Tuesday, September 29, 2015 at 5.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on Wednesday, September 23, 2015 may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on Wednesday, September 23, 2015.
- iii) Mr. S.Srikanth, Company Secretary in Practice has been appointed as the scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) and in a fair and transparent manner.
- iv) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.



- v) The results declared along with the scrutinizers report shall be placed on the company website www.ikffinance.com and with the website of CDSL within two days of passing of resolutions at the 24th AGM of the company on September 30, 2015 and communicated to the BSE Limited where the share of the company are listed.
- vi) Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report 2014-2015 is available on the Company's website, www.ikffinance.com. Members who require physical copies may write to us at cs@ikffinance.com.
- vii) All documents referred to in this Notice are available for inspection at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.
- viii) Members are requested to bring their copy of Annual Report to the Meeting.

Annexure to the Notice

Notes on Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Profile of Directors being Appointed/Re-appointed:

Item No. 2

S.No.	Particulars	Dr. Sinha S Chunduri
1.	Date of Birth	02-02-1945
2.	Date of Appointment	01-02-1993
3.	Qualification	M.B.B.S., M.D.
4.	Experience	Management & Administration
5.	Other Directorships	Nil
6.	Member of the Committees	Nil

Item No. 3

S.No.	Particulars	Dr. Prasad Jagadish Athota
1.	Date of Birth	04-05-1945
2.	Date of Appointment	01-02-1993
3.	Qualification	M.B.B.S., M.S.
4.	Experience	Management & Administration
5.	Other Directorships	Nil
6.	Member of the Committees	Share Transfer & Investor Grievance Committee



Explanatory Statement Pursuant to Section 102 (1) of the Companies Act, 2013

Item No.4

The statutory Auditors, M/s. Hanumaiah & Co., have expressed their unwillingness to be re-appointed as the auditors of the Company. A special notice has been received under section 140(4)(i) of the Companies Act, 2013 from a member proposing appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as the statutory auditors.

The Board has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution appointing M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as statutory auditors in place of the retiring Auditors M/s. Hanumaiah & Co., Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 have been received.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.

Item No.5

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs.1000 Crores (Rupees One Thousand Crores Only). The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice.

Item No.6

As mentioned in Item No.6, it is proposed to increase the borrowing powers to Rs.1000 crore (Rupees One Thousand crore only). To secure such borrowings, the Company would be required to mortgage and/or charge its moveable and/or immoveable properties, the whole or substantially the whole of the undertaking(s) or any other assets of the Company (both present and future) in favour of the financial institutions/banks/ other lender(s)/ trustees. The approval of the shareholders in the AGM is required as per Section 180(1)(a) of the Companies Act, 2013. In the circumstances, the board recommends this resolution for acceptance.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice.

By Order of the Board

**Place: Vijayawada
Date : 31-08-2015**

**Sd/-
(V G K Prasad)
Managing Director
DIN: 01817992**



DIRECTORS REPORT

Your directors have pleasure in presenting the 24th Annual Report along with audited accounts of the Company for the year ended 31st March, 2015. The summarized financial results of the Company, are given hereunder:

Financial Results:

(Rs.in Lacs)

Particulars	Year ended	
	31.03.15	31.03.14
Income from Operations	7952.42	6073.48
Total Expenditure	1266.10	1002.73
Interest	4326.60	3197.79
Profit before Dep. & Taxes	2359.72	1872.96
Depreciation	61.24	31.46
Provisions NPA	7.95	15.16
Provisions Repossessed Assets	25.15	14.05
Provision for Standard Assets	48.36	23.31
Provision for Current Tax	705.82	620.25
Provision for Deferred Tax	1.74	6.01
Profit After Tax	1509.46	1162.72
Surplus brought forward	1443.43	579.61
General Reserve	75.47	58.14
Reserve Fund	301.89	232.54
Dividend (proposed)	0.00	0.00
Dividend Tax	0.00	0.00
Prior Year Income Tax	40.85	8.22
Prior Year <small>(Transition provision for depreciation)</small>	81.73	0.00
Surplus Carried to Balance Sheet	2452.95	1443.43

Corporate Governance:

As the Company has got its Equity Shares delisted from the Stock Exchanges with effect from 18th February, 2015, your directors wish to comply with the Clause 49 of the Listing Agreement as the Company was listed for substantial period during the financial year under review and hence the a detailed report on the Corporate Governance, together with a Certificate from the statutory auditors and a declaration by the Managing Director with regard to code of conduct in compliance with clause 49 of the listing agreement are attached as part of this report.

Management's Discussion and Analysis:

Economic Environment:

The economic environment in the country appears to be positive when compared with the previous financial year. The bold initiatives taken by the new government at Centre have unequivocally improved the overall sentiments. Service sector continue to grow at double digit level and has contributed to the overall economic growth. GDP growth, measured on the revised base year 2011-2012, is estimated at 7.4% in Financial Year 2014-2015 when compared to 6.9% for FY 2013-2014.

Inflation continues to ease as compared to previous year. The financial sector continued to struggle with rising Non Performing Assets (NPAs) on account of underperformance of core industries and the infrastructure sectors.

Automotive Sector:

The automobile sector seems to be reviving but not at the expected pace. Except the Medium and heavy commercial vehicles (M/HCV) segment which registered a growth of 16%, other vehicle sales were subdued. Freight rates remains on account of lower demand from industrial and agriculture segments. LCV sales continued to struggle and Sales of Cars and Utility Vehicles are reported to have registered a marginal growth of 4%.

Future Outlook:

The current year is continued to be a challenging year for the Indian economy. The economic growth for the FY 2015-16 is expected to be at above 8% in the light of positive signs of recovery in industrial front and the steps initiated by the new government to revive the infrastructure and mining segments to provide conducive environment for economic growth. The policy rate cuts announced by RBI since January 2015 are yet to be passed on to the borrowers by the Banks. Further rate cuts are expected from RBI, in the light of easing inflation, in the current financial year and as such the bank rates are expected to come down to certain extent.

The automobile sector is likely to remain sluggish in the short term with marginal recovery in the last two quarters of the current financial year. However, the same is subject recovery in industrial and agricultural production. Competition is expected to intensify further on account of lower volumes and interest rates are expected to play a key role. Your Company continues to focus on Retail segment with focus on providing superior service to customers, lowering the cost of borrowings, maintaining the asset quality with enhanced operating efficiencies to sustain the growth and profitability. To cope up with the adversities, the management of your Company has already ventured in to SME and asset backed loans. Your Company is confident of sustaining the growth and profitability as it has built strong relationship with the customers over the last two decades.

Risk Management & Credit Monitoring:

As risk is inevitable fallout of the lending business, your Company has to manage various risks like credit risk. Liquidity risk, interest rate risk, operational risk, market risk etc. The Risk management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk. The Company also measures the interest rate risk by the duration gap method. Operational risks arising from inadequate or failed internal processes, people and

systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored at regular intervals. Your Company is proactive in assessing the risk associated with its various loan products and has evolved a variety of Risk management and monitoring tools while dealing with a wide spectrum of retail customers. The Risk Management Policy of the Company encompasses various risk tools such as Credit, Operational, Market, Liquidity and Interest Rate Risk and has put in place appropriate mechanism to effectively mitigate the risk factors.

Review of Operations:

Your Company's performance for the year ended March 31, 2015 continues to be encouraging and has registered a growth of 30.68% in Revenue from Operations to Rs.77.89 Cr as against Rs.59.60 Cr and the Net Profit increased from Rs.11.63 Cr to Rs.15.09 Cr registering a growth of 29.82% against the corresponding previous year. During the year, the disbursements have grown by 32% to Rs.371 Cr from Rs.279 Cr and the Loan Book has grown by 41% from Rs.297 Cr to Rs. 419 Cr. The gross receivables managed by the Company, including Channel Business and receivables assigned / securitized stood at around Rs.526 Cr as at March 31, 2015 as against Rs.392 Cr in the previous year thereby registering a growth of 34%.

Your Company has offered 1,41,40,969 Equity Shares of the Company on rights basis to the Share holders in the ratio of 100 Equity Shares for Every 227 Equity Shares held by them. The issue was subscribed to an extent of 1,34,26,254 Equity Shares and the same were allotted on 6th May 2015. Accordingly the Company has mobilized Rs. 55.05 Cr.

Resource Mobilization:

Deposits:

The Company has not accepted any deposits during the year under review and it continues to be a Non-deposit taking Non Banking Financial Company in conformity the guidelines of the Reserve Bank of India and Companies (Acceptance of Deposits) Rules, 1975.

Working Capital Limits:

Your company continues to enjoy Working Capital (Cash Credit) Limits of Rs.250 Cr from the Consortium of Nine Banks led by Central Bank of India. The Lead Bank has assessed the requirement for the year under review at Rs.325 Cr and the Company has tied up the limits to the tune of Rs.316.20 Cr.

Term Loans:

Your Company has mobilized Term Loan of Rs.113.50 Cr (Rs.10 Cr from South Indian Bank Limited, Rs.15 Cr from DCB Bank Limited, Rs.25 Cr from Andhra Bank, Rs.25 Cr from Bank of India, Rs.10 Cr from Oriental Bank of Commerce, Rs.25 Cr from HDFC Bank Limited and Rs.3.50 Cr from Small Industries Development Bank of India (SIDBI) during the year under review. Besides, your company has mobilized Rs.50.66 Cr Term Loans from NBFCs – Sundaram Finance Limited (Rs.9.66 Cr), L & T Finance Limited (Rs.10 Cr), Hinduja Leyland Finance Limited (Rs.3 Cr) and IFMR Capital Finance (P) Limited (Rs.28 Cr) to have a judicious mix of resources.

Commercial Paper:

During the year under review, your Company has mobilized short term funds by issue of Commercial Paper (maturity value) to the tune of Rs.23.50 Cr from two NBFCs – Unifi AIF (Rs.8.50 Cr) and Mahindra and Mahindra Financial Services Limited (Rs.15 Cr)

Securitization:

During the year, your Company has securitized / assigned loan receivables to the extent of Rs.68.57 Cr.

Borrowing Profile:

Total borrowings of the Company for the year under review stood at Rs.361 Cr of which borrowings from Banks constituted 75.75%, borrowings from NBFCs 16.50%, Non Convertible Debentures (NCDs) 0.86%, Commercial Paper (CP) 6.21% and Security Deposits & others 0.68%. Your Company is continuously exploring options to access low cost funds by way of Commercial Paper (CPs), Non Convertible Debentures (NCDs) and Short Term Loans, besides requesting the working capital consortium banks and as well as term lenders for reduction of rate of interest in the current financial year, to further expand the operations.

Business Associations/Tie-Ups:

Your Company has been continuing its association with HDFC Bank Limited (Channel Business Arrangement).

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 16.40% as on 31.03.2015, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 16.01%.

Credit Rating:

During the current financial year, Brickwork Ratings India Private Limited has retained "BWR A-" (Stable) rating to your Company's Long Term Bank Loan limits of Rs.475 Cr (including a Bank Guarantee of Rs.15 Cr), signifying adequate degree of safety regarding timely servicing of financial obligations with low credit risk and "BWR A2" rating for Short Term Bank Loan limits of Rs.25 Cr, signifying strong degree of safety regarding timely payment of financial obligations with low credit risk Credit Analysis and Research Limited (CARE) has retained "BBB+" rating to your Company for its Secured Non Convertible Debentures of Rs.3.50 Cr and earlier Bank Loan facilities of Rs.171 Cr, signifying adequate degree of safety regarding timely payment of interest and principle. The short term borrowings (commercial paper), backed by the Stand by Letter of the Working Capital Consortium Banks by carving out the working capital limits sanctioned to the company, are rated "A1+(SO) (highest safety)

Dividend:

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2015 so as to consolidate the Capital Base keeping in view the future expansion plans of the Company.



Delisting:

The Equity Shares of the Company have been delisted from BSE Limited and Ahmadabad Stock Exchange Limited where the shares were listed w.e.f. 18th February, 2015. In terms of Regulation 21 of the SEBI (Delisting of Equity Shares) Regulation, 2009, the Acquirers have provided an exit offer to the residual shareholders for a period of one year i.e. up to 17th February, 2016, so that the interested shareholders who have not tendered their shares in the Delisting Offer, can tender their shares by 17th February, 2016. The exit price accepted by the Acquirer is Rs.16.50 per share.

Auditors

Statutory Auditors

M/s. Hanumaiah & Co., Chartered Accountants (ICSI Firm Reg. No. 009021S), appointed as Statutory Auditors at the 23rd Annual General Meeting for a period of three years until the conclusion of 26th (Twenty Sixth) Annual General Meeting of the company subject to ratification by the members at every Annual General Meeting.

However, M/s. Hanumaiah & Co. have expressed their non-availability due to their other pre-occupations, to continue as auditors of the company after conclusion of the ensuing Annual General Meeting. The Board of Directors and Audit Committee considered this and after placing on record the long valuable association of the said auditors with the company, have recommended the appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.301003E), as Statutory Auditors of the company for a period of five years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 29th Annual General Meeting,

The observations made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence do not call for any further comments under Section 134 of the Companies Act, 2013.

Qualification by Statutory Auditor:

The Auditors' Report does not contain any qualification, reservation or adverse remark. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

Secretarial Auditor:

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s. B S S & Associates, Company Secretaries as Secretarial Auditors of the Company. Secretarial Audit Report is enclosed as Annexure-I to this Report.

Qualification by Secretarial Auditor:

The Secretarial Auditor's Report does not contain any qualifications, reservation or adverse remarks except non compliance of Section 203 of the Companies Act, 2013 in respect of appointment of Company Secretary as Key Managerial Person.

The Board has made utmost effort for appointment of the Company Secretary as KMP in the financial year 2014-2015 but has not been able to appoint a Company secretary due to lack of suitability of the candidate to the profile of the Company in terms of Job profile and remuneration.

Internal Audit and Auditor:

As part of the effort to evaluate the effectiveness of the internal control systems, and To maintain its objectivity and independence and on recommendations of the Audit Committee your directors have appointed CA Y.V.Amarendra, Chartered Accountant as internal auditor of the Company for the year ended 31st March, 2015 who shall report to the Audit Committee.

Vigil Mechanism / Whistle Blower Policy:

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. The policy also provided adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that during the year no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received.

Corporate Social Responsibility Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors has constituted Corporate Social Responsibility Committee of three directors Sri S.Veerabhadra Rao, Sri PSV Prasada Rao and Sri VGK Prasad. During the year under review the Company has spent Rs.25.66 Lakhs towards CSR Activities by way of contribution to trusts and societies which are engaged in the activities prescribed under the provisions of the Companies Act, 2013 and a an amount of Rs.2.00 Lakhs towards the activities undertaken by the Company. The report on CSR activities for Financial Year 2015 is enclosed as Annexure-III.

Extract of the Annual Return:

The details forming part of the extract of the Annual Return in Form MGT-9 is enclosed as Annexure-IV.

Material Changes and Commitments, if any:

Keeping in view the growth perspective of your Company and the growing financial needs your directors have entered into a Share Holders Agreement dated 26th March, 2015 with India Business Excellence Fund-II and India Business Excellence Fund-IIA for infusing funds in to the Company.

Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future:

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

Directors:

In terms of Section 152 of the Companies Act, 2013, Mr. Sinha S Chunduri (DIN: 03644504) and Mr. Prasad Jagadish Athota (DIN: 03618655), directors of the Company, would retire by rotation at the forthcoming AGM and are eligible for re-appointment. They have offered themselves for re-appointment.

Sri Veerabhadra Rao Sunkara (DIN: 01180981), Sri Satyanarayana Vara Prasada Rao Parvathaneni (DIN: 02204359), Sri Haranadh Nallani (DIN: 03161131) and Sri Satyanarayana Prasad Kanaparti (DIN: 03598603) were appointed as independent Directors by the Members at the last Annual General Meeting (AGM) held on September 30, 2014.

None of the Directors of the Company resigned during the period.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act, 2013.

Key Managerial personnel:

During the Period under review Mr. K P Venkatesh has been appointed as Chief Executive Officer and Mr. Paruchuri Chandra Sekhar has been appointed as Chief Financial Officer of the Company.

Declaration by Independent Directors:

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

Independent Directors' Meeting:

The Independent Directors met on 5th February, 2015, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Board Evaluation:

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

Board and Audit Committee:

The details regarding number of board meetings held during the financial year and composition of Audit Committee is furnished in the Corporate Governance Report

Nomination and Remuneration Policy:

The Nomination and Remuneration Policy containing guiding principles for payment of remuneration to Directors, Senior Management, Key Managerial Personnel and other employees including Non-executive Directors along with Board Evaluation criteria are provided in the Corporate Governance Report.

Particulars of loans, guarantees or investments under section 186:

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans and guarantees during the normal course of business, is exempt from complying with the provisions of section 186 of the Companies Act, 2013. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

Remuneration ratio of the Directors / Key Managerial Personnel (KMP):

The provisions of Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable

Particulars of Employees:

There are no employees whose information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Particulars of contracts or arrangements with related parties:

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure-V to the Board's report.

Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

(a) in the preparation of the annual accounts for the period ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;



- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements:

Your directors' gratefully acknowledge the support and co-operation extended by all the Shareholders, Debenture holders, Customers, Vehicle Dealers and Business associates for their continued support to your Company.

Your directors wish to place on record their gratitude for the continued support provided to the Company by its bankers and lending NBFCs. Your Directors look forward to their continued support in the days to come.

Your Directors also place on record their appreciation for the dedication and commitment displayed by the employees at all levels for posting a satisfactory performance.

By Order of the Board

Sd/-

(V G K Prasad)

Managing Director

Place: Vijayawada

Date : 31-08-2015

Company's Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace:

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 23rd April, 2013.

There was no case of sexual harassment reported during the year under review.

Conservation of Energy, Technology Absorption and:

The Company, being a non-banking finance company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on conservation of energy and technology absorption'.

Foreign Exchange Earnings and Outgo:

Total foreign exchange earned	NIL
Total foreign exchange used	NIL

REPORT ON CORPORATE GOVERNANCE

(as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

This section on Corporate Governance forms part of the Report of the Directors to the Members.

1. Company's Philosophy on Code of Governance:

Our Corporate Governance policies recognise the accountability of the Board and the importance of its decisions to all our constituents, including Customers, Investors and the Regulatory Authorities. The strong foundation of the Company is supported by the pillars of Customer faith, Debenture holders Confidence, Bankers Trust, Investor Steadfastness and Employee Loyalty. The Company has been growing over the past twenty four years on the principles of dedicated customer service, fair business practices, efficient and trusted financial policies. It continues to maintain high standards of integrity through excellence in service to all its stakeholders.

The Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in economic, social and ethical matters by ensuring that the company conducts its activities in accordance with corporate governance best practices.

2. Board of Directors:

Directors possess the highest personal and professional ethics, integrity and values, and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the company's affairs exercising its reasonable business judgement on behalf of the Company.

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent Directors to ensure proper governance and management. The Board comprises nine members who have experience in diverse fields like Finance, Accounts and Management. Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. The Executive Directors are Sri V.G.K.Prasad - Managing Director, Smt. V.Indira Devi - Whole Time Director and Smt. K.Vasumathi Devi - Executive Director.

Sri S.Veerabhadra Rao, Sri. N.Haranadh, Sri P.S.V.Prasada Rao and Sri K.Satyanarayana Prasad are the Independent Directors. The composition of the Board is in conformity with the listing requirements and in accordance with the best practice in Corporate Governance.

3. Board Meetings:

The Board of Directors meets at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings on other matters concerning the company on a need basis. The Board of Directors generally meets every quarter to review the business performance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

During the year under review, fifteen meetings of the Board of Directors were held on the following dates.

30-05-2014	09-06-2014	04-07-2014	14-08-2014	30-08-2014
30-09-2014	15-11-2014	01-01-2015	05-02-2015	13-02-2015
14-02-2015	27-02-2015	12-03-2015	16-03-2015	31-03-2015



The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1st April, 2014 to 31st March, 2015 are as follows:

Name of the Director	Category of Board Directorship	No.of Board Meetings attended	% of total Meetings attended	Attendance at the last A G M	No.of Other Directorships	No.of Committee Memberships
V G K Prasad	Managing Director	15	100%	Present	2	5
V Indira Devi	Whole Time Director	15	100%	Present	1	---
K Vasumathi Devi	Executive Director	15	100%	Present	---	3
N Haranadh	Director	10	67%	---	---	3
Prasad J Athota (Alternate Director Ch V Rama Rao)	Director	15	100%	Present	---	1
Sinha S Chunduri (Alternate Director D.V..Lakshmi)	Director	14	93%	Present	---	---
S Veerabhadra Rao	Director	12	80%	Present	1	7
P.S.V.Prasada Rao	Director	12	80%	Present	2	4
K Satyanarayana Prasad	Director	10	67%	Present	---	---

4. Audit Committee:

The Audit Committee provides direction to the Audit function and monitors the quality of internal controls and systems. The responsibilities of the Audit Committee include the overseeing of financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, review of adequacy of internal control systems and the internal audit functions. The Audit Committee comprises three Non Executive Directors with all of them being Independent Directors. The Committee comprises of Sri S.Veerabhadra Rao as Chairman of the Committee and Sri N.Haranadh and Sri P.S.V.Prasada Rao as Members. The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings.

The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invitees to the Committee Meetings. During the year the committee met 5 times on 30.05.2014, 14.08.2014, 30.08.2014, 15.11.2014 and 14.02.2015. The details of members and their attendance at the committee meetings are given below:

Name of the Director	No.of Audit Committee Meetings attended	% of total Meetings attended
S.Veerabhadra Rao	5	100%
N Haranadh	3	60%
P S V Prasada Rao	5	100%

5. Remuneration and Compensation Committee:

Remuneration & Compensation Committee was constituted in accordance with the provisions of Section 178 (1) of the Companies Act, 2013 and Clause 49 of the Listing Agreement and SEBI (Employee Stock Option Scheme) Guidelines, 1999 comprises of Sri P.S.V.Prasada Rao as Chairman, Sri S.Veerabhadra Rao and Sri N.Haranadh as Members. The Committee determines the remuneration package of Executive Directors (Whole Time Directors) of the Company and to grant Stock Options to eligible employees from time to time. During the year the committee met on 30.09.2014.

6. Remuneration of Directors:

The Managing Director, Whole Time Director and Executive Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites. The details of remuneration paid to Whole Time Directors during the year 2014-2015 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.31,50,000.00	Nil	Nil
V Indira Devi	Rs.21,00,000.00	Nil	Nil
K Vasumathi Devi	Rs.21,00,000.00	Nil	Nil

The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013.

7. Share Transfer and Investor Grievance Committee:

The Share Transfer and Investor Grievance Committee comprises of Sri N.Haranadh as Chairman and Sri Ch.V.Rama Rao as Member. The Share Transfer and Investor Grievance Committee was formed in accordance with the provisions of Clause 49 of the Listing Agreement to monitor transfers and transmission of shares and to address the Investor Grievances. During the year 2014-2015 the committee met 4 times on 30.05.2014, 15.11.2014, 31.01.2015, 31.03.2015 and all the members were present at the committee meeting.

All the complaints received during the year under review, were resolved and there were no grievances remaining unresolved as on 31st March, 2015.

8. Asset Liability Management Committee:

The Asset Liability Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri S.Veerabhadra Rao and Smt. K.Vasumathi Devi as Members. The Asset Liability Management Committee was formed to review and monitor liquidity and interest rate risk arising out of maturity mismatch of assets and liabilities and to address the mismatches, if any, from time to time. During the year 2014-2015 the committee met 4 times on 30.05.2014, 14.08.2014, 15.11.2014 and 14.02.2015 and all the members were present at the committee meeting.

9. Risk Management Committee:

The Risk Management Committee comprises of Sri V.G.K.Prasad as Chairman, Sri. S Veerabhadra Rao and Smt K.Vasumathi Devi as Members. The Risk Management Committee was formed to review and monitor Risk Management policies and systems from time to time. During the year 2014-2015 the committee met 5 times 30.05.2014, 14.08.2014, 15.11.2014, 14.02.2015 and 31.03.2015 and all the members were present at the committee meeting.

10. Nomination Committee:

The Nimation Committee comprises of Sri P.S.V.Prasada Rao as Chairman, Sri S.Veerabhadra Rao and Sri V.G.K.Prasad as members to identify fit and proper persons for the directorship of the company. During the year 2014-15, the committee met on 30.08.2014.

11. Corporate Social Responsibility (CSR) Committee:

The CSR Committee comprises of Sri PSV Prasada Rao as Chairman, Sri. S Veerabhadra Rao and Sri V G K Prasad as Members. The CSR Committee was formed to review and monitor CSR policies and its implementation from time to time. During the year 2014-2015 the committee met twice on 30.09.2014 and 10.10.2014 and all the members were present at the committee meeting.

12. General Body Meetings:

Time and location of last three Annual General Meetings

General Body Meeting	Day	Date	Time	Location
23rd Annual General Meeting	Tuesday	30-09-2014	4.30 PM	Registered Office of the Company, Vijayawada-10.
22nd Annual General Meeting	Friday	30-08-2013	4.30 PM	Registered Office of the Company, Vijayawada-10.
21st Annual General Meeting	Saturday	29-09-2012	4.30 PM	Registered Office of the Company, Vijayawada-10.

- a) No special resolution is proposed to be passed through postal ballot at the ensuing AGM.
- b) The following Special Resolutions were passed by the members during the past 3 years Annual General Meetings:
- | | | |
|--|---|------|
| 23rd Annual General Meeting held on 30-09-2014 | : | Yes |
| 22nd Annual General Meeting held on 30-08-2013 | : | None |
| 21st Annual General Meeting held on 29-09-2012 | : | None |

12. Disclosures:

There are no materially significant transactions with related parties i.e. Associate Companies, Promoters, Directors or the key management personnel and their relatives conflicting with the Company's interest.

13.Means of Communication:

Quarterly/Annual un-audited results of the Company were published in accordance with the Stock Exchange Listing Agreement in One vernacular Language (Telugu) and English News Papers.

Management's Discussion and Analysis forms are part of the Annual Report.

14. General Information to Shareholder:

General Body Meeting	Day	Date	Time	Location
24th Annual General Meeting	Wednesday	30-09-2015	4.30 PM	Registered Office, # 40-1-144, Corporate Centre, M.G.Road, Vijayawada-520 010.

Financial Calendar:

Financial Year - 1st April 2014 to 31st March 2015

Book Closure dates 26-09-2015 to 30-09-2015.

Last date for receipt of proxy forms 28th September, 2015 (Before 4.30 PM).



The Company's shares are listed on Bombay Stock Exchange Limited, (BSE) Mumbai.

The Company has paid the listing fee to Bombay Stock Exchange Limited, Mumbai for the financial year 2014-2015.

BSE Stock Code : 530719

ISIN : INE859C01017

15. Market Price Data:

Month	High	Low	Month	High	Low
April, 2014	16.30	13.65	October, 2014	20.50	16.60
May, 2014	16.14	12.55	November, 2014	29.70	16.65
June, 2014	18.81	13.81	December, 2014	41.00	20.60
July, 2014	17.25	15.55	January, 2015	29.00	25.20
August, 2014	18.05	16.25	February, 2015	30.20	23.45
September, 2014	20.35	15.75	March, 2015	0.00	0.00

Share transfer requests were processed and share certificates dispatched within 30 days from the date of lodgement, in case of physical transfers, in accordance with the stock exchange listing agreement.

M/s. Bigshare Services Private Limited, who have been appointed as the Registrar and Share Transfer Agents of the company for both physical and electronic segments have attended to the share transfer formalities regularly. The Registrars and Share Transfer Agents can be contacted by the investors at the following address:

M/s. Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp.: Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad – 500 082, Tel.No.: 040-23374967, Fax No.: 040-23374295, Email : bsshyd@bigshareonline.com.

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2015 – 90.98%.

16. Distribution of Shareholding as on 31st March, 2015:

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	1102	70.46%	21,34,310	0.66%
5,001	10,000	210	13.43%	18,65,570	0.58%
10,001	20,000	116	7.42%	18,47,960	0.58%
20,001	30,000	32	2.05%	8,45,890	0.26%
30,001	40,000	23	1.47%	8,44,400	0.26%
40,001	50,000	12	0.77%	5,91,600	0.18%
50,001	1,00,000	17	1.09%	13,90,870	0.43%
1,00,001	& above	52	3.32%	31,14,79,400	97.03%
Total		1564	100.00%	32,10,00,000	100.00%

17. Shareholding Pattern as on 31.03.2015:

Category	No. of Shares	% of Shareholdings
Indian Promoters	2,08,65,412	65.00%
NRI Promoters	21,37,800	6.66%
PE Investor	60,97,561	19.00%
Indian Public	29,99,227	9.34%
Total	3,21,00,000	100.00%

Address for correspondence and any assistance/clarification

18. Compliance Officer:

Company Secretary, IKF Finance Limited, Door No.: 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520010.



CEO CERTIFICATION

We, to the best of our knowledge and belief, certify that

- a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2015 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that;
 - i. There were no material deficiencies in internal controls over financial reporting during the year;
 - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statement; and
 - iii. There were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

By Order of the Board

Place: Vijayawada
Date : 31-08-2015

Sd/-
(V G K Prasad)
Managing Director

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors of IKF Finance Limited have adopted a Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2015.

By Order of the Board

Place: Vijayawada
Date : 31-08-2015

Sd/-
(V G K Prasad)
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of **IKF Finance Limited**

We have examined the compliance of conditions of corporate governance by M/s. IKF Finance Limited, Vijayawada for the year ended on 31st March, 2015 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/Investor grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Hanumaiah & Co.
Chartered Accountants
Firm Registration No: 009021S

Sd/-
K Hanumaiah, FCA
Partner
Membership No: 201719

Place: Vijayawada
Date: 30-06-2015



Annexure-I

Form No. MR-3
Secretarial Audit Report
For the Financial Year ended on March 31, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IKF Finance Limited,
40-1-144, 3rd Floor,
Corporate Centre, M.G.Road,
Vijayawada,
Andhra Pradesh-520010.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IKF Finance Limited** (hereinafter called “the Company”). Secretarial Audit was conducted for the financial year ended on March 31, 2015 in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **IKF Finance Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

We have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreement entered into by the Company with the Stock Exchange(s);



During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, the Company has not appointed Company Secretary as required under the Provisions of section 203 of the Companies Act, 2013.

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / Company Secretary / Chief Financial Officer / Managing Director taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with the laws relating to Non Banking Financial Companies and other applicable laws, to the extent applicable to the Company.

We further report that, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that, there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period:

- (a) Special Resolutions passed in the 23rd Annual General Meeting by the members of the Company for increase the borrowing limits of the Company for an aggregate amount not exceeding Rs.750 Crores (Rupees Seven Hundred Fifty Crores only) pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and rules made there under and have granted authority under section 180(1)(a) to the Board of Directors, to create mortgage and / or charge on all or any of the movable and / or immovable assets of the Company upto the limits authorized to borrow the money.
- (b) The Equity Shares of the Company have been delisted from the Bombay Stock Exchange Limited and Ahmedabad Stock Exchange with effect from February 18, 2015.

Place: Hyderabad
Date: 31st August, 2015.

S.Srikanth
B S S & Associates
Company Secretaries
ACS: 22119 CP: 7999

This Report is to be read with our letter of even date which is annexed as 'Annexure-A' and Forms an integral part of this report.



‘Annexure-A’

To,

The Members,
IKF Finance Limited,
40-1-144, 3rd Floor,
Corporate Centre, M.G.Road,
Vijayawada,
Andhra Pradesh-520010.

Our report of even date is to be read along with this letter.

01. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
02. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
03. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
04. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
05. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
06. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 31st August, 2015.

S.Srikanth
B S S & Associates
Company Secretaries
ACS: 22119 CP: 7999



Annexure-II

Annual Report on CSR Activities

Brief outline of the Company’s CSR Policy, including overview of projects or programmes proposed to be undertaken:

- a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- b. Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects;
- c. Promoting gender equality, empowering women;
- d. Ensuring environmental sustainability, ecological balance;
- e. Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central / State Government for socio-economic development and relief;
- f. Rural Development projects;
- g. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

Partnerships:

Collaborative partnerships are formed with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders to widen the Company’s reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

IKF Finance Limited is committed to improve the lives of the society in which it operates. The Company believes in its efforts to improve the society and strives to create a positive impact on the communities it serves and on the environment.

The objective of our CSR policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

Composition of CSR Committee is as under:

- Sri P.S.V.Prasad Rao - Chairman
 Sri S.Veerabhadra Rao - Member
 Sri V.G.K.Prasad - Member

Average Net Profit of the Company for the last three financial years: Rs **752.59 lakhs**

Prescribed CSR expenditure (two percent of the amount as in item 3 above): Rs.15.05 Lakhs

Details of CSR spend for the financial year:

- i. Total amount spent for the financial year: 27.00 Lakhs
- ii. Amount unspent: Nil
- iii. Manner in which the amount spent during the financial year is detailed below:

S.No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget project or programs wise)	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent directly
1	Promotion of Road Safety and Drivers Training	Promoting Education and Vocational Skills	Road Safety	25.00	25.00	25.00	0.00
2	Manipal Health Enterprises (P) Limited	Promoting Health care	Preventive health care	2.00	0.00	2.00	2.00

The objective of our CSR Policy was not just mere spending of amount but working towards social welfare. Your Company is in the process of identifying suitable projects for its CSR activities.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of Corporate Social Responsibility Committee

(P S V Prasad Rao) (S Veerabhadra Rao) (V G K Prasad)
 Chairman of the Committee Member Member

Place: Vijayawada
 Date : 31.08.2015

Annexure-III

Form No. MGT-9

Extract Of Annual Return As On The Financial Year Ended 31st March, 2015
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i. CIN : L65992AP1991PLC012736
- ii. Registration Date : 012736
- iii. Name of the Company : IKF FINANCE LIMITED
- iv. Category / Sub-Category of the Company : Indian Non-Government Company
- v. Address of the Registered office and contact details : # 40-1-144,3rd Floor,
Corporate Centre, M.G.Road,
Vijayawada, Andhra Pradesh - 520010.
- vi. Whether listed company : ~~Yes~~ / No
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s. Bigshare Services Private Limited
306, 3rd Floor, Right Wing, Amrutha Ville,
Opp. Yashoda Hospital,
Rajbhavan Road,
Somajiguda, Hyderabad- 500082.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

S.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Non Banking Financial Activity	99711	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	- NIL -	- NIL -	- NIL -	- NIL -	- NIL -
2.	- NIL -	- NIL -	- NIL -	- NIL -	- NIL -



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				No. of Shares held at the end of the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	5876335		5876335	18.31	9506447	2680965	12187412	37.97	19.66
b) Central Govt.									
c) State Govt.									
d) Body Corporate	8678000		8678000	27.03	8678000		8678000	27.03	NIL
e) Bank/FI									
f) Any Other									
Sub-Total(A)(1)	14554335		14554335	45.30	18184447	2680965	20865412	65.00	19.66
2) Foreign									
a) NRIs Individuals	2137800		2137800	6.66	2137800		2137800	6.66	NIL
b) Other Individuals									
c) Banks / FI									
d) Any Other									
Sub-Total(A)(2)	2137800		2137800	6.66	2137800		2137800	6.66	NIL
B. Public Shareholders									
1. Institutions									
a) Mutual Funds									
b) Bank / FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII's									
h) Foreign Venture Capital Funds					6097561		6097561	19.00	19.00
i) Other (Specify) Clearing Mebers									
Sub-Total(B)(1)					6097561		6097561	19.00	19.00
2. Non Institutions									
Bodies Corp.									
i) Indian	2983093	600	2983693	9.30	98457	600	99057	0.31	-8.99
ii) Overseas									
Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	1031945	107915	1139860	3.55	828428	75145	903573	2.81	-0.74
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	6324647	4959665	11284312	35.15	1857597	139000	1996597	6.22	-28.93
Others (Specify)									
Sub-Total(B)(2)	10339685	5068180	15407865	48.00	2784482	214745	2999227	9.34	-38.66
Total Public Shareholding (B)=(B)(1)+(b)(2)	10339685	5068180	15407865	48.00	8882043	214745	9096788	28.34	-19.66
C. Shareheld by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	27031820	5068180	32100000	100.00	29204290	2895710	32100000	100.00	NIL

ii. Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vupputuri Gopala Kishan Prasad	1276286	3.90	1276286	5273407	16.43	1276186	12.40
2	Koganti Vasumathi Devi	1264300	3.94	NIL	1264300	6.64	NIL	2.70
3	Vupputuri Vasantha Lakshmi	1044400	3.25	779800	2006117	6.25	779800	3.00
4	Vupputuri Raghu Ram	1449700	4.52	1418700	1449700	4.52	1418700	NIL
5	Vupputuri Indira Devi	841649	2.62	834014	1326902	4.13	834014	1.51
6	Durga Rani Chunduri	1494100	4.65	NIL	1494100	4.65	NIL	NIL
7	Prasad Jagadish Athota	526000	1.64	NIL	526000	1.64	NIL	NIL
8	Chunduri Sinha Satyanand	117700	0.37	NIL	117700	0.37	NIL	NIL
9	IKF Infratech Private Limited	6046400	18.84	NIL	6046400	18.84	NIL	NIL
10	IKF Housing Finance (P) Limited (formerly IKF Financial Services (P) Limited)	2631600	8.20	NIL	2631600	8.20	NIL	NIL

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	12202135	12.7200	12202135	38.0104
1	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): 18/04/2014 Increase due to Transfer	4490000	13.9900	16692135	52.0004
2	22/08/2014 Increase due to Transfer	9727673	30.3043	26419808	82.3047
3	27/03/2015 Decrease due to Transfer	2281668	7.1080	24138140	75.1967
4	31/03/2015 Decrease due to Transfer	3815893	11.8875	20322247	63.3092
	At the End of the year	20322247	38.0104	20322247	63.3092



vi. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	India Business Excellence Fund -IIA At the beginning of the year	0	0.000	0	0.000
	Increase due to Transfer on 31-03-15	38,15,893	11.880	38,15,893	11.880
	At the End of the year (or on the date of separation, if separated during the year)	38,15,893	11.880	38,15,893	11.880
2.	IL AND FS Trust Company Ltd (Trustee of Business Excellence Trust II - India Business At the beginning of the year)	0	0.000	0	0.000
	Increase due to Transfer on 27-03-15	22,81,668	7.110	22,81,668	7.110
	At the End of the year (or on the date of separation, if separated during the year)	22,81,668	7.110	22,81,668	7.110
3.	Amit Bhutra At the beginning of the year	1,50,000	0.467	1,50,000	0.470
	Increase due to Transfer on 23-05-2014	700	0.002	1,50,700	0.469
	Increase due to Transfer on 30-05-2014	2,014	0.006	1,52,714	0.475
	Increase due to Transfer on 06-06-2014	19,407	0.060	1,72,121	0.536
	Increase due to Transfer on 13-06-2014	9	0.000	1,72,130	0.536
	Increase due to Transfer on 04-07-2014	61,624	0.192	2,33,754	0.728
	Increase due to Transfer on 11-07-2014	95,770	0.298	3,29,524	1.026
	Increase due to Transfer on 11-07-2014	6,594	0.020	3,36,118	1.047
	Increase due to Transfer on 18-07-2014	1	0.000	3,36,119	1.047
	Increase due to Transfer on 18-07-2014	220	0.000	3,36,339	1.047
	Increase due to Transfer on 25-07-2014	-36,849	-0.114	2,99,490	0.933
	Increase due to Transfer on 08-08-2014	6,194	0.019	3,05,684	0.950
	At the End of the year (or on the date of separation, if separated during the year)	3,05,684	0.950	3,05,684	0.950
4.	Vupputuri Venkata Rao At the beginning of the year	2,42,335	0.755	2,42,335	0.755
	No Change	0	0.000	0	0.000
	At the End of the year (or on the date of separation, if separated during the year)	2,42,335	0.755	2,42,335	0.755
5.	Kodali Kishore Babu At the beginning of the year	2,27,700	0.709	2,27,700	0.709
	Increase due to Transfer on 18-04-2014	1,28,000	0.398	3,55,700	1.108
	Decrease due to Transfer on 04-07-2014	-1,28,000	-0.398	2,27,700	0.709
	At the End of the year (or on the date of separation, if separated during the year)	2,27,700	0.709	2,27,700	0.709
6.	Mundru Venkat Rao At the beginning of the year	71,084	0.221	71,084	0.221
	Increase due to Transfer on 11-07-2014	39,341	0.123	1,10,425	0.344
	At the End of the year (or on the date of separation, if separated during the year)	1,10,425	0.344	1,10,425	0.344
7.	M Rama Rao At the beginning of the year	69,200	0.215	69,200	0.215
	Decrease due to Transfer on 04-07-2014	-69,200	-0.215	0	0.000
	Increase due to Transfer on 22-08-2014	85,000	0.264	85,000	0.264
	At the End of the year (or on the date of separation, if separated during the year)	85,000	0.264	85,000	0.264
8.	J Krishna Prasad At the beginning of the year	63,914	0.199	63,914	0.199
	Decrease due to Transfer on 30-06-2014	-63,914	-0.199	0	0.000
	Increase due to Transfer on 11-07-2014	7,500	0.023	7,500	0.023
	Increase due to Transfer on 25-07-2014	12,300	0.038	19,800	0.062
	Increase due to Transfer on 25-07-2014	500	0.001	20,300	0.063
	Increase due to Transfer on 08-08-2014	82,200	0.256	1,02,500	0.319
	Increase due to Transfer on 05-09-2014	2,112	0.006	1,04,612	0.326
	Increase due to Transfer on 30-09-2014	1,023	0.003	1,05,635	0.329
	Increase due to Transfer on 03-10-2014	450	0.001	1,06,085	0.330
	Increase due to Transfer on 10-10-2014	16,275	0.051	1,22,360	0.381
	At the End of the year (or on the date of separation, if separated during the year)	1,22,360	0.381	1,22,360	0.381
9.	N Hamsaveni At the beginning of the year	63,300	0.197	63,300	0.197
	Decrease due to Transfer on 30-06-2014	-63,300	-0.197	0	0.000
	Increase due to Transfer on 12-09-2014	75,000	0.234	75,000	0.234
	At the End of the year (or on the date of separation, if separated during the year)	75,000	0.234	75,000	0.234

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,56,27,69,632	1,36,41,218	--	2,57,64,10,850
ii) Interest due but not paid	--	46,800	--	46,800
iii) Interest accrued but not due	62,67,542	--	--	62,67,542
Total (i+ii+iii)	2,56,90,37,174	136,41,218	--	2,58,26,78,392
Change in Indebtedness during the financial year				
- Addition	1,58,51,39,817	23,53,58,579	--	1,82,04,98,396
- Reduction	78,86,94,934	5,33,000	--	78,92,27,934
Net Change	79,64,44,884	23,48,25,579	--	1,03,12,70,463
Indebtedness at the end of the financial year				
i) Principal Amount	3,35,90,04,306	24,84,66,797	--	3,60,74,71,103
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	64,77,751	--	--	64,77,751
Total (i+ii+iii)	3,36,54,82,057	24,84,66,797	--	3,61,39,48,854

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rupees)

S.No.	Particulars of Remuneration	Particulars of Remuneration			Total Amount
1.	Gross salary	VGK Prasad Managing Director	V.Indira Devi Whole Time Director	K.Vasumathi Devi Whole Time Director	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31,50,000	21,00,000	21,00,000	73,50,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL	NIL	NIL	NIL
5.	Others, Please specify	NIL	NIL	NIL	NIL
6.	Total (A) Ceiling as per the act	NIL	NIL	NIL	NIL

**B. Remuneration to other directors:**

Not Applicable

C. Remuneration to Key Managerial Personnel* Other Than MD / Manager / WTD

S.No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross Salary	47,03,800	5,40,000	N.A.	52,43,800
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	N.A.	Nil
2.	Stock Option	Nil	Nil	N.A.	Nil
3.	Sweat Equity	Nil	Nil	N.A.	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	N.A.	Nil
5.	Others, Please specify	Nil	Nil	N.A.	Nil
6.	Total (A)	47,03,800	5,40,000	N.A.	52,43,800

* CEO has been appointed w.e.f. 22/01/2015 & CFO has been appointed w.e.f. 14/02/2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2015.

For and on behalf of the Board
IKF FINANCE LIMITEDPlace: Vijayawada
Date: 31.08.2015**(V G K Prasad)**
Managing Director
DIN : 01817992**(K.Vasumathi Devi)**
Executive Director
DIN : 03161150



Annexure-IV

Particulars of contracts / arrangements made with related parties

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2015, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows:

Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount (in Rupees)
V G K Prasad	Managing Director	3 Years	Rental Agreement	15,00,000
V Indira Devi	Spouse of Managing Director	3 Years	Rental Agreement	27,00,000
V G K Prasad	Managing Director	3 Years	Remuneration	31,50,000
V Indira Devi	Spouse of Managing Director	3 Years	Remuneration	21,00,000
K Vasumathi Devi	Daughter of Managing Director	3 Years	Remuneration	21,00,000
D Vasantha Lakshmi	Daughter of Managing Director	NIL	Salary	21,00,000

For and on behalf of the Board
IKF FINANCE LIMITED

Place: Vijayawada
Date: 31.08.2015

(V G K Prasad)
Managing Director
DIN : 01817992

(K. Vasumathi Devi)
Executive Director
DIN : 03161150



Annexure-V

**Statement of particulars as per Rule 5 of Companies
(Appointment and Remuneration of Managerial personnel) Rules, 2014.**

- (i) & (ii) **the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

S.No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees	Percentage increase in remuneration
1.	V G K Prasad, Managing Director	21.88 times	40%
2.	V Indura Devi, Whole Time Director	14.58 times	40%
3.	K Vasumathi Devi, Whole Time Director	14.58 times	40%
4.	K P Venkatesh, Chief Executive Officer	32.66 times	N.A.
5.	P Chandra Sekhar, Chief Financial Officer	3.75 times	N.A.

- (iii) **The percentage increase in the median remuneration of the employees in the financial year.**

10%.

- (iv) **The number of permanent employees on the rolls of company.**

There are 402 permanent employees on the rolls of the Company.

- (v) **The explanation on the relationship between average increase in remuneration and company performance**

The increase in the Remuneration is in line with the financial performance of the Company, market trends and Industry benchmarking. On an average, employees received an annual increase of 10%.

- (vi) **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company**

S.No.	Name	Remuneration	(as % of PBT)
01.	Mr. V G K Prasad, MD	Rs.31,50,000	1.42%
02.	Mrs. V Indira Devi, WTD	Rs.21,00,000	0.95%
03.	Mrs. K. Vasumathi Devi, WTD	Rs.21,00,000	0.95%
04.	Mrs. D Vasantha Lakshmi	Rs.21,00,000	0.95%
05.	Mr. K.P Venkatesh	Rs.47,03,800	2.12%
06.	Mr. P Chandra Sekhar	Rs. 5,40,000	0.24%

- (vii) **variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.**

S.No.	Particulars	As at * 09-02-2015	As at 01-04-2014	Increase
01	Closing Price at BSE (Rs.)	23.95	16.44	45.69%
02	Market Capitalization (Rs. in Cr)	76.88	52.77	45.69%
03	Price Earnings Ratio (Considering consolidated EPS)	5.10	4.32	18.06%
04	Net worth (Rs. Cr)	80.55	66.68	20.80%

* Date of delisting



- (viii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

The average increase in salaries of employees other than managerial personnel in 2014-15 was 10% and percentage of increase in the managerial remuneration for the year was 40%.

- (ix) **Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.**

Please refer point no. (vi)

- (x) **The key parameters for any variable component of remuneration availed by the directors**

Nil

- (xi) **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. –**

Not Applicable

- (xii) **Affirmation that the remuneration is as per the Remuneration policy of the Company.**

The Company affirms that remuneration is as per the remuneration policy of the Company

For and on behalf of the Board
IKF FINANCE LIMITED

Place: Vijayawada
Date: 31.08.2015

(V G K Prasad)
Managing Director
DIN : 01817992

(K.Vasumathi Devi)
Executive Director
DIN : 03161150

**INDEPENDENT AUDITOR'S REPORT**

To
The Members of **IKF FINANCE LIMITED**

Report on the Financial Statements:

We have audited the accompanying financial statements of M/S. IKF FINANCE LIMITED, ("Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; an design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on the financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 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 purposes 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the Directors, as on 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a Director in terms of section 164 (2) of the Act.
 - f) 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, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The Company has disclosed the effect of the pending litigation in its financial statements as mentioned in Note 26 of the Notes to the Accounts;
 - ii) The Company did not have any long term contracts including derivative contracts and therefore the anticipation of any material losses there from does not arise.
 - iii) during the year, there has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund.

For **Hanumaiah & Co.**
Chartered Accountants
Firm Registration No: 009021S

Sd/-
K Hanumaiah, FCA
Partner
Membership No: 201719

Place: Vijayawada
Date : 30-06-2015

**ANNEXURE TO AUDITORS' REPORT
referred to in our Report of even date**

- I. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- II. In our opinion and according to the information and explanations given to us, the nature of the company's business activities during the year has been such that clause (ii) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 is not applicable to the Company for the year.
- III. The Company has not granted any loans, secured or unsecured loans to companies, firms or other parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of clause 3 (iii) of the said order are not applicable to the Company.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. and sale of goods & services. During the course of our audit, no major weaknesses were noticed in the internal controls and therefore the reporting of the same does not arise.
- V. In our Opinion and according to the information and explanations given to us, the Company has not accepted public deposits in accordance with the provisions of Section 73 to 76, and any other relevant provisions of the Act.
- VI. The Central Government has not prescribed the maintenance of Cost Records under Section 148 (1) of the Act.
- VII. (a) According to the records of the Company and information and explanations given to us, undisputed statutory dues including provident fund, Employee's State Insurance, Income tax, Wealth tax, service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and the information and explanations given to us, there are no dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax and Cess which have not been deposited on account of any dispute. Details of Disputed Income Tax demand to the extent not deposited are as follows;
- | Nature of Dues | Amount (Rs. in Lacs) | Period to which the amount relates | Forum where the Dispute is pending |
|----------------|----------------------|------------------------------------|---|
| Income Tax | 1.47 | FY 2011-12 | Income Tax Appellate Tribunal, Visakhapatnam. |
- (c) Based on our examination of the records and the information and explanations given to us, there were no amounts due to be transferred to the Investor Education and Protection Fund by the Company during the year in accordance with the relevant provision of the Companies Act, 1956 and the rules made thereunder.
- VIII. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the current and immediately preceding financial year.



- IX. Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
- X. In our opinion and according to the information and explanations given to us, the Company has given guarantees, in respect of loans, sanctioned to the various finance creditors under the Channel Business activity undertaken by the Company as detailed below. The terms and conditions thereof are not prejudicial to the interest of the Company.

(Rs. In Lacs)

Sl.No.	Name of the Activity	Outstanding Amount
1	Channel Business	1106.52

- XI. Based on our examination of the records and the information and explanations given to us, the term loans availed by the Company during the year were applied for the purposes for which the loans were obtained.
- XII. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no material fraud on or by the Company were noticed or reported during the course of our audit.

For **Hanumaiah & Co.**
Chartered Accountants
Firm Registration No: 009021S

Sd/-
K Hanumaiah, FCA
Partner
Membership No: 201719

Place: Vijayawada
Date: 30-06-2015



BALANCE SHEET AS AT 31-03-2015

(Rs. in Lacs)

Particulars	Notes	31-03-2015	31-03-2014
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	3	3,210.00	3,210.00
Reserves and Surplus	4	4,844.58	3,457.70
Money Received against Share Warrants	3.4	0.00	0.00
		8,054.58	6,667.70
Share Application Money Pending Allotment		5,257.84	0.00
		5,257.84	0.00
Non-current Liabilities			
Long-term Borrowings	5	11,930.28	3,967.43
Deferred Tax Liabilities (Net)	6	96.63	94.89
Other Long-term Liabilities	7	0.00	64.77
Long-term provisions	8	188.16	139.12
		12,215.07	4266.21
Current Liabilities			
Short-term Borrowings	9	24,144.43	21,795.05
Other Current Liabilities	10	1,238.69	206.25
Short-term Provisions	11	168.26	256.14
		25,551.38	22257.44
Total		51,078.86	33,191.35
<u>ASSETS</u>			
Non-current Assets			
<u>Fixed Assets:</u>			
Tangible Assets	12	245.69	247.90
Intangible Assets	12	27.49	25.80
Long-term Loans and Advances	13	22,038.42	13,528.81
Other Non-current Assets	14	306.80	0.97
		22,618.40	13,803.48
Current Assets			
Cash and Bank Balances	15	8,314.60	2,845.68
Short-term Loans and Advances	16	19,748.87	16,377.12
Other Current Assets	17	396.99	165.07
		28,460.46	19,387.87
Total		51,078.86	33,191.35
Significant Accounting Policies and notes to the Accounts 1 to 31		-	-

The notes referred to above form an integral part of the financial statements.

As per our report even date
For Hanumaiah & Co.
 Chartered Accountants
 Firm Registration No: 009021S

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

Sd/-
K. Hanumaiah
 Partner
 Membership No: 201719

Sd/-
(P.Chandra Sekhar)
 Chief Financial Officer

Sd/-
(V. G. K. Prasad)
 Managing Director
 DIN: 01817992

Sd/-
(K.Vasumathi Devi)
 Executive Director
 DIN : 03161150

Place: Vijayawada
 Date : 30-06-2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2015**

(Rs. in Lacs)

Particulars	Notes	31-03-2015	31-03-2014
Revenue from Operations	18	7,789.39	5,960.43
Other Income	19	163.03	113.05
Total Revenue		7,952.42	6,073.48
Expenses:			
Employee benefits expenses	20	719.67	570.05
Finance cost	21	4,326.60	3,197.79
Depreciation		61.24	31.46
Other expenses	22	489.39	399.16
Provisions & write offs (net)	23	138.50	86.04
Total expenses		5,735.40	4,284.50
Profit before tax		2,217.02	1,788.98
Tax expense:			
- Current tax		705.82	620.25
- Deferred tax		1.74	6.01
Total tax expense		707.56	626.26
Profit after tax from continuing operations		1,509.46	1,162.72
Earnings per equity share:			
Equity shares of par value Rs.10/- each			
Basic (Rs.)		4.70	3.80
Diluted (Rs.)		4.70	3.71

Significant Accounting Policies and notes to the Accounts 1 to 31

The notes referred to above form an integral part of the financial statements.

As per our report even date
For Hanumaiah & Co.
Chartered Accountants
Firm Registration No: 009021S

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

Sd/-
K. Hanumaiah
Partner
Membership No: 201719

Sd/-
(P.Chandra Sekhar)
Chief Financial Officer

Sd/-
(V. G. K. Prasad)
Managing Director
DIN: 01817992

Sd/-
(K.Vasumathi Devi)
Executive Director
DIN : 03161150

Place: Vijayawada
Date : 30-06-2015



CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2015

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Cash flow from Operating activities		
Net profit before taxation	2,217.02	1,788.98
Add: Financial Expenses	4,326.60	3,197.79
- Depreciation and amortization	61.24	31.46
- Provision for non performing assets (net)	33.10	29.21
- Contingent Provision on Standard assets	48.36	23.31
- Provision for Gratuity	0.68	0.00
Operating profit before working capital changes	6,687.00	5,070.75
(Increase) / decrease in Long-term loans and advances	(8,509.61)	(198.69)
(Increase) / decrease in other non-current assets	(305.83)	17.16
(Increase) / decrease in Bank Deposits	(779.15)	(458.98)
(Increase) / decrease in Short-term loans and advances	(3,371.75)	(6,667.41)
(Increase) / decrease in other current assets	(231.92)	23.97
Increase / (decrease) in Long Term liabilities	(64.77)	20.71
Increase / (decrease) in other current liabilities	1,032.44	94.44
Cash generated from operation	(5,543.60)	(2,098.05)
Financial Expenses	(4,326.60)	(3,197.79)
Direct taxes paid	(867.66)	(690.40)
Net Cash flow from/(used in) operating activities (A)	(10,737.86)	(5,986.24)
Cash flow from investing activities		
Purchase of fixed and intangible assets	(142.45)	(44.55)
Proceeds from sale of fixed assets	0.00	3.77
Net cash flow from/(used in) investing activities (B)	(142.45)	(40.78)
Cash flow from financing activities		
Proceeds from issue of equity share capital including securities premium and share application money\	0.00	258.20
Share Application Money	5,257.84	0.00
Increase / (decrease) of long-term borrowings	7,962.85	2,869.85
Increase / (decrease) of short-term borrowings	2,349.38	4,248.80
Dividend Paid	0.00	(230.09)
Tax on dividend	0.00	(39.10)
Net Cash flow from/(used in) financing activities (C)	15,570.07	7,107.67
Net increase / (decrease) in cash and cash equivalents (A+B+C)	4,689.76	1,080.64
Cash and cash equivalents at the beginning of the year	1,259.23	178.59
Cash and cash equivalents at the end of the year	5,949.00	1,259.23
Component of cash and cash equivalents		
Particulars	31-03-2015	31-03-2014
Cash on hand	115.70	122.34
Balances with Banks - Current Account	5,833.30	1,136.89
Total Cash and cash equivalents	5,949.00	1,259.23
Significant Accounting Policies and notes to the Accounts 1 to 31		
As per our report even date	For and on behalf of the Board of Directors of	
For Hanumaiah & Co.	IKF Finance Limited	
Chartered Accountants		
Firm Registration No: 009021S		
Sd/-	Sd/-	Sd/-
K. Hanumaiah	(P.Chandra Sekhar)	(V. G. K. Prasad)
Partner	Chief Financial Officer	Managing Director
Membership No: 201719		DIN: 01817992
		DIN : 03161150
Place: Vijayawada		
Date : 30-06-2015		

Notes forming part of the financial statements for the year ended March 31, 2015**Significant Accounting Policies**

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 2013. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies.

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

The Assets and Liabilities have been classified as Current and Non Current based on a Twelve months operating cycle. Previous years figure's have been regrouped / reclassified wherever necessary to confirm to the Current year's presentation

Fixed Assets

Fixed assets are stated at cost of acquisition (including incidental expenses) less accumulated depreciataion.

Depreciation

Depreciation on all assets has been provided in accordance with the rates prescribed in Schedule II to the Companies Act, 2013 on Straight Line Method (SLM) except on computers & computer software which the company has re-assessed the useful life of the assets based on internal assessment.

In respect of assets which has no remaining useful life and as well as no caring cost as on 31st March, 2014 have been reversed.

In respect of assets whose caring cost less than Rs.5,000/- pertaining to current financial year have been fully depreciated and assets pertaining to previous financial years have been absorbed against the retained earnings.

Impairment of Assets

The company assesses at each balance sheet date if there is an indication of impairment of any asset. If any indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is greater of net selling price and value in use of the asset. Where the carrying amount of an asset is more than its recoverable amount, the asset is considered impaired and is written down to it's recoverable amount.

Provisions

Provision are recognized when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Non performing loans are written off / provided for, as per estimates of management, subject to the minimum provision required as per Non- Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Provision on standard asset is made @ 0.40% on the book value as against the @ 0.25% as required under Reserve Bank of India (RBI) notification No. DNBS.222/CGM (US-2011) dated January 17, 2011.

Income Recognition

- (i) Income from financing activities is accounted on the basis of Internal Rate of Return method (net of business origination cost).



- (ii) Additional finance charges / additional interest are treated to accrue on realisation due to uncertainty of its realisation.
- (iii) Gain arising on securitization / direct assignment of assets is recognised over the tenure of agreements and losses, if any, recognized upfront as per the guidelines on securitisation of standard assets issued by RBI.
- (iv) The prudential norms for income recognition prescribed under Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are followed.
- (v) Interest spread from Channel Business and other Income has been recognized on accrual basis.

Financial Instruments

Commercial Paper issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

Taxation

Current Tax is provided on the taxable income for the year. Deferred Tax liabilities arising from timing differences have been fully provided.

Segment Reporting

The company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard - 17 - 'Segment Reporting' issued by ICAI.

3. Share Capital

	(Rs. in Lacs)	
Particulars	31-03-2015	31-03-2014
Authorized Share Capital		
3,50,00,000 (March 31, 2014: 3,50,00,000) equity shares of ₹10/- each *	3,500.00	3,500.00
	3,500.00	3,500.00
Issued, subscribed and fully paid-up Equity Shares		
3,21,00,000 (March 31, 2014: 3,21,00,000) shares of ₹10/- each	3,210.00	3,210.00
Total Issued, subscribed and fully paid-up share capital	3,210.00	3,210.00

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in lacs	Number	₹ in lacs
At the beginning of the year	32,100,000	3,210.00	29,100,000	2,910.00
Issued during the year - Preferential Issue	0	0.00	3,000,000	300.00
Outstanding at the end of the year	32,100,000	3,210.00	32,100,000	3,210.00

3.2 Terms / Rights attached to Equity Shares

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of the equity shares is entitled to one vote per share.

3.3 Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2015		As at March 31, 2014	
	No.of Shares held	% of Holding	No.of Shares held	% of Holding
Equity share of Rs.10 each fully paid				
IKF Infratech (P) Limited	60,46,400	18.84%	60,46,400	18.84%
IKF Housing Finance (P) Limited (formerly IKF Financial Services (P) Ltd)	26,31,600	8.20%	26,31,600	8.20%
Vupputuri Gopala Kishan Prasad	52,73,407	16.43%	12,76,286	3.98%
Koganti Vasumathi Devi	21,31,286	6.64%	12,64,300	3.94%
Vupputuri Vasantha Lakshmi	20,06,117	6.25%	10,44,400	3.25%
India Business Excellence Fund-IIA	38,15,893	11.89%	0	0.00%
India Business Excellence Fund-II (IL and FS Trust Co. Limited)	22,81,668	7.11%	0	0.00%
Gautam Padala	0	0.00%	20,43,500	6.37%
Vedika Realty Private Limited	0	0.00%	19,23,000	5.99%
Vamsi Mohan Athota	0	0.00%	18,50,400	5.76%

3.4. In response to the Company's offer of equity Shares on Rights basis between March 23, 2015 and April 6, 2015, an amount of Rs.5257.85 lacs was received towards subscription to the equity shares of the Company till March 31, 2015 and the Company has allotted the equity shares on May 6, 2015 to the respective applicants.



4. Reserves & Surplus

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Securities Premium Reserve		
Opening balance	900.07	777.57
Add : securities premium credited during the year	0.00	122.50
Closing balance	900.07	900.07
Statutory Reserve (in pursuant to section 45-IC of the RBI act, 1934)		
Opening balance	912.89	680.35
Add: transfer from statement of profit & loss	301.89	232.54
Closing balance	1,214.78	912.89
General reserve		
Opening balance	201.31	143.17
Add: transfer from statement of profit & loss	75.47	58.14
Closing balance	276.78	201.31
Surplus in the statement of Profit & Loss		
Opening balance	1,443.43	579.61
Add: net profit for the year	1,509.46	1,162.72
<u>Less: Appropriations</u>		
- Proposed equity dividend	0.00	0.00
- Tax on proposed equity dividend	0.00	0.00
- Transfer to statutory reserve (in pursuant to section 45-IC of the RBI act, 1934)	(301.89)	(232.54)
- Transfer to general reserve	(75.47)	(58.14)
- Prior Year Adjustments (Income-tax)	(40.85)	(8.22)
- Prior Year Adjustments (Transition provision for depreciation)	(81.73)	0.00
Net surplus in the statement of Profit & Loss	2,452.95	1,443.43
Total	4,844.58	3,457.70

Prior Year Adjustments included Rs.12.51 lacs paid against the disputed Income Tax demand of Rs.13.98 lacs pertaining to financial year 2010-2011 & financial year 2011-2012 besides prior years Income Tax arrears.

5. Long-term Borrowings

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Secured		
Term loan from banks	9,649.83	1,608.37
Term loan from financial institutions / NBFCs	2,167.08	1,958.82
Non-convertible debentures	0.00	344.46
Total secured long-term borrowing	11,816.91	3,911.65
Unsecured		
Security deposits	65.37	7.31
Deposits from Directors	48.00	48.47
Chit Liabilities	0.00	0.00
Total unsecured long-term borrowing	113.37	55.78
Total	11,930.28	3,967.43

5.1 Secured loans - Long Term Borrowings
A. Privately placed Secured Redeemable Non Convertible Debentures of (NCDs) Rs.100/- each - Unquoted
Terms of Repayment

(Rs. in Lacs)

Maturity Pattern	Rate of Interest	31-03-2015	Rate of Interest	31-03-2014
48-60 Months	13%-14%	-	13%-14%	-
36-48 Months	13%-14%	-	13%-14%	-
24-36 months	13%-14%	-	13%-14%	-
12-24 months	13%-14%	-	13%-14%	344.46
Total non-current portion		-		344.46
12 months	13%-14%	311.58	13%-14%	-
Total current maturities		311.58		-
Grand Total		311.58		344.46

* **Put Option / Re-purchase Option available to the Debentureholders.**

Nature of Security

The redemption of principal amount of secured redeemable non-convertible debentures together with interest there on are secured by way of floating charge on the company's movable Current assets with a Security Cover of 100% in favour of the Debenture Trustee **M/s. IDBI Trusteeship Services Limited.**

These secured redeemable non-convertible debentures are redeemable at par in the case of Regular Income Debentures, and with interest in case of Cumulative Debentures in terms of respective Information Memorandum.

Secured redeemable non-convertible debentures may be bought back (Repurchase) and the Company has the Right to cancel or reissue the same from time to time subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company and, upon such reissue, the person entitled to the Debentures shall have and shall be deemed always to have had, the same rights and priorities as if the Debentures had never been redeemed.

Credit Rating Agency - Credit Analysis and Research Limited (CARE) has reaffirmed the rating of "BBB+" assigned to these Non Convertible Debentures on 26th December 2014.

B. Term loan from Bank
Terms of Repayment as at March 31, 2015

(Rs. in Lacs)

Tenor	Rate of interest	Non-Current Portion		Current Maturities	
		As at March 31,		As at March 31,	
		2015	2014	2015	2014
48 to 60 Months	10.00% to 11.00%	3.06	4.21	1.15	1.04
36 to 48 Months	12.00% to 13.00%	9,646.77	1,604.16	3,317.81	916.11
Grand Total		9,649.83	1,608.37	3,318.96	917.15

Nature of Security

Term Loan from the banks are secured by an exclusive charge by way of hypothecation of specific Loan Receivables created out of the loan proceeds and Cash Collateral by way of Fixed Deposits besides the personal guarantee of Promoters / Directors.



C. Term Loan from Institutions / NBFCs

(Rs. in Lacs)

Tenor	Rate of interest	Non-Current Portion		Current Maturities	
		As at March 31,		As at March 31,	
		2015	2014	2015	2014
36 to 48 Months	12.00% to 13.00%	181.15	0.00	91.91	0.00
36 to 48 Months	13.00% to 14.00%	1,054.78	1,230.08	1,055.76	647.93
24 to 36 Months	13.00% to 14.00%	931.15	728.74	2,637.86	975.68
Grand Total		2,167.08	1,958.82	3,785.53	1,623.61

Nature of security

Term Loans from Financial Institutions / NBFCs are secured by an exclusive charge by way of hypothecation of specific Loan Receivables created out of the loan proceeds and personal guarantee of Directors.

5.2 Unsecured loan - Long Term Borrowings

Security Deposits

Security

Deposits consist of deposits received from various individual borrowers to secure the repayment of loans arranged by the company through its business associates besides deposits received from Company's franchisees / Marketing Associates.

The primary objective behind the collection of security deposits is to cover up losses, if any, which may accrue in respect of the loan transaction and aimed to minimize the Company's liability to the extent possible.

Security Deposits collected from the borrowers are free of interest and the same will be either adjusted towards the installments of the loan availed or refunded to the borrower in case all the loan installments are paid by the borrower.

6. Deferred Tax Liability (Net)

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Deferred tax liabilities		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	96.63	94.89
Gross deferred tax liabilities (A)	96.63	94.89
Deferred tax asset		
NIL	0.00	0.00
Gross deferred tax Assets (B)	0.00	0.00
Deferred tax Liability (Net) (B-A)	(96.63)	(94.89)

7. Other Long Term Liabilities

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Interest accrued but not due on debentures	0.00	64.77
Total	0.00	64.77



8. Long Term Provisions

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Provision Employee Benefits	21.83	21.15
Provision for standard assets	166.33	117.97
Total	188.16	139.12

9. Short Term Borrowings

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Secured		
Term Loans from Banks	3,318.95	917.15
Term Loans from Financial Institutions / NBFCs	3,785.53	1,623.61
Non Convertible Debentures	311.58	0.00
Cash Credit from Banks	14,357.07	19,173.19
	21,773.13	21,713.95
Unsecured		
Security Deposits	130.75	75.77
Commercial Paper	2,240.55	0.00
Deposits from Directors	0.00	0.00
Chit Liabilities	0.00	2.00
Inter Corporate Deposit	0.00	3.33
	2,371.30	81.10
Total	24,144.43	21,795.05

Nature of Security

Cash Credit Limits

Cash credit limits from banks are secured by way of hypothecation of identified loan receivables, book debts together with underlying assets / securities / obligations created with bank funds and other current assets (excluding assets which are specifically charged to others) mortgage of company's office premises, personal properties of directors, their relatives and associates besides their personal guarantee in favour of the **Lead Bank - Central Bank of India**.

Commercial Paper

The face value of Commercial Paper outstanding as on March 31, 2015 was Rs.2350 Lacs. Maximum amount of face value of commercial paper outstanding at any time during the period was Rs.2350 Lacs.

10. Other Current Liabilities

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Interest accrued but not due on debentures	64.78	0.00
Tax deducted at source	35.42	18.58
Payable on Assets Securitised / Assigned	735.27	0.00
Cash Profit on Loan Tr Transaction Pending Recognition	136.47	0.00
Trade Payable & Other Liabilities	266.75	187.67
Total	1,238.69	206.25

11. Short Term Provisions

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Provision for Non Performing Assets & Repossessed Assets	100.12	67.01
Provision for Income Tax (Net of Advance Income Tax & TDS)	68.14	189.13
Total	168.26	256.14



12. Tangible and Intangible Fixed Assets

(Rs. in lacs)

Description	GrosS Block at Cost				Depreciation				Net Block	
	As at 31-03-14	Additions	Deductions	As at 31-03-15	Upto 31-03-14	For the Year *	Deductions	Upto 31-03-15	As at 31-03-15	As at 31-03-14
Tangible Assets										
Office Building	10.72	-	-	10.72	3.05	0.33	-	3.38	7.34	7.67
Plant and Machinery	9.53	-	-	9.53	3.67	2.42	-	6.09	3.44	5.86
Furniture and Fixtures	332.48	107.50	13.96	426.02	132.18	113.11	13.96	231.33	194.69	200.30
Computers & Other Accessories	52.93	22.60	6.29	69.24	31.20	13.15	6.29	38.06	31.18	21.73
Vehicles	25.25	0.20	0.45	25.00	12.91	3.50	0.45	15.96	9.04	12.34
	430.91	130.30	20.70	540.51	183.01	132.51	20.70	294.82	245.69	247.90
Intangible Assets										
Computer Software	38.02	12.15	-	50.17	12.22	10.46	-	22.68	27.49	25.80
Grand Total	468.93	142.45	20.70	590.68	195.23	142.97	20.70	317.50	273.18	273.70
Previous Year	429.32	44.55	4.94	468.93	164.94	31.46	1.17	195.23	273.70	264.38

* Includes Rs.81.73 Lacs adjusted against retained earning on account of transitional provision as per Schedule II of Companies Act 2013.

13. Long Term Loans and Advances

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Assets under financing activities :		
- Secured, Considered - Good	21,899.38	13,331.50
- Secured, Considered - Substandard	8.90	17.99
Other Advances & Deposits :		
- Unsecured, Considered - Good	130.14	179.32
Total	22,038.42	13,528.81

14. Other Non Current Assets

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Un-matured Chit Loss	0.00	0.97
Un-Amortized Expenses *	243.38	0.00
Input Service Tax	63.42	0.00
Total	306.80	0.97

* Please refer note 21

15. Cash and Bank balances

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Cash and cash Equivalents :		
Balances with banks:		
- Current Account	5,833.30	1,136.89
- Bank Deposit with maturity of less than 3 months	720.91	-
Cash on hand	115.70	122.34
	6,669.91	1,259.23
Bank Deposits		
Maturity for more than 3 months but less than 12 months	597.68	791.12
Maturity for more than 12 months	1,047.01	795.32
	1,644.69	1,586.44
Total	8,314.60	2,845.67

Bank deposits include Rs.1456.86 lacs (Rs.1101.13 lacs for FY 2014) provided as collateral for assets securitized, Rs.688.67 lacs (Rs.280.56 lacs for FY 2014) provided as collateral for Term Loans and Rs.220.07 lacs (Rs.204.75 lacs for FY 2014) provided as participation amount for Channel Business.



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16. Short Term Loans and advances (Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Assets under financing activities :		
- Secured, Considered - Good	19,455.21	16,160.64
- Secured, Considered - Substandard	148.85	170.01
- Secured, Considered - Doubtful	66.82	36.95
Other Advances & Deposits :		
- Unsecured, Considered good	77.99	9.52
Total	19,748.87	16,377.12

17. Other Current assets (Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Other Assets	43.05	3.18
Reposessed Assets - Standard	183.97	89.84
Reposessed Assets - Sub Standard	137.30	63.37
Reposessed Assets - Doubtful	32.67	8.68
Total	396.99	165.07

Other assets includes Rs.5.49 lacs refund due from Income Tax Department pertaining to FY 2010-2011.

100% provision was made on the shortfall in the realisable value against the book value of the reposessed assets.

18. Revenue from operation (Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Interest Income from financing Activities	7,789.39	5,960.43
Total	7,789.39	5,960.43

19. Other income (Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Interest on deposits with banks	154.81	105.52
Rental Income	6.94	6.89
Miscellaneous income	1.28	0.64
Total	163.03	113.05

20. Employee benefits expenses (Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Salaries and incentives	700.55	555.83
Contributions to -Provident fund, ESI and Gratuity	11.92	7.74
Staff welfare expenses	7.20	6.48
Total	719.67	570.05

21. Finance cost (Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Interest expense on :		
Non Convertible Debentures	52.09	75.05
Loans from banks	3,275.82	2612.82
Loans from institutions and others	713.06	235.07
Loss / Gain on Assignment Transactions	11.20	0.00
Discount on Commercial Paper	40.38	0.00
Chit Loss	0.97	15.69
Processing and other Borrowing charges *	233.08	259.16
Total	4,326.60	3,197.79

* The charges includes an amount of Rs.277.34 Lacs towards mobilization of long term resources by way of Processing and other borrowing Charges. Considering the enduring benefit of the resources mobilized, out of this an amount of Rs.243.38 Lacs has been deferred with an intention to amortize the same over the tenor of the resources.

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22. Other Expenses

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Rent	118.77	105.69
Power and fuel expenses	18.69	17.10
Repairs & maintenance	31.01	22.43
Rates, duties, Licences & taxes	125.67	136.81
Printing & stationery	9.93	7.96
Travelling & conveyance	53.44	37.50
Advertisement	2.92	2.24
Bank Charges	14.66	9.40
Communication expenses	47.68	39.87
Contribution to CSR / Donations *	28.56	0.00
Miscellaneous expenses	38.06	20.16
Total	489.39	399.16

* During the year, the Company has incurred expenditure of Rs. 25.66 Lacs towards CSR activities which includes contribution / donations made to the trusts / societies which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.2.00 Lacs towards the CSR activities undertaken by the Company.

23. Provisions & write offs

(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Provision for standard assets	48.36	23.31
Provision for non performing assets	7.95	15.16
Provision for repossessed assets	25.15	14.05
Bad debts written off	57.04	33.52
Total	138.50	86.04

(a) Computation of Provision for both Standard & non performing assets:

	FY 2015		FY 2014	
	Outstanding	Provision	Outstanding	Provision
Standard	41,397.64	165.59	29,492.14	117.97
Sub standard	157.75	15.78	188.00	18.80
Doubtful - I	50.55	15.17	30.25	9.08
Doubtful - II	13.58	6.79	3.57	1.79
Doubtful - III	1.80	1.35	3.13	2.36
Doubtful - IV	0.89	0.89	0.00	0.00
Total	41,622.21	205.56	29,717.09	149.99

(b) Computation of Provision for Repossessed Assets:

	FY 2015		FY 2014	
	Outstanding	Provision	Outstanding	Provision
Standard	183.97	0.74	89.84	0.00
Sub standard	137.30	13.73	63.37	6.34
Doubtful - I	23.89	7.17	7.95	2.39
Doubtful - II	8.78	4.39	0.73	0.37
Additional Provision made for Shortfall in realizable value	0.00	34.86	0.00	25.91
Total	353.94	60.88	161.89	35.00

(c) Asset Classification & Provisioning Policy:

Asset Classification	Provisioning	
	RBI Norm	Company Policy
Standard	0.25%	0.40%
Sub standard	10.00%	10.00%
Doubtful - I	20.00%	30.00%
Doubtful - II	30.00%	50.00%
Doubtful - III	30.00%	75.00%
Doubtful - IV	50.00%	100.00%

24. Earnings per share (EPS)
(Rs. in Lacs)

Particulars	31-03-2015	31-03-2014
Net profit after tax and share of loss of Associates as per statement of profit and loss (Rs. in lacs) (A)	1509.46	1162.72
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	321.00	229.80
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	321.00	239.80
Basic earnings per equity share (in Rupees) (Face value of Rs.10/- per share) (A) / (B)	4.70	3.80
Diluted earnings per equity share (in Rupees) (Face value of Rs.10/- per share) (A) / (C)	4.70	3.71

25. Related Party Disclosure

Related Party disclosures, as required by Accounting Standard - 18 - 'Related Party Disclosures' issued by ICAI are given below;

i) Associates

IKF Housing Finance (P) Limited
(formerly IKF Financial Services (P) Limited)

IKF Infratech (P) Limited

ii) Key Managerial Personnel

Mr. V G K Prasad, Managing Director
Mrs.K Vasumathi Devi, Executive Director

Mrs.V Indira Devi, Whole Time Director
Mrs.D Vasantha Lakshmi, Vice President

iii) Relatives of Key Managerial Personnel

Mr.V.G.K.Prasad	Mr. V Raghuram	Son
	Mrs. Durga Rani Chunduri	Sister
	Mrs. Kasturi Athota	Sister

iv) Related Party Transactions for the year ended 31st March, 2015
(Rs. in Lacs)

	Associates	Key Management Personnel	Relatives of Key Management Personnel	31-03-2015	31-03-2014
Payments/Expenses :					
Remuneration	-	73.50	21.00	94.50	67.50
Rent paid	-	42.00	-	42.00	29.80
Dividend paid	-	-	-	-	130.40
Balances Outstanding :					
Rent Advance paid by the Company	-	88.54	-	88.54	88.54
Credit in Current Accounts	-	10.09	1.80	11.89	51.08
Credit in Share Application Money	-	-	-	-	-
Inter Corporate Deposit Received	-	-	-	-	3.33

26. Contingent liabilities
(Rs. in Lacs)

	31-03-2015	31-03-2014
Channel Business	62.19	250.95
Claims against the Company not acknowledged as debts - Income Tax	13.98	-
Total	76.17	250.95

The Company has extended its Corporate Guarantee to HDFC Bank Limited, Bajaj Finance Limited and in connection with the Channel Business (Joint Lending Arrangement). The outstanding Liability under the above is net of Security Deposits accepted from the beneficiaries.

The Company has filed an appeal with the Income Tax Appellate Tribunal against the claim by paying an amount of Rs.12.51 Lacs which is included in Prior year Adjustment (Refer Note No.4)



27. Capital to Risk (Weighted) assets Ratio

Particulars	31-03-2015	31-03-2014
i) CRAR (%)	16.40	19.12
ii) CRAR - Tier I Capital (%)	16.01	18.73
iii) CRAR - Tier II Capital (%)	0.39	0.39
iv) Amount of subordinated debt raised as Tier II Capital	0	0
v) Amount raised by issue of Perpetual Debt Instruments	0	0

28. Securitisation / Assignment

The details of Securitised assets outstanding as on 31-03-2015 as per books of the Special purpose Vehicles (SPVs) sponsored by the Company are given below;

S.No.	Particulars	No. / Amount in Rs. in Lacs	
		31-03-2015	31-03-2014
01.	No of SPVs sponsored by the NBFC for securitization transactions	6	4
02.	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	12,473.96	8,082.14
03.	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	b) On-balance sheet exposures		
	* First Loss	2,273.99	1,515.12
	* Others	0.00	0.00
04.	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	ii) Exposure to third party securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00
	ii) Exposure to third party securitizations		
	* First Loss	0.00	0.00
	* Others	0.00	0.00

The credit enhancement and liquidity support were provided in the form of bank deposits for Rs.1354.15 lacs and the rest by way of over collateral and the Company continues to collect and service the receivables in respect of the securitized assets.

Details of Assignment transactions undertaken by the Company during the current financial year. (Rs. in lacs)

Particulars	31-03-2015	31-03-2014
No. of Accounts	1,004	471
Aggregate value (net of provisions) of accounts sold	2,465.10	1,475.12
Aggregate Consideration	2,634.63	1,430.87
Additional consideration realized in respect of accounts transferred in earlier years		
Gain / (Loss) over net book value	169.53	(44.25)

The company has retained Rs.273.90 lacs with respect to the transactions undertaken during the year (Rs.163.90 lacs in financial year 2014) towards Minimum retention requirement.

The Company continues to collect and service the receivables in respect of the assigned assets.

29. Asset Liability Management Maturity pattern of certain items of Assets & Liabilities
(Rs. in Lacs)

	Up to 30/31 Days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	0	0	0	0	0	0	0	0	0
Advances	3192.91	2642.34	1371.13	3595.61	8868.88	20668.42	1593.81	0	41933.10
Borrowings	2554.33	2113.88	2565.04	2876.49	8243.86	14364.45	3177.32	0	35895.37
Foreign Currency Assets	0	0	0	0	0	0	0	0	0
Foreign Currency Liabilities	0	0	0	0	0	0	0	0	0

30. Exposure to Real Estate Sector

Category	31.03.2015	31.03.2014
i) Residential Mortgages:		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	0	0
ii) Commercial Real Estate:		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non fund based limits	0	0
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	0	0
(b) Commercial Real Estate	0	0
Total Exposure to Real Estate Sector	0	0

31. There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006.



As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007		
(Rs. in Lacs)		
Particulars		
Liabilities side	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debenture : Secured	376.36	-
: Unsecured (other than falling within the meaning of public deposits)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	18,921.39	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	2,240.55	-
(f) Public Deposits	-	-
(g) Other Loans - Bank Cash Credit	14,357.07	-
- Security Deposits & Others	244.12	-
Total (1)	36,139.49	-
(2) Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-
Total (2)	-	-
Assets side	Amount	Outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured		-
(b) Unsecured		251.18
Total (3)		251.18
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		-
(b) Operating lease		-
(ii) Stock on Hire including hire charges under sundry debtors :		
(a) Assets on hire		-
(b) Repossessed Assets		353.94
(iii) Other loans counting towards AFC Activities :		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		41,579.16
Total (4)		41,933.10
(5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(I) Shares: (a) Equity		-
(b) Preference		-
(ii) Debenture and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Please specify)		-



2. Unquoted : (I) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	- - - - - -
Long Term investments :	
1. Quoted :	
(I) Shares: (a) Equity (b) Preference	- -
(ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	- - - -
2. Unquoted :	
(I) Shares: (a) Equity (b) Preference	- -
(ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	- - - -
Total (5)	-
(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :	
Please see Note 2 below	

Category	Amount (Net of Provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	41,933.10	251.18	42,184.28
Total (6)	41,933.10	251.18	42184.28

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/ break-up or fair value or NAV	Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Government securities	-	-
Provision on government securities	-	-
Total (7)	-	-

(8) Other information

Particulars	Amount
i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	394.54
ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	294.42
iii) Assets acquired in satisfaction of debt	-

ATTENDANCE SLIP



IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

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

D.P.Id		NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER
Client Id / Folio No.		
No. of Shares		

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.
I hereby record my presence at the 24th Annual General Meeting of the Company at the Registered Office of the Company, Vijayawada - 520 010, on Wednesday, 30th September, 2015 at 4:30 p.m.

SIGNATURE

Note : Please complete this and hand it over at the entrance of the hall.

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014]



IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

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

Name of the member(s)			
Registered Address			
Email ID			
Folio No. / Client ID		DP ID	

I/We, being the member(s) of _____ shares of **IKF Finance Limited**, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held at Registered Office of the Company, Vijayawada-520 010 on Wednesday, 30th September, 2015 at 4:30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Item No.	Resolutions	For	Against
1	Adoption of Financial Statements for the year ended March 31, 2015		
2	Re-appointment of Dr. Sinha S Chunduri, Director retiring by rotation.		
3	Re-appointment of Dr. Prasad J. Attota, Director retiring by rotation.		

Item No.	Resolutions	For	Against
4	Appointment of Auditors		
5	Appointment of Sri. Sunkara Veerabhadra Rao as an Independent Director of the Company		
6	Appointment of Sri Satyanarayana Varaprasad Rao Parvathaneni as an Independent Director of the Company		

Affix a
1 Rupee
Revenue
Stamp

Signed this day of 2015

Signature shareholder :

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Note:

- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) **A Proxy need not be a member of the Company.**
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.



IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.
24th Annual General Meeting – Wednesday, 30th September, 2015

BALLOT FORM

(In lieu of e-voting)

01. Name and Registered Address of the Sole/first named Shareholder :
02. Name(s) of the Joint Shareholder(s), if any :
03. Folio No. / DPID No. and Client ID* :
04. Number of Equity Share(s) held :

I/We hereby exercise my/our vote in respect of the following resolution(s) to be passed at the 24th Annual General Meeting of the Company, to be held on Wednesday, 30th September, 2015 at 4.30 p.m. at # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010 in respect of businesses as stated in the Notice dated 31st August, 2015 by conveying my/our assent or dissent to the said resolution(s) by placing the tick (✓) mark at the box against the respective matters:

Item No	Description	No. of equity shares held	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	Adoption of Financial Statements for the year ended March 31, 2015			
2	Re-appointment of Dr. Sinha S Chunduri, Director retiring by rotation.			
3	Re-appointment of Dr. Prasad J. Attota, Director retiring by rotation.			
4	Appointment of Auditors			
5	Appointment of Sri. Sunkara Veerabhadra Rao as an Independent Director of the Company			
6	Appointment of Sri Satyanarayana Varaprasad Rao Parvathaneni as an Independent Director of the Company			
7	Increase in Borrowing powers of the Company			
8	Creation of Charge on Movable and Immovable properties of the Company both present and future			

my/our assent or dissent to the said resolution(s) by placing the tick (?) mark at the box against the respective matters:

Place : _____

Date : _____

Signature of the Shareholder

Note: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 6.00 p.m. on September 25, 2015 shall only be considered.

ELECTRONIC VOTING PARTICULARS

Users who wish to opt for e-voting may use the following login credentials.

EVSN (E-Voting Sequence No.)	USER ID	PASSWORD
150908013		

Please follow steps for e-voting procedure as given in the notes annexed with the Notice of 24th Annual General Meeting.

BOOK POST
(Printed Matter)

If undelivered, please return to :

IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736

40-1-144, Corporate Centre,

M.G. Road,

VIJAYAWADA - 520 010.

ANDHRA PRADESH.

Phones : (0866) 2474 644, 2474 633

Email : ikffinance@gmail.com

Web : ikffinance.com