

Addressed to: Bank of Baroda

INFORMATION MEMORANDUM

IKF FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 30, 1991

Registered Office: 40-1-144, Corporate Centre, M.G. Road, Vijayawada – 520 010
, India

Telephone No.: 91+866+2474644

Website: <https://www.ikffinance.com/>

CIN: U65992AP1991PLC012736

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Information Memorandum for issue of Debentures on a private placement basis

Dated: December 28, 2020

Issue of 500 (Five Hundred) Secured, Rated, Unsubordinated, Listed, Redeemable, Transferable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) on a private placement basis (the “Issue”).

Background

This Information Memorandum is related to the Debentures to be issued by **IKF FINANCE LIMITED** (the “**Issuer**” or “**Company**”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on 24th December, 2020 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company’s shareholders dated 24.12.2020 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow and raise funds, by way of term loans, issuance of non-convertible debentures, etc. upon such terms and conditions as the Board may think fit for aggregate amount not exceeding 5000,00,00,000 /- (Rupees Five Thousand Crores only). The present issue of Debentures in terms of this Information Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

General Risks

Investment in debt and debt related securities involve a degree of risk and Investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments and only after reading the information carefully. For taking an investment decision, the Investors must rely on their own examination of the Company and the Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India (“**SEBI**”) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of Investors is invited to the statement of Risk Factors at SECTION 3: of this memorandum of private placement for issue of Debentures on a private placement basis (“**Information Memorandum**” or “**Disclosure Document**”). This Information Memorandum has not been submitted, cleared or approved by SEBI.

Issuer’s Absolute Responsibility

The Issuer, having made all reasonable inquiries, confirms and represents that the information contained in this Information Memorandum/ Disclosure Document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer is solely responsible for the correctness, adequacy and disclosure of all relevant information herein.

Credit Rating

The Debentures proposed to be issued by the Issuer have been rated by Brickwork Ratings and Research Limited. The Rating Agency has, vide its letter dated December 24, 2020 assigned a rating of “A” in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Information Memorandum for the letter dated December 24, 2020 from the Rating Agency assigning the credit rating above mentioned and disclosing the rating rationale adopted for the aforesaid rating.

Issue Schedule

Issue Opens on: December 30, 2020
Issue Closing on: December 30, 2020
Deemed Date of Allotment: December 31, 2020

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

Debenture Trustee	Registrar and Transfer Agent
<p>IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001. Contact Person: Mr. Nikhil Lohana Tel.:(91) (22) 40807068 Email: naresh.sachwani@idbitrustee.com; Website: http://www.idbitrustee.com</p>	<p>Bigshare Services Private Limited E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072 Tel: +022 2847 0652 Email: mohan@bigshareonline.com Contact Person: Mr. N. V. K. Mohan Website: https://www.bigshareonline.com/</p>

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Information Memorandum.

Act/Companies Act	means the Companies Act, 2013, and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time.
Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Applicable Law(s)	means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Applicant	means a person who has submitted a completed Application Form to the Issuer.
Application Form	The form used by the recipient of this Disclosure Document and/or the Private Placement Offer Letter, to apply for subscription to the Debentures, which is annexed to this Information Memorandum and marked as Annexure IV .
Application Money	means the subscription amounts paid by the Debenture Holders at the time of submitting the Application Form.
Assets	means, for any date of determination, the assets of the Issuer on such date as the same would be determined in accordance with Indian GAAP.
Arranger/Sole Arranger	Not Applicable
Beneficial Owner(s)	means the holder(s) of the Debentures in dematerialised form whose name(s) are recorded as such with the Depository in the Register of Beneficial Owners.
Board/Board of Directors	The Board of Directors of the Issuer.
BSE	means the BSE Limited
Business Day	Any day of the week (excluding Saturdays, Sundays and any other day which is a 'public holiday' for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) on which banks are normally open for business in Mumbai and " Business Days " shall be construed accordingly.
Capital Adequacy Ratio	means the capital adequacy ratio determined in accordance with the NBFC Directions.
CDSL	Central Depository Services Limited.
CERSAI	means Central Registry of Securitisation Asset Reconstruction and Security Interest of India.
Client Loan	Each loan made by the Issuer as a lender, and " Client Loans " shall refer to the aggregate of such loans.
Debentures / NCDs	500 (Five Hundred) Secured Rated Unsubordinated Listed Redeemable Transferable Non-Convertible Debentures bearing a face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crores only).

Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time.
Deemed Date of Allotment	December 31, 2020
Debenture Trustee	IDBI Trusteeship Services Limited
Debenture Trustee Agreement	Agreement executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	Shall mean the debenture trust deed executed/to be executed by and between the Debenture Trustee and the Company <i>inter alia</i> recording the terms and conditions upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Hypothecation	The deed of hypothecation entered/to be entered into between the Issuer and the Debenture Trustee, pursuant to which hypothecation over Secured Property shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders).
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Board of Director(s) of the Issuer.
Disclosure Document / Information Memorandum	This document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments, whether on maturity or earlier (upon any event of default or upon the exercise of the put option or call option), prior to the scheduled Maturity Date or acceleration.
EBP Guidelines	The guidelines issued by SEBI with respect to electronic book mechanism under the terms of the SEBI Circular dated January 5, 2018 (bearing reference number SEBI/HO/DDHS/CIR/P/2018/05) read with the SEBI Circular dated August 16, 2018 (bearing reference number SEBI/HO/DDHS/CIR/P/2018/122) and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time.
Electronic Book Provider / EBP	shall have the meaning assigned to such term under the EBP Guidelines.
EFT	Electronic Fund Transfer.
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
Final Settlement Date	shall mean the date on which the payments to be made by the Company in relation to the Issue have been irrevocably discharged in full and/or the Debentures have been redeemed by

	the Company in full in accordance with the terms of the Transaction Documents;
GAAP	Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof;
ICCL	Indian Clearing Corporation Limited
Issue	Private Placement of the Debentures in terms of the Private Placement Offer Letter issued by the Issuer and/ or this Disclosure Document.
Issue Closing Date	December 30, 2020.
Issue Opening Date	December 30, 2020.
Issuer/ Company	IKF FINANCE LIMITED
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.
Material Adverse Effect	the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could reasonably be expected to cause a material and adverse effect on (a) the financial condition, business or operation of the Company, environmental, social or otherwise or prospects of the Company; (b) the ability of the Company to perform its obligations under the Transaction Documents; or (c) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder);
Maturity Date	June 30, 2022
Net Assets	Net Assets shall mean the total assets on the balance sheet of the Issuer excluding any securitised assets and managed (non-owned) loan portfolio.
N.A.	Not Applicable.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Private Placement Offer Letter	Shall mean the private placement offer cum application letter(s) prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
RBI	Reserve Bank of India.
Rating Agency	Brickwork Ratings being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 3 (three) calendar days prior to any Due Date.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being Big Share Services Private Limited .
ROC	Registrar of Companies.
Rs. / INR	Indian Rupee.
RTGS	Real Time Gross Settlement.

SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 issued by SEBI, as amended from time to time.
SEBI Defaults (Procedure) Circular	means the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated October 13, 2020 on " <i>Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities</i> " issued by SEBI.
SEBI REF Circular	means the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on " <i>Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"</i> " issued by SEBI.
Secured Obligations	means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Issuer to the Debenture Holders or the Debenture Trustee under the Transaction Documents, including without limitation, the making of payment of any interest, redemption of principal amounts, default interest, additional interest, liquidated damages and all costs, charges, expenses and other amounts payable by the Issuer in respect of the Debentures.
Security	The security for the Debentures as specified in Annexure I .
Tax or Taxes	shall mean any and all present or future, direct or indirect, claims for tax, withholding tax, surcharge, levy, impost, duty, cess, statutory due or other charge of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turn-over, value addition, use, consumption, property, service, income, franchise, capital, occupation, license, excise, documents (such as stamp duties) and customs and other taxes, duties, assessments, or fees, however imposed, withheld, levied, or assessed by any Government;
TDS	Tax Deducted at Source.
The Companies Act/ the Act	The Companies Act, 2013 or where applicable, the provisions of the Companies Act, 1956, still in force.
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents.
Transaction Documents	Shall mean the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Annexure I .
WDM	Wholesale Debt Market.
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(n) of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Information Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Information Memorandum / Disclosure Document to be filed or submitted to the SEBI for its review and/or approval.

This Information Memorandum has been prepared solely to provide general information about the Issuer to the eligible investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Information Memorandum does not purport to contain all the information that any eligible investor may require. Further, this Information Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Information Memorandum and/or the Private Placement Offer Letter are adequate. Further, the Issuer accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Information Memorandum would be doing so at its own risk.

This Information Memorandum, the Private Placement Offer Letter and the contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Information Memorandum and/or the Private Placement Offer Letter are intended to be used only by those potential Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any person other than those to whom Application Forms along with this Information Memorandum and the Private Placement Offer Letter being issued have been sent. Any application by a person to whom the Information Memorandum and/or the Private Placement Offer Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum and/or the Private Placement Offer Letter shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Information Memorandum and/or the Private Placement Offer Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Information Memorandum) without retaining any copies hereof. If any recipient of this Information Memorandum and/or the Private Placement Offer Letter decides not to participate in the Issue, that recipient must promptly return this Information Memorandum and/or the Private Placement Offer Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Information Memorandum and/or the Private Placement Offer Letter to reflect subsequent events after the date of Information Memorandum and/or the Private Placement Offer Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Information Memorandum and/or the Private Placement Offer Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum and/or the Private Placement Offer Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Information Memorandum and/or the Private Placement Offer Letter in any jurisdiction where such action is required. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions. The Information Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled “Eligible Investors” of this Information Memorandum, who shall be/have been identified upfront by the Issuer. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at Hyderabad. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.3 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.4 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the Allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

SECTION 3: RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors in this Information Memorandum and/or the Private Placement Offer Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential Investors should also read the detailed information set out elsewhere in this Information Memorandum and/or the Private Placement Offer Letter and reach their own views prior to making any investment decision.

3.1 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

3.2 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential investors may have to hold the Debentures until redemption to realize any value.

3.3 CREDIT RISK & RATING DOWNGRADE RISK

Brickwork Ratings (the "**Rating Agency**") has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

3.4 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

3.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

3.6 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are

urged to consult with their own accounting advisors to determine implications of this investment.

3.7 SECURITY MAYBE INSUFFICIENT TO REDEEM THE DEBENTURES

While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of Information Memorandum/ Debenture Trust Deed , in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security. In the event that the Company is unable to meet its payment and other obligations towards investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the Security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. The value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

3.8 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.9 LEGALITY OF PURCHASE

Potential Investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

3.10 POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

- (a) *The Issuer provides both secured and unsecured loans to the clients and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.*

The Issuer has various procedures and process controls in place to mitigate the risk.

As on September 30, 2020, the gross NPA was Rs. 55.16 crores on a gross portfolio of Rs. 1380.64 crores (including managed / securitized portfolio of Rs. 146.56 crores)

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The Issuer's current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of the Issuer's total loan portfolio. As a result, if the quality of the Issuer's total loan portfolio deteriorates the Issuer may be required to increase the loan loss reserves, which will adversely affect the Issuer's financial condition and results of operations.

The Issuer's borrowers are from the middle and lower middle-class segments and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that the Issuer's monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer is unable to control or reduce the level of its NPAs or poor credit quality loans, the Issuer's financial condition and results of the Issuer's operations could be materially and adversely affected.

- (b) ***Lending in rural & semi-urban areas poses unique risks not generally associated with other forms of lending in India, and, as a result, the Issuer may experience increased levels of NPAs and related provisions and write-off that negatively impact results of operations.***

Issuer's core business is to provide vehicle financing primarily in the rural and semi-urban areas. Any downturn in activity by borrowers could adversely affect the ability of borrowers to make loan repayment on time and in turn negatively impact the Issuer's operation. Due to the precarious circumstances of borrowers and non-traditional lending practices the Issuer may, in the future experience increased level of non-performing loans and related provisions and write-offs that negatively impact its business and results of operations.

The Issuer has separated sales from credit risk department. This helps in better credit evaluation of the customer. A credit enhancement happens by the way of hypothecation of vehicles. The ability to repay the loan is taken care of by the internal credit evaluation and intention to repay is taken care of by the collaterals obtained.

- (c) ***The Issuer is exposed to certain political, regulatory and concentration of risks***

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the vehicle finance, banking and

financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

- (d) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

- (e) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

- (f) ***The Issuer requires certain statutory and regulatory approvals for conducting its business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect operations***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012) the Issuer is required to maintain its status as a NBFC. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a deposit taking NBFC. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change, and the Issuer may not be aware of or comply with all requirements all of the time. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a deposit taking NBFC that is subject to numerous conditions.

- (g) ***Competition from banks and financial institutions, as well as state-sponsored programs, may adversely affect our profitability and position in the Indian NBFC lending industry***

The Issuer faces most significant competition from other NBFCs and banks in India. Many of the institutions with which Issuer competes can have greater assets and better access to, and lower cost of, funding than the issuer. In certain areas, they may also have better name

recognition and larger member bases than Issuer. Issuer anticipates that it may encounter greater competition as they continue expanding the operations in India, which may result in an adverse effect on the business, results of operations and financial condition.

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer as on September 30,2020 and for the year ended March 31,2020, March 31,2019 and march 31,2018 are set out in **Annexure V** hereto.

SECTION 5: REGULATORY DISCLOSURES

The Information Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations (if the Debentures are listed).

5.1 Documents Submitted to the Exchanges (if the Debentures are listed)

The following documents have been / shall be submitted to the BSE (if the Debentures are listed):

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Certified true copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on 24.12.2020, authorizing the issue/offer of non-convertible debentures by the Company;
- (e) Certified true copy of the resolution passed by the Board of Directors in its meeting held on 28.12.2020 authorizing the issuance of the Debentures and the list of authorized signatories;
- (f) Certified true copy of the resolution passed by the Company at the Annual General Meeting held on 24.12.2020, 2020 authorising the Company to borrow, upon such terms as the Board may think fit, up to an aggregate limit of Rs. 5000,00,00,000- (Rupees Five Thousand Crores only);
- (g) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 5 (five) working days of execution of the same.
- (h) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favor of the trustees to the proposed issue has been obtained; and
- (i) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee (if required to be listed)

The following documents have been / shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;
- (e) An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to

share the details submitted under this clause with all ‘Qualified Institutional Buyers’ and other existing debenture-holders within 2 (two) Business Days of their specific request.

- (f) An undertaking that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor

5.3 Name and Address of Registered Office of the Issuer

Name:	IKF Finance Limited
Registered Office of Issuer:	40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010
Corporate Office of Issuer:	6-3-902/A, 4th Floor, Central Plaza, Near Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad-500 082
Compliance Officer of Issuer:	Mr. Ch. Sreenivasa Rao, Company Secretary
CFO of Issuer:	Mr. Sreepal Gulabchand Jain
Corporate Identification Number:	U65992AP1991PLC012736
Phone No.:	91+866+2474644
Fax No:	91+866+2485755
Contact Person:	Mr. Ch. Sreenivasa Rao, Company Secretary
Email:	contact@ikffinance.com
Website of Issuer:	https://www.ikffinance.com/
Name and address of auditors of the Issuer:	M/S.S.R. Batliboi & Co. LLP. Chartered Accountants 12th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West) Mumbai – 400028
Name and address of trustee to the Issue:	IDBI Trusteeship Services Limited Asian Building, Ground Floor 17 R, Kamani Marg Mumbai -400001 Tel: 022-40807000 Fax: +91 (022) 66311776 Email: itsl@idbitrustee.com Contact Person: Mr. Nikhil Lohana Website: www.idbitrustee.com
Name and address of registrar to the Issue:	Bigshare Services Private Limited E-2, Ansa Industrial Estate Saki Vihar Road, Saki Naka Andheri (East) Mumbai 400 072
Name and address of credit rating agency of the Issue	BrickWork Rating Ground Floor, Building No - S 14, Solitaire Corporate Park, Guru Hargovindji Rd, Marg, Chakala, Andheri East, Mumbai, Maharashtra 400093

Name and address of arrangers, if any, of the Issue:	N.A.
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5.4 A brief summary of business / activities of the Issuer and its line of business:

(a) Overview

IKF Finance Ltd. (IKE) is registered with the RBI as a Non-Deposit Accepting Non-Banking Finance Company. It is classified as an asset financing company with a focus on vehicles financing. It was incorporated in 1991 as Indra Keela Financiers Private Limited and was converted into a Public Limited Company in 1994 when the name was changed to IKF Finance & Investments Limited. The Company went for a public issue in 1995, a Rights Issue in 1998 and a Preferential Issue in 2003, 2007, 2011 & 2018.

MAIN OBJECTS AND BUSINESS OF THE ISSUER

The company caters to the needs of Small Road Transport Operators (SRTOs) by extending financial support for acquiring commercial vehicles.

IKF operates from its branches spread across the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Kerala, Gujarat, Maharashtra, Rajasthan and Madhya Pradesh. The company had an AUM of INR 1380.64 Crore as on 30 September 2020.

IKF has been actively involved in Asset Management (Channel Business) activities wherein it has been involved in origination and management of loan portfolios for HDFC Bank, Bajaj Finance Limited. The Company has originated in excess of Rs. 500 Cr loan book over the last 9 years for its business associates. IKF has been focusing on building on book portfolio for past three years.

PRODUCT DETAILS

1. Product details

Target customers of the company are:

1. Driver cum Owners
2. First Time Buyers (FTBs) & First Time Users (FTUs)
3. Small fleet Operators (2-3 vehicles)

Feature	Description
Age limit of the borrower	18-65 years
Purpose of the loan	Purchase/refinance of commercial vehicle
LTV	Used: Upto New: Upto 85% for fully built vehicle
Loan Tenure	2 to 4 Years
Interest Rate	Used: 18 to New: 16 to
Service Charge	0.25 to 0.5% is the range (linked to IRR)
Legal and Technical verification charges	Actuals paid directly by customer
Repayment mode	PDC, ECS, Cash
Vehicle Insurance	Mandatory
Pre-closure charges	% of loan outstanding

Processes

Origination

Enquiry Generation	Field Investigation	FI Report Preparation	Collection of KYC and other documents
Preparation of Credit Approval Memo	Approval by Credit Head	Disbursement	Post Disbursement formalities

Sourcing of clients is done through direct and indirect marketing and distribution channels:

Direct Through Branches / Satellite Branches

1. Leads generated by the Marketing Team
2. Walk-in Customers
3. Existing Customers / Guarantors
4. References secured from existing Customers / Guarantors

Indirect — through external sources

1. Dealer References
2. DSAs
3. Brokers / Consultants

The management's emphasis is on sourcing business from the existing customers and their references.

After identifying a prospective borrower and before putting up the proposal for approval,

Marketing / Field Executive(s) verify/assess the borrower's repayment capacity and ability to pay in adverse situations. Analysis is also done to establish the credit worthiness of the Guarantor. First field investigation is done by the field executives which covers the following:

1. Physical verification of Residence/Place of business
2. Verification with address proofs
3. Verification with property and income proofs
4. Verification with previous track record or Bank statements etc.
5. Credibility of the borrower & Guarantor in the locality where they reside
6. Authentication of documents submitted for verification
7. Whether the borrower's requirements are in line with the Company's credit policy,
(in terms of funding, rate of interest, tenure, vehicle make & model etc.)
8. Earning capacity of the vehicle, in terms of its viability, route of operation, segment/industry in which it operates and its prospects etc.

IKF focuses on clients who have formal contracts with contractors/ companies.

After going through the FI findings, the field executives with the help of back office operations staff put up the proposal for approval of Branch Manager. The Executive has to physically verify the vehicle before sending the proposal.

KYC information is shared with the HO credit team on mail so that internal de-dupe can be carried out and a CIBIL check is run. CIBIL check is done centrally.

On receiving proposal from Branch, the credit department scrutinizes the documents submitted by the borrower and Guarantor and verify their authenticity with the online data available on the Internet.

For example: PAN Card / Income Tax Returns with Income Tax website Driving License / Vehicle Details with RTA Website

1. Voter Card with Election Commission website
2. Property Tax Paid with Municipal / Corporation Website
3. Property Details with Registration / Revenue Dept Websites.
4. Bank Statements with respective Banks
5. Repayment track with other Financiers / Bankers

This is followed by tele verification of both the Borrower and Guarantor to check the information furnished and their requirement. The credit department also checks if the customer falls in the negative list or if it is of a negative profile.

Viability test of the vehicle is based on the route it plies and the rates prevalent in the market. Assessment of the income of the borrower is based on the FI report and tele verification.

Field Investigation

Field investigation is conducted by an external FI agency. Different FI agencies have been empanelled by IKF in different regions. FI agencies are managed from the HO. Only credit team is authorized to call for this external FI.

Field investigation involves a physical verification of borrower's address, assessment of his socioeconomic condition, obtaining feedback from neighbors and local people and verification of the documents submitted. The FI agency is also expected to check the contract letter, bank statement and vehicle viability.

External valuation of vehicle

Valuation of vehicle is required in case of a used vehicle and is done by empanelled valuers who have experience in assessing value of used commercial vehicles. Payment to these valuers is done by the client, which is in line with the general market practiced DD team feels that the payment to valuers should be made by the company, to avoid any conflict of interest.

Valuation report contains details of the vehicle including vehicle identification details, registration details, permit and tax details, insurance details, status of the RC book, condition of the vehicle and estimated market value of the customer.

Report is submitted along with 4(Front, back and one side, other side and chassis number) photographs of the vehicle and a tracing of the engine and chassis number.

Vehicle Finance Grid

As per the policy, at the time of funding each and every used vehicle, the lower of the following is taken as vehicle value for ascertaining the finance amount

1. Vehicle Grid Values
2. IDV as mentioned in Insurance Policy
3. Valuation given by the Certified Valuer / Surveyor

However it was observed that credit team approved valuation taking a lower of (i) and (ii). This is in line with the market practice, followed by other originators.

Vehicles financed by IKF include cars, construction equipment, HCV, LCV, SCV, MUV, Three Wheelers and tractors manufactured by:

ASHOK LEYLAND	JCB
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Asia Motor Works	L & T
ATUL	MAHINDRA & MAHINDRA
BAJAJ	PIAGGIO
Caterpillar India Ltd	SWARAJ
CHEVROLET	TATA
EICHER	TOYOTA
ESCORTS	TVS
FORCE	HARVESTER

The company has been financing HCVs and LCVs. With the recent developments in economy, IKF has taken a call to go slow on funding HCVs. However they wouldn't want to exit the HCV finance market entirely, IKF has stopped financing HCVs in Karnataka and other states which have been affected by the mining ban. In the Hyderabad region the company is planning to finance a lot of three wheelers as new licenses will be issued by the state government after a long time. IKF also finances cars, construction equipment and agriculture equipment on a selective basis.

Preparation of Vehicle finance grid

IKF maintains different vehicle financing grids for different regions. Grid values are determined based on market feedback and company's experience of selling repossessed vehicles.

Grid values are proposed by State Heads and approved by the Senior Management. The grid is updated at least every 6 months or as and when need arises. Loan to values are based on the vehicle type and the borrower category.

At regular intervals, the grid value for funding of used vehicle is ascertained based on following process:

1. Collection of data with regard to resale deals happening in the market in consultation with transport operators, consultants, brokers, mechanics etc. in respect of various vehicles, model wise
2. Collection of data with regard to valuation of various vehicles, model wise, from certified valuers / surveyors
3. Collection of data with regard to maximum and minimum vehicle values (IDVs) from various Insurers
4. Collection of Vehicle grid values of various NBFCs

The company arrives at the model wise vehicle grid values after analysing the data so collected and compares it with the data of repossessed vehicles sold by the company in the recent past to arrive at the final grid.

Sanctioning Authority for Approval

Credit officers approve the loan if the proposal is in line with the company's credit policy. Cases with any deviation are referred to Managing / Executive Director.

Disbursements

All disbursements are through cheques. An invoice is issued immediately after disbursement. Ideally the disbursement is done only after endorsement of the hypothecation in the RC book of the vehicle. However to maintain the TAT to remain competitive in the market, all documents required for the endorsement of hypothecation are collected and loan is disbursed.

Endorsement of hypothecation

Endorsement of hypothecation in Insurance and RC book should be completed within 90 days of disbursement. IKF tries to ensure that Insurance & Registration is done through them to avoid delay

in collection of post disbursement documents (PDDs). Branch Manager/Incharge takes personal responsibility for collection of such PDDs.

Delinquency Management

Collection mechanism is well defined. The collection team includes branch back office staff , tele calling recovery executives, recovery executive at the branch and the recovery manager and the Collection Head.

Every recovery team member is assigned cases as per the below matrix and is answerable if any account crosses the stipulated DPD / Bucket.

Responsibility	TeleCalling	Recovery Executive	Team Leader / Recovery/ Manager / Branch Manager	Area Manager	State Head
Installment Due Date	Reminder	Reminder	Coordination	Supervision	Monitoring
0-30 DPD Installments	Reminder	Collection	Coordination	Supervision	Monitoring
31-60 DPD Installments	Reminder	Collection	Collection	Supervision	Monitoring
61-90 DPI Installments	Reminder	Collection	Collection	Collection	Monitoring
91+ DPD Installments	Reminder	Collection	Collection	Collection	Collection
Responsibility	Tele Calling	Recovery Executive	Team Leader /Recovery Manager / Branch Manager	Area Manager	State Head

All the Accounts are assigned to the recovery executives based on their geographical operational area.

Besides adopting legal means, IKF has a special recovery cell (SRC) whose responsibility is to persuade the borrowers to settle their accounts amicably. In case of borrower's reluctance, the case is assigned to a repossession team to ensure recovery of outstanding amount from the delinquent borrowers.

Repossession Policy

IKF has a well-defined repossession policy which includes details on when vehicles can be repossessed, the responsibility matrix and along with the mechanism for sale of vehicles post repossession.

Responsibility for implementing repossession related activities rests with the Branch Recovery Manager / Team Leader. If any branch doesn't have a recovery manager, the repossession activities are conducted by the Branch Manager. As per the policy, any employee / agent of the company and / or company's empanelled repossession agency can repossess the vehicle subject to the company's guidelines.

Vehicles are repossessed in following conditions:

1. Non-starter cases: Failed to remit the 1st instalment for a continuous period of 30 days from the due date. (Eg. 0, 1, 2)
2. Account crosses 90+ DPD
3. The borrower has parted with the possession of the vehicle with any one or where the vehicle is in the possession of anyone other than the borrower
4. The borrower fails to register his vehicle with the RTA even after 30 days from the date of delivery of vehicle (in case of new vehicles)
5. The borrower plies the vehicle in contravention of any statutory rules / regulations
6. The borrower fails to take an insurance cover for the Vehicle

Cash and Cheque management

Cash collected at the branch is deposited in the bank either on the same day or on the next working day. The branch manager decides the person who will deposit the money into the bank. (Individual staff also deposits the money).

IKF does not have any cover for cash in transit and at the branches and doesn't have any fidelity insurance.

Each branch has a safe to store cash, the keys are with Branch manager. There is no limit on the amount that can be kept in the branch; it is ensured that all money collected is deposited in to the bank account as soon as possible.

A Daily Cash Reconciliation report along with receipts is sent to the HO. The non-cash collection is through the Post-dated cheques (PDCs). Cheque management system is centralized and operated from Hyderabad.

Systems

The IT department at IKF is a 2 member team. The team is based at the HO and takes care of hardware and software related requirements of the company.

IKF uses Jaguar NBFC software, a comprehensive application for NBFCs. The software has been made by a Jalandhar (Punjab) based company named Jaguar Software Solutions. The software is available in various versions. IKF uses the web based enterprise version of the software. It has Microsoft asp.net at the front end and database is maintained in MS SQL server. The web based version enables access to reports on a real time basis.

All branches are have at least one computer and an internet connection. All data entry is done by the operations team at the HO. The entry of receipts is done by the branch staff. Upon collection of repayment the branch staffs issue a receipt. This receipt has 3 copies — original is given to the customer, one copy remains at the branch and one copy is sent by courier to the HO. It was observed that the receipt number in the computer and that on the already printed receipt were different.

The system allows for differential access; each branch has a different id and password, and is able to view details for his area of operations (as defined by the administrator). Log trail of data entry is maintained.

Only IT team after an approval of ED or the MD is allowed to make entry for back dates or for editing of data already entered

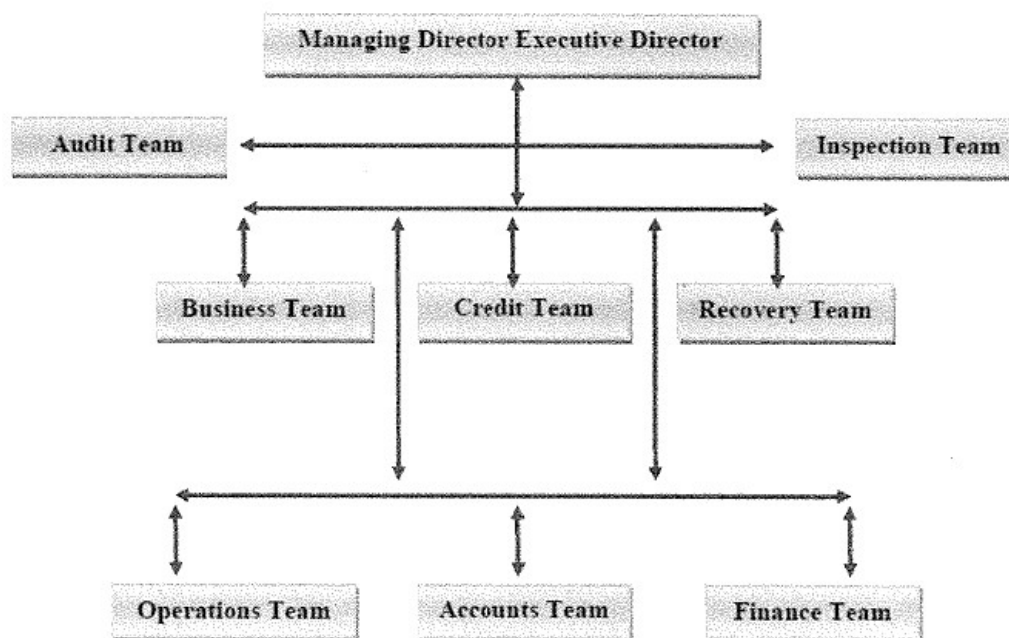
The software has integrated module to maintain Accounts and Operations. The software is able to generate correct ageing reports at any point of time. It allows for conducting a de dupe based on multiple parameters and for tagging of loans to different funders.

Servers are maintained at the Hyderabad and Vijayawada where automatic back of data is taken for every night. No other data backup mechanism.

OUTSTANDING LITIGATION

There is no outstanding litigation pending against the Issuer which may have any material adverse effect on its business prospects or financial condition.

(b) CorporateStructure



(i) **Brief Profile of the Board of Directors:**

Sl.	Name & Designation	Experience
1.	Shri.V.G.K.Prasad (Managing Director)	Veteran in Vehicle Finance business in the state of Andhra Pradesh with Three decades of rich experience in the field of Finance and Management. Before promoting M/s. IKF Finance Limited, he was associated with various Finance firms as Managing Partner. He served as President of Krishna District Auto Financiers Association and also served as the Member of the Governing Council, Vice President, Secretary General and President of Federation of Indian Hire Purchase Associations (FIHPA), the apex body of Asset Financing NBFCs.
2.	Smt.V.Indira Devi (Whole Time Director)	Associated with several automobile finance Firms as partner for the past 25 years and has gained in depth knowledge in the automobile finance business
3.	Smt. K Vasumathi Devi (Executive Director)	BE (Electronics & Communications), MBA (Global Management) (USA) is having around a decade experience in IT and Telecommunications in USA and has been associated with the Company for the last eight years.
4.	Dr. Sinha S. Chunduri (N.R.I. Director)	Specialist in Diagnostic Gastro Entrology, engaged in medical Profession for last 25 years in U.S.A., is an NRI Director of the Company. Besides medical profession, he is associated with several Medical Institutions as consultant and Director in U.S.A. He is also holds Directorship in M/s. Amara Raja Power Systems (P) Limited, an associate concern of M/s. Amara Raja Batteries Limited.
5.	Shri. S Veerabhadra Rao (Director)	Over three decades of experience in the field of asset backed lending. Promoted M/s. SVR Finance & Leasing (P) Limited and has been acting as Managing Director of the company since then.
6.	Shri. K Satyanarayana Prasad	B.E.,(Civil) MIGS, is having 27 years of enormous experience in the field of Civil Engineering and Administration
7.	Vupputuri Vasantha Lakshmi, Alternate Director to Sri Sinha S Chunduri	Mrs. Vasantha Lakshmi has completed her B Pharmacy. She has over 10 year of experience in fund management, investment banking, credit rating and corporate development.
8.	Vinit Mukesh Mehta Nominee Director	Mr.Vineet Mukesh Mehta, a Chartered Accountant is having over 15 years of experience in investment banking (Kotak, KPMG), private equity and Corporate Banking (HDFC Bank). Prior to joining MOPE, Vinit was with Kotak Investment Bank where he led and executed 40+ transaction and successfully helped raise more than USD 25 bn across M&A, Private Equity and Capital Market fund raises. Vinit holds a

Sl.	Name & Designation	Experience
		Bachelor's Degree in Commerce from the Mumbai University and is a member of the Institute of Chartered Accountants of India.

Name of the Directors	Age	Address	DIN	Director of the company since	Director in other company
Vinit Mukesh Mehta (Nominee Director)	37	501, Satguru Towers, Central Avenue, Santacruz West, Mumbai 400054	08792902	15-03-2019	Nil
Sunkara Veerabhadra Rao (Director)	74	D.No.59-A-11-3/5, Plot No.48, 3Rd Cross Road K P Nagar, Vijayawada, Krishna 520008	01180981	30-12-2005	<ul style="list-style-type: none"> S.V.R. Finance And Leasing Pvt Ltd Brn tech Private Limited Grand Project LLP
Gopala Kishan Prasad Vupputuri (Managing Director)	73	59A-16-4/8 Iii Rd Road Plot No 77 3Rd Cross Road Near Sai Baba Temple R.T.C. Colony Viyaya Wada Urban Polytechnic Krishna 520008	01817992	30-05-1991	<ul style="list-style-type: none"> IKF Infratech Private Limited IKF Home Finance Limited GCG Technologies (India) Private Limited
Vasumathi Devi Koganti (Wholetime Director)	45	Villa 18 Aditya Fort Veiw Puppallaguda Pratibha High School Manikonda Puppalguda Puppalg Uda K V Ranga Reddy 500089	03161150	31-10-2006	<ul style="list-style-type: none"> IKF Home Finance Limited
Indira Devi Vupputuri (Wholetime Director)	60	59A-16-4/8 New R.T.C. Colony Patamata Vijayawada 520008	03161174	30-05-1991	<ul style="list-style-type: none"> IKF Infratech Private Limited
Satyanarayana Prasad Kanaparti (Director)	69	8-3 - 318/11/32,33,34 Fno. 501, Jai Prakash Nagar Vishnu Nivas Ameerpeth Hyderabad 500016	03598603	19-09-2011	<ul style="list-style-type: none"> Hormigon Engineering And Infra Private Limited
Vasantha Lakshmi Vupputuri (Alternate Director)	44	Plot No 24 Aditya Fort Veiw Villas Shivalayam Road Near Prathibaha High School Manikonda P Uppalguda K V Ranga Reddy 500089	03610979	21-10-2015	<ul style="list-style-type: none"> IKF Home Finance Limited Dreamforce Mediaworks Private Limited

Name of the Directors	Age	Address	DIN	Director of the company since	Director in other company
Satyanand Sinha Chunduri (Director)	75	40-1-144, Corporate Centre Mg Road Viajayawada 520010	03644504	10-02-1993	N.A.

(ii) **Brief Profile of the management of the Company:**

Board of Directors:

Sl.	Name & Designation	Experience
1.	Shri.V.G.K.Prasad (Managing Director)	Veteran in Vehicle Finance business in the state of Andhra Pradesh with Three decades of rich experience in the field of Finance and Management. Before promoting M/s. IKF Finance Limited, he was associated with various Finance firms as Managing Partner. He served as President of Krishna District Auto Financiers Association and also served as the Member of the Governing Council, Vice President, Secretary General and President of Federation of Indian Hire Purchase Associations (FIHPA), the apex body of Asset Financing NBFCs.
2.	Smt.V.Indira Devi (Whole Time Director)	Associated with several automobile finance Firms as partner for the past 25 years and has gained in depth knowledge in the automobile finance business
3.	Smt. K Vasumathi Devi (Executive Director)	BE (Electronics & Communications), MBA (Global Management) (USA) is having around a decade experience in IT and Telecommunications in USA and has been associated with the Company for the last eight years.
4.	Dr. Sinha S. Chunduri (N.R.I. Director)	Specialist in Diagnostic Gastro Entrology, engaged in medical Profession for last 25 years in U.S.A., is an NRI Director of the Company. Besides medical profession, he is associated with several Medical Institutions as consultant and Director in U.S.A. He is also holds Directorship in M/s. Amara Raja Power Systems (P) Limited, an associate concern of M/s. Amara Raja Batteries Limited.
5.	Shri. S Veerabhadra Rao (Director)	Over three decades of experience in the field of asset backed lending. Promoted M/s. SVR Finance & Leasing (P) Limited and has been acting as Managing Director of the company since then.
6.	Shri. K Satyanarayana Prasad	B.E.,(Civil) MIGS, is having 27 years of enormous experience in the field of Civil Engineering and Administration
7.	Vupputuri Vasantha Lakshmi, Alternate Director to Sri Sinha S Chunduri	Mrs. Vasantha Lakshmi has completed her B Pharmacy. She has over 10 year of experience in fund management, investment banking, credit rating and corporate development.
8.	Vinit Mukesh Mehta Nominee Director	Mr.Vineet Mukesh Mehta, a Chartered Accountant is having over 15 years of experience in investment banking (Kotak, KPMG), private equity and Corporate Banking (HDFC Bank). Prior to joining MOPE, Vinit was with Kotak Investment Bank where he led and executed 40+ transaction and successfully helped raise more than USD 25 bn across M&A, Private Equity and Capital Market fund raises. Vinit holds a Bachelor's Degree in Commerce from the Mumbai University and is a member of the Institute of Chartered Accountants of India.

Details of Key Managerial Personnel of the Company

Sl.	Name & Designation	Associated with the Issuer since	Experience
1	Sreepal Gulabchand Jain, CFO	31.10.2019	A Chartered Accountant with 10 years of experience with reputed entities like IL&FS, KPMG

2	<i>Sreenivasa Rao Chapalamadugu Company Secretary</i>	16.06.2016	An associate member of Institute of Company Secretaries of India and qualified cost and management accountant with 20 years of experience with reputed entities like Natco Pharma Limited, Krebs Bio Chemicals Limited, Coastal Bank, Bhubaneshwar Power Private Limited
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(c) **Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis (wherever available) else on a standalone basis:**

Parameters	Amount in crores				
	Limited Review	Audited	Audited	Audited	Audited
	IND AS 30-Sep-20	IND AS 31-Mar-20	IND AS 31-Mar-19	IGAAP 31-Mar-19	IGAAP 31-Mar-18
Net worth	313.80	297.61	269.73	269.89	224.26
Total Debt	1122.59	*1055.76	*896.50	781.1	548.77
- Non current maturities of long-term Borrowings	650.49	483.57	407.69	253.59	158
- Short term borrowings	142.62	212.42	168.85	168.85	110.43
- Current maturities of long-term Borrowings	329.47	359.76	319.96	191.05	133.33
Net Fixed Assets	4.61	5.21	5.27	4.36	4.07
Non-Current Assets	877.49	847.42	708.24	668.93	506.03
Cash and Cash equivalents	52.41	24.86	13.73	37.65	78.41
Current investments	-	-	-	-	-
Current Assets	592.97	537.96	509.54	443.41	328.87
Current liabilities	498.52	599.85	535.53	505.33	312.94
Assets Under Management	1380.64	1311.43	1234.93	1234.93	1031.31
Off balance sheet assets	31.02	192.98	248.21	248.21	304.27
Interest income	105.23	205.69	155.05	174.04	133.61
Interest Expense	55.81	110.95	82.11	81.95	70.78
Provisioning & write Offs	7.90	16.35	11.17	6.19	3.87
PAT	16.08	27.70	18.17	35.48	19.15
Gross NPA (%)	2.78%	2.77%	4.02%	4.19%	5.17%
Net NPA (%)	1.47%	1.97%	2.92%	3.43%	4.40%
Tier I Capital Adequacy Ratio (%)	20.74%	19.54%	19.32%	19.25%	27.90%
Tier II Capital Adequacy Ratio (%)	1.01%	1.65%	1.55%	1.55%	4.45%

* Total Debt includes securitization outstanding due to investors

(b) **Gross Debt: Equity Ratio of the Company:**

Before the issue of debt securities	3.58
After the issue of debt securities	3.74

Calculations

As on September 30, 2020, debt-to-equity ratio is calculated as follows:

Debt	1122.59 Cr
Equity	313.80 Cr
Debt/Equity	3.58

Subsequent to the issue, debt-to-equity ratio shall be calculated as follows-

Debt	1172.59 Cr
Equity	313.80 Cr
Debt/Equity	3.74

(c) **Project cost and means of financing, in case of funding new projects: N.A.**

5.5 Brief history of Issuer since its incorporation giving details of its following activities:

(a) **Details of Share Capital as on last quarter end, i.e., 30.09.2020:**

Share Capital	Amount in Rs.
Authorised	
6,00,00,000 Equity shares of Rs.10 each	60,00,00,000
25,00,00,000 Preference shares of Rs.100 each	25,00,00,000
TOTAL	85,00,00,000
Issued, Subscribed and Fully Paid- up	
4,74,79,379 equity shares of Rs.10 each, fully paid	47,47,93,790
51,791688 equity shares of Rs.10 each, partly paid Rs. 5.40 per share	2,79,70,315.20
TOTAL	50,27,64,105.20

(b) **Changes in its capital structure as on last quarter end i.e., 30.09.2020 for the last five years:**

Date (AGM / EGM)	Existing Capital	Revised Capital	Remark
10/01/2018	50,00,00,000	85,00,00,000	Equity Share Capital increased from Rs. 50,00,00,000 to Rs. 60,00,00,000 and Preference Share Capital increased to Rs. 25,00,00,000
06/05/2015	35,00,00,000	50,00,00,000	Equity Share Capital increased from Rs. 35,00,00,000 to Rs. 50,00,00,000

09/03/2013	100,00,00,000	35,00,00,000	Equity Share Capital increased from Rs. 100,00,00,000 to Rs. 35,00,00,000
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(c) **Equity Share Capital History of the Company as on last quarter end i.e. 30.09.2020 for the last five years:**

Date of Allotment	No of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Consideration	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No of Equity Shares	Equity Share Capital (Rs. in Cr.)	Equity Share Premium (Rs. in Cr.)	
31.03.2019	51,79,688 Partly paid up shares of Rs 5.40 paid up 1 st Call Money	10	72.59	10,15,18,259	Preferential Issue	5,26,59,067	50,27,64,106	91,17,56,276	-
22.01.2019	12,22,278	10	128	15,64,51,584	Preferential Issue	5,26,59,067	48,87,78,948	82,42,23,175	-
18.01.2019	7,30,847	10	128	9,35,48,416	Preferential Issue	5,14,36,789	47,65,56,168	67,99,94,371	-
17.01.2018	51,79,688 (Application Money)	10	72.59	10,15,18,259	Preferential Issue	5,07,05,942	46,92,47,698	59,37,54,425	-
06/05/2015	80,13,375	10	31	24,84,14,625	Rights Issue	4,55,26,254	45,52,62,540	50,62,21,324	-
30/09/2013	30,00,000	10	13	3,90,00,000	Preferential Issue	3,21,00,000	32,10,00,000	9,00,07,000	-
18/03/2013	36,60,000	10	13.25	4,84,95,000	Preferential Issue	2,91,00,000	29,10,00,000	7,77,57,000	-
16/08/2012	68,50,000	10	13	8,90,50,000	Preferential Issue	254,40,000	25,44,00,000	6,58,63,000	-
21/03/2012	63,60,000	10	13	8,26,80,000	Preferential Issue	1,85,90,000	18,59,00,000	4,53,13,000	-

Notes (If any): Nil

(d) **Details of any Acquisition or Amalgamation in the last 1 (one) year:**

There has been no acquisition or amalgamation in the last 1 (one) year.

(e) **Details of any Reorganization or Reconstruction in the last 1 (one) year:**

There has been no reorganization or reconstruction in the last 1 (one) year.

5.6 Details of the shareholding of the Company as on the latest quarter end, i.e., 30.09.2020

(a) **Shareholding pattern of the Company as on last quarter end, i.e. 30.09.2020:**

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Total (%) of Shareholding	Number of shares held in Demat Form
1.	Gopala Kishan Prasad Vupputuri	1,58,67,900	33.42%	1,53,40,130
2.	India Business Excellence- 11a	1,30,51,546	27.49%	1,30,51,546
3.	IL and FS Trust Co Ltd (Trustee of Business Excellence Trust 11 - India Business Excellence Fund 11)	78,04,018	16.44%	78,04,018
4.	Koganti Vasumathi Devi	21,31,286	4.49%	21,31,286
5.	Vupputuri Vasantha Lakshmi	20,06,117	4.23%	20,06,117
6.	Durga Rani Chunduri	14,94,100	3.15%	14,94,100
7.	Vupputuri Raghu Ram	14,49,700	3.05%	14,49,700
8.	Vupputuri Indira Devi	13,26,902	2.79%	13,26,902
9.	Amit Bhutra	3,05,684	0.64%	3,05,684
10.	Vupputuri Venkata Rao	2,42,335	0.51%	2,42,335
11.	Others	17,99,771	3.79%	17,35,783
	Total Equity Shares	4,74,79,379	100%	4,68,36,456

Partly Paid Up shares (Rs.5.40 per share)

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Total (%) of Shareholding	Number of shares held in Demat Form
1.	Gopala Kishan Prasad Vupputuri	35,05,821	67.68%	Nil
2.	Koganti Vasumathi Devi	5,15,980	9.97%	Nil
3.	Vupputuri Vasantha Lakshmi	4,85,677	9.38%	Nil
4.	Vupputuri Raghu Ram	3,50,940	6.77%	Nil
5.	Vupputuri Indira Devi	3,21,240	6.20%	Nil
	Total Equity Shares	51,79,688	100.00%	Nil

Notes: Details of shares pledged or encumbered by the promoters (if any): NIL

CLID	Name	Holding	Status	Pledged
'12038100001035 87	Chunduri Sinha Satyanand	117700	Foreign Promoters – Non-Resident Indians	0.00

'1203810000103591	Durga Rani Chunduri	1494100	Foreign Promoters – Non-Resident Indians	0.00
'IN30061010393705	Vupputuri Gopala Kishan Prasad	2592442	Promoters Resident Indians	1,276,186.00
'IN30061010393713	Vupputuri Indira Devi	1326902	Promoters Resident Indians	808,500.00
IN30102221500407	Koganti Vasumathi Devi	2131286	Promoters Resident Indians	0.00
IN30131321194147	Vupputuri Raghu Ram	1449700	Promoters Resident Indians	1,418,700.00
'IN30131321202401	Vupputuri Vasantha Lakshmi	2006117	Promoters Resident Indians	779,800.00
IN30286310372175	Gopala Kishan Prasad Vupputuri	12748288	Promoters Resident Indians	0.00

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. 30.09.2020:**

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Total (%) of Shareholding	Number of shares held in Demat Form
1.	Gopala Kishan Prasad Vupputuri	1,58,67,900	33.42%	1,53,40,130
2.	India Business Excellence-11a	1,30,51,546	27.49%	1,30,51,546
3.	IL and FS Trust Co Ltd (Trustee of Business Excellence Trust 11 - India Business Excellence Fund 11)	78,04,018	16.44%	78,04,018
4.	Koganti Vasumathi Devi	21,31,286	4.49%	21,31,286
5.	Vupputuri Vasantha Lakshmi	20,06,117	4.23%	20,06,117
6.	Durga Rani Chunduri	14,94,100	3.15%	14,94,100
7.	Vupputuri Raghu Ram	14,49,700	3.05%	14,49,700
8.	Vupputuri Indira Devi	13,26,902	2.79%	13,26,902
9.	Amit Bhutra	3,05,684	0.64%	3,05,684
10.	Vupputuri Venkata Rao	2,42,335	0.51%	2,42,335
11.	Others	17,99,771	3.79%	17,35,783
	Total Equity Shares	4,74,79,379	100%	4,68,36,456

5.7 Following details regarding the directors of the Company*:

(a) Details of the current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of the Information Memorandum:

Name of the Directors	Age	Address	DIN	Director of the company since	Director in other company
Vinit Mukesh Mehta (Nominee Director)	37	501, Satguru Towers, Central Avenue, Santacruz West, Mumbai 400054	08792902	15-03-2019	Nil
Sunkara Veerabhadra Rao (Director)	74	D.No.59-A-11-3/5, Plot No.48, 3Rd Cross Road K P Nagar, Vijayawada, Krishna 520008	01180981	30-12-2005	<ul style="list-style-type: none"> S.V.R. Finance And Leasing Pvt Ltd Brn tech Private Limited Grand Project LLP
Gopala Kishan Prasad Vupputuri (Managing Director)	73	59A-16-4/8 Iii Rd Road Plot No 77 3Rd Cross Road Near Sai Baba Temple R.T.C. Colony Viyaya Wada Urban Polytechnic Krishna 520008	01817992	30-05-1991	<ul style="list-style-type: none"> IKF Infratech Private Limited IKF Home Finance Limited GCG Technologies (India) Private Limited
Vasumathi Devi Koganti (Wholetime Director)	45	Villa 18 Aditya Fort Veiw Puppalguda Pratibha High School Manikonda Puppalguda Puppalguda K V Ranga Reddy 500089	03161150	31-10-2006	<ul style="list-style-type: none"> IKF Home Finance Limited
Indira Devi Vupputuri (Wholetime Director)	60	59A-16-4/8 New R.T.C. Colony Patamata Vijayawada 520008	03161174	30-05-1991	<ul style="list-style-type: none"> IKF Infratech Private Limited
Satyanarayana Prasad Kanaparti (Director)	69	8-3 - 318/11/32,33,34 Fno. 501, Jai Prakash Nagar Vishnu Nivas Ameerpet Hyderabad 500016	03598603	19-09-2011	<ul style="list-style-type: none"> Hormigon Engineering And Infra Private Limited
Vasanth Lakshmi Vupputuri	44	Plot No 24 Aditya Fort Veiw Villas Shivalayam Road Near Prathibaha High School Manikonda P	03610979	21-10-2015	<ul style="list-style-type: none"> IKF Home Finance Limited Dreamforce Mediaworks Private Limited

Name of the Directors	Age	Address	DIN	Director of the company since	Director in other company
(Alternate Director)		Uppalguda K V Ranga Reddy 500089			
Satyanand Sinha Chunduri (Director)	75	40-1-144, Corporate Centre Mg Road Viajayawada 520010	036445 04	10-02-1993	N.A.

*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: NIL

(b) Details of change in directors since last three years (as on 30.09.2020):

Name	Designation		of Appointment / Resignation	Director of the company since (in case of resignation)	Remarks
Vinit Mukesh Mehta	Nominee Director	08792902	01/10/2020	-	Appointment
Vishal Tulsyan	Nominee Director	00139754	01/10/2020	15/03/2019	Resigned
hal Kumar Gupta	Nominee Director	02368313	07/12/2018	03/11/2015	Resigned
Vishal Tulsyan	Nominee Director	00139754	15/03/2019	-	Appointment
Ch.V.Rama Rao	Alternate Director	03161194	13.01.2017	21/10/2015	Resigned
pputuri Vasantha Lakshmi asantha Lakshmi	Alternate Director	03610979	21/10/2015	-	Appointment
PSV.Prasada Rao	Director	02204359	13.01.2017	19.09.2011	Resigned
Prasad J Athota	Director	03618655	13.01.2017	10.02.1993	Resigned
N Harinadh	Independent Director	03161 131	15/03/2019	23.01.1992	Resigned

5.8 Following details regarding the auditors of the Company:

(a) Details of the auditor of the Company:

Name	Address	Auditor since
M/S.S.R. Batliboi & Co. LLP.	12th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400028	Re Appointed on 24/12/2020 for the FY 2020-21 to FY 2024-25

(b) **Details of change in auditors since last three years: NIL**

(c) **Auditors Qualifications:**

For the year 2014-15

Auditors' reservations or qualifications or adverse remarks: - NIL

For the year 2015-16

Auditors' reservations or qualifications or adverse remarks: - NIL

For the year 2016-17

Auditors' reservations or qualifications or adverse remarks:

S No	Auditors Qualification on Internal Financial Controls	Board Response to the Qualifications
	The following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2017	
A	The Company's internal financial controls over procurements of fixed assets were not operating effectively which could potentially result in under/over valuation of fixed assets and related depreciation cost	The management has taken all reasonable steps in procurement of fixed assets and there was no under/over valuation of fixed assets of the Company and as such there was no impact on the financials of the Company
b	The Company's internal financial controls over hiring of new employees were not operating effectively which could potentially results in under /over valuation of employee cost	The management has taken all reasonable steps in hiring of new employees and there was no under/over valuation of fixed assets of the Company and as such there was no impact on the financials of the Company.
C	The Company's internal financial controls over creation of unique customer were not operating effectively which could potentially cover results in under /over valuation of provisions written off	The management has taken all reasonable steps in proper accounting in provisions/write offs and there was no under /over valuation of provisions written off during the year and as such there was no impact on the financials of the Company.
D	The Company's internal financial controls over segregation of duties and recording of journal entries were not operating effectively which could potentially affect the internal control environment of the Company	The management has taken all reasonable steps over segregation of duties and recording of journal entries and as such there was no impact on internal control environment of the Company.

For the year 2017-18

Auditors' reservations or qualifications or adverse remarks:

S No	Auditors Qualification on Internal Financial Controls	Board Response to the Qualifications
	The following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2018	
A	The Company's internal financial controls over procurements of fixed assets	The management has taken all reasonable steps in procurement of fixed assets and there was no

	were not operating effectively which could potentially result in under/over valuation of fixed assets and related depreciation cost	under/over valuation of fixed assets of the Company and as such there was no impact on the financials of the Company
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For the year 2018-19

Auditors' reservations or qualifications or adverse remarks:

Auditors Qualification The Company has not appointed CFO as required under Section 203 of the Companies Act, 2013.	Board Response to the Qualifications The management had been in the process of identification of suitable person to be appointed as CFO of the Company and has taken all reasonable steps in this regard. The Company has appointed CFO on 10.04.2019.
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For the year 2019-20- Nil

Auditors' reservations or qualifications or adverse remarks: - NIL

5.9 Details of borrowings of the Company, as on latest quarter end 30.09.2020

(a) Details of Secured Loan Facilities (as on 30.09.2020):

Central bank of India	Working Capital	95	56.03	NA	Hypothecated Receivables
Indian Overseas Bank	Working Capital	52	3.88	NA	Hypothecated Receivables
IDBI Bank Limited	Working Capital	30	20.25	NA	Hypothecated Receivables
Andhra Bank	Working Capital	77	39.21	NA	Hypothecated Receivables
Punjab National Bank	Working Capital	18.2	12.18	NA	Hypothecated Receivables
Federal Bank Limited	Working Capital	15	9.72	NA	Hypothecated Receivables
HDFC Bank Limited – IV	Term Loans	25	9.50	07-Jan-22	Hypothecated Receivables
State bank of India	Term Loans	115	103.19	31-Mar-25	Hypothecated Receivables
Au Small Bank Limited	Term Loans	50	15.44	05-Sep-21	Hypothecated Receivables
Lakshmi Vilas Bank Limited	Term Loans	15	6.63	30-Sep-22	Hypothecated Receivables
Andhra Bank TL-2	Term Loans	25	14.99	01-Dec-23	Hypothecated Receivables
RBL Bank	Term Loans	15	2.65	21-Mar-21	Hypothecated Receivables
Bank of India II	Term Loans	50	28.94	20-Dec-23	Hypothecated Receivables
Yes Bank	Term Loans	25	8.94	06-Jun-21	Hypothecated Receivables
Ujjivan Small Finance Bank	Term Loans	25	12.59	30-Sep-21	Hypothecated Receivables
Woori Bank	Term Loans	35	21.39	25-Jul-22	Hypothecated Receivables

Indusind Bank	Term Loans	10	8.04	04-Sep-22	Hypothecated Receivables
Au Small Bank Limited - II	Term Loans	15	10.00	18-Sep-22	Hypothecated Receivables
Union Bank of India -II (PSL)	Term Loans	50	34.58	30-Sep-24	Hypothecated Receivables
Union Bank of India -II (NPSL)	Term Loans	25	18.38	30-Sep-24	Hypothecated Receivables
HDFC Bank Limited – V	Term Loans	35	30.61	07-Feb-24	Hypothecated Receivables
Utkarsh Small Finance Bank	Term Loans	15	12.69	04-Jun-23	Hypothecated Receivables
SIDBI IV	Term Loans	75	58.40	10-Apr-21	Hypothecated Receivables
Ujjivan Small Finance Bank - II	Term Loans	10	9.17	22-Sep-20	Hypothecated Receivables
Volkswagen Finance Pvt Ltd	Term Loans	20	14.57	01-Jan-24	Hypothecated Receivables
Sundaram Finance Limited -7	Term Loans	15	10.72	10-Mar-22	Hypothecated Receivables
Hinduja Finance (P) Limited-4	Term Loans	40	21.75	27-Mar-22	Hypothecated Receivables
Manappuram Finance Limited	Term Loans	30	16.75	31-Mar-23	Hypothecated Receivables
Nabkisan Finance Limited	Term Loans	20	18.33	01-Feb-23	Hypothecated Receivables
Maanaveeya Development & Finance Pvt Ltd	Term Loans	15	13.18	30-Dec-22	Hypothecated Receivables
Hinduja Finance (P) Limited-5	Term Loans	14.5	11.35	02-Dec-22	Hypothecated Receivables
Secured NCDs - Individuals	NCDs	6	6.00	21-Apr-21	Hypothecated Receivables
Secured NCDs - Bank of India	NCDs	50	50.00	19-Jun-23	Hypothecated Receivables
Secured NCDs - State Bank Of India	NCDs	50	50.00	21-Apr-23	Hypothecated Receivables
Secured NCDs - Indian Overseas Bank	NCDs	30	30.00	20-Feb-22	Hypothecated Receivables
Secured NCDs - Union Bank of India	NCDs	25	25.00	27-Feb-22	Hypothecated Receivables
Secured NCDs - State Bank of India - II	NCDs	100	100.00	18-Mar-22	Hypothecated Receivables
HDFC Bank - 2	Other Loans	0.53	0.19	05-Oct-22	Hypothecation of Car
HDFC Bank - 4	Car Loans	0.21	0.12	05-Mar-23	Hypothecation of Car
TOTAL		1318.44	915.36		

(b) **Details of Unsecured Loan Facilities (as on 30.09.2020):**

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount O/s	Repayment Date/Schedule
Unsecured NCDs -	NCDs	18	10.50	19-Mar-22

Unifi AIF 2				
Unsecured NCDs - Unifi AIF 2	NCDs	15	12.50	30-Jan-23
IFMR Capital Finance Limited	NCDs	30	30.00	03-Oct-22
Bank of Maharashtra	Term Loan	15	15.00	21-Sep-22
IFMR Capital Finance Limited	NCDs	20	20.00	02-Sep-25
TOTAL		148	88.00	

(c) **Details of Non-Convertible Debentures: (as on 30.09.2020):**

Debenture Series	Tenor	Coupon	Amount	Date of Allotment	Redemption Date	Credit Rating	Secured / Unsecured	Security
Physical Debentures	60 months	11.50% Monthly & 11.75% Cumulative	6	11-May-2016	11-May-2021	CARE A-	Secured	Hypothecation of Receivables
INE859C08012	72 months	13.99%	30	03-Oct-2016	03-Oct-2022	BWR A	Unsecured	N.A.
INE859C08046	36 months	12.158%	18	25-Jun-2019	25-Jun-2022	CARE A/Stable	Unsecured	N.A.
INE859C08053	36 months	12.068%	15	30-Jan-2020	30-Jan-2023	BWR A	Unsecured	N.A.
INE859C08061	66 months	14%	20	02-Mar-2020	02-Sep-2025	BWR A	Unsecured	N.A.
INE859C07055	36 months	10.25%	50	19-Jun-2020	19-Jun-2023	CARE A/Stable	Secured	Hypothecation of Receivables
INE859C07063	36 months	10.25%	50	23-Jul-20	21-Apr-23	CARE A/Stable	Secured	Hypothecation of Receivables
INE859C07071	18 months	10.25%	30	20-Aug-20	20-Feb-22	CARE A/Stable	Secured	Hypothecation of Receivables
INE859C07089	18 months	10.25%	25	27-Aug-20	27-Feb-22	CARE A/Stable	Secured	Hypothecation of Receivables
INE859C07097	18 months	10.25%	100	18-Sep-20	18-Mar-22	CARE A/Stable	Secured	Hypothecation of Receivables

(d) **List of Top 10 Debenture Holder(s) (as on 30.09.2020):**

Sr. No.	Debenture Holder	Amount outstanding
1	State Bank of India	100
2	Bank of India	50
3	State Bank of India II	50
4	Northern Arc Capital Limited	30
5	Indian Overseas Bank	30
6	Union Bank of India	25
7	Northern Arc Capital Limited II	20
8	Unifi AIF	12.5
9	Unifi AIF II	10.5
10	Aruna Kumari Nimmagadda	0.72

(e) **The amount of corporate guarantee issued by the Issuer along with the name of the counterparty (like name of the subsidiary, JV entity, Group Company, etc) on behalf of whom it has been issued. (if any):**

NIL

(f) **Details of Commercial Paper:**

NIL

(g) **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 30.09.2020**

NIL

(h) **Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 5 years:**

NIL

(i) **Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:**

NIL

5.10 Details of Promoters of the Company:

(a) **Details of Promoter Holding in Company as on latest quarter end, i.e. -30.09.2020**

Name of shareholder	Total no of equity shares	No. of shares in demat form	Total shareholding as on % of total no of shares	No of Shares Pledged	% of Shares pledged with respect to shares owned
Vupputuri Gopala Kishan Prasad	1,58,67,900	1,53,41,030	33.42%	12,76,186	8.04%
Vupputuri Indira Devi	13,26,902	13,26,902	2.79%	8,08,481	60.93%
Koganti Vasumathi Devi	21,31,286	21,31,286	4.49%	Nil	Nil
Vupputuri Raghu Ram	14,49,700	14,49,700	3.05%	14,18,700	97.86%
Vupputuri Vasantha Lakshmi	20,06,117	20,06,117	4.23%	7,79,778	38.87%
Durga Rani Chunduri	14,94,100	14,94,100	3.15%	Nil	Nil
Chunduri Sinha Satyanand	1,17,700	1,17,700	0.25%	Nil	Nil

5.11 Abridged version of the Audited Consolidated and Standalone Financial Information (like Profit and Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any.

Note: Financial Information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009

**Standalone Basis: From FY 2020 IND AS is applicable to IKF Finance Limited
Balance Sheet as per IND AS**

Particulars	Audited 31-Mar-20	Audited 31-Mar-19
ASSETS		
(1) Financial assets		
(a) Cash and cash equivalents	24.86	13.73
(b) Bank Balance other than included in (a) above	37.75	36.32
(c) Receivables	0.00	0.00
(l) Trade receivables	0.24	1.35
(d) Loans	1,260.11	1,094.63
(e) Investments	45.25	45.25
(f) Other financial assets	3.41	12.26
	1,371.61	1,203.54
(2) Non-financial assets		
(a) Current Tax Assets (Net)	1.57	3.46
(b) Deferred Tax Assets (Net)	3.45	1.32
(c) Investment Property	0.07	0.07
(d) Property, Plant and Equipment	2.72	2.88
(e) Right of use asset	0.64	0.92
(f) Intangible assets	1.78	1.41
(g) Other non-financial assets	3.55	4.18
	13.77	14.23
Total assets	1,385.38	1,217.78

LIABILITIES AND EQUITY		
LIABILITIES		
(1) Financial liabilities		
(a) Payables		
(i) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(ii) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Debt securities	61.10	126.09
(c) Borrowings (other than debt securities)	931.51	727.89
(d) Subordinated Liabilities	64.51	45.26
(e) Other financial liabilities	27.39	45.06
	1,084.50	944.30
(2) Non-financial liabilities		
(a) Current tax liabilities (Net)	-	0.88
(b) Provisions	2.08	1.39
(c) Deferred tax liabilities (Net)	-	-
(d) Other non-financial liabilities	1.19	1.47
	3.27	3.75
EQUITY		
(a) Equity share capital	50.28	50.28
(b) Other equity	247.33	219.46
	297.61	269.73
Total liabilities and equity	1,385.38	1,217.78

Profit & Loss

Particulars	Audited 31-Mar-20	Audited 31-Mar-19
Revenue From operations		
(i) Interest income	205.68	155.00
(ii) Fees and commission income	0.01	0.05
(I) Total revenue from operations	205.69	155.05
(II) Other income	0.19	0.27
(III) Total income (I + II)	205.88	155.32
Expenses		
(i) Finance costs	115.52	84.88
(ii) Impairment on financial instruments	16.35	11.17
(iii) Employee benefits expenses	25.05	22.64
(iv) Depreciation, amortization and impairment	1.49	1.22
(v) Others expenses	9.54	10.86

(IV) Total expenses	167.95	130.77
(V) Profit before tax (III - IV)	37.94	24.55
(VI) Tax Expense:		
(1) Current Tax	12.29	15.32
'(2) Deferred Tax	-2.11	-9.54
'(3) Adjustment of tax relating to earlier periods	0.02	0.60
	10.20	6.38
(VII) Profit for the period (V-VI)	27.73	18.17
(VIII) Other comprehensive income		
(A) Items that will not be reclassified to profit or loss (specify items and amounts)		
(a) Remeasurements of the defined benefit plans	-0.05	0.01
Income tax relating to items that will not be reclassified to profit or loss	0.01	0.00
Other comprehensive income / (loss)	-0.04	0.01
(IX) Total comprehensive income for the period (VII + VIII)	27.70	18.17

Cash Flow Statement

Particulars	Audited 31-Mar- 20	Audited 31-Mar- 19
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	37.94	24.55
Adjustments for:		
Depreciation, amortization and impairment	1.49	1.22
Interest Income	-205.68	-155.00
Interest expenses	115.52	84.88
Impairment on financial instrument	16.35	11.17
Lease equalization	-	-0.07
Share based payment expense	0.18	-
Provision for expenses	0.05	-
Employee benefit expenses	0.87	0.78
Rental income on Investment property	-0.08	-0.08
Loss on sale of property, plant and equipment	0.03	0.13
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	-33.34	-32.41
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	0.86	-0.05
Decrease / (Increase) in loans	-141.50	-266.60
Decrease / (Increase) in bank balances other than cash and cash equivalents	-1.43	19.46
Decrease / (Increase) in other financial assets	0.09	-0.09
Decrease / (Increase) in other non-financial assets	0.63	-0.38
(Decrease) / Increase in trade payables	-	-
(Decrease) / Increase in other financial liabilities	-17.48	-4.53
(Decrease) / Increase in provisions	-0.22	-0.06
(Decrease) / Increase in other non-financial liabilities	-0.28	0.43
Interest received	197.22	169.52
Interest paid	-101.30	-82.57
	-96.75	-197.28
Income tax paid (net of refunds)	-11.31	-15.32
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	-108.05	-212.60
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-0.56	-0.38

Rental income on Investment property	0.08	0.08
Proceeds from sale of property, plant and equipment	0.00	0.00
Purchase of intangible assets	-0.73	-0.96
Purchase of investments measured at cost	-	-45.25
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	-1.21	-46.51
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	-	10.15
Amount received from debt securities	50.00	60.00
Repayment of debt securities	-116.11	-103.84
Amount received from borrowings other than debt securities	393.07	442.87
Repayment of borrowings other than debt securities	-226.07	-166.70
Amount received from subordinated Liabilities	20.00	0.00
Payment of principal portion of lease liabilities	-0.41	-0.25
Payment of interest on lease liabilities	-0.09	-0.07
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	120.39	242.16
Net Increase / (Decrease) in Cash and Cash Equivalents	11.13	-16.95
Cash and Cash Equivalents at the beginning of Year	13.73	30.68
Cash and Cash Equivalents at the end of the Year	24.86	13.73

Balance Sheet as per IGAAP

Rs. In Crs

Particulars	Audited 31-Mar-19	Audited 31-Mar-18	Audited 31-Mar-17
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	50.28	66.46	45.53
(b) Reserves and surplus	219.61	157.80	124.43
	269.89	224.26	169.95
Non-current liabilities			
(a) Long term borrowings	355.85	290.00	273.32
(b) Other Long term Liabilities	4.05	3.94	2.23
(c) Provisions	10.84	7.97	6.35
	370.74	301.91	281.89
Current liabilities			
(a) Short Term borrowings	168.85	110.43	199.89
(c) Other current liabilities	304.11	200.38	146.23
(d) Provisions	3.10	1.98	1.11
	476.06	312.80	347.22
TOTAL	1116.69	838.98	799.07
ASSETS			
Non- current assets			
(a) Fixed assets			
(i) Tangible assets	2.95	3.36	3.52
(ii) Intangible assets	1.41	0.71	0.25
(b) Non-Current Investments	45.25	0.00	0.00
(c) Deferred tax assets(net)	1.26	1.00	0.39
(d) Long term loans and advances	609.35	496.18	403.67
(e) Other Non-Current Assets	13.07	8.85	13.79
	673.29	510.10	421.62
Current assets			
(a) Cash and Bank Balances	37.65	78.41	69.80
(b) Trade recievables	1.35	1.06	2.04
(c) Short term loans and advances	384.50	233.69	293.78

Particulars	Audited	Audited	Audited
	31-Mar-19	31-Mar-18	31-Mar-17
(d) Other Current Assets	19.90	15.72	11.82
	443.41	328.87	377.44
TOTAL	1116.69	838.98	799.07

Profit & Loss

Particulars	Audited	Audited	Audited
	31-Mar-19	31-Mar-18	31-Mar-17
Revenue from Operations	176.86	135.70	125.83
Less: Interest Expenses	81.95	70.90	70.62
Net Interest Income	94.91	64.80	55.21
Other Income	0.11	0.09	0.09
Total Income	95.01	64.89	55.30
Operating Expenses	36.77	30.95	25.03
Provisions & Write Offs	6.19	3.87	3.67
Operating Profit	52.05	30.08	26.61
Depreciation	0.92	0.73	0.92
Profit Before Tax	51.14	29.35	25.69
Provisions for tax	15.66	10.19	8.83
Profit After Tax	35.48	19.15	16.86

Cash Flow Statement

Particulars	Audited	Audited	Audited
	31-Mar-19	31-Mar-18	31-Mar-17
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit	51.14	29.35	25.69
Adjustments For:			
Depreciation	0.92	0.73	0.92
Provision against Non - Performing assets	1.89	1.35	2.63
Contingent Provision on Standard Assets	1.19	0.13	-0.74
Loans written off	2.86	2.39	1.77
Amortization of ancillary borrowing costs	2.40	2.30	2.43
Provisions for employee benefits	0.71	0.18	0.21
Provision for contingencies	0.25	0.00	0.00
(Profit)/loss on sale of Assets	0.13	0.00	0.00
Operating Profit Before Working Capital Changes	61.48	36.42	32.91
Add:			
(Increase) Decrease in Trade Receivables	-0.30	0.98	-1.32
(Increase) Decrease in Loans and Advances	-267.44	-34.82	-38.81
(Increase) Decrease in Other Current Assets	-4.19	-3.89	-1.88
(Increase) Decrease in Other Non Current Assets	-2.32	-1.00	-2.16
Increase (Decrease) in Other Current Liabilities	-5.16	0.00	9.31
Increase (Decrease) in Trade Payables	0.00	30.64	0.00
Increase (Decrease) in Margin Money Deposit	19.51	-26.35	-4.98
Direct Taxes Paid	14.43	-9.95	-9.74
Net Cash from Operating Activities (A)	-212.84	-7.98	-16.68
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	-1.34	-1.02	-0.56
Sale of Fixed Assets	0.00	0.00	0.00
Investments in Subsidiaries	-45.25	0.00	0.00
Net Cash from Investing Activities (B)	-46.59	-1.02	-0.56

Particulars	Audited	Audited	Audited
	31-Mar-19	31-Mar-18	31-Mar-17
C) CASH FLOW FROM FINANCING ACTIVITIES			
Increase (Decrease) in Issuance of partly paid up	10.15	10.15	0.00
Increase (Decrease) in Preference shares	0.00	25.00	0.00
Increase (Decrease) in Long term Borrowings	173.91	41.92	54.48
Increase (Decrease) in Short Term Borrowings	58.42	-89.45	-27.86
Net Cash from Financing Activities (C)	242.48	-12.38	26.62
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	-16.95	-21.38	9.38
Cash and Cash Equivalents at the Beginning of the Year	30.58	51.97	42.59
Cash and Cash Equivalents at the End of the Year	13.64	30.58	51.97
Components of Cash and Cash Equivalents at the end of the Year			
Cash on Hand	1.93	1.62	50.33
Cash with Scheduled Banks	11.70	28.96	1.64
Cash and Cash Equivalents	13.64	30.58	51.97

Consolidated Basis
Consolidated Balance Sheet as on March 31, 2020 as per IND AS

Particulars	Audited
	31-Mar-20
ASSETS	
Financial assets	
Cash and cash equivalents	32.30
Bank Balance other than included in (a) above	37.75
Receivables	
(I) Trade receivables	0.24
Loans	1,378.55
Investments	-
Other financial assets	14.29
	1,463.12
Non-financial assets	
Current Tax Assets (Net)	1.57
Deferred Tax Assets (Net)	2.99
Investment Property	0.07
Property, Plant and Equipment	3.58
Right of use asset	0.80
Intangible assets	2.19
Goodwill	7.74
Other non-financial assets	4.00
	22.93
Total assets	1,486.05
LIABILITIES AND EQUITY	
LIABILITIES	

Financial liabilities	
Payables	
(i) Trade payables	
(i) total outstanding dues of micro enterprises and small enterprises	
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	
(ii) Other payables	
(i) total outstanding dues of micro enterprises and small enterprises	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	0.18
Debt securities	61.10
Borrowings (other than debt securities)	1,007.97
Deposits	-
Subordinated Liabilities	64.51
Other financial liabilities	38.06
	1,171.81
Non-financial liabilities	
Current tax liabilities (Net)	0.39
Provisions	2.31
Deferred tax liabilities (Net)	-
Other non-financial liabilities	1.49
	4.19
EQUITY	
Equity share capital	50.28
Other equity	255.55
Non- Controlling Interest	4.22
	310.05
Total liabilities and equity	1,486.05

Profit & Loss Statement

(Rs. In Crores)

Particulars	Audited
	31-Mar-20
Revenue From operations	
Interest income	226.99
Fees and commission income	2.97
I. Total revenue from operations	229.96
II. Other income	9.54
III. Total income (I + II)	239.50
Expenses	
Finance costs	125.34
Impairment on financial instruments	20.40
Employee benefits expenses	31.91
Depreciation, amortization and impairment	1.95
Others expenses	11.76
IV. Total expenses	191.36
V. Profit before tax (III - IV)	48.14
VI. Tax Expense:	

Current Tax	13.57
Deferred Tax	-1.29
Adjustment of tax relating to earlier periods	0.02
	12.30
VII. Profit for the period (V-VI)	35.84
VII. Other comprehensive income	
Items that will not be reclassified to profit or loss (specify items and amounts)	
Re measurements of the defined benefit plans	-0.04
Income tax relating to items that will not be reclassified to profit or loss	0.01
Other comprehensive income / (loss)	-0.03
Total comprehensive income for the period (VII + VIII)	35.81

Cash Flow Statements

(Rs. In Crores)

Particulars	Audited 31-Mar-20
Cash flow from operating activities	
Profit before tax	48.14
Adjustments to reconcile profit before tax to net cash flows:	
Depreciation, amortisation and impairment	1.95
Interest Income	-226.99
Interest expenses	125.18
Impairment on financial instrument	20.40
Lease equalisation	-0.07
Share based payment expense	0.18
Net gain/(loss) on financial instrument at fair value through profit and loss (FVTPL)	0.00
Net gain/(loss) on financial instrument at amortised category	-8.81
Provision for expenses	0.32
Employee benefit expenses	0.95
Rental income on Investment property	-0.08
Loss on sale of property, plant and equipment	0.03
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	-38.79
Adjustments for changes in Working Capital :	
Decrease / (Increase) in trade receivable	0.86
Decrease / (Increase) in loans	-144.92
Decrease / (Increase) in bank balances other than cash and cash equivalents	-1.43
Decrease / (Increase) in other financial assets	-0.59
Decrease / (Increase) in other non-financial assets	0.41
(Decrease) / Increase in trade payables	-0.08
(Decrease) / Increase in other financial liabilities	-7.70
(Decrease) / Increase in provisions	-0.18
(Decrease) / Increase in other non-financial liabilities	-0.43
Interest received	218.54
Interest paid	-111.05
	-85.36
Income tax paid (net of refunds)	-12.01
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	-97.38
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	-0.98
Purchase of Investment Property	0.00
ROU	0.00
Purchase of Investment Property	0.00
Rental income on Investment property	0.08

Proceeds from sale of property, plant and equipment	0.00
Purchase of intangible assets	-0.90
Acquisition of Subsidiary	0.00
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	-1.80
CASH FROM FINANCING ACTIVITIES	
Proceeds from issue of equity shares (including securities premium)	1.8
Share issue expenses	0.0
Amount received from debt securities	50.0
Repayment of debt securities	-116.1
Debt Securities (Net)	0.0
Borrowings other than debt securities (Net)	0.0
subordinated Liabilities (Net)	0.0
Amount received from borrowings other than debt securities	410.1
Repayment of borrowings other than debt securities	-251.2
Amount received from subordinated Liabilities	20.0
Repayment of subordinated debt	0.0
Payment of principal portion of lease liabilities	-0.5
Payment of interest on lease liabilities	-0.1
Deposits received (net)	0.0
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	113.9
Net Increase / (Decrease) in Cash and Cash Equivalents	14.7
Cash and Cash Equivalents at the beginning of Year	17.6
Cash and Cash Equivalents at the end of the Year	32.30

5.12 Abridged version of Latest Audited Consolidated and Standalone Financial Information and auditors qualifications, if any.

[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]

The relevant information is furnished in **Annexure V** of the Information Memorandum.

5.13 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change at the time of issue from the position as on the date of the last audited financial statements of the Issuer, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

5.14 Names of the Debentures Trustees and Consents thereof.

The Debenture Trustee of the proposed Debentures is IDBI Trusteeship Services Limited. IDBI Trusteeship Services Limited has given its written consent for its appointment as

debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Information Memorandum.

5.15 Rating Rationale(s) adopted

The Rating Agency has assigned ratings of A (pronounced as A) by Brickwork Ratings to the Debentures.

Please refer to Annexures II for the credit rating assigned by the Rating Agency and the detailed rating rationale respectively.

Please note that the rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time including on the basis of new information.

5.16 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

- (a) The Debentures are proposed to be guaranteed by the Guarantor by way of the GOI Guarantee. The GOI Guarantee will be issued in accordance with Rule 280 of the General Financial Rules as published by the Ministry of Finance (Department of Expenditure), Government of India from time to time (hereinafter referred to as "GFR") within the timelines that are agreed between the Guarantor and the Debenture Holders, in accordance with the terms of GOI Guidelines and other Applicable Law.
- (b) The GOI Guarantee may be invoked by the Debenture Holders upon occurrence of the any event for invocation set out under the GOI Guidelines (including the inability of the Issuer to repay/pay any part of the Outstanding Amounts in respect of the Debentures) in accordance with the procedure set out in the GOI Guidelines.
- (c) Subject to the terms of the GOI Guidelines, the GOI Guarantee is a continuing guarantee and may be reviewed on an annual basis in accordance with Rule 281 of the GFR.
- (d) Any claims under the GOI Guarantee and/or other reporting requirements in respect of the GOI Guarantee will be done in accordance with the GOI Guidelines.

5.17 Names of all the recognized stock exchanges where the debt securities are proposed to be listed:

The Debentures are proposed to be listed on the Wholesale Debt Market Segment (WDM) of BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

5.18 Other details:

(a) **Debenture Redemption Reserve (“DRR”) Creation:**

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) The issuer shall create a recovery expense fund as detailed in SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 October 22, 2020 and inform the Debenture Trustee about the same.

(c) **Issue / instrument specific regulations:**

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the LODR Regulations, 2015, the Debenture Trustees Regulations, the GOI Guidelines and other RBI guidelines and SEBI guidelines applicable to issuance of non-convertible debentures by NBFCs on a private placement basis.

(d) **Application process:**

The application process for the Issue is as provided in SECTION 8: of this Information Memorandum.

5.19 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Information Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated 28.12.2020 authorizing the issue of Debentures offered under the terms of this Disclosure Document.
3	Shareholder Resolution dated 24.12.2020 authorizing the borrowing by the Company and the creation of security.
4	Copies of Annual Reports of the Company for the last three financial years.
5	Credit rating letter from the Rating Agency
6	Letter from IDBI Trusteeship Services Limited dated [December 23, 2020] giving its consent to act as Debenture Trustee.
7	Letter for Register and Transfer Agent.
8	Certified true copy of the certificate of incorporation of the Company.
9	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the NSDL/CDSL.
10	Executed drafts Debenture Trust Deed, Debenture Trustee Agreement and the Deed of Hypothecation.

5.20 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 50,00,00,000/- (Rupees Fifty Crores only) by issue of Secured, Listed, Rated, Unsubordinated Redeemable, Non-Convertible Debentures on a private placement basis.

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Clause 5.23 of this Information Memorandum.

5.21 Issue Size

The aggregate issue size for the Debentures is of Rs. 50,00,00,000/- (Rupees Fifty Crores only)

5.22 Utilization of the Issue Proceeds

The proceeds shall be used for growing the Company's portfolio subject to such restrictions as the parties may have agreed upon and shall not be utilized for the purposes mentioned below.

The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company /associates.

The Issue shall not be utilised towards acquisition financing: viz buyback of shares/securities, purchase of shares of other companies and/or promoter contribution towards the equity capital of a company or as a bridge loan.

The Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015:

- 1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
- 2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
- 3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
- 4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities Except in accordance with applicable law .
- 5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market

5.23 Issue Details

Security Name	9.20% IKF Finance Limited June 2022
Issuer	IKF FINANCE LIMITED
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Secured, Listed, Rated Unsubordinated Redeemable Transferable Non-Convertible Debentures

Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in Clause 8.14 below
Rating of Instrument	“BWR A” (pronounced as “Brickwork A”)
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	To be listed in the Wholesale Debt Market segment of BSE within 4 (four) Business Days from the date of closure of the issue for the Debentures.
Issue Size	Rs. 50,00,00,000/- (Rupees Fifty Crores only).
Option to retain oversubscription	N.A.
Objects of the Issue	The proceeds of the Issuance will be utilized for the following purposes: <ul style="list-style-type: none"> • General business purposes • for Onward lending to customers as per RBI guidelines
Details of the utilization of the Proceeds	The Company shall utilise the amounts received from the subscription of the Debentures as stated in objects of the issue. No part of the proceeds from the Issue will be used towards: <ol style="list-style-type: none"> any capital market instrument such as equity and equity linked instruments or any other capital market related activities; any speculative purposes; investment in the real estate sector; or in contravention of any Government/RBI/SEBI/Other regulatory guidelines or applicable laws.
Coupon Rate	9.20% (Nine decimal Two Zero percent) per annum compounded monthly payable at such frequency as set out below against the heading ‘Coupon Payment Frequency’ and on such dates as set out below against the heading ‘Coupon Payment Dates’.
Step Up Coupon Rate	In case of downgrade by one notch in the rating of the debentures, coupon will be stepped up by 0.25% for each such downgrade, over and above the prevailing coupon rate immediately prior to such rating downgrade. Such enhanced coupon rate shall be applicable from the date of issue of the rating downgrade, by any rating agency, to the residual maturity of bonds. In case of 2 rating agencies, lowest of the two shall be considered
Step Down Coupon Rate	Not applicable
Coupon Payment Frequency	Quarterly and on Final Redemption Date
Coupon Payment Dates	As mentioned in Annexure VI
Coupon Type	Fixed
Day Count Basis	Actual/Actual

Interest on Application Money	<p>(i) Interest at the Interest Rate per annum will be paid on the Application Money to the Applicants from the date of receipt of such Application Money in the account of the ICCL (in accordance with the terms of the EBP Guidelines) up to 1 (one) day prior to the Deemed Date of Allotment for all valid applications, within 5 (five) Business Days from the Deemed Date of Allotment.</p> <p>(ii) Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount.</p> <p>Where an Applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the Applicant in the bank account of the Applicant as described in the Application Form towards interest on the refunded money by electronic mode of transfer like RTGS/NEFT/direct credit. Details of allotment will be sent to every successful Applicant.</p>
Default Interest Rate	Coupon Rate plus 2.00 % (Two point Zero Zero percent)
Early Redemption	Not Applicable
Early Redemption Premium	Not Applicable
Tenor	18 (Eighteen) months from Deemed Date of Allotment
Redemption Date/Maturity Date	June 30, 2022
Redemption Amount	Each Debenture shall be redeemed at par.
Redemption Premium/Discount	N.A.
Issue Price	Rs. 10,00,000/- (Rupees Ten Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option	N.A.
Put Date	N.A.
Put Price	N.A.
Call Date	N.A.
Call Price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Face Value	Rs 10,00,000/- (Rupees Ten Lakh only) per Debenture
Minimum Application size and in multiples of 1 thereafter	The minimum application size for the Issue shall be 10 (ten) Debentures and in multiples of 1 (one) Debenture thereafter.
Issue Timing	<p>Issue Opening Date: December 30, 2020</p> <p>Issue Closing Date: December 30, 2020</p>

	Pay-in Date: December 31, 2020 Deemed Date of Allotment: December 31, 2020
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	<p>The pay-in of the Application Money for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below:</p> <p>Name of the Bank: HDFC BANK IFSC Code: HDFC0000060 Account Number: ICCLEB Name of the beneficiary: INDIAN CLEARING CORPORATION LIMITED</p>
Depositories	NSDL/CDSL
Business Days	Means a day (other than a Saturday, Sunday or a 'public holiday' for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) on which banks are open for business in Mumbai.
Business Day Convention	<p>(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day;</p> <p>(b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of instalment shall be made on the immediately preceding Business Day; and</p> <p>(c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.</p>
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 7 (Seven) calendar days prior to any Due Date.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	<p>Representations and Warranties</p> <p>Please refer Section 7.2 of this Information Memorandum.</p> <p>Financial Covenants</p> <ul style="list-style-type: none"> Minimum CRAR as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions. <p>All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, starting from 31st March 2020 on consolidated and standalone balance sheet till the redemption of the Debentures.</p>

The covenants shall be certified by the Company within 60 (Sixty) calendar days from the end of each financial quarter.

Please also refer Section 7.3 of this Information Memorandum.

Reporting Covenants

Quarterly Reports – within 30 (Thirty) calendar days from the end of each financial quarter

- a) Information such as financials, operations, portfolio , and asset quality (including but not limited to static portfolio cuts, collection efficiency and portfolio at risk data), funding data, ALM in formats acceptable to the Debenture Holders
- b) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer
- c) Copy of returns filed with the Reserve Bank of India (“RBI”) and the SEBI (as applicable)

Annual Reports – within 120 (One Hundred and Twenty) calendar days from the end of each financial year

- a) Audited financial statements

Event Based Reports – within 10 (Ten) Business Days of the event occurring

- a) Change in list of Board of Directors
- b) Changes in accounting policy
- c) Change in Shareholding structure
- d) Change in senior management officials (any CXO or equivalent)
- e) Snapshot of Board approved annual business plan
- f) Any fraud amounting to more than 1.0% of Gross Loan Portfolio
- g) Change in the constitutional documents of the Company except for authorized share capital clause and for common seal clause
- h) Material Adverse Effect
- i) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.
- j) Winding up proceedings
- k) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.
- l) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer

Please also refer Section 7.4 of this Information Memorandum.

Affirmative Covenants

- (a) To utilise the proceeds of this issue in accordance with applicable laws and regulations
- (b) To promptly inform notice of winding up / other legal proceedings
- (c) To promptly inform Material adverse effect
- (d) To provide the investor with access to data / information / meetings with the management team for periodical portfolio monitoring
- (e) To comply with corporate governance, fair practices code prescribed by RBI

And as set out in greater detail in the Debenture Trust Deed.

The Issuer shall also undertake that it would rework the Asset liability structure within three months to have positive ALM in each bucket for the first three months and on cumulative basis for the remaining period.

Please also refer Section 7.5 of this Information Memorandum.

Negative Covenants

The issuer shall take the prior written permission from the Investor / Debenture Trustee for the following:

- (a) Any change in Promoter, or control.
- (b) Redeem, purchase, buyback, defease, retire, return or repay any of its equity share capital or resolve to do so.
- (c) Mergers, acquisitions, investment in associates, JVs and subsidiaries including disposal of any of the above
- (d) Change in nature of business of the Company
- (e) Change in its Memorandum or Articles of Association except for increasing the authorized share capital and for common seal clause
- (f) Loans exceeding 10% of net-worth to any single party and/or guarantees on behalf of third parties
- (g) Declare dividend on equity shares before payment of coupon due on the NCDs
- (h) Declare dividend on equity/preference shares when an Event of Default is subsisting
- (i) Material compromise or settlement

	<p>And as set out in greater detail in the Debenture Trust Deed</p> <p>Please also refer Section 7.6 of this Information Memorandum.</p>
<p>Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Information Memorandum.*</p>	<p>The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables (“Hypothecated Receivables”/“Hypothecated Assets”) created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Assets shall at all times be equal to the value of the outstanding principal amount of the Debentures.</p> <p>The Issuer undertakes:</p> <ul style="list-style-type: none"> • to maintain the value of security at all times equal to 1.10 (One decimal point one zero) time or 110.0% (One hundred ten percent) the aggregate amount of principal outstanding of the NCDs where at least 1.10 (One decimal point one zero) time or 110.0% (One hundred ten percent) of the security cover is from principal receivables (“Security Cover”); • to create, register and perfect the security over the Hypothecated Assets as contemplated above on or before the Deemed Date of Allotment by executing a duly stamped deed of hypothecation (“Deed of Hypothecation”) and filing CHG-9 within the time period applicable; The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Assets. • to pay a penal interest of 2.0% (Two Percent) p.a. over the Coupon Rate in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; • to provide a list on quarterly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) (“Hypothecated Asset Report”) • to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.10 (One decimal point one zero) time or 110.0% (One hundred ten percent) the aggregate amount of principal outstanding of the NCDs where at least 1.10 (One decimal point one zero) time or

	<p>110.0% (One hundred ten percent) of the security cover is from principal receivables.</p> <ul style="list-style-type: none"> to replace Hypothecated Receivables that have been overdue for more than 90 days with current receivables. Such replacement shall be affected within 15 (Fifteen) Business Days of the Hypothecated Receivables becoming overdue (by more than 90 days) <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> the receivables are existing at the time of selection and have not been terminated or pre-paid; the receivables have not been restructured or rescheduled; <p>all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;</p> <p>The issuer undertakes that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or paripassu charge on the assets of the issuer has been obtained from the earlier creditor</p>
Guarantor	<p>GOI Guarantee</p> <ul style="list-style-type: none"> The Debentures are proposed to be guaranteed by the Guarantor by way of the GOI Guarantee. The GOI Guarantee will be issued in accordance with Rule 280 of the General Financial Rules as published by the Ministry of Finance (Department of Expenditure), Government of India from time to time (hereinafter referred to as "GFR") within the timelines that are agreed between the Guarantor and the Debenture Holders, in accordance with the terms of GOI Guidelines and other Applicable Law. The GOI Guarantee may be invoked by the Debenture Holders upon occurrence of the any event for invocation set out under the GOI Guidelines (including the inability of the Issuer to repay/pay any part of the Outstanding Amounts in respect of the Debentures) in accordance with the procedure set out in the GOI Guidelines. Subject to the terms of the GOI Guidelines, the GOI Guarantee is a continuing guarantee and may be reviewed on an annual basis in accordance with Rule 281 of the GFR. Any claims under the GOI Guarantee and/or other reporting requirements in respect of the GOI Guarantee will be done in accordance with the GOI Guidelines.
Transaction Documents	Debenture Trust Deed, Deed of Hypothecation, Disclosure

		<p>Documents, Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures.</p> <p>Disclosure Documents means collectively,</p> <ul style="list-style-type: none"> (a) the debt disclosure document to be issued by the Issuer in terms of sub-regulation (1) of Regulation 21 (Disclosures in respect of Private Placements of Debt Securities) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (if applicable); and (b) private placement offer letter to be issued by the Issuer in terms of section 42 (Offer or invitation for subscription of securities on private placement) of the Companies Act, 2013. <p>Resolutions means collectively,</p> <ul style="list-style-type: none"> (a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013; (b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013; (c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder; (d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.
Conditions Disbursement	Precedent to	<p>The Issuer shall fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee/the Applicants, prior to the Deemed Date of Allotment, by submitting and providing to the Debenture Trustee/the Applicants:</p> <ul style="list-style-type: none"> (a) a copy of the resolution of the board of directors of the Issuer and any resolution of any committee of the board of directors authorizing the execution, delivery and performance of the Transaction Documents certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; (b) copies of the resolution of the shareholders of the Issuer under Sections 180(1)(c) and 180(1)(a) of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; (c) a copy of the resolution of the shareholders of the Issuer under Section 42 of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; (d) copies of the Issuer's Constitutional Documents certified as correct, complete and in full force and effect by the

	<p>appropriate officer;</p> <p>(e) copies of the PPOA and Information Memorandum executed by the authorized signatory(ies) of the Issuer;</p> <p>(f) execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee;</p> <p>(g) a copy of the rating letter and the rating rationale issued by the Rating Agency in relation to the Debentures;</p> <p>(h) a copy of the consent from the Debenture Trustee to act as the debenture trustee for the Issue;</p> <p>(i) a copy of the consent from the Registrar to act as the registrar and transfer agent for the Issue;</p> <p>(j) evidence that all 'know your customer' requirements to the satisfaction of the Debenture Trustee/the Applicants has been provided;</p> <p>(k) the audited financial statements of the Issuer for the Financial Year ended March 31, 2020;</p> <p>(l) a certificate from the authorised signatories of the Issuer addressed to the Debenture Trustee confirming that:</p> <p>(i) the persons authorised to sign the Transaction Documents and any document to be delivered under or in connection therewith, on behalf of the Issuer, together with the names, titles/designation and specimen signatures of such authorised signatories;</p> <p>(ii) the Issuer has the necessary power under the Constitutional Documents to borrow monies by way of the issuance of the Debentures and create security on the assets of the Issuer to secure such Debentures;</p> <p>(iii) the issuance of the Debentures and the creation of security over the Hypothecated Assets will not cause any limit, including any borrowing or security providing limit binding on the Issuer to be exceeded;</p> <p>(iv) no consents and approvals are required by the Issuer from its creditors or any Governmental Authority or any other person for the issuance of the Debentures and creation of security under the Deed of Hypothecation;</p>
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	<p>(v) the representations and warranties contained in the Transaction Documents are true and correct in all respects as on the Deemed Date of Allotment/the date of the certificate;</p> <p>(vi) no Event of Default or potential Event of Default has occurred or is subsisting as at the Deemed Date of Allotment/the date of the certificate; and</p> <p>(vii) no Material Adverse Effect has occurred;</p> <p>(m) (if so required by the Applicants/to the extent applicable) evidence of receipt of an "in-principle" approval from BSE in respect of the listing of the Debentures;</p> <p>(n) (if so required by the Applicants) a legal opinion confirming the validity and enforceability of the Transaction Documents; and</p> <p>(o) provide such other information, documents, certificates, opinions and instruments as the Debenture Holder may reasonably request.</p>
Conditions Subsequent to Disbursement	<p>The Issuer shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee:</p> <p>(a) the Issuer shall ensure that the Debentures are credited into the demat accounts of the Debenture Holders of the Debentures within the time period prescribed in the Transaction Documents;</p> <p>(b) the Issuer shall file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) days of the allotment of Debentures along with a list of the Debenture Holders and with the prescribed fee;</p> <p>(c) the Issuer shall, in respect of the Deed of Hypothecation, file a copy of Form CHG-9 with ROC and shall ensure and procure that the Debenture Trustee files the prescribed Form I with CERSAI, each within 30 (thirty) days from the date of execution of the Deed of Hypothecation/creation of security over the Hypothecated Assets in accordance with the Deed of Hypothecation, and in any case not later than 60 (sixty) calendar days from date of execution of the Deed of Hypothecation;</p> <p>(d) the Issuer shall obtain listing of the Debentures within 4 (four) Business Days from the date of closure of the issue for the Debentures; and</p>

	<p>the Issuer shall execute/provide such other information, documents, undertakings, certificates, opinions and instruments as the Debenture Trustee and the Applicants may request in connection with the transactions contemplated under the DTD and the other Transaction Documents.</p> <ol style="list-style-type: none"> 1) Personal Guarantee of Mr. Gopala Kishan Prasad Vupputuru and Mrs. Vasumati Devi 2) Company submitting an undertaking that total issuance under PCGS 2.0 shall be capped at 1.25 times of total maturity liability over a period of 6 months 3) CA certificate with regard to debt liability over next 6 months to be obtained 4) NCDs to be dual rated from accredited credit rating agency(s)
Events of Default including manner of voting /conditions of joining Inter Creditor Agreement)]	<p>Events of Default</p> <p>(a) <i>Payment Defaults</i></p> <p>The Issuer does not pay on the Due Date any amount payable pursuant to the DTD and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.</p> <p>(b) <i>Insolvency/Inability to Pay Debts</i></p> <p>The Issuer is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness. PROVIDED THAT the foregoing shall not apply to any moratorium provided to the Company, or Financial Indebtedness of the Company rescheduled, pursuant to the Moratorium Directions (COVID-19).</p> <p>(c) <i>Business</i></p> <p>The Issuer without obtaining the prior consent of the Special Majority Debenture Holders ceases to carry on its business or gives notice of its intention to do so.</p> <p>(d) <i>Misrepresentation</i></p> <p>Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Issuer shall prove to have been incorrect, false or misleading in any material respect</p>

	<p>when made or deemed made.</p> <p>(e) <i>Material Adverse Effect</i></p> <p>The occurrence of a Material Adverse Effect, in the sole determination of the Debenture Trustee (acting on the instructions on the Debenture Holders).</p> <p>(f) <i>Cross Default</i></p> <p>The Issuer:</p> <ul style="list-style-type: none"> (i) defaults in any payment of any Financial Indebtedness beyond the period of grace (not to exceed 30 (thirty) days), if any, provided in the instrument or agreement under which such Financial Indebtedness was created; (ii) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity; or (iii) any Financial Indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof. <p>(g) <i>Liquidation, Insolvency or Dissolution of the Issuer / Appointment of Receiver, Resolution Professional or Liquidator</i></p> <p>Any corporate action, legal proceedings or other procedure or step is taken in relation to:</p> <ul style="list-style-type: none"> (A) the suspension of payments, a moratorium of any Financial Indebtedness, winding-up, dissolution, administration or re-organisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer. PROVIDED THAT the foregoing shall not apply to any moratorium provided to the Company, or Financial Indebtedness of the Company rescheduled, pursuant to the Moratorium Directions (COVID-19.;
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	<p>(B) a composition, compromise, assignment or arrangement with any creditor of the Issuer;</p> <p>(C) the appointment of a liquidator, receiver, resolution professional, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer;</p> <p>(D) the Issuer, in respect of any reference or enquiry or proceedings commenced, before the National Companies Law Tribunal or under any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the Stressed Assets Framework);</p> <p>(E) (to the extent applicable) any filing of an application/petition under the (Indian) Insolvency and Bankruptcy Code, 2016 or any other law relating to the insolvency of the Borrower, provided that such application or petition has not been dismissed or stayed to the satisfaction of the Lender within thirty (30) days (or such other period as may be prescribed by the Lender in its sole discretion upon being notified of the relevant filing). For the avoidance of doubt, the Borrower hereby agrees to notify the Lender promptly upon any initial filing of such application or petition;</p> <p>(F) enforcement of any security over any Assets of the Issuer or any analogous procedure or step is taken in any jurisdiction; or</p> <p>(G) any other event occurs or proceeding instituted under any Applicable Law that would have an effect analogous to any of the events listed in (i) to (vi) above.</p> <p>(h) <i>Creditors' Process and Expropriation</i></p> <p>Any expropriation, attachment, garnishee, sequestration, distress or execution affects any material Assets of the Issuer and is not discharged within 30 (thirty) calendar days or as otherwise provided in any order of any competent court or tribunal relating to the aforementioned actions.</p> <p>(i) <i>Judgment Defaults</i></p> <p>One or more judgments or decrees entered against the Issuer involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 10% (ten percent) of the Total Assets of the Issuer provided such judgments or decrees are</p>
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	<p>either final and non-appealable or have not been vacated, discharged or stayed pending appeal for any period of 30 (thirty) calendar days.</p> <p>(j) Transaction Documents</p> <p>The DTD or any other Transaction Document (in whole or in part), is terminated or ceases to be effective or ceases to be in full force or no longer constitutes valid, binding and enforceable obligations of the Issuer.</p> <p>(k) Unlawfulness</p> <p>It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Issuer under any Transaction Document are not or cease to be valid, binding or enforceable.</p> <p>(l) Repudiation</p> <p>The Issuer repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.</p> <p>(m) Security in Jeopardy</p> <p>In the opinion of the Debenture Trustee any Hypothecated Asset(s) are in jeopardy.</p> <p>(n) Security and GOI Guarantee</p> <p>(i) The Issuer fails to create and perfect security within the timelines prescribed in the Transaction Documents and/or in the manner prescribed in the Transaction Documents.</p> <p>(ii) The value of the Hypothecated Assets is insufficient to maintain the Security Cover or the Issuer fails to maintain the Security Cover (including by way of providing additional/alternate security to the satisfaction of the Debenture Trustee) within the timelines prescribed in the relevant Transaction Documents.</p> <p>(iii) The GOI Guarantee is not issued in favour of the Debenture Holders and/or the Debenture Trustee (acting on behalf of and for the benefit of the Debenture Holders), as the case may be, within the timelines prescribed under Applicable Law (including the GOI Guidelines), and/or the Guarantor refuses, due to any reason whatsoever,</p>
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	<p>to issue the GOI Guarantee.</p> <p>(iv) Any of the Transaction Documents fails to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests fail to have the priority contemplated under the Transaction Documents, or the security interests become unlawful, invalid or unenforceable.</p> <p>(v) The Issuer creates or attempts to create any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect, over the Hypothecated Assets, without the prior consent of the Debenture Trustee.</p> <p>(o) <i>Breach of other Covenants</i></p> <p>Any breach of any covenant or undertaking of the Issuer in the Transaction Documents (other than (a) to (n) above) which is not cured within 30 (thirty) days of occurrence or such other time period as may be prescribed by the Debenture Holders in their sole discretion..</p> <p>Consequences and Remedies/Manner of voting</p> <p>On the occurrence of an Event of Default, the Debenture Trustee may, in its discretion, and, upon request, in writing, of the Special Majority Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in the DTD initiate the following course of action:</p> <p>(a) subject to Applicable Law, require the Issuer to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest and other costs, charges and expenses incurred under or in connection with the DTD and the other Transaction Documents;</p> <p>(b) subject to Applicable Law, declare all or any of the Debentures and/or Secured Obligations to be immediately due and payable, whereupon it shall become immediately due and payable;</p> <p>(c) appoint any independent agency to inspect and examine the working of the Issuer and give a report to the Debenture Holders/the Debenture Trustee. The Issuer shall give full co-operation and provide necessary assistance to such agency and bear all costs and expenses of the examination including</p>
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	<p>the professional fees and travelling and other expenses;</p> <p>(d) take all such other action expressly permitted under the DTD or in the other Transaction Documents or permitted under the Applicable Law;</p> <p>(e) take any actions in respect of the SEBI Defaults (Procedure) Circular in accordance with the provisions of the DTD;</p> <p>(f) exercise such other rights as the Debenture Trustee may deem fit under Applicable Law to protect the interests of the Debenture Holders;</p> <p>(g) accelerate the redemption of the Debentures;</p> <p>(h) enforce the security interest created under the Transaction Documents in accordance with the terms of the Transaction Documents;</p> <p>(i) invoke/enforce the GOI Guarantee in accordance with the terms thereof and the GOI Guidelines; and/or</p> <p>(j) exercise any other right that the Debenture Trustee and/or the Debenture Holder(s) may have under the Transaction Documents or under Applicable Law.</p> <p>2. Decision making by Debenture Trustee in an event of default:</p> <p>a. In an Event of Default or breach of the covenants by the Company or any such acts/omissions which may have Material Adverse Effect on the Debentures shall the Debenture Trustee may, in its discretion, that is, without requiring any consent or confirmation of the Company, and upon request in writing of 75% of the Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in the Debenture Trust Deed.</p> <p>b. Debenture Trustee shall take all such steps required as stated in this Clause or elsewhere in the Deed or as per applicable laws to enforce security and protect the rights of the Debentures Holders including entering into inter creditor agreement to protect the interest of the Debenture Holders.</p> <p>The manner of voting shall be more particularly set out in the DTD.</p> <p>In addition to the foregoing, in accordance with the SEBI Defaults (Procedure) Circular, the Debenture Trustee shall send a notice to the Debenture Holders within 3 (three) days of the occurrence of an Event of Default, in accordance with the mode of delivery of notice</p>
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	mentioned therein, convening a meeting within 30 (thirty) days of the occurrence of an Event of Default. PROVIDED THAT if the Event of Default is cured or rectified within the intervening period between the date of the aforementioned notice from the Debenture Trustee to the date the aforementioned meeting is convened, no such meeting of the Debenture Holders shall be required. The Debenture Trustee shall maintain the details of the providing and receipt of such notice in accordance with the SEBI Defaults (Procedure) Circular.
Creation of recovery expense fund	<p>Details and purpose of the recovery expense fund</p> <p>(a) The Issuer shall create and maintain the Recovery Expense Fund up to the amounts prescribed under the SEBI REF Circular, in accordance with and within the timelines prescribed in the SEBI REF Circular.</p> <p>(b) The Recovery Expense Fund shall be created to enable the Debenture Trustee to take prompt action in relation to the enforcement of the Security in accordance with the Transaction Documents.</p> <p>(c) The amounts in the Recovery Expense Fund shall be utilised in the manner as may be prescribed by the Debenture Holders by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in the Transaction Documents.</p> <p>(d) On the occurrence of an Event of Default, if the Security is proposed to be enforced, the Debenture Trustee shall follow the procedure set out in the SEBI REF Circular for utilisation of the Recovery Expense Fund.</p>
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Please refer sections named "Default Interest Rate" and "Events of Default".
Provisions related to Cross Default Clause	The Company (i) defaults in any payment of any Financial Indebtedness beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Financial Indebtedness was created; (ii) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity; or (iii) any Financial Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.
Role and Responsibilities of	To oversee and monitor the overall transaction for and on behalf of

Debenture Trustee	the Debenture Holders and such other roles and responsibilities as set out in greater detail in the Debenture Trust Deed.
Risk factors pertaining to the issue	Please refer to Section 3 (<i>Risk Factors</i>) of this Information Memorandum.
Illustration of Bond Cashflows	Kindly refer to Annexure VI of this Information Memorandum
[All covenants of the issue (including side letters, accelerated payment clause, etc.)	Kindly refer to the row 'Covenants' under this clause 5.23 of the Information Memorandum.
Event of default (manner of voting /conditions of joining Inter Creditor Agreement)	Kindly refer to the row 'Events of Default' under this clause 5.23 of the Information Memorandum.
Additional Disclosures (Security Creation (where applicable))	The Company will pay a penal interest of 2.0% (Two Percent) p.a. over the Coupon Rate in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets.
Additional Disclosures (Default in Payment)	In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period.
Additional Disclosures (Delay in Listing)	In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will: (i) pay to the Debenture Holders, penal interest of 1% (one percent) per annum over the interest rate, from the closure of the issue of the Debentures until the listing of the Debentures is completed; and (ii) be permitted to utilise the issue proceeds of its 2 (two) subsequent privately placed issuances of securities only after receiving final listing approval from the stock exchange(s).
Debenture Trustee	IDBI Trusteeship Limited
Registrar and transfer agent	Bigshare Services Private Limited
Rating Agency	Brickwork Ratings
Credit Enhancer(s)	Not Applicable
Other obligor(s)	Not Applicable
Ranking	Unsubordinated Each Debenture issued by the Issuer will constitute direct, senior and secured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior, secured investors / lenders and shall rank pari passu to all senior, secured indebtedness of the Issuer. Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures,

	without any preference or privilege.
Form of issue	Debentures will be issued in dematerialized form
Scheduled Redemption	Payable in 4 equal instalments payable on below dates subject to holiday conventions First redemption date : 04-Oct-2021 Second Redemption date :31-12-2021 Third Redemption date: 31-03-2022 Fourth Redemption date : 30-06-2022
Early Redemption	Not Applicable
Early Redemption Premium	Not Applicable
Credit Enhancer(s)	Not applicable
Other Obligor(s)	Not applicable
Pledge	None
Mortgage	None
Debenture Redemption Reserve	If so applicable for the Issue, the Issuer shall create debenture redemption reserve in accordance with the Companies Act, 2013 (and Rules thereunder) and in terms thereof earmark an amount not less than 15% of the amount maturing during the year ending on the 31st day of March of the next year by way of investment and deposits in specified securities on or before the 30th day of April in each year.
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debenture Trustee.
Extended PCG Scheme	Extended PCG Scheme means the scheme dated May 20, 2020 of the Department of Financial Services, Ministry of Finance, Government of India on "Partial Credit Guarantee offered by Government of India (GoI) to Public Sector Banks (PSBs) for (i) purchasing pooled assets having a rating of BBB+ or above from financially sound Non-Banking Financial Companies (NBFCs)/Housing Finance Companies (HFCs) and (ii) Portfolio Guarantee for purchase by PSBs of Bonds or Commercial Papers (CPs) with a rating of AA and below (including unrated paper with original/initial maturity of up to one year) issued by NBFCs / HFCs / MFIs (in case MFIs, Bonds / CPs with MFR rating equivalent)".
Other Costs & Conditions	The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.

Note:

1. The list of documents which has been executed or will be executed in connection with the issue and subscription of debt securities shall be annexed.

2. The penal interest rates mentioned above as payable by the Issuer are independent of each other.
3. If there is any change in Coupon Rate rate pursuant to any event including elapse of certain time period or downgrade in rating , then such new Coupon Rate and events which lead to such change should be disclosed.
4. The procedure used to decide the dates on which the payment can be made and adjusting payment dates in response to days when payment can't be made due to any reason like sudden bank holiday etc., should be laid down.
5. While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of offer document/ information Memorandum , in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.”
6. Security Creation (where applicable): In case of delay in execution of Trust Deed and Charge documents, the Company will refund the subscription with agreed rate of interest or will pay penal interest of atleast 2% p.a. over the coupon rate till these conditions are complied with at the option of the investor.
7. . Delay in Listing: In case of delay in listing of the debt securities beyond 4 days from the deemed date of allotment, the Company will pay penal interest of atleast 1 % p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.

SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide *SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 w.e.f. 25-05-16*: (if the Debentures are listed)

- A. Name of the bank declaring the entity as a Wilful Defaulter: NIL
- B. The year in which the entity is declared as a Wilful Defaulter: NIL
- C. Outstanding amount when the entity is declared as a Wilful Defaulter: NIL
- D. Name of the entity declared as a Wilful Defaulter: NIL
- E. Steps taken, if any, for the removal from the list of wilful defaulters: NIL
- F. Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions: NIL
- G. Any other disclosure as specified by SEBI: NA

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

- (a) Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee;
- (b) Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer;
- (c) Deed of Hypothecation whereby the Issuer will create an exclusive first charge by way of hypothecation over the Hypothecated Property in favour of the Debenture Trustee to secure its obligations in respect of the Debentures; and
- (d) Such other documents as agreed between the Issuer and the Debenture Trustee.

7.2 Representations and Warranties of the Issuer

The Issuer makes the representations and warranties set out in this Section 7.2 to the Debenture Trustee for the benefit of the Debenture Holders as on the Effective Date, which representations shall be true and valid until the Final Settlement Date.

(a) ***Status***

- (i) It is a company, duly incorporated, registered and validly existing under Applicable Law.

- (ii) It is a non-deposit accepting or holding non-banking financial company - registered with the RBI.
- (iii) It has the power to own its Assets and carry on its business as it is being conducted.

(b) ***Binding obligations***

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

(c) ***Non-conflict with other obligations***

The entry into and performance by it of, and the transactions contemplated by the Transaction Documents do not and will not conflict with:

- (i) any Applicable Law;
- (ii) its Constitutional Documents; or
- (iii) any agreement or instrument binding upon it or any of its Assets.

(d) ***Power and authority***

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by such Transaction Documents.

(e) ***Validity and admissibility in evidence***

All approvals, authorisations, consents, permits (third party, statutory or otherwise) required or desirable:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party;
 - (ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
 - (iii) for it to carry on its business, and which are material,
- have been obtained or effected and are in full force and effect.

(f) ***No default***

- (i) No Event of Default has occurred and is continuing or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures.
- (ii) No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described)

under any other agreement or instrument which is binding on the Issuer or any of its Assets or which might have a Material Adverse Effect.

(g) ***Pari passu ranking***

Commencing from the Initial Security Creation Date, its payment obligations under the Transaction Documents shall rank at least *pari passu* with the claims of all of its other senior secured creditors, except for obligations mandatorily preferred by Applicable Law applying to companies generally. Commencing from the Deemed Date of Allotment until the Initial Security Creation Date, its payment obligations under the Transaction Documents rank at least *pari passu* with the claims of all of its other unsecured creditors, except for obligations mandatorily preferred by Applicable Law applying to companies generally.

(h) ***No proceedings pending***

Except as disclosed by the Issuer in the Debt Disclosure Documents, annual reports and financial statements, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been commenced against the Issuer, which if determined adversely, may have a Material Adverse Effect.

(i) ***No misleading information***

All information provided by the Issuer to the Debenture Trustee/Debenture Holders is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and is not misleading due to omission of material fact or otherwise.

(j) ***Compliance***

- (i) The Issuer has complied with Applicable Law (including but not limited to environmental, social and taxation related laws for the Issuer to carry on its business, all directions issued by the RBI to non-banking financial companies and the GOI Guidelines).
- (ii) There has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of any Governmental Authority issued or outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated against the Issuer which would have a Material Adverse Effect.
- (iii) No notice or other communication (official or otherwise) from any Governmental Authority has been issued or is outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated with respect to an alleged, actual or potential violation and/or failure to comply with any such Applicable Law or requiring them to take or omit any action.
- (iv) The Issuer shall complete all necessary formalities including all filings with the relevant regulatory authorities, including but not limited to the SEBI, the BSE, CERSAI and the ROC and obtain all consents and approvals required for the completion of the Issue.

(k) ***Assets***

Except for the security interests and encumbrances created and recorded with the ROC, the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(l) ***Financial statements***

- (i) Its financial statements most recently provided to the Debenture Trustee as of March 31, 2020 were prepared in accordance with Indian GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- (ii) Its financial statements as of March 31, 2020 provided to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the Financial Year save to the extent expressly disclosed in such financial statements.

(m) ***Solvency***

- (i) The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it has not been deemed by a court to be unable to pay its debts for the purposes of Applicable Law, nor will it become unable to pay its debts for the purposes of Applicable Law as a consequence of entering into the DTD or any other Transaction Document. PROVIDED THAT the foregoing shall not apply to any moratorium provided to the Issuer or re-scheduling pursuant to the Moratorium Directions (COVID-19).
- (ii) The Issuer, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its Financial Indebtedness. PROVIDED THAT the foregoing shall not apply to any moratorium provided to the Issuer or re-scheduling pursuant to the Moratorium Directions (COVID-19).
- (iii) The value of the Assets of the Issuer is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.
- (iv) The Issuer has not taken any corporate action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.
- (v) No insolvency or bankruptcy process has commenced under Applicable Law in respect of the Issuer (including pursuant to the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, and any other rules and regulations made thereunder from time to time).
- (vi) No reference has been made, or enquiry or proceedings commenced, in respect of the Issuer, before the National Companies Law Tribunal or under

any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the Stressed Assets Framework).

(n) ***Hypothecated Assets***

- (i) The Hypothecated Assets are the sole and absolute property of the Issuer and are free from any other mortgage, charge or encumbrance and are not subject to any *lis pendens*, attachment, or other order or process issued by any Governmental Authority.
- (ii) None of the Client Loans comprising the Hypothecated Assets have been previously hypothecated, sold, transferred or assigned to any other bank or financial institution.
- (iii) The Transaction Documents executed or to be executed constitute legal, valid and enforceable security interest in favour of the Debenture Trustee and for the benefit of the Debenture Holders on all the assets thereby secured and all necessary and appropriate consents for the creation, effectiveness, priority and enforcement of such security have been obtained.

(o) ***GOI Guarantee and GOI Guidelines***

- (i) The credit rating (being the Rating) assigned to the Debentures by the Rating Agency complies with the requirements prescribed under the GOI Guidelines.
- (ii) The tenor in respect of the Debentures is more than 9 (nine) months, but does not exceed 18 (eighteen) months.
- (iii) The aggregate amount of debt securities (in form of bonds, non-convertible debentures and/or commercial papers) issued by the Issuer pursuant to the GOI Guidelines does not exceed 1.25 (one decimal two five) times of the Issuer's aggregate debt liability maturing over a period of 6 (six) months from the Deemed Date of Allotment.
- (iv) The Issuer has made a profit in at least one of the Financial Years ending on March 31, 2018 (FY 2017-18), March 31, 2019 (FY 2018-19), and/or March 31, 2020 (FY 2019-20).
- (v) The Issuer has been classified as "regular" or "SMA-0" by its lenders for the period that is 1 (one) year prior to August 1, 2018.
- (vi) Without prejudice to (i) above, the Issuer is in compliance with the eligibility criteria applicable to it as set out in the GOI Guidelines.

7.3 FINANCIAL COVENANTS

Until the Final Settlement Date, the Issuer shall:

- (a) Minimum CRAR as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions.

All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, starting from 31st March 2020 on consolidated and standalone balance sheet till the redemption of the Debentures.

The financial covenants set out in this Section 7.3 shall be tested, until the Final Settlement Date, on a quarterly basis within 60 (sixty) days of each Quarterly Date, on the basis of the consolidated and standalone financial statements of the Issuer.

7.4 REPORTING COVENANTS

The Issuer shall provide or cause to be provided to the Debenture Trustee and to the Debenture Holders (including on any online reporting platform notified by the Debenture Trustee or any Debenture Holder), in form and substance reasonably satisfactory to the Debenture Trustee, each of the following items:

- (a) prior to the Deemed Date of Allotment, all documents and information and confirmations comprising the Conditions Precedent;
- (b) as soon as available, and in any event within 120 (one hundred and twenty) calendar days after the end of each Financial Year of the Issuer:
 - (i) certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed fiscal year, prepared in accordance with Indian GAAP including its balance sheet, income statement and statement of cash flow.

All such information shall be complete and correct in all material respects and shall fairly represent the financial condition, results of operation and changes in cash flow and a list comprising all material financial liabilities of the Issuer whether absolute or contingent as of the date thereof; and
 - (ii) a certificate from an authorised officer of the Issuer confirming that there is no existing potential Event of Default or Event of Default;
- (c) within 30 (thirty) calendar days after each Quarterly Date:
 - (i) certified copies of its un-audited consolidated and non-consolidated (if any) quarterly financial statements for the preceding fiscal quarter, prepared in accordance with Indian GAAP including its balance sheet, income statement and statement of cash flow;
 - (ii) details of operations, portfolio growth and asset quality (including static portfolio cuts, collection efficiency and portfolio at risk data), funding data, and asset liability management (ALM) data, in such form and manner as may be acceptable to the Debenture Holders;
 - (iii) copies of the quarterly returns filed with the RBI and SEBI; and
 - (iv) a certificate signed by a director or the chief financial officer of the Issuer stating that the Issuer is in compliance with all the covenants prescribed in

Section 7.3;

- (d) as soon as practicable, and in any event within 10 (ten) Business Days after the Issuer obtains or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect;
- (e) as soon as practicable, and in any event within 10 (ten) Business Days after the Issuer obtains or reasonably should have obtained actual knowledge thereof, notice of any dispute, litigation, investigation or other proceeding affecting the Issuer or its property or operations, which, if adversely determined, could result in a Material Adverse Effect;
- (f) as soon as practicable, and in any event within 10 (ten) Business Days after the Issuer obtains or reasonably should have obtained actual knowledge thereof obtains or reasonably, notice of the occurrence of any Event of Default or potential Event of Default including any steps taken to cure such event;
- (g) as soon as practicable, and in any event within 10 (ten) Business Days, any prepayment, or the receipt of notice of any Financial Indebtedness of the Issuer declared to be due and payable or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof;
- (h) as soon as practicable, and in any event within 10 (ten) Business Days after such default, notice of any default in the observance or performance of any agreement or condition relating to any Financial Indebtedness by the Issuer or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity in respect of the Issuer;
- (i) as soon as practicable, and in any event within 10 (ten) Business Days of receiving any notice of any application for winding up/insolvency having been made or any notice of winding up or insolvency under the provisions of the Act or the (Indian) Insolvency and Bankruptcy Code, 2016 or any other statute relating to winding up/insolvency or otherwise of any suit or other legal process intended to be filed or initiated against the Issuer;
- (j) as soon as practicable and in any event within 10 (ten) Business Days of the occurrence of:
 - (i) any change in the board of directors of the Issuer;
 - (ii) any change in the accounting policy of the Issuer;
 - (iii) any change in the shareholding in the Issuer;
 - (iv) any change in senior management officials of the Issuer being the chief executive officer or any other official discharging similar functions and responsibilities;
 - (v) approval by the board of directors of the annual business plan of the Issuer,

- a snapshot (in a form acceptable to the Debenture Trustee and the Debenture Holders) of the approved annual business plan;
- (vi) details of the occurrence of any fraud amounting to more than 1% (one percent) of the Gross Loan Portfolio;
- (vii) any change in the Constitutional Documents of the Issuer other than in respect of an increase in its authorized capital for any equity raise by the Issuer in the ordinary course of business which does not result in a Change of Control;
- (viii) new products introduced or change in existing product features by the Issuer;
- (ix) new business correspondent relationships or discontinuance of existing relationships by the Issuer;
- (x) geographical expansion to any new state/city/district/location by the Issuer;
- (xi) material changes to any information technology system or monthly reporting/information systems used by the Issuer;
- (xii) any change in credit bureaus used by the Issuer; and
- (xiii) any revisions in business plans of the Issuer;
- (k) the Issuer agrees that it shall forward to the Debenture Trustee promptly, whether a request for the same has been made or not:
 - (i) a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;
 - (ii) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/holders of debt securities; and
 - (iii) a copy of all the notices, call letters, circulars, proceedings, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media;
- (l) without prejudice to Section 7.4(c), within 60 (sixty) calendar days from each Quarterly Date, a certification from an authorized signatory or director or the Chief Financial Officer confirming compliance with the financial covenants set out in Section 7.3;
- (m) within such timelines as may be prescribed by the Debenture Trustee, provide all relevant information required by the Debenture Trustee for the effective discharge of its duties and obligations under the Transaction Document, including but not limited to the copies of all reports, balance sheets and the profit and loss account of the Issuer;
- (n) on a quarterly basis (and within such days from each Quarterly Date as may be

prescribed by the Debenture Trustee), provide to the Debenture Trustee:

- (i) a certificate from the Issuer's director or the managing director certifying the value of the book debts/receivables; and
 - (ii) a certificate from an independent chartered accountant providing/confirming the value of the book debts/receivables;
- (o) (if so required by the Debenture Trustee and within the timelines agreed with the Debenture Trustee) provide to the Debenture Trustee a certificate from the statutory auditor of the Issuer providing/confirming the value of the book debts/receivables and/or the utilisation of the proceeds of the Debentures (together with such details and information as may be required by the Debenture Trustee);
- (p) without prejudice to (m) above and (q) below, as soon as practicable and in any event within 30 (thirty) calendar days of receipt of a request, such additional documents or information as the Debenture Trustee or the Debenture Holders, may reasonably request from time to time;
- (q) as soon as practicable and in any event within the timelines prescribed by the Debenture Trustee (and Applicable Law), such other information, notifications, details, documents, reports, statements and certificates (including from chartered accountants, auditors and/or directors of the Issuer) as may be required by the Debenture Trustee from time to time, to ensure compliance with the provisions of the Applicable Law, including but not limited to the Debenture Trustees Regulations and the Companies (Share Capital and Debentures) Rules, 2014; and
- (r) without prejudice to (c)(ii) above, on a monthly basis (and within such days from each calendar month as may be prescribed by the Debenture Trustee), a certificate from an independent chartered accountant certifying the asset liability management (ALM) data of the Issuer;
- (s) as soon as practicable and in any event within the timelines prescribed by the Debenture Trustee, a certificate from an independent chartered accountant certifying:
- (i) the Issuer's aggregate debt liability maturing over a period of 6 (six) months from the Deemed Date of Allotment; and
 - (ii) the maximum amount which the Issuer is eligible to raise (either by way of issue of debt securities or otherwise) under the GOI Guidelines; and
- (t) as soon as practicable and in any event within 7 (seven) calendar days of receipt of a request such documents, statements or information that may be required:
- (i) by the Debenture Holders for obtaining and procuring the GOI Guarantee from the Guarantor;
 - (ii) for evidencing eligibility of the Issuer under the GOI Guidelines;
 - (iii) for ensuring compliance of the Debentures (and the Debenture Holders, to the extent required) with Applicable Law (including but not limited to the GOI Guidelines and the GFR); and

- (iv) for complying with any other reporting requirement in respect of the GOI Guarantee.

The Issuer hereby agrees, confirms and authorizes the Debenture Holders/Debenture Trustee to submit and disclose the required information in respect of the Issuer and the Debentures to the Guarantor (or any other authorized entity/department) to ensure that the GOI Guarantee is obtained to the satisfaction of the Debenture Holders.

7.5 AFFIRMATIVE COVENANTS

The Issuer shall:

- (a) ***Use of Proceeds***

use the proceeds of the Issue only for the Purpose and in accordance with the Transaction Documents;

- (b) ***Notice of Winding up or other Legal Process***

promptly, and in any case not later than 10 (ten) Business Days of occurrence, inform the Debenture Trustee if it has received:

- (i) any notice of any application for winding up or insolvency process or any statutory notice of winding up or insolvency process under the provisions of the Act or any other Applicable Law (including the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, and any other rules and regulations made thereunder from time to time); or

- (ii) any other notice under any other statute relating to the commencement/initiation of winding up or insolvency process or otherwise of any suit or other legal process against the Issuer;

- (c) ***Loss or damage by uncovered risks***

promptly inform the Debenture Trustee of any material loss or significant damage which the Issuer may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Issuer may not have insured its properties;

- (d) ***Costs and Expenses***

pay all reasonable costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Issuer before they are incurred and shall not include any foreign travel costs;

- (e) ***Payment of Rents, etc.***

punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Issuer as and when such amounts are payable;

(f) ***Preserve Corporate Status***

- (i) diligently preserve and maintain its corporate existence and status and all rights, privileges, and concessions now held or hereafter acquired by it in the conduct of its business;
- (ii) comply with all acts, authorisations, consents, permissions, rules, regulations, orders and directions of any Governmental Authority; and
- (iii) not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the Outstanding Amounts might or would be hindered or delayed;

(g) ***Pay Stamp Duty***

pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Issuer may be required to pay according to the applicable state laws. In the event the Issuer fails to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee shall be at liberty (but shall not be bound) to pay such amounts and the Issuer shall reimburse the aforementioned amounts to the Debenture Trustee on demand;

(h) ***Furnish Information to Debenture Trustee***

- (i) provide to the Debenture Trustee or its nominee(s)/ agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business of the Issuer or to investigate the affairs of the Issuer;
- (ii) allow the Debenture Trustee to make such examination and investigation as and when deemed necessary and shall furnish the Debenture Trustee with all such information as they may require and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation;
- (iii) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require for the purpose of filing any relevant forms with any Governmental Authority (including but not limited to the CERSAI and any Information Utility) in relation to the Debentures and the Hypothecated Assets;
- (iv) furnish quarterly reports to the Debenture Trustee (as may be required in accordance with Applicable Law) containing the following particulars:
 - (A) updated list of the names and addresses of the Debenture Holders;
 - (B) details of the interest due, but unpaid and reasons thereof;
 - (C) the number and nature of grievances received from the Debenture

Holders and resolved and unresolved by the Issuer along with the reasons for the same; and

(D) a statement that the Hypothecated Assets are sufficient to discharge the claims of the Debenture Holders as and when they become due; and

(v) inform and provide the Debenture Trustee with applicable documents in respect of the following:

(A) notice of any Event of Default or potential Event of Default; and

(B) any and all information required to be provided to the Debenture Holders under Applicable Law and the listing agreement to be entered into between the Issuer and the BSE;

(i) ***Redressal of Grievances***

promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Issuer further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(j) ***Comply with Investor Education and Protection Fund Requirements***

comply with the provisions of the Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund ("IEPF"), if applicable to it. The Issuer hereby further agrees and undertakes that until the Final Settlement Date it shall abide by the regulations, rules or guidelines/listing requirements if any, issued from time to time by the Ministry of Corporate Affairs, RBI, SEBI or any other competent Governmental Authority;

(k) ***Corporate Governance; Fair Practices Code***

comply with any corporate governance requirements applicable to the Issuer (as may be prescribed by the RBI, SEBI, any stock exchange, or any Governmental Authority) and the fair practices code prescribed by the RBI;

(l) ***Further Assurances***

(i) provide details of any litigation, arbitration or administrative proceedings that if determined adversely could have a Material Adverse Effect on the Issuer;

(ii) comply with any monitoring and/or servicing requests from Debenture Holders;

(iii) execute and/or do, at its own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by Applicable Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;

- (iv) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it to lawfully enter into and perform its obligations under the DTD or to ensure the legality, validity, enforceability or admissibility in evidence in India of the DTD;
- (v) comply with:
 - (A) all Applicable Law (including but not limited to environmental, social and taxation related laws, all directions issued by the RBI to non-banking financial companies and the GOI Guidelines), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time (including in relation to the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the LODR Regulations and the listing agreement entered into/to be entered into between the Issuer and the BSE);
 - (B) the Debenture Trustees Regulations as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 of the Debenture Trustees Regulations thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures;
 - (C) the provisions of the Act in relation to the Issue;
 - (D) procure that the Debentures are rated and continue to be rated until the Final Settlement Date; and
 - (E) ensure that, at time of making any payment of interest or repayment of the principal amount of the Debentures in full or in part, the Issuer shall do so in the manner that is most tax efficient for the Debenture Holders but without, in any way requiring the Issuer to incur any additional costs, expenses or taxes and the Issuer shall avail of all the benefits available under any treaty applicable to the Issuer and/or the Debenture Holders; and
- (vi) comply with the terms and conditions of the Information Memorandum submitted to the BSE/uploaded on the website of the BSE;

(m) ***Collateral and GOI Guarantee***

the Issuer hereby further agrees, declares and covenants with the Debenture Trustee that:

- (i) the Debentures shall be collateralised by a first ranking exclusive continuing security by way of a first ranking exclusive charge on the Hypothecated Assets in favour of the Debenture Trustee for the benefit of the Debenture Holders;
- (ii) the Debentures shall be supported by the GOI Guarantee to be provided by

the Guarantor in accordance with the GOI Guidelines;

- (iii) all the Hypothecated Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Issuer specifically appropriated to this Security and be dealt with only under the directions of the Debenture Trustee;
- (iv) the Issuer shall not create any charge, lien or other encumbrance upon or over the Hypothecated Assets or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice this Security;
- (v) the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve this Security and to maintain the Security undiminished and claim reimbursement thereof;
- (vi) to create the security over the Hypothecated Assets as contemplated in the Transaction Documents on or prior to the Initial Security Creation Date by executing the duly stamped Deed of Hypothecation;
- (vii) to register and perfect the security interest created thereunder by filing Form CHG-9 with the concerned ROC and ensuring and procuring that the Debenture Trustee files the prescribed Form I with CERSAI reporting the charge created to the CERSAI in relation thereto, each within 30 (thirty) calendar days from the date on which such security over the Hypothecated Assets is created in accordance with the Deed of Hypothecation, and in any case not later than 60 (sixty) calendar days from date of execution of the Deed of Hypothecation;
- (viii) commencing from the Initial Security Creation Date until the Final Settlement Date, the Issuer shall, at the time periods set out in the Deed of Hypothecation, provide a list of specific loan receivables/identified book debts to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover ("**Quarterly Hypothecated Assets Report**");
- (ix) to keep the Application Money in a separate bank account in the event the DTD and the other Transaction Documents are not executed on or before the Deemed Date of Allotment;
- (x) the Issuer shall, on each Top-up Date (as defined in the Deed of Hypothecation), add fresh receivables to the Hypothecated Assets so as to ensure that the Security Cover is maintained or to replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents. Without prejudice to the foregoing, the Issuer will replace all Client Loans comprising the Hypothecated Assets that are overdue by 90 (ninety) days or more with fresh Client Loans that are classified as "standard" and that fulfil the eligibility criteria prescribed in the Transaction Documents promptly and in no case later than 15 (fifteen) Business Days of any Client Loans becoming overdue by 90 (ninety) days or more;

- (xi) the Issuer shall, on a half yearly basis, as and when required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Hypothecated Assets from time to time;
- (xii) furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee in respect of the Hypothecated Assets;
- (xiii) furnish and execute all necessary documents to give effect to the Hypothecated Assets;
- (xiv) the security interest created on the Hypothecated Assets shall be a continuing security;
- (xv) the Hypothecated Assets shall fulfil the eligibility criteria set out in the Deed of Hypothecation;
- (xvi) it shall, within 3 (three) months from the Deemed Date of Allotment, re-work and re-asses its asset-liability management framework/structure in all time buckets to ensure that for a period of 3 (three) months from the Deemed Date of Allotment, to ensure that its asset-liability management (determined in accordance with the NBFC Directions) is positive. Without prejudice to the above, the Issuer further undertakes that upon the expiry of 3 (three) months from the Deemed Date of Allotment, and until the Final Settlement Date, it will ensure that the cumulative mismatch/difference in the asset-liability management statement in all time buckets (determined in accordance with the NBFC Directions) is positive;
- (xvii) nothing contained herein shall prejudice the rights or remedies of the Debenture Trustee and/or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Issuer to the Debenture Trustee and/ or the Debenture Holders;
- (xviii) the Debenture Holders shall have a beneficial interest in the Hypothecated Assets of the Issuer which have been charged to the Debenture Trustee to the extent of the Outstanding Amounts of the Debentures under the DTD; and
- (xix) to forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the Hypothecated Assets and such amounts shall be deemed to be secured by the Hypothecated Assets;

(n) ***Filings; Compliance with BSE Requirements***

the Issuer hereby further agrees, declares and covenants with the Debenture Trustee that:

- (i) while submitting half yearly/annual financial results in accordance with Regulation 52 of the LODR Regulations, the Issuer shall file with the BSE for dissemination, along with a noting certificate of the Debenture Trustee, containing, *inter alia*, the following information:

- (A) credit rating (and any change thereto);
 - (B) asset cover;
 - (C) debt to equity ratio accompanied with a certificate of a practicing chartered accountant confirming such debt to equity ratio;
 - (D) previous Due Date for the payment of interest/principal and whether the same has been paid or not;
 - (E) next Due Date for the payment of interest/principal along with the amount of interest payable and the redemption amount;
 - (F) debt service coverage ratio (if required);
 - (G) interest service coverage ratio (if required);
 - (H) outstanding redeemable preference shares (quantity and value);
 - (I) debenture redemption reserve;
 - (J) net worth;
 - (K) net profit after tax; and
 - (L) earnings per share;
- (ii) in accordance with Regulation 52 of the LODR Regulations, the Issuer shall file with the BSE the prescribed statements, financial statements and noting certificate of the Debenture Trustee within the timelines prescribed therein;
- (iii) in accordance with Regulation 56 of the LODR Regulations, the Issuer shall submit the following to the Debenture Trustee:
- (A) a copy of the annual report at the same time as it is issued and a copy of the certificate from the Issuer's auditors in respect of utilisation of funds raised by the issue of the Debentures, at the same time or at the end of each Financial Year until such funds have been fully utilised or the purpose for which such funds were intended has been achieved;
 - (B) a copy of all notices, resolutions and circulars relating to any new issue of non-convertible debt securities (at the same time as they are sent to shareholders/holders of non-convertible debt securities), the meetings of holders of non-convertible debt securities (at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings);
 - (C) intimations regarding any revision in the rating or any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities issued by the Issuer or any failure to create charge on the assets;

- (D) a half-yearly certificate regarding maintenance of 100% (one hundred percent) asset cover, or asset cover as per the terms of the Transaction Documents, including compliance with all the covenants, in respect of listed non-convertible debt securities, by the statutory auditor, along with the half-yearly financial results; and
 - (E) a copy of the statement, if any filed with the BSE in compliance of Regulation 52(7) of the LODR Regulations indicating material deviations, if any, in the use of funds raised by the issue of the Debentures from the object stated in the Information Memorandum;
- (iv) in accordance with Regulation 58 of the LODR Regulations, the Issuer shall furnish the following to the Debenture Holders in the manner prescribed therein:
 - (A) physical copies of full annual reports to those Debenture Holders who request the same;
 - (B) notice of all meetings of the Debenture Holders specifically stating that the provisions for appointment of proxy in accordance with Section 105 of the Companies Act, 2013 shall be applicable for such meeting; and
 - (C) proxy forms for the Debenture Holders clearly providing the Debenture Holders to vote for each resolution in such a manner that they may vote either for or against each resolution;
- (v) it will provide all assistance to the Debenture Trustee, as may be required by it, to carry out the necessary due diligence and monitor the asset cover in the manner as may be specified by SEBI from time to time. In this regard, in accordance with the SEBI's circular dated November 12, 2020 on "*Monitoring and Disclosures by Debenture Trustee(s)*" ("**SEBI Monitoring Circular**"), the Issuer undertakes and agrees to provide all relevant documents/ information, as applicable, to enable the Debenture Trustee to submit the following reports/ certification to BSE:
 - (A) an asset cover certificate on a quarterly basis, within 60 (sixty) days from the end of each financial quarter in the format prescribed in the SEBI Monitoring Circular;
 - (B) (to the extent applicable) a statement of the value of the pledged securities on a quarterly basis, within 60 (sixty) days from the end of each financial quarter;
 - (C) (to the extent applicable) a statement of the value of the debt service reserve account or any other form of security offered on a quarterly basis, within 60 (sixty) days from the end of each financial quarter;
 - (D) (to the extent applicable) a net worth certificate of the guarantor who has provided a personal guarantee in respect of the

Debentures on a half yearly basis, within 60 (sixty) days from the end of each financial half-year;

- (E) (to the extent applicable) the financials/value of guarantor prepared on the basis of audited financial statement etc. of the guarantor who has provided a corporate guarantee in respect of the Debentures on an annual basis, within 75 (seventy five) days from the end of each financial year; and
- (F) (to the extent applicable) the valuation report and title search report for the immovable/movable assets, as applicable, on an annual basis, within 75 (seventy five) days from the end of each financial year;

(o) ***Execution of Transaction Documents***

in the event of any delay in the execution, or delivery of, any Transaction Document (including the DTD or the Deed of Hypothecation) in accordance with the terms set out herein, the Issuer will, at the option of the Debenture Holders:

- (i) refund the Application Money together with interest (including interest accrued) at the Interest Rate/dischARGE the Secured Obligations; or
- (ii) pay to the Debenture Holders penal interest at the rate of 2% (two percent) per annum charged on the Outstanding Principal Amounts in addition to the Interest Rate until the relevant Transaction Document (including this Deed or the Deed of Hypothecation) is duly executed and delivered;

(p) ***Internal Control***

maintain internal control for the purpose of:

- (i) preventing fraud on amounts lent by the Issuer; and
- (ii) preventing money being used for money laundering or illegal purposes;

(q) ***Audit and Inspection***

permit visits and inspection of books of records, documents and accounts to the Debenture Trustee and representatives of Debenture Holders as and when required by them;

(r) ***Books and Records***

maintain its accounts and records in accordance with Applicable Law; and

(s) ***Access; Periodic Portfolio Monitoring***

provide the Debenture Trustee and the Debenture Holders and any of their representatives, professional advisers and contractors with access to and/or permit them to, at the cost of the Issuer:

- (i) examine and inspect the books and records, office premises, and the premises of the Issuer;

- (ii) portfolio data in the format prescribed by the Debenture Holders from time to time; and
- (iii) discuss the affairs, finances and accounts of the Issuer, and be advised as to the same, by the relevant officers.

7.6 **NEGATIVE COVENANTS**

The Issuer shall not take any action in relation to the items set out in this Section 7.6 without the prior written consent of the Debenture Trustee. The Debenture Trustee shall endeavour (but is not bound to) to provide its prior written consent/dissent within 15 (fifteen) Business Days after receiving a request to provide its consent. PROVIDED THAT such request must be accompanied by all relevant information substantiating the request to enable the Debenture Holders to make a reasoned decision. The Debenture Trustee reserves the right to take the consent of the Majority Debenture Holders prior to any such approval/dissent, if it deems necessary.

(a) ***Change of Business/Constitutional Documents***

- (i) change the general nature of its business from that which is permitted as a non-deposit accepting or holding non-banking financial company registered with the RBI;
- (ii) any diversification of its business outside from that which is permitted as a non-deposit accepting or holding non-banking financial company registered with the RBI; or
- (iii) any changes to its Constitutional Documents other than in respect of an increase in its authorized capital for any equity raise by the Issuer in the ordinary course of business which does not result in a Change of Control;

(b) ***Dividend***

- (i) declare or pay any dividend to its shareholders (including holders of preference shares) during any Financial Year unless it has paid or made arrangements to pay (to the satisfaction of the Debenture Trustee) all the dues to the Debenture Holders/ Debenture Trustee upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions thereof; or
- (ii) if an Event of Default has occurred and is continuing, declare or pay any dividend to its shareholders (including any holders of preference shares issued by the Issuer);

(c) ***Merger, Consolidation, etc.***

in any Financial Year:

- (i) undertake or permit any merger, acquisition, investment, re-structuring or amalgamation in excess of 10% (ten percent) of the Net Worth of the Issuer; or
- (ii) enter into any merger, de-merger, consolidation, re-organization, scheme of arrangement, compromise or settlement with its creditors or

shareholders or effect any scheme of amalgamation or reconstruction.

PROVIDED THAT the foregoing shall not apply in case where the Issuer not entering into any such any merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction, may result in an Event of Default or potential Event of Default;

(d) ***Change of Control***

- (a) permit the occurrence of any Change of Control, or any Change of Control Event; or

(e) ***Loans and Guarantees***

the Issuer shall not:

- (i) provide any loan or any other form of Financial Indebtedness to any person in excess of 10% (ten percent) of the Net Worth of the Issuer;
- (ii) give or issue any guarantee, indemnity, bond or letter of credit to or for the benefit of any person; or
- (iii) permit to subsist any guarantee in respect of any Financial Indebtedness of any other person;

(f) ***Related Party Transactions***

enter into any transactions with any Related Party or any transactions that are classified as "related party transactions" for the purposes of Indian GAAP except in accordance with Applicable Law;

(g) ***Promoter Shareholding***

issue any additional shares or equity interests or permit any of its existing shares or equity interests to be transferred, sold, pledged or otherwise encumbered which would lead to the Promoters, directly or indirectly:

- (i) ceasing to maintain their current shareholding (as of the Effective Date) in the Issuer; or
- (ii) ceasing to Control the Issuer;

(h) ***Role of Promoter***

other than any securitization/portfolio sale of assets undertaken by the Issuer in its ordinary course of business;

(i) ***Disposal of Assets***

sell, transfer, or otherwise dispose of in any manner whatsoever any material Assets of the Issuer (whether in a single transaction or in a series of transactions (whether related or not) or any other transactions which cumulatively have the same effect) other than any securitization/portfolio sale of assets undertaken by the Issuer in its ordinary course of business that has the effect of exiting the

current business of the Issuer or re-structuring of the existing business;

(j) ***Anti-money Laundering***

permit any of the Debenture proceeds to be used to fund any form of violent political activity, terrorists or terrorist organisations, nor any money laundering process or scheme to disguise illegally obtained funds, nor any other criminal activity including arms sales, drug trafficking, robbery, fraud or racketeering;

(k) ***Change in Capital Structure***

(i) permit or undertake any change in capital structure that would lead to a reduction in the paid-up capital or authorised capital of the Issuer; or

(ii) purchase, redeem buyback, defease, retire, return or pay any of its issued shares or reduce its share capital or resolve to do any of the foregoing;

(l) ***Change in Financial Year***

change its Financial Year end from March 31 of each year to any other date; or

(m) ***Business***

undertake any new major new businesses except in relation to financial services or diversify its business outside the financial services sector.

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed IDBI Trusteeship Services Ltd to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee

Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Information Memorandum which, in the opinion of the Debenture Trustee, is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders in the manner as provided for in the Debenture Trust Deed.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders as set out below:

- (a) Creating of any additional security; and
- (b) Amendment to the terms and conditions of the Debentures or the Transaction Documents.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business Days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery or (e)

or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

Only Eligible Investors as given hereunder and identified upfront by the Issuer may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as an "investor" on the EBP Platform (as a one time exercise) and also complete the mandatory "know your customer" verification process. The Eligible Investors should also refer to the operational guidelines of the relevant EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out herein below:

Details of size of issue including green shoe option, if any and a range within which green shoe may be retained (if applicable)	500 (one hundred and fifty) rated, unsubordinated, senior, redeemable, taxable, transferable, listed, non-convertible of face value of INR 10,00,000 (Indian Rupees Ten Lakh) each, aggregating up to INR 50,00,00,000 (Indian Rupees Fifty Crore) Green Shoe Option: N.A.
Bid opening and closing date	Bid opening date: 30.12. 2020 Bid closing date: 30.12. 2020
Minimum Bid Lot	10 (ten) Debentures (being INR 1,00,00,000 (Indian Rupees One Crore)), and in the multiples of 10 (ten) Debenture thereafter (being INR 10,00,000 (Indian Rupees Ten Lakh Crore))
Manner of bidding in the Issue	Closed bidding
Manner of allotment in the Issue	Uniform Yield Allotment
Manner of settlement in the Issue	Pay-in of funds through ICCL. The pay-in of the Application Money for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below.

Settlement Cycle	T+1 Settlement of the Issue will be on 31.12. 2020.
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Process flow of settlement:

Eligible Investors whose bids **have** been accepted by the Issuer and to whom a signed copy of this Information Memorandum along with the PPOA have been issued by the Issuer and who have submitted/shall submit the Application Form ("**Successful Bidders**"), shall make the payments in respect of the Application Money in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out below:

	ICICI BANK	YES BANK	HDFC BANK
Beneficiary Name	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd
Account Number	ICCLEB	ICCLEB	ICCLEB
IFSC Code	ICIC0000106	YESBOCMSNOC	HDFC0000060
Mode	RTGS	RTGS	RTGS

The pay-in of the Application Money by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the relevant Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Name of the Bank	Andhra Bank
IFSC Code	<u>ANDB0000343</u>
Account Number	<u>034311011900337</u>
Name of the beneficiary	IKF Finance Limited

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines and other Applicable Law.

8.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule, and the procedure will be subject to the EBP Guidelines.

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. In case of over subscription, allotment shall be made on a "yield time priority basis" in accordance with the EBP Guidelines. The investors will be required to remit the funds in the account of the ICCL as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

8.13 Issue Proceeds Account and Payment Instructions

The entire amount of INR 10,00,000/- per Debenture is payable on the Pay-In Date. Applicants can remit the application amount on the Pay-in Date in the account of ICCL mentioned under Section 8.9 above.

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

- (a) Mutual Funds
- (b) Non-banking financial companies
- (c) Provident Funds and Pension Funds
- (d) Corporates
- (e) Banks
- (f) Foreign Portfolio Investors (FPIs)
- (g) Insurance Companies
- (h) Investment holding companies of high net worth individuals
- (i) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures

Without prejudice to the aforesaid, where the selection of the eligible investors is required to be done pursuant to bidding mechanism on the EBP Platform under the EBP Guidelines or any other successive arrangement/platform mandated by SEBI, only those persons out of the aforesaid categories of Eligible Investors, who are registered on the EBP Platform and are eligible to make bids for the Debentures of the Issuer and to whom allocation is to be made by Issuer pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the EBP Guidelines and the Electronic Book Providers shall be considered as "identified persons" for the purposes of Section 42(2) of the Companies Act, 2013, to whom the Company shall make private placement of the Debentures and only such "identified persons" shall receive a direct communication from the Company with offer to subscribe to the Debentures and only such "identified persons" shall be entitled to subscribe to the Debentures.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Guidelines) specifically mapped by the Company on the EBP Platform are also eligible to bid/apply/invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures and the Company, is not in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Company required to check or confirm the same.

Hosting of the Information Memorandum on the website of the BSE should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated under the SEBI Debt Listing Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner

is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL/NSDL for issue and holding of Debenture in dematerialised form.

8.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories.

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

- (a) Memorandum and Articles of Association or other constitutional documents
- (b) Resolution authorising investment
- (c) Certified true copy of the Power of Attorney to custodian
- (d) Specimen signatures of the authorised signatories
- (e) Registration certificate issued by RBI, SEBI or IRDAI, as applicable to the investor.

- (f) Self- attested copy of PAN card
- (g) Application Form (including EFT/RTGS details)

8.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.22 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtain legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

8.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.24 Effect of Holidays

- (a) If any Due Date on which any interest or additional interest is payable falls on a day which is not a Business Day, the payment to be made on such Due Date shall be made on the succeeding Business Day.
- (b) If any Due Date on which any Outstanding Principal Amounts are payable falls on a day which is not a Business Day, the payment to be made on such Due Date shall be made on the preceding Business Day.
- (c) If the Redemption Date falls on a day which is not a Business Day, the payment of any amounts in respect of any interest and the Outstanding Principal Amounts to be made shall be made on the preceding Business Day.

8.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agent of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

If any payments under this Issue is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed, including if the Company shall be required legally to make any payment for Tax from the sums including coupon / interest payable under the Issue in terms of the Transaction Documents, (“**Tax Deduction**”), the

Company shall make such Tax Deduction and shall simultaneously pay to the Debenture Holders such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

8.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 2 (Two) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within a maximum of 5 (Five) Business Days from the Deemed Date of Allotment or such period as is permissible under applicable law.

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is December 31, 2020 by which date the Investors would be intimated of allotment.

8.28 Record Date

The Record Date will be 7 (Seven) calendar days prior to any Due Date.

8.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.30 Interest on Application Money

- (a) Interest at the Interest Rate per annum will be paid on the Application Money to the Applicants from the date of receipt of such Application Money in the account of the ICCL (in accordance with the terms of the EBP Guidelines) up to 1 (one) day prior to the Deemed Date of Allotment for all valid applications, within 5 (five) Business Days from the Deemed Date of Allotment.
- (b) Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount.
- (c) Where an Applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the Applicant in the bank account of the Applicant as described in the Application Form towards interest on the refunded money by electronic mode of transfer like RTGS/NEFT/direct credit. Details of allotment will be sent to every successful Applicant.

8.31 PAN Number

Every applicant should mention its Permanent Account Number (“**PAN**”) allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Information Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

**SECTION 9: UNDERTAKING PURSUANT TO REGULATION 21B of the SEBI DEBT LISTING
REGAULTION**

Undertaking on Creation of Security

The Issuer hereby undertakes that the assets on which charge is proposed to be created as security for the Debentures are free from any encumbrances. The Issuer further undertakes that the charge proposed to be created is a first ranking exclusive charge and therefore no permission or consent to create a second or pari-passu charge on the assets of the Issuer is required to be obtained from any creditor (whether or not existing) of the Issuer.

For IKF FINANCE LIMITED

Authorised Signatory

Name: Ch Sreenivasa Rao
Title: Company Secretary
Date: December 28, 2020

SECTION 10: DECLARATION

- A. The Issuer has complied with the provisions of the Companies Act, 2013 and the rules made hereunder;
- B. The compliance with the Companies Act, 2013 and the rules made thereunder do not imply that payment of dividend or interest or repayment of the Debentures, if applicable, is guaranteed by the Central Government; and
- C. The monies received under the offer shall be used only for the purposes and objects indicated in this Information Memorandum.

I am authorized by the Board of Directors of the Issuer *vide* resolution dated 28.12.2020, to sign this Information Memorandum and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this Information Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Information Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Information Memorandum.

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other Applicable Laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other Applicable Laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in this Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

For IKF Finance Limited

Authorised Signatory

Name: V.G.K.Prasad

Title: Managing Director

Date: 28.12. 2020

ANNEXURE I: TERM SHEET

As provided in Clause 5.23 above.

ANNEXURE II: RATING LETTER FROM THE RATING AGENCY



RATING RATIONALE

24 December 2020

IKF Finance Limited

Brickwork Ratings assigns BWR A/Stable for Rs 50 Crs NCDs and reaffirms 'BWR A/A1' rating for the outstanding debt issues of IKF Finance Limited.

Particulars:

Instruments / Facilities**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (Aug 2020)	Present
Secured Non Convertible Debentures (NCDs)	-	50	Long term	-	BWR A/Stable
Unsecured Non Convertible Debentures (NCDs)	15	15	Long Term	BWR A/Stable	BWR A/Stable
Unsecured Non Convertible Debentures (NCDs) - Subordinated - Tier II	50	50			
Fund Based - Bank Loans	545.93	662.44			
Commercial Paper	10	10	Short Term	BWR A1	BWR A1
Total	620.93	787.44	Rs Seven Hundred Eighty Seven Crores and forty four lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings



** Details of Bank Loan facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) assigns BWR A/Stable rating for the Rs 50 Crs Secured NCD issue and reaffirms the long-term rating of "BWR A"/Stable for the outstanding non-convertible debentures/bank loan facilities and short term rating of "BWR A1" for commercial paper issue of IKF Finance Limited (IKF) as tabulated above.

The rating assignment/reaffirmation factors in the established track record of the promoters, diversified portfolio with well defined credit policy and MIS systems, improving scale of operations and comfortable capitalization. However, the rating is constrained by average asset quality, moderate scale of operations due to regional concentration and challenging operating environment for NBFIs (Non bank financial institutions).

The ability of the company to sustain its growth while managing asset quality and profitability will be key rating monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered the consolidated financial profile of IKF, along with its wholly owned subsidiary IKF Home Finance Ltd and applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: Nil

KEY RATING DRIVERS

Credit Strengths:

- **Established track record of the promoters:** IKF's promoters have a long track record in the financial services industry with experienced independent directors and nominee directors on the board. The Managing Director, Mr. VGK Prasad, has been associated with the vehicle financing business for more than three decades. Ms. K Vasumathi Devi, Executive Director looks after Business, Credit, Collections, HR & IT and has over a decade of experience in asset finance. The company has a good understanding of the



target segments and the key geographies where they operate in. Their focus is mainly the retail used vehicle finance segment with established customer relationships. IKFHF is spearheaded by Ms. Vasantha Lakshmi (Managing Director of IKFHF and Alternative director at IKF), who has been associated with IKF group for over a decade and has a long experience in the asset financing domain working in different segments including sales, credit and manpower management.

- Improving scale of operations:** The AUM of IKF has consistently grown in the last 3 years from Rs 1,031.57 Crs in FY18 to Rs 1,315.15 Crs in FY20 and further to Rs 1,380.64 Crs in H1FY21. On the back of which, IKF reported a total income of Rs 205.69 Crs and profit after tax (PAT) of Rs 27.70 Crs for FY20 when compared to Rs 155.05 Crs and Rs 18.17 Crs respectively for FY19. For H1FY21 the company has reported a total income of Rs 105.34 Crs and PAT of Rs 16.08 Crs. Profitability indicators remain comfortable with return on assets (ROA) and return on equity (ROE) of 2.46% and 10.25% respectively for H1FY21. On a standalone basis, IKFHF has an AUM of Rs 228.32 Crs as on 31 Mar 2020 with total income of Rs 39.71 Crs and PAT of Rs 7.93 Crs for FY 20.
- Comfortable capitalisation:** IKF is comfortably capitalised with a total capital-to-risk weighted assets ratio (CRAR) of 21.75% as on 30 September 2020 against the regulatory requirement of 15%. The network stood at Rs 313.80 Crs as on 30 September 2020 with a moderate gearing of 3.58x. The network to NNPA cover for IKF for H1FY21 stood at 16.16 times. On a standalone basis, IKFHF is also comfortably capitalised with a total capital-to-risk weighted assets ratio (CRAR) of 49.73% (Tier I CRAR of 48.48%) as against min regulatory requirement of 12%. As on 31 Mar 2020, Tangible Network stood at Rs 49.35 Crs with a moderate gearing of 1.94x.
- Diversified loan portfolio with well defined credit policy and MIS systems:** IKF alongwith its subsidiary has a diversified product portfolio with major exposure in financing used commercial vehicles (29.57%), used construction equipment (22.96%), Used Cars and MUVs (20.48%) and SME lending (14.11%). IKF has a well-defined credit policy for each of these segments and with a view to manage the growing scale of operations and exposure in each of the segments, the company has been improving its technology platform. Its loan origination, credit appraisal processes and collection process are now tab based resulting in improved turnaround time, collection efficiency and better underwriting process. BWR expects that IKF will continue to extend its expertise in building strong credit policies and MIS systems to IKFHF.



Credit Risks:

- **Average Asset Quality:** IKFs has high exposure to segments like CV/CE segment (52% of its AUM) and SME segment (14%) which are under pressure given the economic slowdown and due to the impact of COVID 19 on the underlying borrowers. The company had given a loan moratorium to the majority of its customers in phase I and on selective basis in phase II of the moratorium announced by the RBI. The overall asset quality is expected to come under some pressure in the near to medium term. However, BWR expects the extent of impact will be limited given IKFs well defined loan origination and credit appraisal processes, underwriting and customized mobile collection module which has helped the company to improve its asset quality. Gross NPA & Net NPA for FY20 has decreased to 2.69% & 1.97% from 3.93% & 2.93% respectively in FY19. It has further moderated to 2.78% and 1.47% respectively in H1FY21. The ability of the company to improve collections during and after the moratorium period and maintain asset quality will be a key monitorable.
- **Moderate scale of operations due to concentrated operations:** IKF operates in nine states covering Andhra Pradesh, Telangana, Gujarat, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Kerala, and Rajasthan, however, the scale of operations remains low mainly due to regional concentration with southern states contributing to ~70% of total AUM. Going forward, diversifying geographically and increasing the scale of operations will be a key rating monitorable.
- **Challenging operating environment for NBFIs:** Currently, the NBFIs in India, are facing liquidity and funding challenges, resulting in subdued growth/degrowth and potential ALM mismatches in the short term. This is also expected to adversely affect the borrowing profile and profitability of NBFIs. The COVID-19 pandemic has aggravated the liquidity issues of NBFIs, with the loan moratorium announced by the RBI affecting their collection efficiencies and the resultant impact on asset quality and profitability. Furthermore, IKF operates in a highly competitive used vehicle financing space, thereby its ability to demonstrate profitable growth while maintaining asset quality over the medium term will be critical. While IKF has raised long-term funds in the recent past, their ability to raise adequate funding at competitive rates over the medium term will be a key monitorable.

RATING SENSITIVITIES



Positive: IKF's ability on a consolidated basis to showcase good growth in its AUM and improve its asset quality and profitability while maintaining capitalization will be key rating positives.

Negative: Any substantial deterioration in asset quality and profitability from current levels and degrowth in consolidated AUM will be key rating sensitivities

LIQUIDITY: Adequate

Given the nature of loans with an average tenure of 40 months and average ticket size of Rs 8 lakhs and major source of funding being bank loans which forms ~75% of the total source of funds, IKF maintains adequate liquidity as reflected in its cumulative positive mismatches across the buckets as per ALM profile of 30 September 2020. As on 30 November 2020, IKF has cash & cash equivalents of Rs 3.26 Crs, unutilised credit lines of Rs 252.42 Crs and Rs 150 Crs of assets eligible for securitisation which provides additional liquidity cushion.

Coronavirus disease (COVID-19), declared a pandemic by the World Health Organisation (WHO), has become a full-blown crisis globally, including in India. As a containment measure, the Indian Government had announced a 21-day nationwide lockdown on 24 March 2020, which was subsequently extended until 31 May 2020. As per BWR, financial institutions, mainly those lending to the retail low-income borrower segments could be the most impacted. The 6-month moratorium announced by the Reserve Bank of India on interest and principal on bank debt has provided some cushion to the lending community to realign its collection machinery and operations during this period. However, lenders' ability to ensure credit discipline among borrowers as the 6-month moratorium ends and to collect accumulated interest and principal dues on a timely basis after this period will be a key monitorable. BWR is actively engaging with its clients on a continuous basis and taking updates on the impact on its operations and liquidity situation. BWR will take appropriate rating actions as and when it deems necessary and will publish the same.

COMPANY'S / FIRM PROFILE

IKF Finance Ltd. (IKF) is a Systemically important NBFC registered with RBI as an asset finance company was incorporated in the year 1991 and has its head office in Vijayawada. It is



involved in used vehicle financing and the SME segment. It provides financing to Cars & MUVs, Commercial vehicles, Construction Equipments, three/two wheelers, tractors and SME loans. The company has a presence across nine states viz. Andhra Pradesh, Telangana, Gujarat, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Kerala, and Rajasthan. IKF is promoted & headed by Mr. V G K Prasad, Managing Director, who has three decades of rich experience in the field of finance and management. The Board includes two Independent Directors and one Nominee Director (representative of Motilal Oswal Private Equity). The promoters hold 55.16% shareholding and Private equity (India Business Excellence Fund - II & II A, fund managed by Motilal Oswal) shareholding is 39.60%.

KEY FINANCIAL INDICATORS: IKF Finance Ltd (Standlaone)

Key Financial Indicators	Units	FY 18	FY 19*	FY 20*
Result Type		Audited	Audited	Audited
AUM	Rs in Crs	1,031.57	1,227.31	1,315.14
Total Income	Rs in Crs	135.79	155.32	205.88
PAT	Rs in Crs	19.16	18.17	27.70
Tangible Networth	Rs in Crs	215.69	268.33	295.83
Gross NPA	%	5.26	3.93	2.69
Gearing	Times	2.67	3.35	3.57
Total CRAR	%	31.70	20.86	21.19
Return on Assets (ROA)	%	2.25	3.65	3.21

*as per IND AS

KEY FINANCIAL INDICATORS: IKF Finance Ltd (Consolidated)

Key Financial Indicators	Units	FY 19	FY 20
Result Type		Audited	Audited
Consolidated AUM	Rs in Crs	1,350.01	1,524.35
Total Income	Rs in Crs	157.79	229.96



PAT	Rs in Crs	18.47	35.88
Tangible Networth	Rs in Crs	260.91	295.91
Total Debt	Rs in Crs	983.79	1133.66
Gearing	Times	3.77	3.83

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

S. No	Name of Instrument (NCD/Bank Loan /Non-Fund Based facilities/ Commercial Paper etc.)	Current Rating (2020)			Chronology of Rating History for the past 3 years (Rating Assigned and Press Release date) along with outlook/ Watch, if applicable		
		Type(Long Term/Short Term)	Amount Outstanding (Rs. Crores)	Rating			
					Date(s) & Rating(s) assigned in 2019	Date(s) & Rating(s) assigned in 2018	Date(s) & Rating(s) assigned in 2017
1				Dec 2020	24 May 2020	11 Jan 2018	11 Jan 2017
	Secured NCDs	Long Term	50	BWR A Stable	BWR A Stable	BWR A Stable	BWR A Stable
	Unsecured NCDs	Long Term	15	BWR A Stable	Nil	Nil	Nil
	Unsecured NCDs (Tier II)	Long Term	50	BWR A Stable	BWR A Stable	BWR A Stable	BWR A Stable
	Bank Loan Facilities	Long Term	662.44	BWR A Stable	BWR A Stable/BWR A2+ withdrawn	BWR A Stable/BWR A2+ withdrawn	BWR A Stable/A2+
	Commercial Paper	Short Term	10	BWR A1+	Nil	Nil	Nil
2				10 Aug 2020			
	Secured NCDs	Long Term	0	Nil			
	Unsecured NCDs	Long Term	15	BWR A Stable			
		Long Term	50				

	Unsecured NCDs (Tier II)			BWR A Stable			
	Bank Loan Facilities	Long Term	662.44	BWR A Stable			
	Commercial Paper	Short Term	10	BWR A1			
3				28 Jan 2020			
	Secured NCDs	Long Term	0	Nil			
	Unsecured NCDs	Long Term	15	BWR A Positive			
	Unsecured NCDs (Tier II)	Long Term	50	BWR A Positive			
	Bank Loan Facilities	Long Term	662.44	BWR A Positive			
	Commercial Paper	Short Term	10	BWR A1			
4				17 Jan 2020			
	Secured NCDs	Long Term	0	Nil			
	Unsecured NCDs	Long Term	15	Nil			
	Unsecured NCDs (Tier II)	Long Term	50	BWR A Positive			
	Bank Loan Facilities	Long Term	662.44	BWR A Positive			
	Commercial Paper	Short Term	10	BWR A1			
5				16 Jan 2020			



Secured NCDs	Long Term	38	Withdrawn			
Unsecured NCDs	Long Term	15	Nil			
Unsecured NCDs (Tier II)	Long Term	50	DWRA Positive			
Bank Loan Facilities	Long Term	662.44	DWRA Positive			
Commercial Paper	Short Term	10	Nil			

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks and Financial Institutions](#)

Analytical Contacts	Investor Contacts
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1-888-625-2742	

IKF Finance Ltd

ANNEXURE I: Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Central Bank of India	Working Capital Limits under Consortium	95	-	95
2	Indian Overseas Bank		52	-	52
3	IDBI Bank Ltd		30	-	30
4	Andhra Bank		77	-	77
5	Punjab National Bank		18.20	-	18.20
6	Federal Bank		15	-	15
7	HDFC Bank	Term Loans under Multiple Banking Arrangement	25	-	8.95
8	AU Small Finance Bank		50	-	14.04
9	Laxmi Vilas Bank		15	-	6.63
10	Andhra Bank		25	-	14.99
11	RBL Bank		15	-	2.21
12	Bank of India		50	-	28.94
13	Yes Bank		25	-	4.85

14	Ujjivan Small Finance Bank		25	-	10.08
15	Woori Bank		35	-	20.42
16	Indusind Bank		10	-	7.79
17	AU Small Finance Bank - II		15	-	9.58
18	Union Bank of India-II (PSL)		50	-	34.58
19	Union Bank of India-II (NPPL)		25	-	18.38
20	State Bank of India		115	-	102.79
21	HDFC Bank		35	-	29.96
22	Utkarsh Small Finance Bank		15	-	12.31
23	Ujjivan Small Finance Bank		10	-	8.75
24	Bank of India		50	-	10
25	DCB Bank Ltd	WCDL	15	-	15
26	Bank of Maharashtra	Tier II Term Loan	15	-	15
Total			844	-	375.24
Grand Total			-	-	662.44

Total Rupees Six Hundred Sixty Two Crores and Forty Four Lakhs only.



ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount in Crs.	Coupon Rate	Maturity Date	ISIN Particulars
Unsecured NCD	3 Oct 2016	30	13.31%	3 Oct 2022	INE839C08012
	18 Jan 2020	20	13.56%	02 Sept 2025	INE839C08061
	30 Jan 2020	12.50	12.16%	30 June 2022	INE839C08053
	17 June 2019	10.50	12.16%	19 June 2022	INE839C08046

Total Rs. Seventy Three Crs Only

ANNEXURE III

List of entities consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
IKF Home Finance Ltd	100%	Full	Wholly owned subsidiary

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

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BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

No. 22164-A/ITSL/OPR/CL/20-21/DEB/1072

Date: December 23, 2020

IKF Finance Limited

Door No. 40-1-144, Corporate Centre,
M. G. Road, Vijayawada - 520 010,
Andhra Pradesh

Kind Attn: Mr. Chandra Sekhar Paruchuri

Dear Sir,

Subject: Consent to act as Debenture Trustee for the proposed issue of Secured, Listed, Redeemable Non-Convertible Debentures aggregating to Rs. 50 crores under Partial Guarantee Scheme ("PCGS-2")

This is with reference to your e-mail dated 23rd December, 2020 regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the proposed issue of Secured, Listed, Redeemable, Non-Convertible Debentures aggregating to Rs. 50 crores under PCGS-2. In this connection, we confirm our acceptance of the assignment.

We are agreeable for inclusion of our name as trustees in the Disclosure document/ listing application/ any other document to be filed with the Stock Exchange(s) subject to the following conditions.

- 1) The Company hereby agree and undertake to execute, the Debenture Trust Deed/ Debenture Trustee Agreement and other necessary documents on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document.
- 2) The Company hereby agree & undertake to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as mutually agreed for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
- 3) The Company hereby agree & undertake to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the new Companies Act, 2013 and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.

Looking forward to a fruitful association with you and assuring you of our best services at all times.

Yours faithfully,

For IDBI Trusteeship Services Limited

GAURAV Digitally signed
by GAURAV
MODY MODY

(Authorized Signatory)

ANNEXURE IV: APPLICATION FORM

IKF FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 30, 1991; **CIN:** U65992AP1991PLC012736

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

Telephone No.: 91+866+2474644; **Fax No.:** 91+866+2485755

Email: contact@ikffinance.com; **Website:** <https://www.ikffinance.com/>

DEBENTURE SERIES APPLICATION FORM SERIAL NO.									
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ISSUE OF UPTO 500 (FIVE HUNDRED) SECURED RATED UNSUBORDINATED REDEEMABLE TRANSFERABLE LISTED NON-CONVERTIBLE DEBENTURES OF IKF FINANCE LIMITED OF RS. 10,00,000/- (RUPEES TEN LAKH ONLY) EACH AGGREGATING UPTO RS. 50,00,00,000/- (RUPEES FIFTY CRORES ONLY), FULLY PAID UP FOR CASH AT PAR TO THE FACE VALUE

DEBENTURE SERIES APPLIED FOR:

Number of Debentures ___ In words ___

Amount Rs. ___/- in words Rupees _____ Crores only

DETAILS OF PAYMENT:

RTGS

No. _____ Drawn on _____

Funds transferred to IKF FINANCE LIMITED

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

--	--

APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		PHONE		FAX	

APPLICANT'S PAN/GIR NO. IT CIRCLE/WARD/DISTRICT _____

WE ARE () COMPANY () OTHERS () SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	NSDL () CDSL ()
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account:	
(Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, the Arranger and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures and shall not look directly or indirectly to the Arranger (or to any person acting on its or their behalf) to indemnify or otherwise hold us harmless in respect of any such loss and/or damage. We undertake that upon sale or transfer to subsequent investor or transferee (“**Transferee**”), we shall convey all the terms and conditions contained herein and in this Information Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and the Arranger (and all such persons acting on its or their behalf) and also hold the Issuer and the Arranger and each of such person harmless in respect of any claim by any Transferee.

Applicant's
Signature

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

- ACKNOWLEDGMENT SLIP -

(To be filled in by Applicant) SERIAL NO.	1								
--	----------	--	--	--	--	--	--	--	--

Received from _____

Address _____	
Cheque/Draft/UTR # _____	Drawn on _____ for
Rs. _____ on account of application of _____	Debenture

INSTRUCTIONS

1. Application form must be completed in full, IN ENGLISH.
2. Signatures must be made in English or in any of the Indian languages. Thumb Impressions must be attested by an authorized official of the Bank or by a Magistrate/Notary Public under his/her official seal.
3. Application form, duly completed in all respects, must be submitted with the respective Collecting Bankers. The payment is required to be made only to the following account of ICCL, in accordance with the terms of the EBP Guidelines:

Beneficiary name	INDIAN CLEARING CORPORATION LTD
Beneficiary account no.	
Beneficiary address	
Beneficiary bank	
Account type	
IFSC code	

The Company undertakes that the application money deposited in the above-mentioned bank account shall not be utilized for any purpose other than

- (a) for adjustment against allotment of securities; or
- (b) for the repayment of monies where the company is unable to allot securities.

4. Receipt of applicants will be acknowledged by the Company in the “Acknowledgement Slip” appearing below the application form. No separate receipt will be issued.
5. All applicants should mention their Permanent Account No. or their GIR No. allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor the GIR No. has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided. Income Tax as applicable will be deducted at source at the time of payment of interest including interest payable on application money.

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

September 2020 Limited Review Financials:

Independent Auditor's Review Report on the Half-yearly Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
IKF Finance Limited

1. We have reviewed the accompanying statement of unaudited financial results of IKF Finance Limited (the "Company") for the half year ended September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 6 to the Statement, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and investments which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

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

JITENDRA
HIRACHAND
RANAWAT

Digitally signed by JITENDRA
HIRACHAND RANAWAT
DN: c=INDIA, o=SR. BATLIBOI & CO. LLP,
ou=SR. BATLIBOI & CO. LLP, email=jr.
ranawat@sr.co.in, cn=JITENDRA
HIRACHAND RANAWAT
Date: 2020.11.14 11:48:30 +05'30'

Financial Results for the half year ended September 30, 2020

		(Rs in Lacs)		
	Particulars	Half Year Ended		Year Ended
		September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited) (Refer note 5)	March 31, 2020 (Audited)
1	Revenue from operations			
	(a) Interest income	10,523.03	9,843.38	20,567.97
	(b) Fees and commission income	0.00	0.00	1.10
	Total revenue from operations	10,523.03	9,843.38	20,569.07
2	Other income	11.34	14.84	19.23
3	Total income (1 + 2)	10,534.37	9,858.22	20,588.30
4	Expenses			
	(a) Finance costs	5,858.58	5,622.66	11,551.62
	(b) Impairment on financial instruments	790.35	483.60	1,634.73
	(c) Employee benefits expenses	1,256.94	1,211.38	2,505.30
	(d) Depreciation, amortization and impairment	73.59	72.84	149.13
	(e) Others expenses	333.78	401.40	953.76
	Total expenses	8,313.24	7,791.88	16,794.54
5	Profit/(Loss) before tax (3 - 4)	2,221.13	2,066.34	3,793.76
6	Tax expenses			
	(a) Current tax	636.68	593.08	1,229.39
	(b) Deferred tax	-72.86	-124.18	-211.14
	(c) Adjustment of tax relating to earlier periods	55.43	0.00	2.13
7	Net Profit/(Loss) for the period (5 - 6)	1,601.88	1,597.44	2,773.38
8	Other comprehensive income			
	(A) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans	7.98	0.33	-4.76
	(b) Income tax relating to items that will not be reclassified to profit or loss	-2.01	-0.08	1.20
9	Total Comprehensive Income / (Loss) (7 + 8)	1,607.85	1,597.69	2,769.82
10	Earnings per Share (Rs) (Face Value of Rs.10/- each)			
	- Basic (Not Annualised)	3.19	3.18	5.52
	- Diluted (Not Annualised)	3.19	3.18	5.51

Notes:

- IKF Finance Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the half year ended September 30, 2020 in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations') and the Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- The above financial results are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their meeting held on November 14, 2020.
- In compliance with Regulation 52 of the Securities and Exchange Board of India ("SEBI") (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended a limited review of financial results for the half year ended September 30, 2020 has been carried out by the Statutory Auditors.

9 Statement of assets and liabilities as at September 30, 2020.

Particulars	(Rs In Lacs)	
	September 30, 2020 (Unaudited)	March 31, 2020 (Audited)
ASSETS		
Financial assets		
(a) Cash and cash equivalents	5,240.96	2,485.61
(b) Bank balance other than included in (a) above	3,554.93	3,774.93
(c) Trade receivables	7.94	23.96
(d) Loans	132,178.25	126,010.88
(e) Investments	4,525.10	4,525.10
(f) Other financial assets	292.74	340.92
Non-financial assets		
(a) Current tax assets (net)	0.00	156.56
(b) Deferred tax assets (net)	415.47	344.61
(c) Investment Property	6.56	6.64
(d) Property, plant and equipment	242.84	272.40
(e) Right of use asset	38.70	63.55
(f) Intangible assets	172.63	178.39
(g) Other non-financial assets	369.63	354.74
TOTAL ASSETS	147,045.75	138,538.29
LIABILITIES AND EQUITY		
Financial liabilities		
(a) Debt securities	28,747.22	6,109.77
(b) Borrowings (other than debt securities)	76,942.17	93,150.90
(c) Subordinated liabilities	6,569.42	6,450.76
(d) Other financial liabilities	2,982.42	2,738.84
Non-financial liabilities		
(a) Current tax liabilities (net)	90.87	0.00
(b) Provisions	237.99	208.48
(c) Other non-financial liabilities	96.03	118.69
Equity		
(a) Equity share capital	5,027.64	5,027.64
(b) Other equity	26,351.99	24,733.21
TOTAL LIABILITIES AND EQUITY	147,045.75	138,538.29

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

For and on behalf of the Board of Directors

GOPALA KISHAN
PRASAD
VUPPUTURI

Place : Vijayawada
Date : 14 November, 2020

V G K Prasad
Managing Director

IKF Finance Limited
Balance Sheet as at March 31, 2020
(Currency : INR in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	3	2,485.62	1,372.66	3,067.88
(b) Bank Balance other than included in (a) above	4	3,774.93	3,632.01	5,578.15
(c) Receivables				
(i) Trade receivables	5	23.96	135.42	130.43
(d) Loans	6	1,26,010.88	1,09,462.92	71,886.14
(e) Investments	8	4,525.10	4,525.10	-
(f) Other financial assets	7	340.92	1,226.38	3,418.66
		1,37,161.41	1,20,354.49	84,081.26
(2) Non-financial assets				
(a) Current Tax Assets (Net)		156.56	345.89	410.72
(b) Deferred Tax Assets (Net)	29	344.61	132.27	-
(c) Investment Property	11	6.64	6.81	6.98
(d) Property, Plant and Equipment	10	272.40	287.75	329.28
(e) Right of use asset	10	63.55	91.59	16.46
(f) Intangible assets	12	178.39	141.14	70.67
(g) Other non-financial assets	9	354.74	418.01	380.28
		1,376.89	1,423.46	1,214.39
Total assets		1,38,538.30	1,21,777.95	85,295.65

LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Payables				
(i) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(ii) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(b) Debt securities	13	6,109.76	12,609.31	16,976.68
(c) Borrowings (other than debt securities)	14	93,150.90	72,788.63	33,688.92
(d) Subordinated Liabilities	15	6,450.76	4,525.83	7,011.99
(e) Other financial liabilities	16	2,738.86	4,505.98	4,889.84
		1,08,450.28	94,429.75	62,567.43
(2) Non-financial liabilities				
(a) Current tax liabilities (Net)		-	88.44	93.23
(b) Provisions	17	208.48	139.15	68.61
(c) Deferred tax liabilities (Net)	29	-	-	821.30
(d) Other non-financial liabilities	18	118.69	147.13	104.15
		327.17	374.72	1,067.29
EQUITY				
(a) Equity share capital	19	5,027.64	5,027.64	4,692.48
(b) Other equity	20	24,733.21	21,945.84	16,948.45
		29,760.85	26,973.48	21,640.93
Total liabilities and equity				
		1,38,538.30	1,21,777.95	85,295.65

Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone financial statements
As per our report of even date

2

For S. R. BATUBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number : 3010036/E300005
JITENDRA
HIRACHAND
RANAWAT
per **Jitendra H. Ranawat**
Partner
Membership No.103380
Place: Mumbai
Date: 10-07-2020

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

GURILA KISHORE PRASAD VISHVAKSHE	<small>Digitally signed by GURILA KISHORE PRASAD VISHVAKSHE DN: cn=GURILA KISHORE PRASAD VISHVAKSHE, o=IKF Finance Limited, ou=Director, email=gurila.kishore@ikf.co.in, c=IN</small>	INDIRA DEVI VUSUPUTUR	<small>Digitally signed by INDIRA DEVI VUSUPUTUR DN: cn=INDIRA DEVI VUSUPUTUR, o=IKF Finance Limited, ou=Director, email=indira.devi@ikf.co.in, c=IN</small>
V.G.K Prasad Managing Director DIN: 01817992		V.Indira Devi Whole Time Director DIN: 03161174	
SREEPAL GULABCHIA NEO JAIN	<small>Digitally signed by SREEPAL GULABCHIA NEO JAIN DN: cn=SREEPAL GULABCHIA NEO JAIN, o=IKF Finance Limited, ou=Chief Financial Officer, email=sreepal.jain@ikf.co.in, c=IN</small>	CH.Sreenivasa Rao Company Secretary	

IKF Finance Limited
Statement of Profit and Loss for the year ended March 31, 2020

(Currency : INR in lakhs)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Revenue From operations			
(i) Interest Income	21	20,567.97	15,500.11
(ii) Fees and commission Income	22	1.10	5.33
(i) Total revenue from operations		20,569.07	15,505.44
(ii) Other income	23	19.22	26.68
(iii) Total income (i + ii)		20,588.29	15,532.12
Expenses			
(i) Finance costs	24	11,551.63	8,487.93
(ii) Impairment on financial instruments	25	1,634.74	1,117.30
(iii) Employee benefits expenses	26	2,505.30	2,264.03
(iv) Depreciation, amortization and impairment	27	149.12	122.42
(v) Others expenses	28	953.75	1,085.81
(IV) Total expenses		16,794.54	13,077.49
(V) Profit before tax (iii - IV)		3,793.75	2,454.63
(VI) Tax Expense:			
(1) Current Tax	29	1,229.39	1,531.57
(2) Deferred Tax	29	(211.14)	(953.92)
(3) Adjustment of tax relating to earlier periods	29	2.13	60.42
		1,020.38	638.07
(VII) Profit for the period (V-VI)		2,773.37	1,816.56
(VIII) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss (specify items and amounts)			
(a) Remeasurements of the defined benefit plans	30	(4.76)	1.15
Income tax relating to items that will not be reclassified to profit or loss		1.20	(0.34)
Other comprehensive income / (loss)		(3.56)	0.81
(IX) Total comprehensive income for the period (VII + VIII)		2,769.81	1,817.37
(X) Earnings per share (equity share, par value of Rs.10 each)			
Basic	31	5.52	3.83
Diluted	31	5.51	3.83

Significant accounting policies and key accounting estimates and judgments

2

The accompanying notes form an integral part of the standalone financial statements.

IKF Finance Limited
Cash Flow statement for the year ended March 31, 2020

(Currency : INR in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,793.75	2,454.63
Adjustments for:		
Depreciation, amortisation and impairment	149.12	122.42
Interest Income	(20,567.97)	(15,500.11)
Interest expenses	11,551.63	8,487.93
Impairment on financial instrument	1,634.74	1,117.30
Lease equalisation	-	(6.86)
Share based payment expense	17.56	-
Provision for expenses	5.03	-
Employee benefit expenses	86.54	78.05
Rental income on Investment property	(7.63)	(7.63)
Loss on sale of property, plant and equipment	3.03	13.24
Cash generated from / (used in) operations before working capital changes and adjustments for interest received and interest paid	(3,334.20)	(3,241.02)
Adjustments for changes in Working Capital :		
Decrease / (Increase) in trade receivable	85.76	(4.99)
Decrease / (Increase) in loans	(14,149.75)	(26,659.82)
Decrease / (Increase) in bank balances other than cash and cash equivalents	(142.92)	1,946.14
Decrease / (Increase) in other financial assets	9.27	(9.47)
Decrease / (Increase) in other non-financial assets	63.27	(37.73)
(Decrease) / Increase in trade payables	-	-
(Decrease) / Increase in other financial liabilities	(1,747.77)	(452.63)
(Decrease) / Increase in provisions	(21.96)	(6.36)
(Decrease) / Increase in other non-financial liabilities	(28.44)	42.98
Interest received	19,722.44	16,951.89
Interest paid	(10,130.21)	(8,256.78)
	(9,674.52)	(19,727.78)
Income tax paid (net of refunds)	(1,130.62)	(1,531.96)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	(10,805.14)	(21,259.74)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(56.00)	(38.41)
Rental income on Investment property	7.63	7.63
Proceeds from sale of property, plant and equipment	0.19	0.41
Purchase of intangible assets	(72.63)	(95.63)
Purchase of investments measured at cost	-	(4,525.10)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	(120.81)	(4,651.09)
CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	-	1,015.18
Amount received from debt securities	5,000.00	6,000.00
Repayment of debt securities	(11,611.11)	(10,383.86)
Amount received from borrowings other than debt securities	39,307.06	44,286.82
Repayment of borrowings other than debt securities	(22,606.71)	(16,670.03)
Amount received from subordinated Liabilities	2,000.00	(0.00)
Payment of principal portion of lease liabilities	(41.37)	(25.42)
Payment of interest on lease liabilities	(8.95)	(7.07)
NET CASH GENERATED FROM / (USED IN) FROM FINANCING ACTIVITIES	12,038.92	24,215.62
Net Increase / (Decrease) in Cash and Cash Equivalents	1,112.96	(1,695.21)
Cash and Cash Equivalents at the beginning of Year	1,372.66	3,067.88
Cash and Cash Equivalents at the end of the Year	2,485.62	1,372.66

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

As per our report of even date

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

ICAI Firm registration number : 301003E/E300005

JITENDRA
HIRACHAND
RANAWAT
 per Jitendra H. Ranawat

Partner

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

CIN: U65992AP1991PLC012736

GOPIALA
KESHAN PRASAD
VUPPUTURI

V.G.K Prasad

INDIRA DEVI
VUPPUTURI

V. Indira Devi

Balance Sheet as at March 31, 2019

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-19	31-Mar-18
Equity and liabilities			
Shareholders' funds			
Share capital	3	502,764,105	664,560,198
Reserves and surplus	4	2,196,137,295	1,578,035,710
		<u>2,698,901,400</u>	<u>2,242,595,908</u>
Non-current liabilities			
Long-term borrowings	5	3,558,522,359	2,900,013,769
Other long-term liabilities	7	40,458,001	39,420,141
Long-term provisions	8	108,407,564	79,709,560
		<u>3,707,387,924</u>	<u>3,019,143,470</u>
Current liabilities			
Short-term borrowings	9	1,688,519,904	1,104,335,537
Other current liabilities	10	3,041,126,869	2,003,834,626
Short-term provisions	8	30,987,748	19,848,670
		<u>4,760,634,521</u>	<u>3,128,018,833</u>
TOTAL		<u>11,166,923,845</u>	<u>8,389,758,211</u>
Assets			
Non-current assets			
Fixed assets			
Property, plant & equipment	11	29,455,945	33,626,695
Intangible assets	12	14,112,791	7,066,680
Deferred tax assets (net)	6	12,588,763	9,986,580
Non-current investments	13	452,509,628	-
Long-term loans and advances	14	6,093,492,094	4,961,821,004
Other non-current assets	15	130,704,889	88,536,504
		<u>6,732,864,110</u>	<u>5,101,037,463</u>
Current assets			
Trade receivables	16	13,541,597	10,565,709
Cash and bank balances	17	376,526,814	784,077,544
Short-term loans and advances	14	3,844,962,087	2,336,915,845
Other current assets	15	199,029,237	157,161,650
		<u>4,434,059,735</u>	<u>3,288,720,748</u>
TOTAL		<u>11,166,923,845</u>	<u>8,389,758,211</u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP

ICAI Firm registration number : 501003E/E300005

Chartered Accountants

per Jitendra H. Ramawat

Partner

Membership No. 103380



For and on behalf of the Board of Directors of

IRF Finance Limited

V.G. Pratap
Managing Director
DIN - 01817992

P. Chandu Sekhar

V. Indira Devi
Whole Time Director
DIN - 03161171

Ch. Sreenivasa Rao

IKF Finance Limited**Statement of Profit and Loss for the year ended March 31, 2019***(Amount in Rupees unless otherwise stated)*

	Notes	31-Mar-19	31-Mar-18
Revenue			
Revenue from operations	18	1,768,579,870	1,356,968,553
Other income	19	1,053,547	927,936
Total revenue (I)		1,769,633,417	1,357,896,489
Expenses			
Employee benefit expenses	20	226,288,466	198,109,715
Finance costs	21	819,487,704	708,989,213
Other expenses	22	141,413,669	111,375,171
Depreciation and amortization expenses	23	9,163,077	7,270,937
Provisions and write-offs	24	61,896,221	38,657,355
Total expenses (II)		1,258,249,137	1,064,402,391
Profit before tax (III)=(I)-(II)		511,384,280	293,494,098
Tax expenses			
Current tax		153,157,005	108,864,302
Deferred tax		(2,602,185)	(6,103,943)
Adjustment of tax relating to earlier periods		6,042,229	(816,000)
Total tax expense (IV)		156,597,049	101,944,359
Profit after tax (III)-(IV)		354,787,231	191,549,741
Earnings per equity share			
[Nominal value of share Rs.10 (March 31, 2018: Rs.10)]	25		
Basic (Computed on the basis of total profit for the year)		7.49	4.18
Diluted (Computed on the basis of total profit for the year)		7.49	4.15

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Jitendra H. Ranawat
Partner
Membership No. 103380



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

V.G.K. Prasad
Managing Director
DIN - 01817992

P. Chandra Sekhar
Chief Financial Officer

V. Indira Devi
Whole Time Director
DIN - 03161174

Ch. Sreenivasa Rao
Company Secretary
M.No ACS14723

IKF Finance Limited
Cashflow statement for the year ended March 31, 2019
(Amount in Rupees unless otherwise stated)

	31-Mar-19	31-Mar-18
Cash flow from operating activities		
Profit before tax	511,384,289	293,494,098
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	9,163,077	7,270,937
Loss on sale of fixed assets and write off	1,323,745	-
Provision for employee benefits	7,054,156	1,804,833
Amortization of ancillary borrowing costs	23,982,027	22,953,708
Loans written off	28,633,715	23,946,999
Contingent provision against standard assets	11,889,676	1,254,627
Provision for non-performing assets	18,872,830	13,455,819
Provision for contingencies	2,500,000	-
Operating profit before working capital changes	614,893,596	364,189,931
Movements in working capital:		
(Decrease) / Increase in other current and non-current liabilities	(51,593,020)	305,357,669
(Increase) / Decrease in trade receivables	(2,975,888)	9,824,635
(Increase) in loans and advances	(2,074,393,276)	(348,178,163)
(Increase) in other non-current assets	(23,201,346)	(9,991,610)
(Increase) in other current assets	(41,867,588)	(38,923,882)
Decrease / (Increase) in Margin money deposit (net)	195,113,578	(263,502,934)
Cash (used in) / generated from operations	(1,984,114,034)	19,766,346
Direct taxes paid (net of refunds)	(144,313,402)	(99,541,178)
Net cash flow (used in) operating activities (A)	(2,128,427,496)	(79,774,832)
Cash flows from investing activities		
Purchase of property, plant & equipment and intangible assets	(12,403,582)	(10,217,821)
Investments in subsidiary	(457,509,678)	-
Proceeds from sale of property, plant & equipment	41,400	-
Net cash flow (used in) investing activities (B)	(468,871,810)	(10,217,821)
Cash flows from financing activities		
Proceeds from issuance of compulsorily convertible preference shares	-	250,000,000
Proceeds from issuance of partly paid up equity shares	101,518,261	101,518,259
Long-term borrowings (net)	1,730,108,591	419,190,746
Short-term borrowings (net)	581,184,368	(894,533,665)
Net cash flow from / (used in) financing activities (C)	2,424,811,220	(123,824,660)
Net (decrease) in cash and cash equivalents (A + B + C)	(169,488,086)	(213,816,914)
Cash and cash equivalents at the beginning of the year	305,845,351	519,662,264
Cash and cash equivalents at the end of the year	136,357,265	305,845,351
Components of cash and cash equivalents	31-Mar-19	31-Mar-18
Cash and cash equivalents at the end of the year		
Cash on hand	19,336,776	16,237,880
Balances with banks in current accounts	117,020,489	289,607,471
Cash and cash equivalents at the end of the year (refer note 17)	136,357,265	305,845,351

Summary of significant accounting policies
2.1
The accompanying notes are an integral part of the financial statements
Notes

1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, "Cash Flow Statement" notified pursuant to the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2) All figures in brackets indicate outflow.

3) Direct tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.

For S. R. BATHJOT & CO. LLP
ICAI Firm registration number : 301003N2300005
Chartered Accountants
For and on behalf of the Board of Directors of
IKF Finance Limited

Audited Financial Statements: FY 2017-2018

IKF Finance Limited

Balance Sheet as at March 31, 2018

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-18	31-Mar-17
Equity and liabilities			
Shareholders' funds			
Share capital	3	664,560,198	455,262,540
Reserves and surplus	4	1,578,035,710	1,244,265,369
		2,242,595,908	1,699,527,909
Non-current liabilities			
Long-term borrowings	5	2,900,013,769	2,733,171,531
Other non-current liabilities	7	39,420,146	22,270,708
Long-term provisions	8	78,334,791	63,451,014
		3,017,768,706	2,818,893,253
Current liabilities			
Short-term borrowings	9	1,104,335,537	1,998,869,202
Other current liabilities	10	2,003,834,622	1,462,277,882
Short-term provisions	8	21,223,439	11,084,813
		3,129,393,598	3,472,231,897
TOTAL		8,389,758,212	7,990,653,058
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	11	33,626,694	35,210,514
Intangible assets	12	7,066,680	2,536,377
Deferred tax assets (net)	6	9,986,579	3,882,634
Long-term loans and advances	13	4,961,821,004	4,036,700,395
Other non-current assets	14	88,536,504	137,905,579
		5,101,037,461	4,216,235,499
Current assets			
Trade receivables	15	13,042,828	20,390,344
Cash and bank balances	16	784,077,545	697,984,545
Short-term loans and advances	13	2,336,915,845	2,937,804,859
Other current assets	14	154,684,533	118,237,770
		3,288,720,751	3,774,417,559
TOTAL		8,389,758,212	7,990,653,058

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

[Signature]

per Shrawan Jalan

Partner

Membership No. 102102

Date: 04-09-2018

Place: Mumbai

For and on behalf of the Board of Directors of

IKF Finance Limited

[Signatures]

V.G.K. Prasad

Managing Director

DIN - 01817992

K. Vasumathi Devi

Executive Director

DIN - 03161150

Ch. Sreenivasa Rao

Company Secretary

Date: 04-09-2018

Place: Hyderabad



IKF Finance Limited**Statement of profit and loss for the year ended March 31, 2018***(Amount in Rupees unless otherwise stated)*

	Notes	31-Mar-18	31-Mar-17
Income			
Revenue from operations	17	1,356,968,553	1,258,342,329
Other income	18	927,936	908,291
Total revenue (I)		1,357,896,489	1,259,250,620
Expenses			
Employee benefit expenses	19	197,779,999	151,449,053
Finance costs	20	707,848,150	706,237,448
Other expenses	21	112,845,950	98,817,149
Depreciation and amortization expenses	22	7,270,937	9,183,540
Provisions and write-offs	23	38,657,355	36,671,730
Total expenses (II)		1,064,402,391	1,002,358,920
Profit before tax (III)=(I)-(II)		293,494,098	256,891,700
Tax expenses			
Current tax		108,864,302	94,540,372
Deferred tax		(6,103,943)	(7,075,848)
Adjustment of tax relating to earlier periods		(816,000)	816,000
Total tax expense (IV)		101,944,359	88,280,524
Profit after tax (III)-(IV)		191,549,739	168,611,176
Earnings per equity share			
[Nominal value of share Rs.10 (March 31, 2017: Rs.10)]	24		
Basic (Computed on the basis of total profit for the year)		4.18	3.70
Diluted (Computed on the basis of total profit for the year)		4.15	3.70

Summary of significant accounting policies

2.1

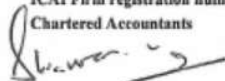
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP



ICAI Firm registration number : 301003E/E300005

Chartered Accountants



per Shrawan Jalan
Partner
Membership No.102102

Date: 04-09-2018
Place: Mumbai

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



V.G.K. Prasad
Managing Director
DIN - 01817992

Date: 04-09-2018
Place: Hyderabad



K. Vasumathi Devi
Executive Director
DIN - 03161150

Ch Sreenivasa Rao
Company Secretary

IKF Finance Limited
Cashflow statement for the year ended March 31, 2018
(Amount in Rupees unless otherwise stated)

	31-Mar-18	31-Mar-17
Cash flow from operating activities		
Profit before tax	293,494,498	256,891,700
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	7,270,937	9,183,540
Provision for employee benefits	1,804,833	2,089,882
Amortization of ancillary borrowing costs	22,953,708	24,277,351
Loans written off	23,946,909	17,712,621
Contingent provision against standard assets	1,254,627	(7,361,722)
Provision for non-performing assets	13,455,819	26,320,831
Operating profit before working capital changes	364,180,931	329,114,203
Movements in working capital :		
Increase / (decrease) in other current and non-current liabilities	306,357,671	93,050,011
Decrease / (increase) in trade receivables	7,347,516	(13,191,648)
Decrease / (increase) in loans and advances	(348,178,463)	(388,133,253)
Decrease / (increase) in other non-current assets	(9,991,610)	(21,579,021)
Decrease / (increase) in other current assets	(36,446,769)	(18,805,809)
Decrease / (increase) in Margin money deposit (net)	(263,502,934)	(49,843,908)
Cash generated from / (used in) operations	19,766,341	(69,389,424)
Direct taxes paid (net of refunds)	(99,541,175)	(97,388,750)
Net cash flow from / (used in) operating activities (A)	(79,774,834)	(166,778,174)
Cash flows from investing activities		
Purchase of fixed assets	(10,217,421)	(5,624,655)
Net cash flow from / (used in) investing activities (B)	(10,217,421)	(5,624,655)
Cash flows from financing activities		
Proceeds from issuance of Compulsorily Convertible Preference Shares	250,000,000	-
Proceeds from issuance of Partly Paid up Equity Shares	101,518,259	-
Long-term borrowings (net)	419,190,746	544,842,034
Short-term borrowings (net)	(894,533,665)	(278,627,609)
Net cash flow from / (used in) financing activities (C)	(123,824,660)	266,214,424
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(213,816,915)	93,811,595
Cash and cash equivalents at the beginning of the year	519,662,264	425,850,669
Cash and cash equivalents at the end of the year	305,845,351	519,662,264
Components of cash and cash equivalents	31-Mar-18	31-Mar-17
Cash and cash equivalents at the end of the year		
Cash on hand	16,237,880	16,373,315
Balances with banks in current accounts	289,607,471	503,288,949
Cash and cash equivalents at the end of the year (refer note 16)	305,845,351	519,662,264

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

Notes

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, "Cash Flow Statement" notified pursuant to the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
- 2) All figures in brackets indicate outflow.

 For S. R. BATLIBOI & CO. LLP
 ICAI Firm registration number : 301003E/E300605
 Chartered Accountants

 per Shrawan Jolan
 Partner
 Membership No.102102

 Date: 04-09-2018
 Place: Mumbai

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

 V.G.K Prasad Managing Director
 DIN - 01817992
 K.Vasumathi Devi Executive Director
 DIN - 03161150
 C. Sreelakshmi Rao Company Secretary

 Date: 04-09-2018
 Place: Hyderabad


ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	IKF Finance Limited
Face Value (per security)	Rs. 10,00,000/- (Rupees Ten Lakhs only)
Deemed Date of Allotment	December 31, 2020
Redemption Date / Maturity Date	June 30, 2022
Redemption amount	10,00,000
Coupon Rate	9.20% p.a.
Frequency of the Coupon Payment with specified dates	Quarterly and on Redemption (subject to holiday convention) First Interest Payment Date : 31-03-2021 Second Interest Payment Date: 30-06-2021 Third Interest Payment Date :30-09-2021 Fourth Interest Payment Date : 31-12-2021 Fifth Interest Payment Date : 31-03-2022 Sixth Interest Payment Date : 30-06-2022
Day Count Convention	Actual / Actual

Cash Flow Chart

Illustration of Bond Cash Flows per Debenture

Dates	Principal	Interest	Total
31-Dec-20	(10,00,000)		(10,00,000)
31-Mar-21	-	22,685	22,685
30-Jun-21	-	22,937	22,937
30-Sep-21		23,189	23,189
04-Oct-21	2,50,000		2,50,000
31-Dec-21	2,50,000	17,644	2,67,644
31-Mar-22	2,50,000	11,342	2,61,342
30-Jun-22	2,50,000	5,734	2,55,734

Final Cash Flow

Dates	Principal	Interest	Total
31-Dec-20	(50,00,00,000)		(50,00,00,000)
31-Mar-21	-	1,13,42,466	1,13,42,466
30-Jun-21	-	1,14,68,493	1,14,68,493
30-Sep-21		1,15,94,521	1,15,94,521
04-Oct-21	12,50,00,000		12,50,00,000
31-Dec-21	12,50,00,000	88,21,918	13,38,21,918
31-Mar-22	12,50,00,000	56,71,233	13,06,71,233
30-Jun-22	12,50,00,000	28,67,123	12,78,67,123