



**ANNUAL REPORT**  
**2023-24**

**Satisfying our share holders  
without Profiting from Poverty**

## Board of Directors



**Vivekanand N Salimath**  
CHAIRMAN



**Naganagouda M Patil**  
MANAGING DIRECTOR



**T V Srikantha Shenoy**  
DIRECTOR



**Kasturi Dambal**  
DIRECTOR



**Gururaj M Deshpande**  
DIRECTOR



**Sahadev Gangappa**  
DIRECTOR



**Rudrayya Mallayya Kummur**  
DIRECTOR



**Vivekanand N Salimath**  
Chairman

## Message



**Naganagouda M Patil**  
Managing Director

Since our humble beginnings in 2009, our purpose has been our driving force. As an NBFC-MFI, we have endeavoured to enable the dreams of the unbanked and underbanked citizens. We touched the lives of our customers in the last mile by extending the benefits of mainstream banking, heralding a new hope of a better future. Their trust in us led us to remarkable milestones over the years.

We stood unfazed by uncertainties. We overcame challenges, even during the COVID pandemic, and embraced changes without losing sight of our Purpose. We achieved many significant milestones along the way on par with the Microfinance Industry.

Microfinance Institutions (MFIs), long recognized as reliable lenders, have undergone a transition since revised RBI guidelines of March 2022. The industry has successfully completed two years under the revised regulatory framework of RBI which is now stabilized after initial hiccups. During the FY the growth of the microfinance industry was moderate with portfolio reaching the all-time high of Rs.4,33,697 crores, up from previous Rs.3,48,339 crores. However, the growth rate which registered 24.50% was not comparable to previous year's growth rate of 37.80%. NBFC-MFIs continue to lead the industry with business share of 39.4% followed by Banks and SFBs with 33.2% and 17.1% share respectively. The geographical penetration of microfinance business continues to remain regionally imbalanced with 62% of the business concentrated in Eastern, Southern and North-eastern regions. While, the Western and northern regions of the country are still lagging. Bihar state continues to hold first place followed by Tamil Nadu and Uttar Pradesh.

The moderate industry growth during FY 2023-24 may be due to revised lending norms of RBI putting pressure on eligibility of clients. Additional lending norms such as repayment capacity of the family, household income assessment and mandatory credit history check for all earning members of the family, resulted in increased rejection rates. No doubt, the new framework not only created level playing field for all regulated entities, it also ensured financial discipline to certain extent. Further, replacing the pricing cap with risk-based pricing ensured smaller MFIs to achieve better bottom-line financials and emerge stronger.

The year FY24 saw us continue our growth trajectory. Your Company expanded its penetration by opening 7 more branches in Karnataka, Maharashtra and Goa states taking the network to

85 branches. The portfolio and profitability growths were moderate during fiscal which is in line with the industry growth. The unprecedented drought in our operational areas reduced the demand for credit impacting our branch expansion, portfolio growth and profitability. Despite the severe drought conditions, your company was able to maintain NPAs at 1.71%, thanks to dedicated and focused field staff. During the FY we raised additional tier-two capital amounting to Rs. 5.50 crores and improved net worth to Rs.47.42 crores from previous Rs.37.86 crores, which helped the company to maintain vital financial ratios at stipulated levels.

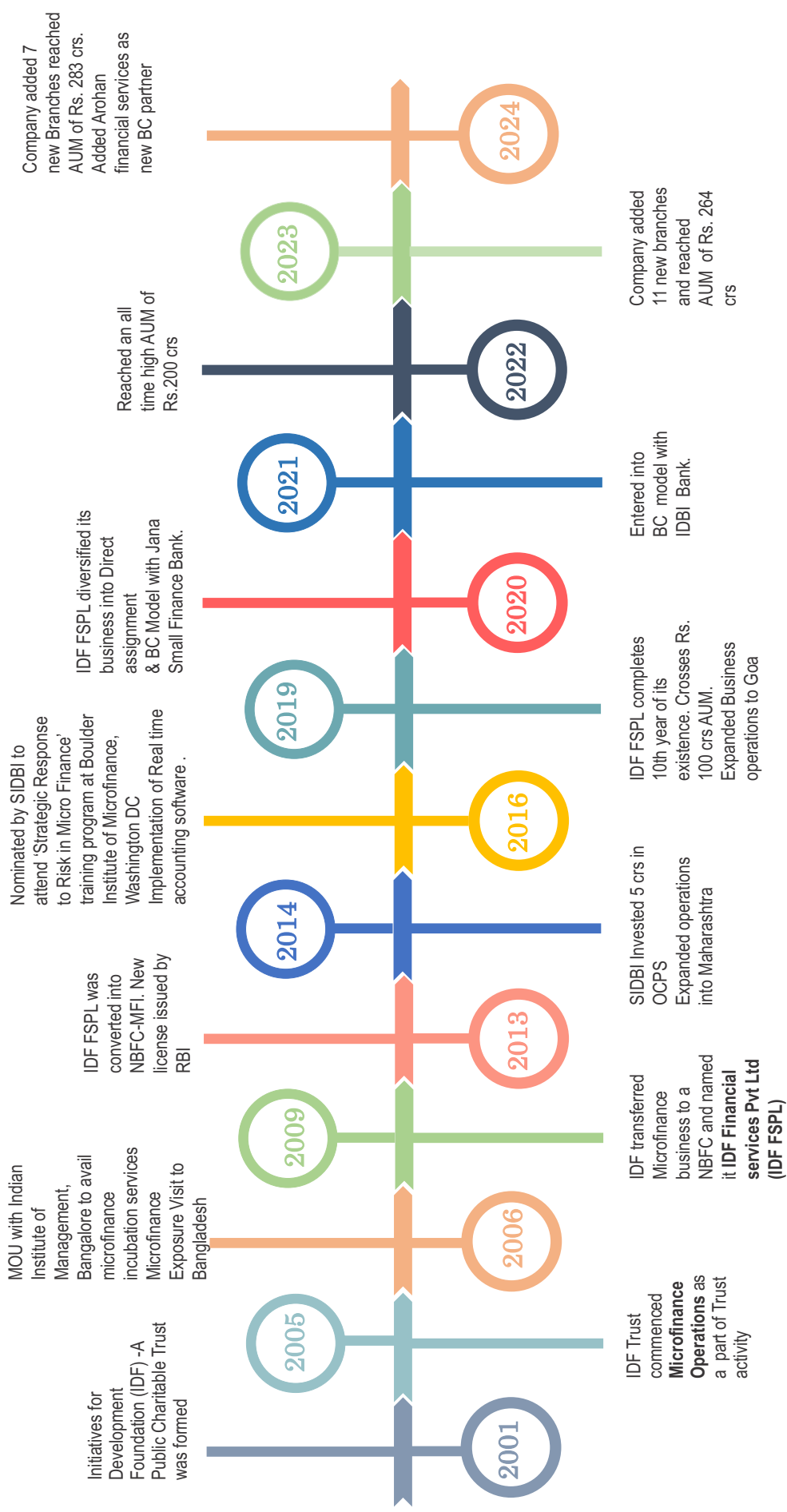
Main source of funding for our on-lending activity is from borrowings. With cordial relationships with lending institutions, your company never faced any liquidity issues as there has been continuous flow of credit available from mixed categories of financial institutions.

During the year your company organized 62 one day financial literacy workshops across Karnataka state in association with RBI and Sa-Dhan, which were attended by 4430 men and women. The company continued its efforts to contribute towards "SWACCH BHARATH" mission by extending financial support to WASH programme in rural areas. So far, the company has financed more than 1028 families for construction of Toilets and water connection facilities.

As we step into FY25, we are poised to strengthen our operational, digital, and technological infrastructure. Performance with Purpose continues to be the core of all strategies and banking activities. Today, from being a homegrown Indian enterprise, that started as an NBFC-MFI with the support and trust of investors from within, to becoming a financial institution trusted by over 85,000 customers, the journey has been eventful, and impactful. We are grateful for the support, goodwill, and patronage. By staying true to our Purpose, we continue to uphold the confidence of our customers, employees, and stakeholders.

We take this opportunity to extend our heartfelt thanks to all our fellow board members and shareholders for their unwavering support and guidance. My wholehearted thanks to all the employees whose dedication and teamwork has helped the company to reach greater heights. We acknowledge the support extended by esteemed bankers/financial institutions, consultants, clientele, and service providers for their relentless support to the company.

## Our Journey



## Table of Contents

Corporate Overview		Pages
1.	Message	i
2.	Our journey	ii
3.	IDF FSPL - Overview	1
4.	Our Products	4
5.	Board of Directors	9
6.	Operational Highlights	14
7.	Financial Highlights	15
8.	Human Resource Department	16
9.	Management Discussion and Analysis	20
10.	Director's Report	27
Statutory Reports and Financial Statements		
11.	Auditor Report	44
12.	Balance Sheet	51
13.	Profit and loss	52
14.	Cash Flow Statement	53
15.	Notes to Financial Statement	54







## IDF FSPL Overview

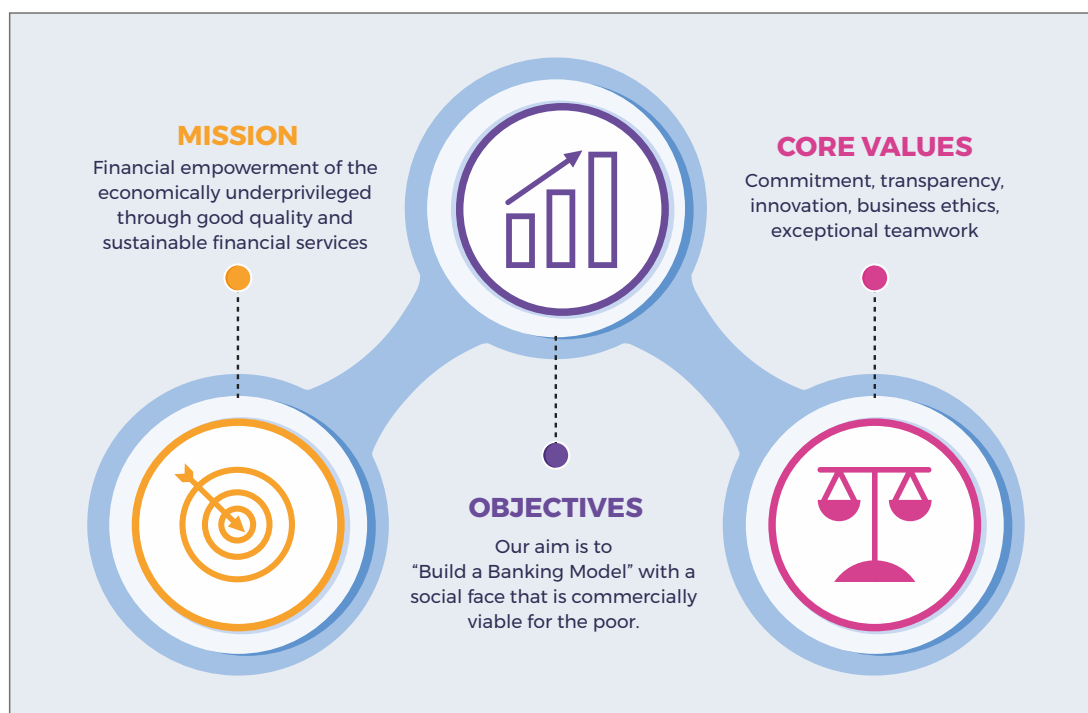
IDF Financial Services Pvt Ltd (IDF FSPL) is a predominantly community owned Non-Banking Micro Finance Company providing short term finance to micro-Self-Help Groups (mSHGs/JLGs) that it forms and nurtures with a special focus on rural and semi urban segments. IDF FSPL believes in providing quality and sustainable financial services, exclusively to women clientele and strongly believes that an economically empowered woman is a greater asset to the country.

The Company started operations on April 1st, 2009, with its HQ in Bengaluru and is currently operating with 85 branches in Karnataka, Maharashtra & Goa.

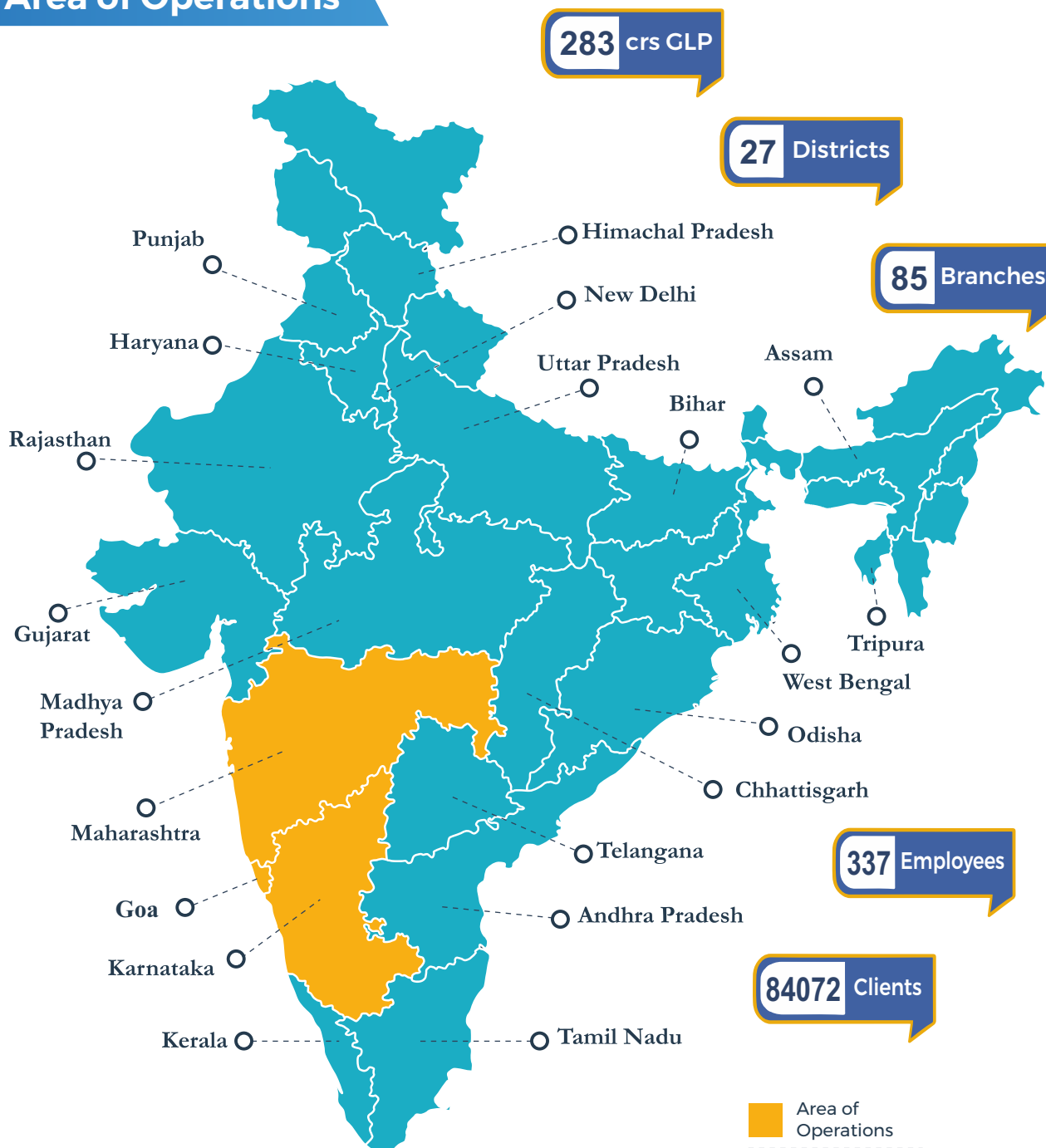


We are touching the lives of low-income women borrowers from under-served households in significant ways. The Company offers credit to women of underserved household under (mSHGs/JLGs) model for income generating activities. The micro-Self-Help Groups (mSHGs) have the advantage of credit, technology, and market guidance assistance. The Company empowers the members through a training programme imparting financial literacy, social awareness.

Our financial services are helping improve livelihoods, establish an identity, enhance self-image, and enabling our customers to be a part of decision-making at the household level.



## Area of Operations



### Operational Footprint

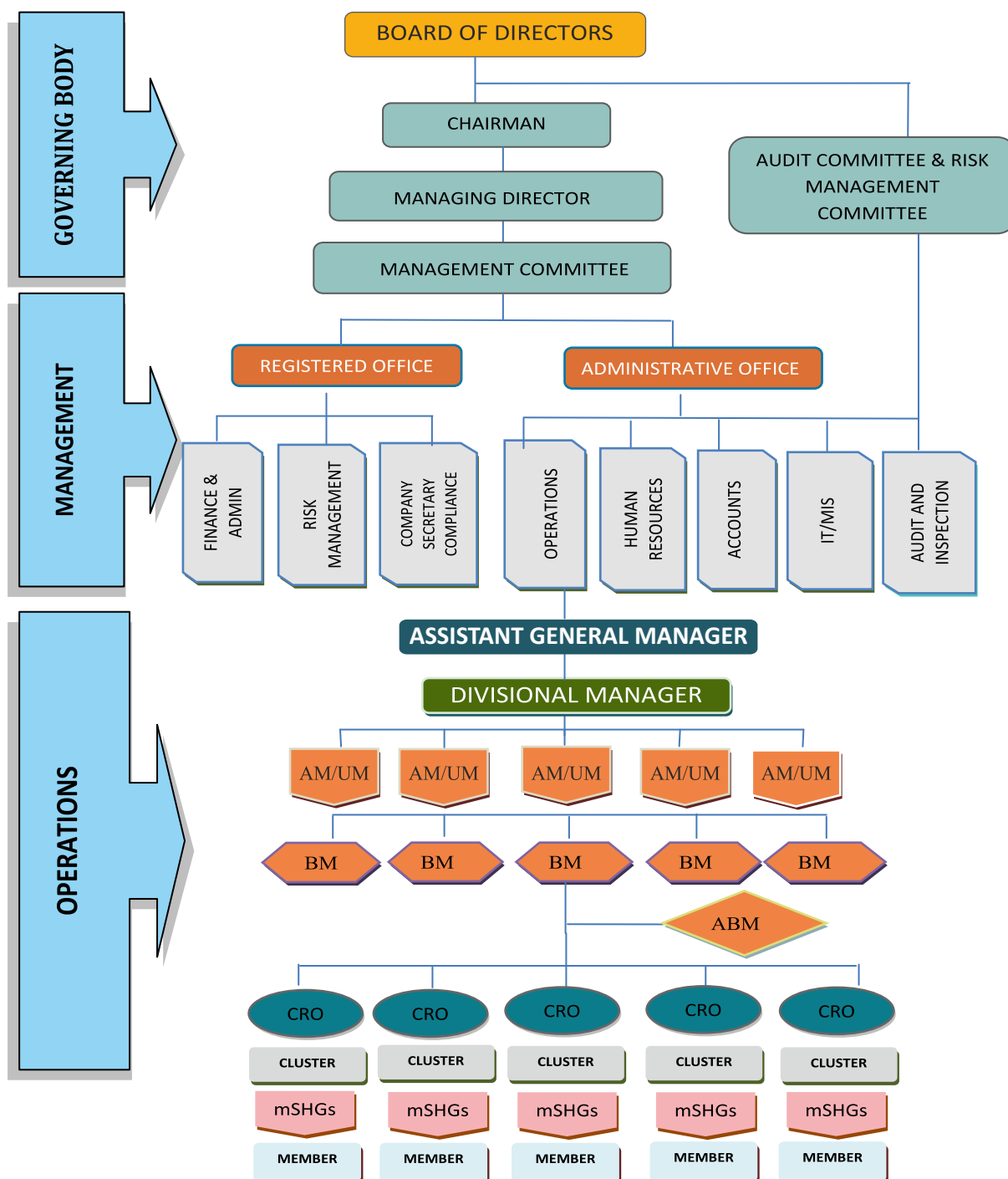
The Company has its registered office at Bangalore, and the administrative office at Dharwad. The operations are geographically aligned to cater to 27 districts across 3 States in India viz Karnataka, Maharashtra, and Goa.

The operations of the Company is headed by Head – Operations and assisted by Assistant General Manager & Divisional Managers. The Divisional Managers monitors 3-4 area offices. Each area office consists of 3-5 branches. The area offices are headed by Area/Unit Managers, who are responsible for the overall business development in the area. The Branches are headed by the Branch Manager (BM), who is assisted by 3-5 Credit Officers (CROs). Each branch is expected to handle 1500-2000 clients. More than one area Office could exist in a district depending upon the volume of Business. Each Area office can sanction loans in its jurisdictional area.

The Company has 85 branches and a Staff Strength of 337. The total no of borrowers as at 31st March 2024 is 84072 with GLP of Rs. 283.23 crores. The Company has disbursed loans under (Owned + Managed Portfolio of 186.74 crs+ 41.10 crores) amounting of Rs. 227.84 crores during the year 2023-24.



# Organisational Structure



<b>AM</b>	Area Manager/Unit Manager
<b>BM</b>	Branch Manager
<b>ABM</b>	Assistant Branch Manager
<b>CRO</b>	Credit Officer
<b>mSHG</b>	Micro Self Help Group

## Our Products

### Who We Serve

IDF FSPL believes in equality of opportunities. The organization does not discriminate between its members on the basis of caste, creed or religion. IDF FSPL believes in women empowerment and all the loans are disbursed to women.

Client-assessment includes:

- Socio-demographic characteristics
- Present and proposed activities
- Present income levels
- Group cohesiveness
- Repaying capacity
- Credit history

The Company primarily serves low income households, both rural & urban 100% Women clients

Household Income	• Rs. 3,00,000/-
Loan Amount	• Rs. 30,000 - Rs. 1,25,000
Tenure	• Between 12 months - 36 months
Loan security	• Collateral-free
Income Generation Activity	• Not less than 50% of total portfolio
Repayment	• Monthly
Repaying Capacity	• Max Rs..12,500/- per month

### Group Loans

Products	Loan Size	Tenure	Rate of Interest	Processing Fee
Cycle - I	Rs. 30000 – Rs. 50000	12-24 Months	26.5%-27%	1%
Cycle - II	Rs. 50000 – Rs. 70000	24-36 Months	26.5%-27%	1%
Cycle - III	Rs. 70000 – Rs. 100000	24-36 Months	26.5%-27%	1%
Cycle – IV & Above	Rs. 100000 – Rs. 125000	24-36 Months	26.5%-27%	1%

## Individual Loans

Individual Loans (Abhyudaya)	Upto Rs.1,25,000	24-36 Months	26.5%-27%	PF: 1%
Interim Loans	Loan: Rs. 5,000 to Rs. 20,000	24 Months	26.5%-27%	PF: 1%
Micro-Housing Loan (IDF - Ashraya)	Upto Rs. 50,000	24-36 Months	26.5%-27%	PF: 1%
Dairy Loans	Rs.40,000 to Rs. 1,25,000	24-36 Months	26.5%-27%	PF: 1%
WASH Loans	Rs.15,000 to Rs. 40,000	24-36 Months	26.5%-27%	PF: 1%

### The loans are mainly given to the following income generation/livelihood activities

- Agri and agri allied activities like purchase of agricultural inputs, purchase of animals etc,
- Small business and trading activities to set-up petty business, Kirana shops etc
- Service activities like sewing, embroidery, beauty services, motor winding, catering services, agarbatti rolling etc.

## Work Process

The Company has an omnibus loan product which is designed to take care of the multiple needs of the clients, be it working capital for business or creation of assets for livelihood or agriculture or any other product service, apart from meeting consumption.

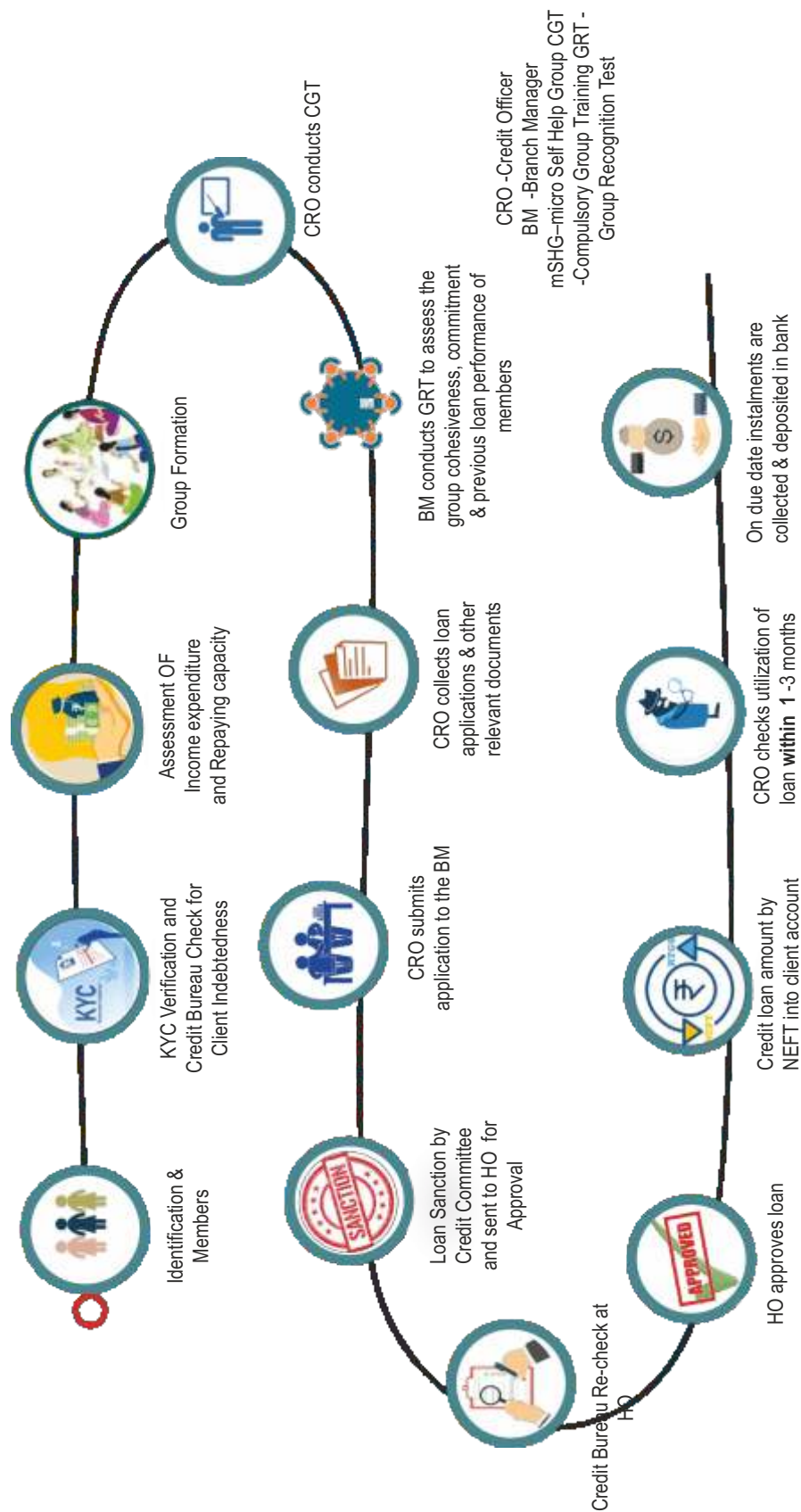
The company's business process first starts by organizing poor women into groups of 5 members. 5 such groups will constitute a cluster, which meets every fortnight.

All the mSHGs are federated in to IDF SHG Federation, Dharwad. Federations are registered mutual benefit trusts aimed at socio-economic development of its members, in addition to representing the interests of mSHGs members as equity shareholders of the Company.

The Company sanctions the loans after conducting a thorough due diligence of the mSHGs. Loans are sanctioned to those mSHGs, which are successful in the Group Recognition Test (GRT) and who have a satisfactory credit history as evidenced by the credit bureau, with fixed obligation to income ratio (FOIR) of Max Rs. 12,500/-.



# LENDING METHODOLOGY



## No body dreamt, daughter of SHG member would be a Co-Pilot in Air India one day:

The family of Smt. Vanita Sutar residing in Anagol a suburban area of Belgavi was depending on Auto Garage run by her husband as their only source of income. Unable to maintain the family of two daughters and a son, Vanita decided to do some business to supplement her family income. She came in contact with local SHG members who suggested her to start food processing in which she had some skills. She was introduced to IDF Financial Services way back in 2013 which supported her with initial loan of Rs. 7000 to start her own food processing unit making chili powder sales. Looking at her confidence and entrepreneurial qualities, IDF continued to support her for expanding her business. With the continued financial support, she expanded product profile to Papads, Butter milk chilies, Pickles etc. She opened two stalls in Belgavi for promoting sales apart from home delivery. She installed floor mill, grinding machine to meet the increased demand for her products.



Ten years down the line, now her market is expanded to neighboring state, Maharashtra by establishing business contacts in Pune and Mumbai. With the present 5th cycle loan of Rs.70,000, she has installed packing machine, electronic weighing machine and has improved her production capacity and sales. Over a period, her total sales have increased many folds, now at Rs.4 lacs per month with 4-5 women working in her food processing unit.

The social and economic status of Vanita has also improved a lot with well settled family members. Her son is self-employed having his

own Fast-Food stall in Belgavi, younger daughter has become Co-pilot in Air India, another daughter is qualified fashion designer is married and well settled. Her family proudly agrees that IDF FSPL has changed their life altogether and is very grateful.

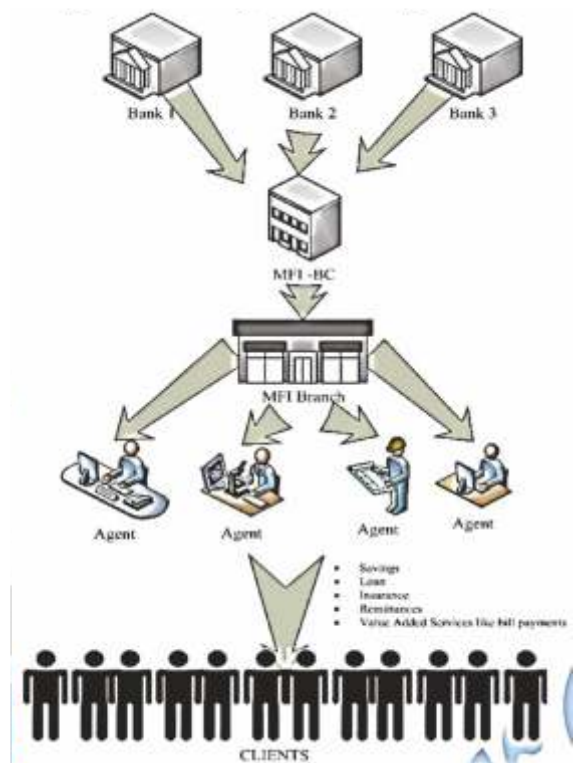
## BC Operations

### Business Correspondent Partners with IDBI Bank and Jana Small Finance Bank

The company has put in place a comprehensive business continuity plan (BCP) with the financial support of Asian Development Bank and Technical support of Basix consulting. The entire project was co-ordinated by Sa-Dhan. The BCP will help the company to withstand major disruptions such as natural calamities, pandemic, political disturbances etc. Along with operational BCP, we have also IT-Business Continuity Plan.

As a business diversification plan, the company has entered in BC partnership 3 Banks/NBFCs. The BC business is adding good commission income to our balance sheet. The company has plans of expanding the partnership into other models such as Co-Lending and Assignment business.

At present, BC business with Jana SFB and IDBI is being implemented through our 20 branches in the state of Karnataka out of total of 85 branches and the outstanding managed portfolio under BC business is Rs. 61.92 crores March 2024. We are planning to reach a BC business of Rs. 117 Crs by the end of FY 2025. We are also planning to add 2-3 new BC partners during the year to diversify our BC portfolio. Arohan Financial services has already been appointed as BC partner.



### WASH (Water, Sanitation & Hygiene):

Govt. of India is giving lot of importance to cleanliness and hygiene through “Swachh Bharat” mission. IDF FSPL is also contributing to the mission and is extending financial assistance to our clients for WASH products. While FWWB (Friends of World Women Bank) is providing credit line for on-lending to our clients, FINISH Society, Water.org and Sa-Dhan are supporting us with technical and training inputs under the programme.

NAB Samruddhi has extended financial support for climate ready WASH products.

As there is good response in North and North-East Karnataka, we are proposing to expand and cover backward areas in the state with focus on Toilets and safe drinking water. The focus under the programme is sanitation and safe drinking water facilities for our existing clients. The activities covered are Toilets, Renovation of Toilets, water storage/connection facilities, water filters etc. Till March 2024, loans amounting to Rs. 3.00 crs have been disbursed.





## Board of Directors

### Vivekanand N Salimath Chairman

- Has experience of 23 years in Syndicate Bank in various capacities. Served the Executive Director of RUDSETI, Ujire for 8 years, Founder/Managing Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company for marketing SHG products),
- Chairman of IDFFSPL since inception from 01.04.2009
- Member-MFI Standing Committee of RBI, Bangalore,
- Ex-President, Association of Karnataka Microfinance Institutions (AKMI),
- Ex Board Member-NABARD-RECARD Member
- Board of Directors Sa-Dhan. Treasurer
- Has considerable experience in rural enterprise development and banking

### Naganagouda M Patil Managing Director

- Has experience of 20 years in Syndicate Bank as Rural Development Officer, Lead District Manager
- Director, RUDSETI (5 years) on deputation.
- With IDF since 2004, has implemented Watershed Development and livelihood programmes
- In-charge of MF operations of IDF since its inception in 2005 and Managing Director of IDF FSPL since inception from 01.04.2009
- Has considerable experience in rural enterprise development and banking.

### T V Srikantha Shenoy Director

- Has experience of 19 years in Syndicate Bank, including as Founder Secretary of Syndicate Institute of Rural Development (SIRD) for 1 year and as Director of RUDSETI for 5 years on deputation.
- Has experience of 19 years in Syndicate Bank, including as Founder Secretary of Syndicate Institute of Rural Development (SIRD) for 1 year and as Director of RUDSETI for 5 years on deputation.
- Founder Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company marketing
- Founder Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company marketing SHG products).
- Has served as a Chief Mentor at Karnataka Farmers Resource Centre – an SLBC initiative.
- Director, Agricultural Skill Council of India, Delhi, a sector specific council for creating an end to end approach on skilling and linking all the stakeholders of Agriculture Value Chain.
- Director, Synergy to Solutions
- Indian representative Member in the Knowledge Programme on Small Producers Agency with HIVOS- IIED, London
- Chief promoter of sustainable farm livelihood and green technologies.

**Kasturi Dambal**  
Director

- Has experience of 20 years in Syndicate Bank as Rural Development Officer, Lead District Manager
- She is the Representative Director appointed by the Company on behalf SHG Federation, Dharwad.
- She is an SHG member who has worked up to the level of Board of Directors.
- She has been an active member in the SHG community and has the field level expertise in organizing and leading the SHGs.

**Gururaj M Deshpande**  
Director

- Has served in Syndicate bank for nearly 3 decades in various capacities.
- Founder Trustee of IDF
- Ex Director of Women self - employment counseling cell. (WSECC) sponsored by the Government of Karnataka, department of Women and Child welfare.
- Has conducted several programmes under Udyogini and other entrepreneurship activities.
- He is currently serving as the Chairperson of IDF SHG Federation Dharwad.

**Sahadev Gangappa**  
Director

- He is in empanelment with RBI for Audit of Nationalized banks since more than 20 years. At present he is Statutory Auditors for Canara Bank Branches.
- Appointed as statutory auditors for Sri Sathya Sai Sadhana Trust, Puttaparthi, A.P & Handling Sathya Sai central trust etc.,
- Statutory Auditor for National Insurance Co., Ltd.,
- He has also served as internal auditor for many private sector undertakings and Co-operative Banks & Co-Operative Institutions
- Served on the Board many private Companies for more than 10 years

**Rudrayya Mallayya Kummur**  
Director

- Dr Kummur is a M Sc (Agri) from University of Agriculture Sciences Bengaluru and Ph D from Indian Agriculture Research Institute New Delhi.
- Joined NABARD through campus recruitment in 1985 at one Grade above normal entry. Starting his service from NABARD HQ Mumbai, he worked at different places like Port Blair, Bengaluru, Lucknow, Chandigarh, Raipur and Mumbai again, reaching up to the position of Chief General Manager.
- His major contributions were in the areas of microfinance, FPOs, Agriculture Policy, Watershed Development, Wadi, Climate change, organic production, tribal development, NFS development, skill development, etc.
- He also served as Director on the Board of A&N SCB Port Blair (1998-2000) and NCDEX Mumbai (2014-2017).
- After super annuation, he is settled in Bengaluru and working as President, Agrico's Foundation for New India, a nonprofit organization, to harness the energy of retiring Agri Sciences Graduates for nation building.

## Audit Committee

The Audit Committee consists of the following members of the Board:

Mr. Sahadev Gangappa - Chairman  
Mr. T V Srikantha Shenoy - Member  
Mr Gururaj M Deshpande – Member

The Committee meets in each quarter to review the audited/un-audited financial statements, oversight of the Company's financial reporting process, reviewing of quarterly financial statements, reviewing the adequacy of internal audit function, reviewing the performance of statutory and internal auditors and adequacy of internal control systems.

This Committee is mandated to put a framework of financial accountability, control and corporate governance, which is commensurate with the size of organization and to ensure that the stipulated policy and process is followed in true letter and spirit.

The role of this Committee is to advise the Board on these matters, as well as to ensure compliance to relevant covenants. This Committee provides direction to the audit function and monitors the quality of concurrent, internal and statutory audit and monitors any other audits that have been commissioned either by the Company itself, or by other stakeholders (lenders, shareholders, regulators, government etc.) from time to time.

## Risk Management Committee

The Risk Management Committee consists of the following members of the Board:

Mr. Sahadev Gangappa - Chairman  
Mr. T V Srikantha Shenoy - Member  
Mr . Gururaj M Deshpande – Member

**Board Risk Management Committee (BRMC)** is constituted to largely oversee the Risk Management mechanism. The committee, on behalf of the Board, is responsible for framing risk policies, monitoring and reviewing the status of risks. The committee is chaired by an independent director and has one nominee director of the investors and two independent directors. The Head of the Risk Management Department reports to the committee. BRMC meets quarterly to review, discuss and finalize risk mitigation mechanism.

**General Risk Management Policy** is approved by IDFFSPL's Board and stated in the sections below.

IDFFSPL recognizes the following categories of Risks

- Strategic and reputational risk
- Credit risk
- Liquidity risk
- Operational risk
- Market risk

It is also recognized that risks in different categories impact each other and a good risk management system takes a comprehensive view of the organization.

At the Management level a **Management Risk Committee (MRC)** of senior managers is introduced. The committee comprises of Chairman, MD and all department heads including heads of the following departments

- Field operations
- Finance, accounts and treasury
- Human Resources
- Administration
- Statutory and legal compliance
- IT and MIS
- Social Performance Management
- Internal Audit
- Risk Management

MRC is responsible for the daily management of risks within the framework defined by the General Risk Management Policy. MRC meets on periodic basis to discuss all the aspects of risk within the institution. The Chair of the MRC rotates among the Chairman, MD and Head Audit.

**Key Risk Indicators** for each department is discussed and finalized with upper or lower limit accordingly. **A reporting structure** for each department is established that captures key risk indicators and other current or futuristic risks in the best possible manner. The consolidated report is presented to BRMC for review on quarterly basis.



## Finance Committee

1. Mr. Vivekanand N Salimath
2. Mr. Naganagouda M Patil
3. Mr. T V Srikantha Shenoy

The Committee following roles, responsibilities and powers:

- To apply for loans, financial assistance from different banks, NBFCs and Financial institutions.
- To pass resolution for avail term loans from different banks, NBFCs and Financial institutions.
- Any Long term borrowing for the Business purposes.
- Any secured or unsecured loans from Financial institution.
- To grant loans or give guarantee or provide security in respect of loans
- To invest the fund of the Company
- The Committee do execute necessary documents, agreement forms authority letters and other related documents from time to time for this purpose and accept its terms and conditions including any modifications thereof.
- To perform any other activities necessary to avail any loan from such Banks and financial institution.
- To open, manage, close bank accounts.
- To authorise any offer/s to operate bank accounts of the company.
- To take all other decisions to ease banking operations of the Company.

## Weaving Hub in Shahapur, Belgavi

Shahapur a suburban area in Belgavi city is weaving hub, famous for traditional designer silk/cotton sarees for special occasions. Many families are engaged in this business but most of them work as wage earners in bigger power loom units. The sarees made here are very popular in northern Karnataka and southern Maharashtra.

Smt. Anita Kammar and her husband migrated to Belgavi in search of livelihood. Initially they started working in the power loom unit as helpers then promoted as weavers in a private Power Loom unit on daily wages in Shahpur, Belgavi. The family was dreaming of owning their own power looms for which IDF Financial Services Pvt. Ltd extended financial support of Rs. 25,000 for purchasing one power Loom during 2017. Both Anita and her husband with their hard work went on adding new power looms out of the income they earned and expanded the business with the financial support of IDF FSPL. Now they are proud owners of 6 Power Looms earning 40,000/month. They weave designer sarees and supply them to saree shops in Belgavi.

The son is helping them in the business while two daughters are studying in college. The family is planning to purchase two more power looms shortly and then have their own home in Belgavi. The family is well settled, improved their



## Management Team



**Adivappa B Magadum**  
Head- Administration & Finance



**Basavaraj Alagawadi**  
Head – Accounts



**Somashekar G Kolkar**  
Head -Disbursement



**Chandrashekar Yellur**  
Head- Audit



**Shambu C. Sangapur**  
Head- Information Technology



**C.S Prashant Hegde**  
Company Secretary



**Shakarappa M Desai**  
Head- Operations  
(Kalyan- Karnataka & Maharashtra)



**Gopal K Bhandiwad**  
Head Human Resources



**Raghavendra H. Harapanahalli**  
Head- Operations

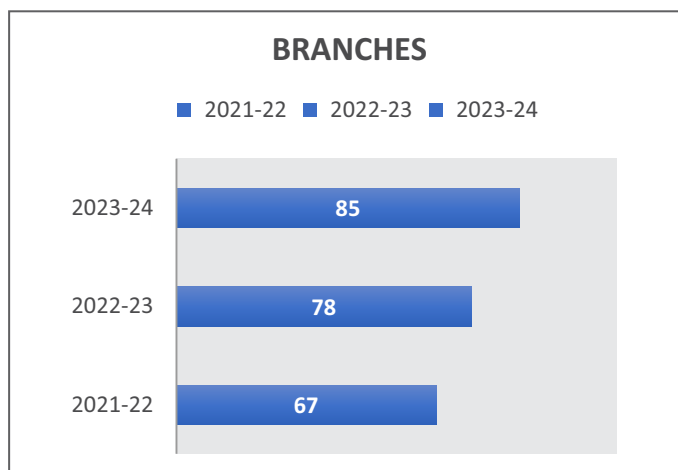
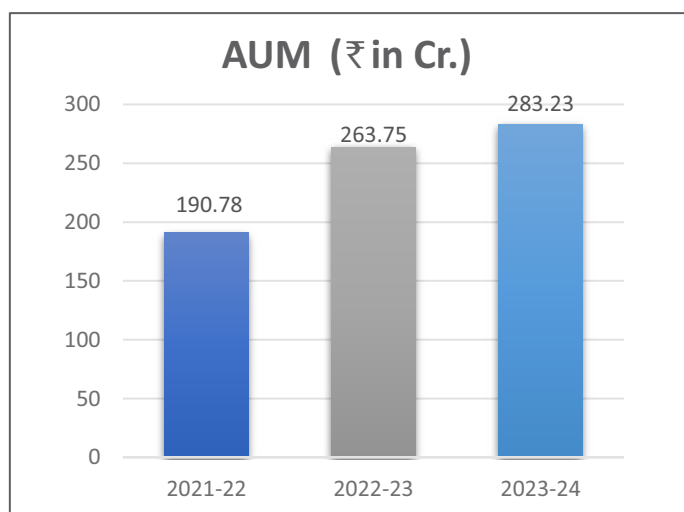
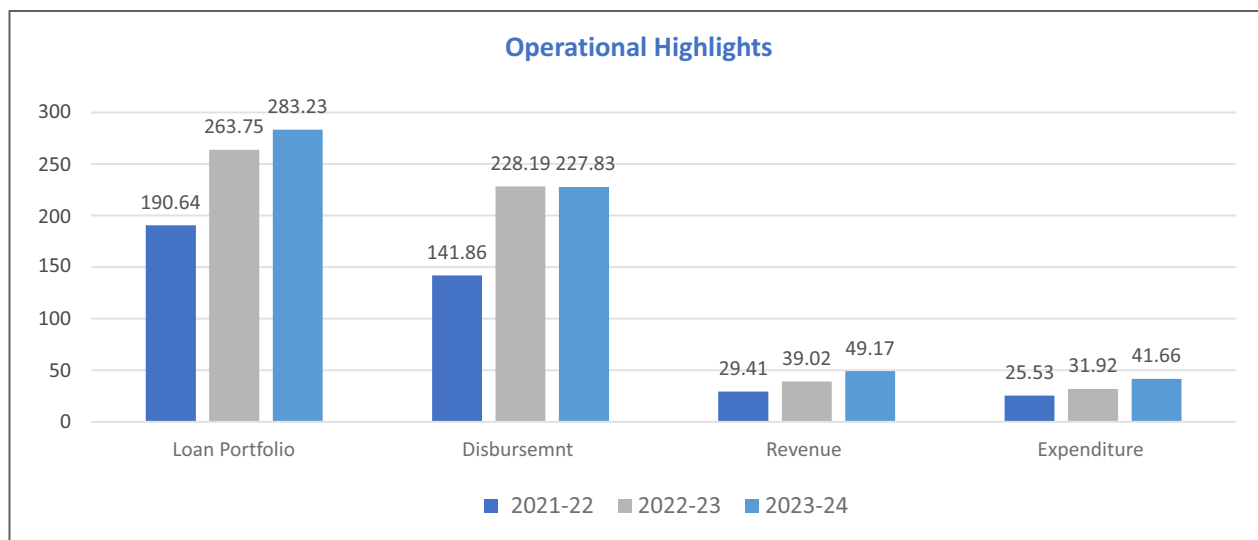


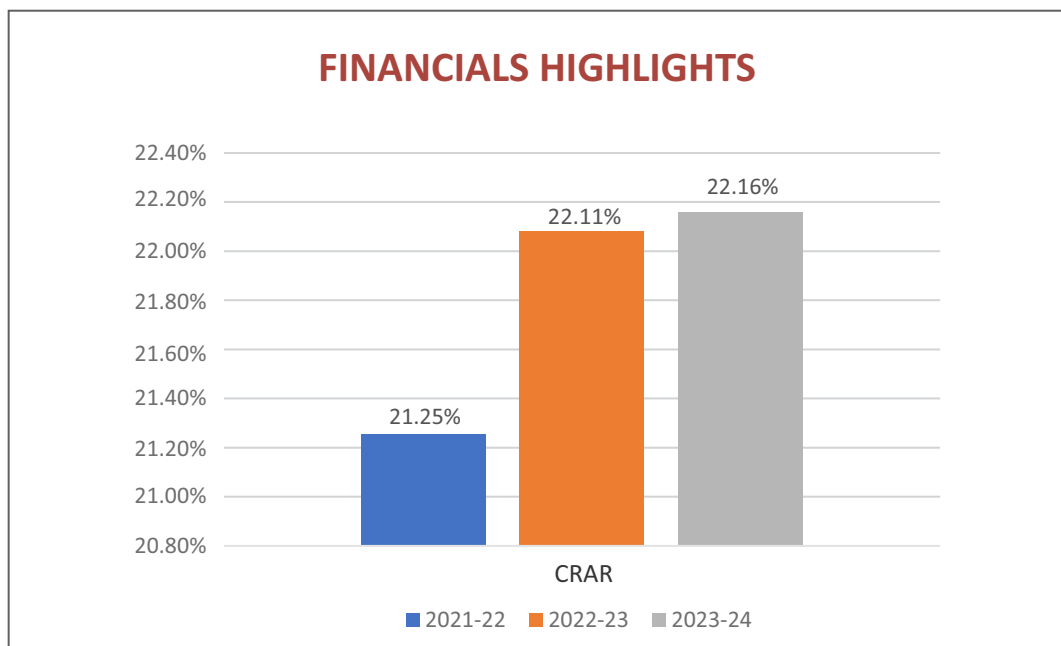
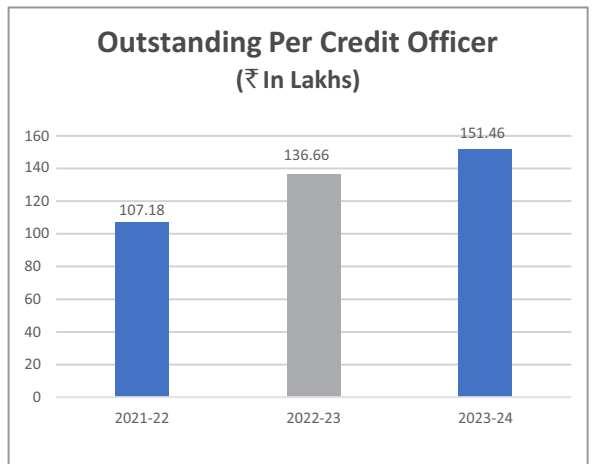
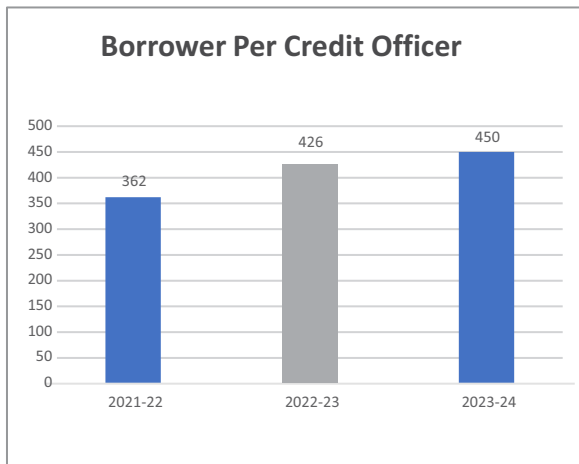
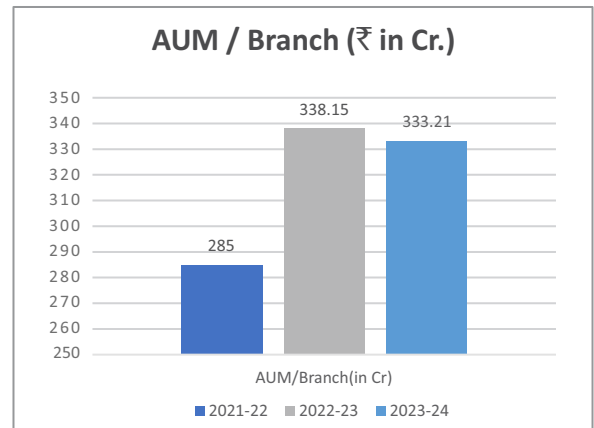
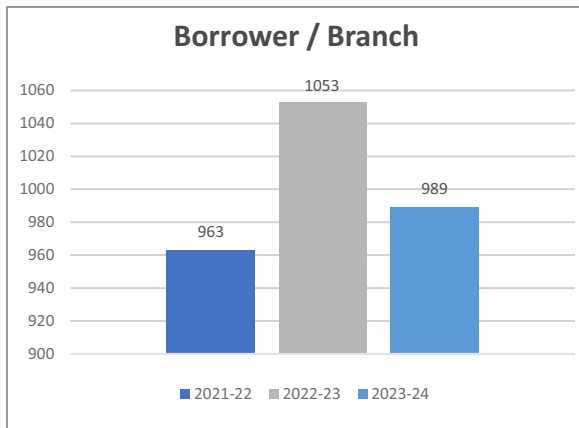
**S S Bhavkar**  
Asst. General Manager



**Karuna R**  
Dy. General Manager – Finance

## Operational Highlights







## Human Resource Department

Employees are integral part of company's mission; the company builds valuable workforce and workforce in turn builds the business. We at IDFFSPL, conceive that employee retention, talent acquisition and recognition is significant for an organization. We are committed in establishing a conducive work environment for our employees without compromising on the business ethics and policies of our organization. The Company strives in providing opportunities to its employees to develop their leadership skills and professionalism.



Company believes in rewarding its employees and recognizing their performance by formulating compensation policies and reviewing accordingly with the Industrial Standards. The Company believes in providing the employees an opportunity to hone their skill by training internally and externally at regular intervals. The policies of the company are malleable for employees aiming towards lateral direction for overall exposure towards their career growth. The Cultural tolerance of our organization as a whole has enabled the employees of our Company an opportunity to articulate their feelings and unleash their hidden talents.

As on 31/March/2024, the no of employees was 337.

### Compensation and Benefits

We at IDFFSPL commensurate employees based on their skill and performance which is in line with Industry standards. The Compensation and incentive policies are formulated, reviewed at regular intervals to enable the employees to claim the benefits and ensure that they are recognized and rewarded accurately. All our employees are entitled to gratuity, provident fund and Bonus. We also provide life insurance cover for all our Employees under Employees State Insurance Scheme.

### Training

Training and Development of the skills of the employees is very critical for an organization in order to survive and sustain the changes in business environment. The HR Department ensures that training is imparted to all the employees as part of the development activities and prepare them for their next level in the organization.



Training is a vital part of the organization, as it enables the employees to update their skill and to perform more efficiently. Our Company provides induction training by creating an awareness of the company's vision and mission to the new joiners. IDFFSPL provides on the job training to the staff members, as it enables them to understand and acquaint themselves with company's policies, processes, functioning mechanism etc. IDFFSPL conducts training programme for the employees in regular intervals relating to changes in the RBI, microfinance and operational guidelines.

## Internal Audit Department

IDFFSPL has built a developed Audit system in place over the years which are in adherence to the Company's policies, procedures. The internal audit at the administrative office has established a proper reporting mechanism of the audits carried out at the regional, branch level offices.

The Company has a comprehensive internal control framework which is supplemented with appropriate procedures across all its business and support activities. The internal controls implemented are intended to manage the risks, ensure compliance with laws and regulations, and provide reliable and timely financial reporting.

Internal audit at IDFFSPL is an independent, objective assurance and consulting department has been assigned to add value to and improve the organizations operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

With commitment to integrity and accountability, internal audit provides value to governing bodies and senior management as an objective source of independent advice.

The scope of internal audit department within IDFFSPL includes the operations, processes, governance, risk management, management controls over efficiency of operations, and safeguarding of assets. The internal audit team also conducts proactive fraud audits to identify potentially fraudulent acts; participates in fraud investigations under the direction of fraud investigation professionals; and conducts post investigation fraud audits to identify control breakdowns and establish financial loss.

At IDFFSPL, the internal audit department audits the branch operations as well as conducts corporate audits covering all the key functions. The internal audit team covers the entire business process, and in addition, special branch audits are undertaken to meet specific requirements of the Company. Based on their risk and occurrence, the internal audit observations are broadly categorized into three categories, viz. Critical, High, Medium & Low, and these are highlighted to the operations department for compliance. Compliance is also critical to the audit process. To ensure that the Branch and Divisional office staff understand the discrepancies

regarding documentation and processes, compliance of the audit observations are mandatory for each audit.

The Audit department reports its findings, recommendation to the Audit Committee of the Board at regular intervals. The approval, suggestions, recommendations of the Audit committee is sought before recommending to the Board of Directors.

## Risk Department

IDFFSPL is exposed to various risks that are inherent to the microfinance business. The major risks are credit risk, operational risk, competition risk, and liquidity risk, among others. The Company has a robust risk management framework in place, which covers the policies, procedures, methodologies, and framework established to systematically manage the material risks. The risk management framework is subject to review and upgradation on an ongoing basis, in tune with regulatory guidelines and best practices in the industry. The Board of Directors oversees and approves the risk management policies and strategies to establish the risk management framework and control system. The Risk Management Committee of the Board (RMC) oversees the management of various risks associated with business, systems, and processes.



Risks are reported to the RMC and monitored by the Head-Risk Management and management team and quarterly updates are provided, and further actions are taken thereafter by the management. The risk management framework is overseen by Board committees.

The Company has put in place an improved mechanism to manage the credit concentration risk by way of internal Prudential Exposure Limits framework for geographies.

These exposure norms are monitored regularly and risks in different geographies are monitored continuously, and wherever warranted, the geographies concerned are reviewed immediately.

## Information Technology Department

IDF FSPL Information Technology (IT) philosophy is committed to operate and maintain a well governed, structured and process-oriented IT function that proactively delivers to the strategic and operational requirements for achievement of the Company's mission & vision, with continuous improvement according to the changes in the business processes and regulatory requirements.

IDFFSPL believes in leveraging efficiently from its present IT ecosystem and enhance its capabilities by transforming into 100% Digitalized mode. The Company embraces new technology required for the

organization by collaborating with the IT partners who in turn design, create, update the IT system as per the requirements of our business needs.

The Company has adapted the BIJLI software which has integrated the flow of information across all the levels and has enabled data accessible at all regions (Administrative office, Registered office, Branch Level) without any ambiguity.

In order to encourage online repayment of EMIs by our clients, we have associated with IFDC First Bank Ltd for digital collection system.



A team of investors of OIKO CREDIT from European countries visited Tumkur and interacted with JLG members during December- 2023



## Jayashri Beedimath, D Seegihalli M K, Hubli

Jayashri Beedimath of D. Seegihalli a small village in Belgavi district is a widow, struggling to maintain her family with a small holding of 1 acre land. She wanted to start her own business to supplement existing income and improve her family condition. IDF FSPL suggested her to become SHG member and helped her with a initial financial assistance of Rs. 6000 during 2012 to start food processing unit in which she had some skills. She initially started supplying handmade Jowar rotis for special occasions in her own village. She modified her traditional fire wood-based kitchen to Gas based and expanded her

business by adding new products such as Chutneys made from ground nut, Gingelly, pickles, papads etc. With continued financial support of IDF FSPL she is now running a Mess in nearby sugar factory area, which was a success. IDF FSPL stood by her in her endeavor to improve her economic and social status and increased loan limit to Rs. 1,10,000 to purchase roti making machine, grinder, utensils food grains, vegetable in bulk etc.,



She is now earning Rs. 20000/month, her only differently abled son has got married and is running small provision store. She got her house repaired and is leading a respectable and satisfied life.



## Management Discussion and Analysis

### The Microfinance Landscape In 2023-24

Microfinance serves as a catalyst for financial inclusion, by providing various essential services to all the individuals who are excluded from traditional banks.

The microfinance industry has its roots more than 700 districts in the country. Microfinance industry is on boom with its good performance in every factor. The top 5 states that accounts majority for the increase in loan portfolio are Bihar (58,706 crore), Tamil Nadu (53,304 crore), Uttar Pradesh (40,770 crore), Karnataka (37,427 crore) and West Bengal (35,431 crore). These 5 states account for about 57% of the industry's total portfolio.

The asset under management (AUM) of MFI's is Rs 1,33,963 crore, including owned portfolio Rs 1,09,462 crore and managed portfolio of Rs 24,501 crore. Microfinance loans in India grew by 5.75% to Rs 76,054 crore during the second quarter of FY 2024, data shown by industry.

By June end the microfinance sector will experience a 21% growth in its portfolio 3,58,700 crore compared to 2,96,487 crores in the same period of previous year. Total disbursement by all the lenders increased by 30% YOY.

Sa – Dhan the industry body reported that micro finance sector is sustaining and increasing its profit share YOY. Sa – Dhan mentioned asset quality was reported as excellent, matching or surpassing covid levels. As announced in the budget on 1st February 2024, the government's ambitious “Lakshpati Didi Scheme”, targeting 30 million women, propels MFIs into central role, fostering rural economic growth and advancing financial inclusion.

In term of market share NBFC MFI accounted for largest share at 40% followed by banks 32% and SFBs at 18%. The average ticket size (ATS) for the industry in Q3 of FY24 stood up at Rs 48,160, up 17% over the last year Rs 41,267.

The Microfinance industry is believed to grow by double digit in FY24 after overcoming the impact and challenges of Covid pandemic in FY21. A report by care edge suggests that industry may achieve a healthy loan growth of about 28% in FY24 for NBFC – MFI.

However, potential risk includes increasing customer indebtedness, large average ticket size and a shift from group loans to individual loans, leading to over leveraging. Addition to this the industry also face the risk of political and geographical uncertainties and dependency on global macroeconomic conditions and support from impact funds.

### Operations of the Company

IDFFSPL had formed a considerable base in the past years, which helped it reach the top Assets Under Management (AUM). During the year, IDF FSPL had achieved multiple milestones of serving over 80000 clients, crossing ` 283.23 Crores AUM, branches under operations crossing 85, and gross income exceeding 49.17 Crores.

As on March 31, 2024 , IDFFPSL operated 85 branches across 3 States with a presence in 27 districts, with client base of 84072 spread across over serviced by over 337 staff, majority of them in the field.

IDF FSPL continued to achieve higher business volumes through its multi-state operations. It has disbursed ` 227.84 Crores to 41,387 clients during the year when compared to 229.18 Crores to 46,988 clients in the previous year, a negative growth of -11.92% in value terms.

AUM stood at 283.23 Crores during the year as against 263.75 Crores, a growth of 7.39% over the previous year.

It has a presence in 3 states with more than ` 280 Crores portfolio. IDFFSPL continues to follow its risk management practices of spreading its business risk across states and getting into district-level risk concentration during the year.

## 2.0 Financial Performance

IDFFSPL posted an excellent operational and financial performance during the year 2023-24.

### 2.1 Outreach

The following facts come into picture while comparing the Company's present performance as compared to previous year:

- The Company disbursed an amount of Rs. 227.84 Crores during the year 2023-24. The disbursements have decreased by 0.59% as compared to the previous year due to drought conditions in Karnataka state.
- The Company added 7 new branches and the number of branches increased by 8.97% from 78 branches in FY 2022-23 to 85 branches for FY 2023-24.
- The AUM increased by 7.39% from Rs. 263.75 crs in the previous year to Rs. 283.23 crs during the year.
- Own portfolio increased by 18.94% from Rs. 186.08 crs in the previous year to Rs. 221.32 crs during the year.
- PAR above 90 days is 1.71% as on March 2024.

### 2.2 Portfolio:

The following table provides an analysis of the portfolio of your company.

₹ in Lakh

Description	As on March 2023	As on March 2024
Total value of loans disbursed during period	22,918.95	22783.76
Total number of loans disbursed to SHGs during period	46,988	41,387
Number of active borrowers	82,159	84,072
Average number of active borrowers	74,656	83,667
Value of loan outstanding	26,375.41	28,323.35
Average outstanding balance of loans	22,726.83	26,535.69
Value of payments in arrears	176.92	197.64
Value of outstanding balance of loans in arrears	316.24	378.34
Value loans written off during period	174.95	238.82
Average loan size per member	48,776	55,050
Average loan term (months)	24	24-36
Average number of loans officers during period	193	187

Your company operates in 27 districts of Karnataka, Maharashtra and Goa and the district wise breakup of loan details as on 31st March 2024 is as follows:

No.	State	Districts	Amt in Lakh ₹	
			Amt Outstanding	%
1	Goa	North Goa	945	3.33
2	Goa	South Goa	274	0.97
3	Karnataka	Ballari	1244	4.39
4	Karnataka	Belgaum	4740	16.74
5	Karnataka	Chikkamagaluru	424	1.50
6	Karnataka	Chitradurga	551	1.95
7	Karnataka	Davanagere	512	1.81
8	Karnataka	Dharwad	1277	4.51

9	Karnataka	Gadag	433	1.53
10	Karnataka	Haveri	1904	6.72
11	Karnataka	Kalburgi	624	2.20
12	Karnataka	Koppal	347	1.23
13	Karnataka	Raichur	1531	5.41
14	Karnataka	Shimoga	782	2.76
15	Karnataka	Tumkur	1986	7.01
16	Karnataka	Uttara Kannada	477	1.68
17	Karnataka	Vijayanagar	1613	5.69
18	Karnataka	Vijayapura	2460	8.69
19	Karnataka	Yadgir	750	2.65
20	Karnataka	Bagalkot	168	0.59
21	Maharashtra	Kolhapur	452	1.60
22	Maharashtra	Latur	761	2.69
23	Maharashtra	Pune	260	0.92
24	Maharashtra	Sangli	248	0.88
25	Maharashtra	Solapur	3459	12.21
26	Maharashtra	Dharashiv	41	0.14
27	Maharashtra	Sindhudurg	65	0.23
		<b>Total</b>	<b>283.24</b>	<b>100.00%</b>

The portfolio is concentrated most in Belgaum district accounting for 16.74% followed by Solapur district at 12.21%.

The Company has added 7 new branches in Goa (1 branch), Karnataka (4 Branches) and Maharashtra (2 branches)

### 2.3 Product-wise distribution

Product	2022-23			2023-24		
	Number of accounts	Amount	%	Number of accounts	Amount	%
		in Lakh ₹			in Lakh ₹	
I Cycle	34,477	9,549.01	36.20%	31,314	7,963.13	28.11%
II Cycle	13,315	3,799.10	14.40%	17,185	6,268.98	22.13%
III Cycle	4,853	1,785.38	6.77%	6,466	2,660.58	9.39%
IV Cycle onwards	3,285	1,265.15	4.80%	4,177	2,092.91	7.38%
Individual Loan	5,278	2,208.98	8.38%	6,078	3,146.01	11.10%
BC Business	20,951	7,767.79	29.45%	18,852	6,191.71	21.86%
<b>Total</b>	<b>82,159</b>	<b>26,375.41</b>	<b>100%</b>	<b>84,072</b>	<b>28,323.32</b>	<b>100%</b>

### 2.4 Distribution of portfolio by purpose

The loans disbursed by your company are used for different purposes by the borrowers. The majority are invested in enterprise, as illustrated below.

SI No	Category	Mar-23 (%)	Mar-24 (%)
1	Agri and Agri-allied activities	46.63%	52.16%
2	Small business, trading, manufacturing, etc.	15.90%	16.88%
3	Service activities	4.48%	5.18%
4	Housing	1.88%	1.91%
5	Consumption	1.34%	0.04%
6	Other Purposes	0%	0.99%
7	Wash Product	0.32%	0.94%
8	BC Model (Agri. & Business)	29.45%	21.86%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

96.46% of the loans are for livelihood activities while 3.54% of the loans are for consumption purposes.

## 2.5 Portfolio quality

No.	Type of Loans	Mar-23			Mar- 24		
		No. of Borrowers	Value of Loans	% Loan Outstanding	No. of Borrowers	Value of Loans	% Loan Outstanding
1	Regular Loans	80415	25937.29	98.34%	82,384	27,811.07	98.19%
2	Less than 30 Days past due	188	53.43	0.20%	215	58.83	0.21%
3	Between 30-60 days past due	176	44.92	0.17%	88	28.21	0.10%
4	Between 60-90 days past due	85	23.52	0.09%	141	46.88	0.17%
5	Between 91-180 days past due	376	105.09	0.40%	419	24.58	0.09%
6	Between 181-365 days past due	789	182.09	0.68%	658	116.68	0.41%
7	>365 days past due	130	29.06	0.12%	167	54.88	0.19%
	<b>Total</b>	<b>82,159</b>	<b>26,375.40</b>	<b>100.00%</b>	<b>84,072</b>	<b>28,323.35</b>	<b>100.00%</b>

## 3.0 Resource Mobilisation

The Company has been enjoying excellent rapport with the players in the financial sector. It is in touch with various Banks and is in the process of finalizing the funds arrangement for the ensuing years.

The Company continues to follow the policy of diversification of funding sources. The Company has existing relationships with about 23 lenders across Banks, Financial Institutions, NBFCs, who have sanctioned a total of ` 176.00 Crs during the year.

The Company did not face any problems during the year with respect to its liquid funds. The cost of funds for IDF FSPL for FY 2023-24 was approximately 14.00%.



Lender's Profile	Amt in ₹ Lacs	
	31-Mar-23	31-Mar-24
<b>Secured Term Loan</b>		
<b>- From Banks</b>		
Bank of Baroda	165.28	-
Bank of Maharashtra	271.83	-
Canara Bank	424.91	383.62
Dhanlaxmi Bank	756.93	448.11
ESAF Small Finance Bank	1,215.00	978.87
IDFC First Bank	1,110.12	1500.00
Indian Overseas Bank	724.99	1722.01
Jana Small Finance Bank	1,482.93	324.28
Karnataka Grameen Bank	1,123.93	1438.81
Karnataka Vikas Grameen Bank	615.56	582.28
Karur Vysya Bank	0	912.96
South Indian Bank	541.90	881.56
State Bank of India	2,221.73	915.68
UCO Bank	717.49	462.00
Union Bank of India	1,238.42	1528.38
<b>Sub Total</b>	<b>12,611.03</b>	<b>12,078.61</b>
<b>- From Financial Institutions/NBFC</b>		
Ananya Fin. For Inclusive Growth Pvt Ltd	-	125.00
Arohan Financial Services Ltd	-	852.09
Electronica Finance Ltd	-	197.68
Friends of WWB, India	147.83	71.73
Habitat Micro build India Private Limited	400.00	222.06
Maanaveeya Development Fin. Pvt Ltd	833.32	333.28
Manappuram Finance Ltd	500.00	267.73
NABFINS Limited	-	548.48
Nabkisan Finance Ltd	604.10	1147.36
Nabsamruddhi Finance Limited	1,019.34	1587.47
Profectus Capital Pvt Ltd	260.17	22.11
RAR Fincare Ltd	-	148.34
Real Tocuh Finance Ltd	-	137.56
Small Industries Development Bank of India	921.50	1443.9
Usha Financial Services Ltd	-	256.38
Sundaram Finance TL - 1	-	462.81
Grow Money Finance Ltd	-	199.32
<b>Sub Total</b>	<b>4,686.26</b>	<b>8,023.36</b>
<b>Secured Cash Credit</b>		
Canara Bank	342.53	-
Karnataka Vikas Grameen Bank	195.33	-
<b>Sub Total</b>	<b>537.86</b>	<b>4.155</b>
<b>Unsecured Term Loan</b>		
<b>- From Financial Institutions/NBFC</b>		
Maanaveeya Development Fin. Pvt Ltd	500.00	500.00
<b>Sub Total</b>	<b>500.00</b>	<b>500.00</b>
<b>Grand Total</b>	<b>18,335.15</b>	<b>20,606.13</b>

## Ratings and evaluations

The company has received a Grading of MFI 1 (where MFI 1 is highest, and MFI 8 is lowest on an eight-point scale) by SMERA, an accredited credit rating agency during January 2024. The Grading is of the MFI's ability to conduct its operations in a scalable and sustainable manner.

The Company has received 'BBB-' rating from CRISIL Ratings in respect of the Bank facilities it has availed and its proposed facilities to be availed in future.

## Capital Adequacy

Under COCA dimensions, the company has rated "C-1", indicating "Excellent performance" of MFI for compliance on Code of Conduct regulations stipulated by RBI/SRO.

The Capital Adequacy Ratio of the company was 22.16% as on 31st March 2024 which is marginally higher than 22.11% as on 31st March 2023.



## Journey from traditional to modern carpentry

The family of Smt. Saraswati Kammar with her husband was engaged in traditional Carpentry business in their village D. Seegihalli earning meagre income which was not enough to support growing needs of her family. With an intention to expand their carpentry business she became member of SHG promoted by IDF FSPL which supported her with Rs. 6000 loan in 2013 for diversifying their activity. They started making doors and windows manually by procuring timber wood and selling them in nearby markets. The family realized that the demand for their product will increase in future due construction boom and they decided to start Computer aided wood carving.



IDF FSPL not only helped her son to get training in this new technology and also financially supported for purchase of computer aided wood carving machine. The new machine automatically carves any design fed into the connected computer which carves designs accurately that improves the quality and value. The shift for manual to auto designing technique of doors and windows has increased their sales and turnover apart from fetching good price. The present loan sanctioned to the family by IDF FSPL has now increased to Rs. 1,20,000 which is used for bulk purchase of timber wood. Now the sales have increased to Rs. 50000/month and net profit of Rs. 30000/month.

The family now has RCC house with a separate work shed and the children are studying in good schools.

## Director's Report

Your Director's have pleasure in submitting their Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2023.

### 1. Financial Summary:

Particulars	As at the end of current reporting period 31 Mar 2023	As at the end of current reporting period 31 Mar 2024
Revenue from Operation	31,94,73,141	40,16,88,737
Other income	7,07,92,939	9,01,06,967
Expenses	31,92,71,366	41,66,24,727
Profit before taxation	7,09,94,714	7,51,70,977
Less: Provisions for Taxation		
Current Tax	1,87,83,617	1,78,89,000
Reversal of income tax provisions	0	0
Deferred tax	(14,65,108)	(17,83,442)
Profit after Taxation	5,36,76,205	5,90,65,419

Financials are displayed in [www.idf-finance.in](http://www.idf-finance.in)

### 2. Principal Business Activities of the Company :

The Company is in the business of Micro Finance.

**Key operational Highlights:**

**AUM:**

Particulars	Mar-2023	Mar- 24	% Growth
Number of Branches	78	85	8.97%
Total Customers (mSHGs)	24,956	24,738	-0.87%
No. of loans Disbursed (AUM)	46,988	41,387	-11.92%
No. of loans Disbursed-BC	12,107	6,677	-44.85%
Total Amount Disbursed (AUM)	22,918.95	22,783.76	-0.59%
Total Amount Disbursed-BC	6,837.21	4,109.52	-39.89%
No. of accounts Outstanding (AUM)	82,159	84,072	2.33%
No. of accounts Outstanding-BC	20,951	18,852	-10.02%
Outstanding's Portfolio (AUM)	26,375.41	28,323.35	7.39%
Outstanding's Portfolio-BC	7,767.79	6,191.72	-20.29%

#### On Book:

Particulars	IDF FSPL		
	Mar-2023	Mar- 24	% Growth
No. of loans Disbursed	34,881	34,710	-0.49%
Total Amount Disbursed	16,081.74	18,674.24	16.12%
No. of accounts Outstanding	61,208	65,220	6.55%
Outstanding's Portfolio	18,607.62	22,131.64	18.94%
Wash Portfolio accounts	261	1,002	283.91%
Wash Portfolio ₹	84.17	268.77	219.32%



## 2. Number of Meetings of the Board:

During the Financial year ended 31st March, 2024, Six Board Meetings were held. The intervening gap between two meetings was well within the maximum allowed gap of 120 days as prescribed under Companies Act, 2013.

Date of Board Meeting	Number of Directors attended
16/05/2023	4
14/06/2023	6
19/08/2023	7
07/11/2023	3
30/12/2023	6
29/03/2024	7

### Directors and their attendance:

Name of the Director	Number of meetings attended	Sitting fee given
V N Salimath	6	00
N M Patil	6	00
T V Srikanta Shenoy	6	00
R M Kummur	4	40,000
Sahadev G	4	40,000
Kasturi Dambal	2	10,000
G M Deshpande	5	00

## 4. Directors' Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis;
- The Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and\
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 5. Declaration By Independent Directors :

The Company was not required to appoint Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 hence no Declaration has been obtained.

But as per the guidelines of SRO 1) R M Kummur and 2) Sahadev G was appointed as Independent directors.

**6. Company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178:**

The Provisions of Section 178(1) with respect to constitution of Nomination and Remuneration Committee are not applicable to the Company and other governance matters are taken into the consideration in the policy for appointment of Directors.

**7. Audit Report:**

The Auditors' Report does not contain any qualifications, reservations and adverse remarks. Auditors report and complete financials are attached

**8. Particulars of loans, guarantees or investment under section 186:**

During the year under review, the Company has not advanced any loans/ given any guarantees/ made investments u/s 186.

**9. Particulars of contracts or arrangements made with related parties:**

There were no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**10. Transfer to reserve:**

As per the extant guidelines of Reserve Bank of India for NBFCs, the Company has transferred Rs. 1,18,13,084 to statutory reserve.

**11. Dividend: 54:**

Following dividend were paid:

Interim dividend on Optionally Convertible Preference Shares:

Sr. No	Particulars	Related Year (For)	Amount of Dividend (Rs)	Rate of Dividend
1.	9% Optionally Convertible Preference Shares (issued in 2019-20)	F.Y 2023-24	45,45,000	9%
2.	9% Optionally Convertible Preference Shares (issued in 2022-23)	F.Y 2023-24	37,80,000	9%
3.	9% Optionally Convertible Preference Shares (issued in 2023-24)	F.Y 2023-24	17,44,520	9%
4.	10% Optionally Convertible Preference Shares (issued in 2023-24)	F.Y 2023-24	8,01,233	10%

**Variable dividend on Optionally Convertible Preference Shares:**

Sr. No	Particulars	Related Year (For)	Amount of Dividend (Rs)	Rate of Dividend
1.	9% Optionally Convertible Preference Shares (issued in 2019-20)	F.Y 2023-24	5,04,500	1%
2.	9% Optionally Convertible Preference Shares (issued in 2022-23)	F.Y 2023-24	4,20,000	1%
3.	9% Optionally Convertible Preference Shares (issued in 2023-24)	F.Y 2023-24	1,93,836	1%

## **Dividend on Compulsorily Convertible Preference Shares; Rs. 65,09,237/-**

There were no unclaimed or unpaid dividends in the Company in pursuance of Section 124 of the Companies Act, 2013 and hence no funds were required to be transferred to the Investor Education and Protection Fund.

In order to augment the capital requirements for supporting the growth of business of the Company that requires substantial resources, the Board of Directors did not recommend any dividend on Equity Shares for the Financial Year 2023-24.

### **12. Material changes between the date of the board report and end of the financial year:**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

### **13. Risk Management Policy:**

The Company has developed and implemented a risk management policy to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The policy is designed to identify the elements of risk which may threaten the existence of the Company. The major risk identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

### **14. Corporate Social Responsibility:**

The details of CSR amount given in Annexure I

### **15. Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

The particulars as prescribed under clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 are as under:

- a) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- b) The Foreign exchange earnings and outgo for the financial year is Nil.

### **16. Subsidiaries, Joint Ventures and Associate Companies:**

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

### **17. Deposits:**

The Company has neither accepted nor renewed any deposits during the year under review.

### **18. Directors and KMP:**

There is no changes in Board and KMP during the year.

### **19. Particulars of Employees:**

None of the employee has received remuneration exceeding the limits as stated under Companies Act, 2013

### **20. Adequacy of internal financial controls with reference to financial statements:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

### **21. Statutory Auditors:**

M/s. appoint Chetan Padaki & Associates, Chartered Accountants (Firm Registration Number: 011274S) hold the office till the conclusion of Annual General Meeting to be held in the year 2024. As required by the Companies Act, 2013.

## 22. Disclosure of composition of audit committee:

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

But as per the guidelines of SRO/RBI Audit Committee and Risk Committee is constituted.

## 23. Shares:

During the year under review, the company has undertaken following transactions:

Increase in Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan	Redemption
5,50,00,000 (OCPS)	Nil	Nil	Nil	Nil	Nil

## 24. Details of significant and material orders passed by the regulators, courts and tribunals:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

## 25. Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the workplace. The functioning of the Committees was carried out as per letter and spirit of the provisions of the Act.

There were no complaints reported under The Sexual Harassment of Women at Workplace (Prevention, Provision and Redressal) Act, 2013 during the year under review.

## 26. There is no application made or any proceeding pending under the insolvency and bankruptcy code, 2016

## 27. RBI Guidelines & SRO:

The Company being an NBFC-MFI, is in compliance with the regulatory requirements as prescribed under the RBI Act, 1934, to carry on the business of an NBFC-MFI. Further, the Company, being a Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934, your Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without the prior approval of Reserve Bank of India. The Company is in compliance with the regulatory requirements of net owned funds ('NOF') as defined under Section 45-IA of the RBI Act, 1934, to carry on the business of an NBFC-MFI. The Company being a member of Sa-dhan, follows the Code of Conduct as prescribed by the SRO. The Company also complies with the standards and rules as prescribed by the above SRO from time to time.

## 28. Scale-based Regulation for NBFC:

In October 2021, the Reserve Bank of India notified scale based regulation for NBFCs. Based on their size, activity, and risk exposures, NBFCs are categorized into the base, middle, upper, and top layers. The Scale Based Regulation Framework for Non-Banking Financial Companies is effective from October 01, 2022. The key highlights of the scale-based regulation for NBFCs are as under;

- Enhanced Governance – RBI has amended and uniformed governance structure that will apply layer-wise.
- The governance over different layer will vary and depends on the meeting of thresholds by NBFCs
- Additional Disclosure Requirements for Upper and Middle Layer NBFCs are prescribed
- Constitution of Internal Committees and Assessments Since the asset size of your Company is of less than ₹1000 crore, considered as a base Layer as per the Regulatory Structure for NBFCs.

## 29. Capital Adequacy:

Your Company being a Non - Systemically Important Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non- Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets.

As of March 31, 2024, the Company's total Capital to Risk Asset Ratio stood at 22.16.% out of which Tier I capital adequacy ratio was at 13.75 % and Tier II capital adequacy ratio was at 8.41%. is well above the regulatory minimum of 15%.

## 30. Major events that occurred during the year:

State of Company's Affairs

- a) Segment-wise position of the business and its operations: The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates in Republic of India and there are no other geographical segments.
- b) Change in nature of the business: There was no change in the nature of the business of the Company for the entire year under review.
- c) Key business developments: There were no key business developments during the period under review.
- d) Change in the financial year: There was no change in the Financial Year of the Company in the entire year under review.
- e) Capital expenditure programs: There were no capital expenditure programmes conducted during the year.
- f) Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification: Nil
- g) Developments, Acquisition, and Assignment of material Intellectual Property Rights: There were no Developments, Acquisitions and Assignments of material Intellectual Property Rights during the entire year under review.
- h) Any other material event having an impact on the affairs of the Company: Nil

## 31. Details of revision of financial statement or the report:

During the year, the Company has not revised its financial statements or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of judicial authority.

## 32. Issue of non-convertible debentures (NCDS):

NIL

## 33. Authorized share Capital:

The Authorized capital of the Company was reclassified as below:

Rs. 30,00,00,000 (Rupees Thirty Crore) divided into:

- a) Equity shares of paid up value of Rs. 15,00,00,000 (Rs. Fifteen Crores only) divided into 1,50,00,000(One Crore Fifty Lakh only) shares of Rs.10/- each, carrying 1(One) vote for each share;
- b) Preference shares of paid up value of Rs. 15,00, 00,000 (Rs. Fifteen Crores only) divided into 1,50,00,000(One Crore Fifty Lakh only) shares of Rs.10/- each, without voting rights.

To,

Rs. 30,00,00,000 (Rupees Thirty Crore) divided into:

- a) Equity shares of paid up value of Rs. 12,00,00,000 (Rs. Twelve Crores only) divided into 1,20,00,000(One Crore Twenty Lakh only) shares of Rs.10/- each, carrying 1(One) vote for each share;
- b) Preference shares of paid up value of Rs. 18,00, 00,000 (Rs. Eighteen Crores only) divided into 1,80,00,000(One Crore Eighty Lakh only) shares of Rs.10/- each, without voting rights



**34. Details of employee stock options:**

The Company has not implemented any Employee Stock Option Scheme during the year.

**35. Credit Rating:**

Your Directors draw the attention of the members to Note 3.10 to the Financial Statement which sets out credit rating disclosure.

**36. A statement regarding opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year:**

NA.

**37. Performance evaluation of board, committees, and directors:**

NA

**38. Reporting of frauds by auditors:**

During the year under review, no fraud has been reported neither by the Statutory Auditor nor Secretarial Auditor to the Audit Committee, under Section 143(12) of the Companies Act, 2013 against the Company by its officer or employees

**39. Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has reappointed Adarsh M A, Practicing Company Secretary as Secretarial Auditor of the Company for the Financial Year 2023-24 to undertake the Secretarial Audit. The Report of the Secretarial Auditor for the year ended March 31, 2024, is annexed to the Directors' Report as Annexure. There are no disqualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report issued by Secretarial Auditors for the FY 2022-23

**40. Vigil Mechanism:**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy or illegal activity occurring in the organization. To this effect, the Board has adopted a "Whistle Blower Policy", which is overseen by the Audit Committee. The policy inter alia provides a safeguard against victimization of the Whistle Blower. Employees and other stakeholders have direct access to the chairperson of the Audit Committee for lodging concerns if any, for review. The said policy has been posted on Company's website

**41. Annual Return:**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on March 31, 2023, in Form No. MGT-7, will be available on the Company's website.

**42. Acknowledgements:**

Your directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

For and on behalf of the board of directors



**Vivekanand Nagayya Salimath**  
Director  
(DIN: 00253109)



**Naganagouda Marigouda Patil**  
Managing Director  
(DIN: 01674210)

Date: 14.06.2023  
Place: Bangalore

## Annexure - II (CSR)

### 1. Brief outline on CSR Policy of the Company:

#### Objective:

The CSR Policy sets out our commitment to ensuring that our activities extend beyond business and include initiatives and endeavours for the benefit and development of the community and society. The CSR Policy lays down the guidelines for undertaking programmes geared towards social welfare activities or initiatives.

This CSR Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 ("Act") and the rules issued thereunder.

#### Scope & Coverage:

This policy will apply to all projects/programs undertaken as part of IDF FSPL's corporate social responsibility "CSR") activities and will be developed, reviewed and updated by reference to relevant laws and codes of corporate governance and international standards or best practices.

This policy is also in line with the provisions of and rules and regulations framed under Sec. 135 of Companies Act 2013 ("CSR Rules"). The CSR activities will be related to community support, environmental support and disaster support, or any other activities defined in schedule VII of the Companies Act 2013 so that those efforts can make any defined positive impact to the communities

#### Governance:

As per the provisions of section 135(9) of the companies Act, Company is exempted from constituting the CSR Committee. Overall governance of CSR initiatives, approving this Policy and being the final authority for approval of each CSR initiative, is the responsibility of the Board of Directors of IDF FSPL ("Board"). The Board will be responsible to recommend, review and approve budget for various CSR initiatives which may get implemented from time to time and are overall responsible for the following:

- a. Approve activities to be undertaken by the Company;
- b. Approve the amount of expenditure to be incurred on the activities; and
- c. Monitor the CSR Policy from time to time.

As the CSR activities may evolve further, this Policy may be amended or revised, with the approval of the of the Board. The CSR programs shall include activities as specified in Schedule VII of the Companies Act, 2013.

The Operational Department in conjunction with other internal stakeholders will be responsible for administering and executing the policy.

The Board will have all the rights to delegate the functions to such officer/s.

The Company may constitute CSR committee as and when it is applicable.

#### Budget:

It will be the Company's endeavour to spend in every financial year, two percent of its average net profits during the three immediately preceding financial years (or such other limit as may be prescribed under the Act), on CSR Initiatives in pursuance of this Policy.

The CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the CSR Plan.

Any surplus arising from the CSR Initiatives shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year in accordance with the provisions of section 135 and rules made thereunder. Any income arising from CSR Initiatives will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure. Any surplus arising out of the CSR projects or activities shall not form part of the business profit of the Company.

### **Implementation:**

The Operational Department in conjunction with Board of directors will undertake CSR projects or activities or programs which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the community at large (“CSR Initiatives”).

Though the Operational Department would assist in implementation and monitoring of the CSR Initiatives, the actual implementation will be broad-based with the involvement of employees or through partner implementation entities.

The Company may implement the CSR initiative by its own or by taking assistance of the qualified CSR implementing agency(s) depending on the quantum and nature of the CSR initiative proposed by the company.

### **Monitoring & Reporting:**

The Board will ensure a system is put in place to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR Initiatives, as prescribed under the CSR Rules. Monitoring mechanisms will include periodic visits, meetings and progress/status reporting by the company.

CSR spend and achievements will be reported as part of the Annual Report along any statutory and regulatory reporting requirements.

### **CSR Expenditure:**

The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

### **Failure to spend the CSR Money**

If the Company fails to spend the required amount in a particular financial year, such Non-compliance will attract consequences as prescribed under the Companies Act, 2013

### **Excess Spending:**

If CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure for the next three financial years (or for such period as may be prescribed under the Act) with the approval of the Board.

### **Annual CSR Plan:**

Pursuant to Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the Board of Directors at the beginning of each year. The Board of Directors is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

### **Disqualifying activities for CSR:**

- a) The CSR Rules disqualifies the CSR projects and programs that are implemented by the Company for benefit of the employees of the Company and their families.
- b) The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report.
- c) Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend.
- d) Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities.
- e) Activities considered as one-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programmes etc. would not be qualified as part of CSR activities

## **2. Composition of CSR Committee: Not Applicable**

3. The web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company: <https://www.idf-finance.in/>
4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable
5.
  - (a) Average net profit of the company as per sub-section (5) of section 135: 5,17,02,454
  - (b) Two percent of average net profit of the company as per sub-section (5) of section 135: 10,34,049
  - (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL
  - (d) Amount required to be set-off for the financial year, if any.: NIL
  - (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: 10,34,049
6.
  - (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): 10,40,017
  - (b) Amount spent in Administrative Overheads: NIL
  - (c) Amount spent on Impact Assessment, if applicable.: NIL
  - (d) Total amount spent for the Financial Year [(a)+(b)+©]: 10,40,017
  - e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
10,40,017	00	00	00	00	00

- f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub - section (5) of section 135	10,34,049
(ii)	Total amount spent for the Financial Year	10,40,017
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	5951
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	00
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	5951

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6		7	8
Sl No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY-1	00	00	00	00	00	00	00
2	FY-2	00	00	00	00	00	00	00
3	FY-3	00	00	00	00	00	00	00
		00	00	00	00	00	00	00

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No**

If Yes, enter the number of Capital assets created/ acquired : Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
	NA	NA	NA	NA	CSR	Name	Registered
					Registration		address
					Number, if applicable		
	NA	NA	NA	NA			

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.**

For and on behalf of the board of directors



**Vivekanand Nagayya Salimath**  
Director  
(DIN: 00253109)




**Naganagouda Marigouda Patil**  
Managing Director  
(DIN: 01674210)

Date: 14.06.2023  
Place: Bangalore





Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2024**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the**  
**Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 2024**

To,  
The Members,  
**IDF FINANCIAL SERVICES PRIVATE LIMITED**

(CIN: U67910KA1994PTC016476)

HOUSE NO 5, ANUGRAHA, SECOND FLOOR (UNIT-1),  
NATIONAL HIGH SCHOOL ROAD, V V PURAM, BASAVANAGUDI,  
BANGALORE, KARNATAKA-560004

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDF FINANCIAL SERVICES PRIVATE LIMITED** having CIN U67910KA1994PTC016476 (hereinafter called "the Company").

Secretarial Audit was conducted for the period from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March 2024 ("Audit Period"), complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2024, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - not applicable.



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No.490, 2nd floor, 3rd cross, 3rd Main, Srinagar, BSK I stage Bangalore 560050.  
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- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;  
- **not applicable.**
- 4) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,
- 5) Other Labour, employees and Industrial Laws to extent applicable to the Company.
- 6) The Company is not listed on any Stock Exchange, therefore Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **not applicable.**

I further report that on examination of the relevant documents and records on test check basis, and based on the reports and opinion given by the experts in the respective areas, the Company has generally complied with the

1. Laws, norms and Directions as specifically applicable to Non-Banking Financial Company (NBFC-MFI) and the Regulations/Guidelines specifically prescribed for operations of the Company by Reserve Bank of India

As informed by the Company, no other law is applicable specifically to the Company.

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

- 1) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned.

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors.

There are no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.



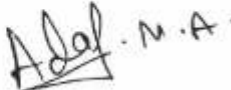



I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has received application for Transfer of Beneficial Interest and the same has been reported in MGT-6 in Compliance with the Applicable provisions of Section 89 of the Companies Act, 2013.

I further report that during the audit period the Company has issued and allotted 30,00,000(Thirty Lakhs), Optionally Convertible 10% Cumulative Preference Shares.

I further report that during the audit period the Company has issued and allotted 25,00,000(Twenty-Five Lakhs), Optionally Convertible 9% Cumulative Preference Shares.

**CS Malali Ananthram Adarsha**

**ACS 61879 | CP No: 23994**

**UDIN: A061879F000626575**

**PR: 3224/2023**

**Date: 27<sup>th</sup> June 2024**

**Place: Bangalore**

\* This report is to be read with our letter of even date which is annexed as Annexure-1 and forms an integral part of this report.





**ANNEXURE-1**

To,

The Members,

**IDF FINANCIAL SERVICES PRIVATE LIMITED**

(CIN: U67910KA1994PTC016476)

HOUSE NO 5, ANUGRAHA, SECOND FLOOR (UNIT-1),  
NATIONAL HIGH SCHOOL ROAD, V V PURAM, BASAVANAGUDI,  
BANGALORE, KARNATAKA-560004

My Secretarial Audit Report for Financial Year ended on 31 March 2024 of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility as the Auditor is to express the opinion on the compliance with the applicable laws and maintenance of Records based on Secretarial Audit conducted by us.
- The Secretarial Audit needs to be conducted in accordance with applicable Auditing Standards. These Standards require that the Auditor should comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.
- I have responsible to perform procedures to identify, assess and respond to the risks of material misstatement or non-compliance arising from the Company's failure appropriately to account for or disclose an event or transaction. However, due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit was properly planned and performed in accordance with the Standards.

Accordingly, we wish to state as under:

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

4

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- 3) I have not verified the correctness and appropriateness of financial records and Books of Account of the company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
- 5) The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company

*Adarsha M.A.*

**CS Malali Ananthram Adarsha**  
**ACS 61879 | CP No: 23994**  
**UDIN: A061879F000626575**



**Date: 27<sup>th</sup> June 2024**  
**Place: Bangalore**



## From Farm Labor to an Entrepreneur

**Smt. Anasuya Hakkeri** and her family of M K Hubli in Belgavi district was depending on daily wages for their livelihood and was struggling hard to earn for their square meals. On the advice of her neighbor Anasuya joined SHG and planned to start her own business. IDF FSPL supported her with an initial financial assistance of Rs. 6000 during 2013 with which she started making handmade Jowar rotis in her village for special occasions. With a continued support of IDF FSPL, she

expanded her business to nearby cities and purchased Roti making, packing machines. Because of her quality products she has fixed client base for traditional food items. To support her business, she has now employed three women. The net income has now increased to Rs.20,000/month from a meagre Rs.2000/month. This improvement has helped her son to study in engineering college.

She has also started dairy by purchasing two milch buffaloes. The milk is converted into curds, butter, ghee which are sold to existing clientele along with Rotis. Ten years down the line she is in 6th loan cycle for Rs. 1,10,000 which is using for bulk purchase of required food grains, fodder to support her business. Once upon a time farm labor is now an entrepreneur for which her family is thankful to IDF FSPL.





**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IDF FINANCIAL SERVICES**  
**PRIVATE LIMITED**

**1. Report on the Audit of financial statements**

**Opinion**

We have audited the accompanying financial statements of IDF Financial Services Private Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our Opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2024 and its profit and its cash flows for the year ended on that date.

**2. Basis for Opinion**

We conducted our audit in accordance with the standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. Information other than the financial statements and Auditor's report thereon**

The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable at the date of this auditor's report.

#### 4. Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Director's is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### 5. Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### 6. Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by section 143(3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2024, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" issued under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").
- g) The provisions of section 197 read with Schedule V to the act are not applicable to the Company since the Company is not a public company and accordingly, reporting under section 197(16) is not applicable.
- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Bengaluru  
Date: 20-05-2024

for CHETAN PADAKI & ASSOCIATES  
CHARTERED ACCOUNTANTS  
F.R.No. 011274S  
  
CA CHETAN PADAKI  
PARTNER  
Mem.No.216929  
UDIN: 24216929BKFPCM2352





**"Annexure A" to the Independent Auditors' Report on Audit of the Financial statement.**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended 31<sup>st</sup> March, 2024: ■

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
  
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.  
  
(c) The Company does not hold any immovable property. Accordingly, provisions of clause 3(i)(c) of the order are not applicable to the Company
2. The Company is a Non-Banking Financial Company, primarily engaged in business of lending activities directed to ultimate benefit of poor women and does not hold any inventories. Accordingly, provisions of clause 3(ii) of the Order are not applicable to the Company
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2024 for a period of more than six months from the date on when they become payable.

*Chetan*  
CHETAN  
APPROVED  
DATE: 31/03/2024

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan from the government and has not issued any debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. The provisions of section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them covered under section 192 of the Act.
16. The company is required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

Place: Bengaluru  
Date: 20-05-2024

for CHETAN PADAKI & ASSOCIATES  
CHARTERED ACCOUNTANTS  
F.R.No. 011274S  
  
CA CHETAN PADAKI  
PARTNER  
Mem.No.216929  
UDIN: 24216929BKFCM2352





## IDF FINANCIAL SERVICES PRIVATE LIMITED

No. 5, "Anugraha" II Floor, National High School Road, V V Puram, Bangalore- 560004

CIN No. U67910KA1994PTC016476

Tel: 080 26577714, e-mail: finance@idf-finance.in; idf.finance@gmail.com, Website : www.idf-finance.in

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Balance Sheet as at	Note No.	31 Mar 24	31 Mar 23
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's fund</b>			
(a) Share capital	2.01	328,037,150	273,037,150
(b) Reserves and surplus	2.02	146,203,103	105,636,509
		<b>474,240,253</b>	<b>378,673,659</b>
<b>Non-Current liabilities</b>			
(a) Financial Liabilities			
(i) Long-term borrowings	2.03	880,077,225	802,347,252
(b) Long-term provisions	2.06	44,261,328	38,686,157
		<b>924,338,553</b>	<b>841,033,409</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings			
(a) Short-term borrowings	2.04	415,539	53,786,160
(b) Other current liabilities	2.05	1,217,078,016	989,175,594
(c) Short-term provisions	2.06	1,404,025	1,404,025
		<b>1,218,897,580</b>	<b>1,044,365,779</b>
<b>Total Equity and Liability</b>		<b>2,617,476,386</b>	<b>2,264,072,847</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	2.07	4,346,688	4,270,724
(b) Deferred Tax Asset (net)	2.08	7,265,573	5,482,131
(c) Long Term Loans and Advances	2.09	571,323,840	435,383,069
(d) Other Non-Current Assets	2.11	194,242,459	180,700,720
(e) Security Deposits	2.12	42,036,221	36,927,712
		<b>819,214,781</b>	<b>662,764,356</b>
<b>Current assets</b>			
(a) Financial Assets			
(i) Short-term loans and advances	2.09	1,662,856,961	1,447,577,210
(ii) Trade Receivables		-	-
(iii) Cash and cash equivalents	2.10	112,602,028	142,239,152
(b) Other current assets	2.11	22,802,616	11,492,129
		<b>1,798,261,605</b>	<b>1,601,308,491</b>
<b>Total Assets</b>		<b>2,617,476,386</b>	<b>2,264,072,847</b>
<b>Significant accounting policies and notes on accounts</b>	<b>1 &amp; 2</b>		
The accompanying notes are an integral part of these financial statements			

As per our report of even date  
for **CHETAN PADAKI & ASSOCIATES**  
CHARTERED ACCOUNTANTS

F.R.No. 011274S



*Chetan Padaki*

**CA. CHETAN PADAKI**  
PARTNER

Mem.No.216929

UDIN: 23216929BGXTUJ8641

for and on behalf of IDF Financial Services Private Limited

*Prashant Hegde*  
**Prashant Hegde**  
Company Secretary  
Mem. No. ACS 56041

*V.N. Salimath*  
**V.N. Salimath**  
Director  
(DIN: 00253109)

*N.M. Patil*  
**N.M. Patil**  
Managing Director  
(DIN: 01674210)

Date : 20.05.2024

Place: Bangalore



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Statement of Profit and Loss for the year ended	Note No.	31-Mar-24	31-Mar-23
<b>Income</b>			
Revenue from operations	2.13	401,688,737	319,473,141
Other Income	2.14	90,106,967	70,792,939
<b>Total Income</b>		<b>491,795,704</b>	<b>390,266,080</b>
<b>Expenses</b>			
Employee benefits expense	2.15	99,308,213	88,797,751
Finance costs	2.16	248,550,779	181,281,637
Depreciation and amortization expenses	2.07	1,459,157	1,156,941
Provisions and write-offs	2.17	34,379,680	17,495,049
Other expenses	2.18	32,926,898	30,539,988
<b>Total Expenses</b>		<b>416,624,727</b>	<b>319,271,366</b>
<b>Profit before tax</b>		<b>75,170,977</b>	<b>70,994,714</b>
<b>Tax expenses:</b>			
- Current tax		17,889,000	18,783,617
- Reversal of Income tax provision- prior years		-	-
- Deferred tax (credit) / charge		(1,783,442)	(1,465,108)
		16,105,558	17,318,509
<b>Profit after tax</b>		<b>59,065,419</b>	<b>53,676,205</b>
<b>Earning per equity share (EPS) [refer note 3.04]</b>			
- Basic (face value of ₹ 10/- each)		6.95	4.96
- Diluted (face value of ₹ 10/-each)		2.29	1.97
<b>Significant accounting policies and notes on accounts</b>	<b>1 &amp; 2</b>		
The accompanying notes are an integral part of these financial statements			

As per our report of even date  
for **CHETAN PADAKI & ASSOCIATES**  
CHARTERED ACCOUNTANTS



F.R.No. 011274S

**CA. CHETAN PADAKI**  
**PARTNER**

Mem.No.216929  
UDIN: 23216929BGXTUJ8641

for and on behalf of IDF Financial Services Private Limited

**Prashant Hegde**  
Company Secretary  
Mem. No. ACS 56041

**V.N. Salimath**  
Director  
(DIN: 00253109)

**N.M. Patil**  
Managing Director  
(DIN: 01674210)

Date : 20.05.2024  
Place: Bangalore




Cash flow statement for the year ended		31-Mar-24	31-Mar-23
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>75,170,977</b>	<b>70,994,714</b>
Add : Non cash expenditure / Non-operating income			
Depreciation and amortisation expenses		1,459,157	1,156,941
Interest on term deposits		(18,496,249)	(14,222,859)
Loan provisions and write offs		5,575,171	(4,504,801)
<b>Operating profit before working capital changes</b>		<b>63,709,056</b>	<b>53,423,995</b>
<b>Changes in working capital:</b>			
(Decrease) / Increase in provisions			(14,204,339)
(Increase) / Decrease in Loans and advances		(351,220,522)	(493,142,212)
(Increase) / Decrease in other assets		(29,960,730)	(48,200,017)
(Decrease)/increase in other current liabilities		227,902,422	246,456,824
<b>Cash generated from / (Used in) operating activities</b>		<b>(89,569,775)</b>	<b>(255,665,749)</b>
Income tax paid (Net)		(17,889,000)	(18,783,617)
<b>Net cash generated from / (Used in) operating activities</b>	(A)	<b>(107,458,775)</b>	<b>(274,449,366)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		(1,535,123)	(3,990,726)
Interest on term deposits		18,496,249	14,222,859
Purchase of Investments			
<b>Net cash flow from / (Used in) investing activities</b>	(B)	<b>16,961,126</b>	<b>10,232,133</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of Optionally Convertible 9% Cumulative Preference shares		55,000,000	42,000,000
Proceeds from Long-Term borrowings (Net)		77,729,973	328,802,255
Proceeds from Short-Term borrowings (Net)		53,370,621	(18,244,556)
Dividend paid		(18,498,825)	(13,437,718)
<b>Net cash flow from / (Used in) financing activities</b>	(C)	<b>60,860,526</b>	<b>339,119,981</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(A)+(B)+(C)	(29,637,124)	74,902,748
Cash and cash equivalents at the beginning of the year		142,239,152	67,336,404
<b>Cash and cash equivalents at the end of the year [Refer note 2.10]</b>		<b>112,602,028</b>	<b>142,239,152</b>
<b>Significant accounting policies and Notes on accounts</b>	<b>1 &amp; 2</b>		

As per our report of even date  
for **CHETAN PADAKI & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
F.R.No. 011274S  
  
**CA. CHETAN PADAKI**  
PARTNER  
Mem.No.216929  
UDIN: 23216929BGXTUJ8641

for and on behalf of IDF Financial Services Private Limited

  
**Prashant Hegde**  
Company Secretary  
Mem. No. ACS 56041

  
**V.N. Salimath**  
Director  
(DIN: 00253109)

  
**N.M. Patil**  
Managing Director  
(DIN: 01674210)

Date : 20.05.2024  
Place: Bangalore

## IDF FINANCIAL SERVICES PRIVATE LIMITED

### Significant accounting policies and notes on accounts

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#### Company overview:

IDF Financial Services Private Limited [herein after 'the company'] is a private Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013 bearing CIN U67910KA1994PTC016476. The Company is engaged in micro finance activities directed to ultimate benefit of poor women [organized in the form of Self-help-groups] for enhancement of their livelihoods in a financially viable manner and provide financial support to these groups created through Community based Self Help Group Federations. The Company is registered with Reserve Bank of India (RBI) as a Non Banking Financial Company non-deposit taking Microfinance institution (NBFC - MFI) with Certificate of Registration No B-02.00164 issued by RBI dated 17th October 2013.

#### 1. Significant accounting policies

##### 1.01 Basis of preparation of financial statements Use of estimates

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and stipulated in the directions issued by Reserve Bank of India (RBI) to the extent applicable to the Company.

The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are in consistent with those of previous year. The Company is a Non-Banking Finance Company - Micro Finance Institutions (NBFC-MFI). The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Non-Banking Finance Company - Micro Finance institution (NBFC-MFI).

##### 1.02 Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Policies requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the reported period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from those estimates.

##### 1.03 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue measured and collectibility is reasonably assured. In this financial statement revenue is recognised as explained below.

1.03.1 Interest income on loans disbursed is recognized on accrual basis as per effective interest rate method except in the case of Non-performing assets (NPA) where interest is recognized upon realisation, in accordance with Reserve Bank of India Directives applicable to Non Banking Finance Companies- Microfinance Institutions vide Master Circular - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. For a loan account turning into NPA, interest already charged on accrual basis and not collected, is reversed

1.03.2 Interest income on deposits with banks is recognized on time proportion accrual basis taking into the account, the amount outstanding and rate applicable.

- 1.03.3 Service charges on loans is recognised on receipt basis.
- 1.03.4 Dividend income is recognised when right to receive is established.
- 1.03.5 Amount received against previously written-off loans are recognised on receipt basis and classified under other operating revenue.
- 1.03.6 Income from business correspondent services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.

#### 1.04 Cash Flow Statement

The cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3. The Cash flow from operating, investing and financing activities of the Company are segregated based on available information.

Cash comprises of cash on hand and demand deposits with Banks. Cash equivalents are short term balances (with an obligation maturity of three month or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in value.

#### 1.05 Property, Plant and Equipment and intangible assets **Property, Plant and Equipment:**

All fixed assets have been stated at historical cost less accumulated depreciation and impairment loss, if any. Cost includes the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

##### **Intangible assets:**

No such Assets are existing in the Company.

#### 1.06 Depreciation and amortisation

Depreciation is provided pro-rata on the written down value method at the following stated rates based on the useful life specified under as per Part "C" of Schedule II of the Companies Act 2013:

Class of Fixed Assets	Useful Life (in years)	Rate of Depreciation
Furniture & fixtures	10	25.89%
Office equipment	5	45.07%
Computers	3	63.16%
Vehicles	8	31.23%

#### 1.07 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings. All borrowing costs are expensed in the period they occur. The loan processing fees and other similar charges incurred at the time of origination of the loan are recognised over the period of the loan in the Statement of Profit and Loss.

#### 1.08 Investments

Investment that are readily realisable and intended to be held for not more than one year from the date in which such investments are made are classified as current investments. All other investments are classified as non-current assets. Current investments are carried at lower of cost or fair value. Long term investments are carried at cost. However, provision for diminution in value will be made to recognise a decline other than temporary in the value of long-term investments.

#### 1.09 Operating leases

No such Operating Assets are existing in the Company

### 1.10 Asset classification

These are classified as standard assets and sub-standard assets in terms of Reserve Bank of India directions as laid down in "Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016".

### 1.11 Provision for Non-performing assets

Provision for non-performing assets has been made as per the norms stated in the Directions as laid down in Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 by Reserve Bank of India which are stated below:

Classification of Assets	Criteria for Classification	Provision %
		As per the prudential norms of RBI
Standard Assets	The assets in respect of which, no default in repayment of principal or payment of interest is perceived	0%
Non-performing Assets	The loan instalments which are over due for more than 90 days but not more than 180 days.	50%
Non-performing Assets	The aggregate loan instalments which are overdue for more than 180 days.	100%

As per the RBI Guidelines the provisioning for Non-Performing assets should be either 1% of total loan portfolio or as per the above rates whichever is higher.

Asset Classification	
<b>Standard Assets</b>	2,175,329,268
<b>Non-Performing Assets:</b>	37,834,382
<b>Sub-Standard Assets</b>	
91 days - 180 days	11,668,991
> 180 days	26,165,391
<b>Gross Loan Portfolio</b>	<b>2,213,163,650</b>
<b>Provisioning Norms:</b>	
<b>Provisioning of Higher of:</b>	
a) 1% of the outstanding loan portfolio	22,131,637
b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.	16,438,620
<b>Actual Provisions already held</b>	18,894,520
<b>Additional Provision to be held during the current year</b>	3,237,117
<b>Total Provision at the end of the year ₹</b>	<b>22,131,637</b>

Note: The provision required as per statutory norms of the RBI is 1% which amounts to ₹ 2,21,31,637/-

### 1.12 Loans write-off policy

As per the loan write off policy, loans are written off when the management has exhausted all options for recovery of Principal and interest on the loan which are overdue.

### 1.13 Employee benefits

**1.13.1 Provident fund:** Provident Fund Contribution is accounted on actual liability basis and paid to the Government managed Employees' Provident Fund Organization. PF contribution from Employee and Employer is calculated on the basic salary of the Employee. The treatment for the Provident fund is given as per the Employees Provident Fund and Miscellaneous Provisions Act -1952.

**1.13.2 Employees State Insurance :** Employees State Insurance premium is paid as per the Act. ESI contribution from Employee and Employer is calculated on the basic salary of the Employee. The treatment for the ESI is given as per the Employees Employees State Insurance Act -1961.

**1.13.3 Gratuity:** This is a defined benefit plan. Gratuity liability is provided based on actuarial valuation using Projected Unit Credit Method. Actuarial Gains and Losses comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognised immediately in the Profit and Loss Account as income or expenses.

### 1.14 Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income originating during the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax liabilities are recognised for all the taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

### 1.15 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 1.16 Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation cannot be made.



### 1.17 Operating Cycle

Based on the nature of activities of the Company and normal time between acquisition of assets their realisation of and cash equivalent, the Company has determined operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

### 1.18 Segment information

The Company operates in a single reportable segment i.e. lending activity, which has similar risks and returns for the purpose of reporting under AS-17 'Segment Reporting'. The Company primarily operates in India and does not have any reportable geographical segment.

## 2. Notes on accounts

### 2.01 Share Capital

	31-Mar-24	31-Mar-23
<b>Authorized</b>		
1,20,00,000 [Previous year: 1,20,00,000] Equity shares of ₹ 10/- each	120,000,000	120,000,000
2,30,00,000 [Previous year: 1,80,00,000] Preference shares of ₹ 10/- each	230,000,000	180,000,000
<b>TOTAL</b>	<b>350,000,000</b>	<b>300,000,000</b>
<b>Issued, subscribed and paid-up</b>		
1,08,21,230 [Previous year: 1,08,21,230] Equity shares of ₹ 10/- each fully paid -up	108,212,300	108,212,300
72,32,485 [Previous year: 72,32,485] 9% Compulsorily Cumulative Convertible Preference shares of ₹ 10/- each fully paid-up	72,324,850	72,324,850
1,17,50,000 [Previous year: 92,50,000] 9% Cumulative Optionally Convertible Preference shares of ₹10/- each fully paid-up	117,500,000	92,500,000
30,00,000 [Previous year: 0] 10% Cumulative Optionally Convertible Preference shares of ₹ 10/- each fully paid-up	30,000,000	-
<b>TOTAL</b>	<b>328,037,150</b>	<b>273,037,150</b>

#### 2.01.1 Reconciliation of shares

	31-Mar-24		31-Mar-23	
	Number	Amount	Number	Amount
<b>a) Equity shares</b>				
Balance at the beginning of the year	10,821,230	108,212,300	10,821,230	108,212,300
Add: issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>10,821,230</b>	<b>108,212,300</b>	<b>10,821,230</b>	<b>108,212,300</b>
<b>b) Compulsorily Convertible 9% Cumulative Preference shares</b>				
<b>Balance at the beginning of the year</b>	<b>7,232,485</b>	<b>72,324,850</b>	<b>7,232,485</b>	<b>72,324,850</b>
Add: issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>7,232,485</b>	<b>72,324,850</b>	<b>7,232,485</b>	<b>72,324,850</b>
<b>c) Optionally Convertible 9% Cumulative Preference shares</b>				
<b>Balance at the beginning of the year</b>	<b>9,250,000</b>	<b>92,500,000</b>	<b>5,050,000</b>	<b>50,500,000</b>
Add: issued during the year	2,500,000	25,000,000	4,200,000	42,000,000
Less: Redeemed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>11,750,000</b>	<b>117,500,000</b>	<b>9,250,000</b>	<b>92,500,000</b>
<b>d) Optionally Convertible 10% Cumulative Preference shares</b>				
<b>Balance at the beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Add: issued during the year	3,000,000	30,000,000	-	-
Less: Redeemed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>3,000,000</b>	<b>30,000,000</b>	<b>-</b>	<b>-</b>

### 2.01.2 Rights, preferences, restrictions of share capital

- a) **Equity shares:** The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share.
- b) **Compulsorily Convertible 9% Cumulative Preference Shares [CCPS]:** All CCPS which are convertible into equity after the completion of tenure i.e 15/12/2027. Preference share holders are not entitled to any voting rights except where the rights of the preference share holders are proposed to be affected. In such event, preference share holders will have the same right as the equity share holders in the meeting of the share holders for the agenda of the meeting affecting their rights only. Shares are cumulative in nature.
- c) **Optionally Convertible Preference Shares [OCPS]:** OCPS are convertible at the option of the investor. Option to be exercised not before three (3) years from the date of allotment. The total tenure of OCPS is Six (6) years
- d) The amount of dividends proposed to be distributed to CCPS and OCPS shareholders for the period under audit is at the rate of 9% on the subscribed capital. Arrears of fixed cumulative dividends on preference shares are NIL.

### 2.01.3 The details of shareholders as at Mar 31st, 2024 is set out below:

	31-Mar-24		31-Mar-23	
	No. of shares	%	No. of shares	%
<b>Equity share capital</b>				
<b>IDF SHG Federation - Dharwad</b>	6,302,167	58.24%	6,302,167	58.24%
IDF FSPL Balaga Welfare trust	902,147	8.34%	902,147	8.34%
Vivekanand. N. Salimath	1,092,515	10.10%	650,833	6.01%
Naganagouda M Patil	1,092,515	10.10%	650,833	6.01%
T V Srikantha Shenoy	1,065,559	9.85%	623,875	5.77%
Shrikant M Hebbal	-	0.00%	623,875	5.77%
Gururaj M Deshpande	-	0.00%	701,173	6.48%
<b>Compulsorily Convertible Preference share capital</b>				
<b>IDF SHG Federation - Dharwad</b>	7,232,485	100%	7,232,485	100%
<b>Optionally Convertible Preference share capital</b>				
IDF SHG Federation Dharwad	6,440,000	46.81%	3,000,000	32.43%
Swavalambana Trust	1,500,000	9.36%	1,100,000	11.89%

Shares held by promoters at the end of the year				% Change during the year
S. No.	Promoter Name	No of Shares	% of total shares	
1	Vivekanand. N. Salimath	1,092,515	10.10%	4.09%
2	Naganagouda M Patil	1,092,515	10.10%	4.09%
3	T V Srikantha Shenoy	1,065,559	9.85%	4.08%
4	Shrikant M Hebbal	-	0.00%	-5.77%
5	Gururaj M Deshpande	-	0.00%	-6.48%
<b>Total</b>		<b>3,250,589</b>	<b>30.05%</b>	<b>-</b>

## 2.02 Reserves and Surplus

	31-Mar-24	31-Mar-23
<b>Statutory reserve</b>		
Opening balance	49,214,069	38,478,828
Additions during the year #	11,813,084	10,735,241
	<b>61,027,153</b>	<b>49,214,069</b>
<b>General Reserve</b>		
Opening balance	24,200,000	6,700,000
Transferred from Profit and Loss	-	17,500,000
	<b>24,200,000</b>	<b>24,200,000</b>
<b>Other Reserves</b>		
<b>Bad Debt Reserve Fund</b>		
Opening balance	495,197	5,000,000
Transferred from Profit and loss account	2,000,000	-
Less: Utilized D/y	-	4,504,803
	<b>2,495,197</b>	<b>495,197</b>
<b>Securities premium account</b>		
Opening balance	776,700	776,700
Additions during the year	-	-
	<b>776,700</b>	<b>776,700</b>
	<b>88,499,050</b>	<b>74,685,966</b>
<b>Surplus in the statement of Profit and Loss</b>		
Opening balance	30,950,543	18,947,297
Add: Profit/(loss) for the year	59,065,419	53,676,205
Less: Transferred to statutory reserve#	11,813,084	10,735,241
Less: Transferred to General reserve	-	17,500,000
Less: Transferred to Bad Debt Reserve Fund	2,000,000	-
Less: Dividend Paid	18,498,825	13,437,718
Less: Dividend tax paid	-	-
Less: Capital Redemption Reserve	-	-
	<b>57,704,053</b>	<b>30,950,543</b>
	<b>146,203,103</b>	<b>105,636,509</b>

# Statutory Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act"). In terms of Section 45-IC of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20 per cent of its net profit to a Reserve Fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purposes specified by RBI.

### 2.03 Long Term Borrowings

	31-Mar-24	31-Mar-23
<b>Secured</b>		
<b>- From banks</b>		
Bank of Baroda	-	16,528,655
Bank of Maharashtra	-	27,182,799
Canara Bank	38,362,144	42,491,456
Dhanlaxmi Bank	44,811,335	75,693,341
ESAF Small Finance Bank	97,887,219	121,500,000
IDFC First Bank	150,000,019	111,011,900
Indian Overseas Bank	172,201,855	72,498,835
Jana Small Finance Bank	32,428,668	148,292,527
Karnataka Grameen Bank	143,881,759	112,393,245
Karnataka Vikas Grameen Bank	58,228,168	61,556,803
Karur Vysya Bank	91,296,044	-
South Indian Bank	88,156,979	54,189,766
State Bank of India	91,568,678	222,173,094
UCO Bank	46,200,310	71,749,275
Union Bank of India	152,838,791	123,842,287
	<b>1,207,861,969</b>	<b>261,103,983</b>
<b>- From Financial Institutions/NBFC</b>		
Ananya Fin. for Inclusive Growth Pvt Ltd	12,500,002	-
Arohan Financial Services Ltd	85,209,330	-
Electronica Finance Ltd	19,768,257	-
Friends of WWB	7,173,924	14,782,609
Habitat Microbuild India Private Limited	22,206,490	40,000,000
Maanaveeya Development & Fin. Pvt Ltd	33,328,000	83,332,000
Manappuram Finance	26,773,464	50,000,000
NABFINS Limited	54,848,480	-
Nabkisan Finance Ltd	114,736,737	60,409,641
Nabsamruddhi Finance Limited	158,747,901	101,933,859
Profectus Capital Private Limited	2,211,305	26,017,033
RAR Fincare Ltd	14,834,279	-
Real Tocuh Finance Ltd	13,756,270	-
Small Industries Development Bank of India	144,390,000	92,150,000
Usha Financial Services Ltd	25,638,154	-
Sundaram Finance TL - 1	46,281,344	-
Grow Money Finance Ltd	19,932,499	-
	<b>802,336,436</b>	<b>468,625,142</b>
	<b>2,010,198,405</b>	<b>1,729,729,125</b>
<b>Less: Current Maturities of Long-Term Borrowings (refer note no 2.06)</b>		
- From banks	690,853,486	747,901,496
- From Financial Institutions/NBFC	489,267,694	229,480,377
	<b>1,180,121,180</b>	<b>977,381,873</b>
<b>Unsecured Loan from Financial institutions</b>		
MAANAVEEYA SUB-DEBT	50,000,000	50,000,000
Long term borrowings	<b>880,077,225</b>	<b>802,347,252</b>

## 2.04 Short Term Borrowings

From Banks- Secured		
Cash credit #	415,539	53,786,160
	<b>415,539</b>	<b>53,786,160</b>
<b>Grand Total Borrowings</b>	<b>2,060,613,944</b>	<b>1,833,515,285</b>

# Santioned limit of Rs. 10 Crores Renewal in 1 year are fully secured by way of hypothecation of book debts. Rate of interest:1 year MCLR+3.35%, 12-12.5% at present.

### #Note

- Term loans availed from banks and financial institutions are fully secured by way of hypothecation of book debts. Term loans are repayable on monthly or quarterly basis depending on the respective loan arrangements. During the year, company has not defaulted in the repayment of dues to its lenders. All borrowings from banks and financial institutions and proceeds of securities issued are utilised for the specific purpose for which it was taken.
- Terms of repayments and Loans Guaranteed by Directors are as follows:-

Name	Rate of Interest %	Date of Maturity	Sanction Amount	Tenure	Personal Guarantee
Ananya Finance for Inclusive Growth Pvt Ltd	16.00	9/30/2024	25,000,000	12 EMI	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Arohan Financial Services Ltd	14.50	11/30/2025	100,000,000	24 EMI	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Canara Bank	12.20	3/28/2025	50,000,000	To be renewed every year	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Canara Bank	12.45	9/20/2026	50,000,000	36 EMI	
Dhanlaxmi Bank Ltd	10.20	2/28/2025	50,000,000	12 Quarterly Instalments	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
	12.50	3/27/2026	40,000,000		
ESAF Small Finance Bank	14.00	3/31/2026	50,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
ESAF Small Finance Bank	14.50	1/31/2025	100,000,000	24 EMIs	
Electroncia Finance Ltd	14.50	5/31/2025	30,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Friends of WWB, India	15.50	3/31/2025	20,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Grow Money Finance Ltd	15.50	5/31/2025	50,000,000	18 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Habitat Micro Build India Housing Pvt Ltd	14.50	4/2/2025	40,000,000	24 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy
IDFC First Bank	13.00	10/31/2025	150,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
	12.50	7/22/2024	100,000,000	24 EMIs	
	12.50	10/31/2024	50,000,000	24 EMIs	



Name	Rate of Interest %	Date of Maturity	Sanction Amount	Tenure	Personal Guarantee
Indian Overseas Bank	12.75	10/31/2025	80,000,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil
Indian Overseas Bank	12.75	8/31/2026	150,000,000	36 EMIs	
Jana Small Finance Bank	14.00	3/31/2024	140,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Jana Small Finance Bank	14.00	7/31/2024	50,000,000	36 EMIs	
Jana Small Finance Bank	13.50	10/3/2024	95,000,000	24 EMIs	
Karnataka Gramin Bank	12.50	3/24/2024	50,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.50	3/27/2026	100,000,000	36 EMIs	
Karnataka Vikas Grameena Bank	12.50	3/31/2026	100,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Karnataka Vikas Grameena Bank	12.50	3/19/2025	50,000,000	To be renewed every year	
Karur Vysya Bank	11.50	12/5/2026	100,000,000	36 EMI	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil
Maanaveeya Development & Finance Pvt Ltd	14.75	12/17/2025	100,000,000	24 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil
Maanaveeya Development & Finance Pvt Ltd	17.50	1/8/2027	50,000,000	6 years (2 Instalments)	
Manappuram Finance Ltd	14.25	3/31/2025	50,000,000	24 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil
NABFINS Limited	15.50	9/30/2025	70,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil
Nabkisan Finance Ltd	12.50	9/30/2025	70,000,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil
Nabkisan Finance Ltd	13.25	11/30/2025	100,000,000	24 EMIs	
Nabsamrudhhi Finance Ltd	14.10	12/31/2025	100,000,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil
Nabsamrudhhi Finance Ltd	13.50	1/31/2027	80,000,000	36 EMIs	
Nabsamrudhhi Finance Ltd	13.25	1/31/2027	20,000,000	36 EMIs	
Profectus Capital Pvt Ltd	14.50	3/31/2024	35,000,000	18 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil
RAR Fincare Limited	16.25	8/28/2025	20,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil
Real Tocuh Finance Limited	16.00	1/5/2025	20,000,000	15 EMIs	1. Vivekanand N Salimath 2. T V Srikantha Shenoy 3. Naganagouda M Patil

Name	Rate of Interest %	Date of Maturity	Sanction Amount	Tenure	Personal Guarantee
Small Industries Development Bank of India	10.20	3/10/2025	80,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srikantha Shenoy
Small Industries Development Bank of India	13.00	4/10/2025	40,000,000	36 EMIs	
Small Industries Development Bank of India	11.25	4/10/2027	100,000,000	36 EMIs	
State Bank of India	10.50	3/31/2025	250,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
South Indian Bank	11.40	7/31/2025	70,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
South Indian Bank	12.60	6/30/2026	70,000,000	36 EMIs	
Sundaram Finance Ltd	15.50	1/31/2026	50,000,000	24 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
UCO Bank	10.65	3/31/2026	100,000,000	16 equally quarter instalments	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Union Bank of India	10.65	10/31/2024	100,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Union Bank of India	11.40	8/31/2025	70,000,000	36 EMIs	
Union Bank of India	11.65	3/31/2027	100,000,000	36 EMIs	
Usha Financial Services Pvt Ltd	16.00	11/30/2025	30,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy

iii) Fixed Deposit Encumbered Details

Sl. No	Name of the Bank	Date of opening	Date of Maturity	Total	Encumbered	Un Encumbered
1	SBI Bengaluru	23.03.2024	23.03.2026	13,944,040	13,944,040	
2	HABITAT	24.03.2024	24.03.2025	2,000,000	2,000,000	
3	Bank of India	19.02.2024	19.02.2027	1,161,453	1,161,453	
4	Bank of Baroda	19.02.2021	09.09.2024	2,810,321		2,810,321
5	Bank of Maharashtra	09.09.2021	21.04.2024	5,690,877		5,690,877
6	Canara Bank Dharwad	21.03.2024	21.03.2025	1,647,751	1,647,751	
7	Canara Bank Dharwad	21.12.2022	20.01.2026	5,345,451	5,345,451	
8	Canara Bank Dharwad	21.07.2022	21.07.2024	2,462,810	2,462,810	
9	Canara Bank Dharwad	02.01.2024	12.07.2024	1,610,641	1,610,641	
10	Canara Bank Dharwad	15.11.2023	25.11.2024	1,643,057	1,643,057	
11	Canara Bank Dharwad	17.01.2024	17.01.2026	1,526,946		1,526,946
12	Canara Bank Dharwad	08.06.2023	08.06.2024	1,667,636	1,667,636	
13	Canara Bank Dharwad	31.08.2023	17.11.2024	5,000,000	5,000,000	
14	Syndicate Bank Dharwad	12.08.2023	12.08.2024	4,268,463	4,268,463	
15	ESAF Small Bank	12.08.2022	26.09.2024	1,142,528		1,142,528
16	ESAF Small Bank	27.09.2021	26.12.2024	2,267,734		2,267,734
17	ESAF Small Bank	27.01.2024	26.01.2025	2,258,036		2,258,036
18	ESAF Small Bank	27.01.2023	17.01.2025	5,434,606	5,434,606	

19	<b>ESAF Small Bank</b>	28.03.2024	28.04.2026	2,502,029	<b>2,502,029</b>	
20	KVG Bank Dharwad	31.12.2023	31.12.2024	937,930		937,930
21	KVG Bank Dharwad	05.01.2024	05.01.2025	876,800		876,800
22	KVG Bank Dharwad	30.04.2023	30.04.2024	898,425		898,425
23	KVG Bank Dharwad	05.06.2023	05.06.2024	893,968		893,968
24	KVG Bank Dharwad	02.07.2023	02.07.2024	895,099		895,099
25	KVG Bank Dharwad	15.05.2023	15.05.2024	894,449		894,449
26	KVG Bank Dharwad	27.04.2022	27.06.2025	6,023,357		6,023,357
27	KVG Bank Dharwad	28.03.2022	28.03.2025	5,963,547		5,963,547
28	KVG Bank Dharwad	29.09.2023	29.03.2025	1,257,987		1,257,987
29	KVG Bank Dharwad	27.12.2022	27.12.2025	5,921,891		5,921,891
30	KVG Bank Dharwad	01.03.2024	01.03.2025	3,493,906		3,493,906
31	KVG Bank Dharwad	21.03.2024	01.03.2025	3,165,659	3,165,659	
32	KVG Bank Dharwad	21.03.2023	21.03.2025	3,500,000	3,500,000	
33	KVG Bank Dharwad	21.03.2023	05.04.2026	3,500,000	3,500,000	
34	IOB Dharwad	19.11.2023	18.11.2024	559,303	559,303	
35	IOB Dharwad	16.11.2022	16.11.2025	8,654,515	8,654,515	
36	IOB Dharwad	30.08.2023	16.11.2024	7,790,391	7,790,391	
37	IDFC First Bank	03.10.2023	03.10.2024	7,610,287	7,610,287	
38	Union Bank Bengaluru	05.10.2023	17.06.2024	7,720,728	7,720,728	
39	Union Bank Bengaluru	20.09.2023	01.10.2024	5,642,971	5,642,971	
40	Union Bank Bengaluru	30.09.2021	02.10.2025	3,828,681	3,828,681	
41	Union Bank Bengaluru	02.07.2022	27.09.2025	5,146,004	5,146,004	
42	Union Bank Bengaluru	12.01.2024	11.02.2027	5,063,689	5,063,689	
43	Union Bank Bengaluru	27.03.2024	27.03.2027	10,006,291	10,006,291	
44	UCOBank	27.09.2023	13.09.2025	6,629,618	6,629,618	
45	UCOBank	13.03.2022	29.06.2024	1,889,252	1,889,252	
46	Karnataka Grameen Bank	30.03.2023	30.03.2026	2,658,570	2,658,570	
47	Karnataka Grameen Bank	30.03.2023	30.03.2026	2,658,570	2,658,570	
48	Karnataka Grameen Bank	30.03.2023	30.03.2026	2,658,570	2,658,570	
49	Karnataka Grameen Bank	30.03.2023	30.03.2026	2,658,570	2,658,570	
50	Karnataka Grameen Bank	20.03.2024	20.03.2027	7,513,673	7,513,673	
51	Karur Vysya Bank	30.08.2023	16.11.2024	2,545,529	2,545,529	
52	Karur Vysya Bank	30.08.2023	16.11.2024	2,545,529	2,545,529	
53	Karur Vysya Bank	30.08.2023	16.11.2024	2,545,529	2,545,529	
54	Karur Vysya Bank	30.08.2023	16.11.2024	2,545,529	2,545,529	
55	JANA Finance FLDG	30.09.2023	30.09.2024	758,265	758,265	
56	JANA Finance FLDG	30.09.2023	09.10.2025	9,728,349	9,728,349	
57	JANA Finance FLDG	13.03.2024	12.04.2026	3,200,000	3,200,000	
58	JANA Finance FLDG	11.02.2022	03.08.2024	2,434,085	2,434,085	
59	JANA Finance FLDG	30.06.2022	14.10.2024	2,118,539	2,118,539	
60	JANA Finance FLDG	15.10.2022	22.12.2024	423,410	423,410	
61	JANA Finance FLDG	23.12.2022	04.07.2024	1,459,570	1,459,570	
62	FD with JANA SFB	28.08.2023	26.09.2025	7,206,466	7,206,466	
63	Dhanalaxmi Bank	24.02.2022	25.02.2025	2,799,083	2,799,083	
64	Dhanalaxmi Bank	17.03.2023	17.03.2026	4,264,085	4,264,085	

65	SIDBI	17.03.2023	29.04.2025	4,378,261	4,378,261	
66	SIDBI	11.03.2024	11.04.2027	5,018,332	5,018,332	
67	South Indian Bank	29.04.2022	28.07.2025	7,630,780	7,630,780	
68	South Indian Bank	28.07.2022	29.09.2026	7,220,057	7,220,057	
69	IDBI FLDG, BNG	08.09.2022	08.09.2025	543,608	543,608	
70	IDBI FLDG, BNG	28.10.2022	28.10.2025	1,618,447	1,618,447	
71	IDBI FLDG, Dharwad	16.01.2023	16.01.2025	2,698,339	2,698,339	
72	IDBI FLDG, Dharwad	26.03.2024	26.03.2026	2,653,608	2,653,608	
73	Profectus Security Dep.	30.03.2024	30.03.2025	1,750,000	1,750,000	
74	Eclear	29.09.2022	30.05.2024	1,500,000	1,500,000	
75	Ananya Finance Securitiy Dep.	31.05.2023	27.10.2024	1,250,000	1,250,000	
76	Real Touch	27.09.2023	30.09.2025	1,500,000	1,500,000	
77	Usha Finance Security Dep	18.11.2023	30.11.2025	1,500,000	1,500,000	
78	Grow Money Security Dep	17.11.2023	31.05.2025	1,875,000	1,875,000	
79	Arohan Finance Security Dept.	30.11.2023	30.11.2025	3,000,000	3,000,000	
80	Kotak Insurance Security Deposit			25,000	25,000	
				<b>280,032,481</b>	<b>236,278,680</b>	<b>43,753,801</b>

## 2.05 Other current liabilities

	31-Mar-24	31-Mar-23
<b>Current Maturities of long-term borrowings [refer Note 2.03]</b>	1,180,121,180	977,381,873
<b>Interest accrued but not due on borrowings</b>	3,590,996	4,274,395
Statutory Liabilities	3,357,289	2,332,556
Gratuity present value of obligation [refer note 3.05 below]	1,879,625	360,747
Statutory Audit Fees Payable	270,000	270,000
BC Loans collection A/c-IDBI	-	114,972
Other Payables *	27,858,926	4,441,051
	<b>1,217,078,016</b>	<b>989,175,594</b>

\* Other payables include Suspense in the Nature of payables, Incentives Payable, Bonus Payable, Sudry payables, Karnataka welfare Fund Payable and Insurance payable.

## 2.06 Long-term / Short-term Provisions

	31-Mar-24		31-Mar-23	
	Long-Term	Short-Term	Long-Term	Short-Term
Provision for non-performing assets	22,131,637	-	18,894,521	-
Provision for Contingent Expenses	-	1,404,025	-	1,404,025
Provision for Taxation	22,129,691	-	19,791,636	-
	<b>44,261,328</b>	<b>1,404,025</b>	<b>38,686,157</b>	<b>1,404,025</b>

### Note:

- 1) The board of directors in meeting held dated 16th December 2019 has accorded to replace cash handling insurance and fidelity insurance with contingency fund. Hence the provision for contingent expenses has been made. Accordingly, the company had made a provision on estimated basis based on annual premium.



## 2.08 Deferred Tax Asset (net)

	31-Mar-24	31-Mar-23
<b>Deferred tax asset arising on:</b>		
<b>Opening Balance</b>	5,482,131	4,017,023
Depreciation and amortisation	(30,730)	565,850
	<b>5,451,401</b>	<b>4,582,873</b>
<b>Deferred tax liability arising on:</b>		
Provision on borrowing charges	-	-
Prepaid Processing Charges	(1,814,172)	(899,258)
<b>Deferred tax Asset / (Liability) (net)</b>	<b>7,265,573</b>	<b>5,482,131</b>

## 2.09 Long-term / Short-term Loans and advances

	31-Mar-24		31-Mar-23	
	Non-current	Current	Non-current	Current
<b>Unsecured</b>				
Considered good	538,552,972	1,636,776,296	405,450,564	1,423,687,370
Considered doubtful	11,753,717	26,080,665	7,734,218	23,889,840
	<b>550,306,689</b>	<b>1,662,856,961</b>	<b>413,184,782</b>	<b>1,447,577,210</b>
Less: Provision for Standard Assets	-	-	-	-
Less: Provision for Non Performing Assets	22,131,637	-	18,894,521	-
	<b>528,175,052</b>	<b>1,662,856,961</b>	<b>394,290,261</b>	<b>1,447,577,210</b>
<b>Unsecured, considered good</b>				
Rent Advance	2,790,500		2,564,500	-
TDS Receivables	6,226,651	-	4,633,787	-
Advance tax	12,000,000	-	15,000,000	-
	<b>21,017,151</b>	<b>-</b>	<b>22,198,287</b>	
	<b>571,323,840</b>	<b>1,662,856,961</b>	<b>435,383,069</b>	<b>1,447,577,210</b>

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Month	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables- Considered good	-	-	-	-	-	-
(ii) Undisputed Trade receivables- Considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade receivables- Considered good	-	-	-	-	-	-
(iv) Disputed Trade receivables- Considered doubtful	-	-	-	-	-	-

## 2.10 Cash and cash equivalents

	31-Mar-24	31-Mar-23
<b>Balances with banks</b>		
- in current accounts	66,453,027	13,594,016
- in deposit account	43,753,801	127,398,738
- in Cash Credit account (Debit balance)	1,828,497	1,157,276
<b>Other bank balances</b>		
Deposits (Encumbered) with maturity more than 12 Months*	194,242,459	180,700,720
Less: Amounts disclosed as other non-current assets (refer note 2.11)	(194,242,459)	(180,700,720)
Cash on hand	566,703	89,122
	<b>112,602,028</b>	<b>142,239,152</b>

\* Note: Deposits encumbered held as margin against Term loans from Banks and Financial Institutions

## 2.11 Other Non-Current / Current Assets

	31-Mar-24		31-Mar-23	
	Non-current	Current	Non-current	Current
Interest Receivable on Investments	-	845,782	-	-
Deposits-maturity more than 12 Months (refer note 2.10)	194,242,459	-	180,700,720	-
GST Receivable	-	-	-	628,848
Other receivables	-	277,653	-	131,222
Stamps on hand	-	8,371	-	6,910
Pre-Paid Processing Charges	-	12,636,802	-	6,182,261
Prepaid Loan Consultation fees	-	4,292,250	-	-
JANA-BC Commission Receivable on Recovery	-	3,749,395	-	2,672,963
JANA-BC 1% Processing fees receivable on DB	-	321,546	-	537,472
IDBI-BC Commission Receivable on Recovery	-	580,321	-	1,332,453
BC Loan Collection A/c	-	90,496	-	-
	<b>194,242,459</b>	<b>22,802,616</b>	<b>180,700,720</b>	<b>11,492,129</b>

## 2.12 Security Deposits

	31-Mar-24	31-Mar-23
Security Deposits	25,000	25,000
Security Deposit with other NBFCs	14,375,000	3,750,000
IDBI FLDG	7,514,003	7,033,892
Security Deposits with JANA SFB FLDG	20,122,218	26,118,820
	<b>42,036,221</b>	<b>36,927,712</b>

## 2.13 Revenue from operations

	31-Mar-24	31-Mar-23
Interest Income	382,844,077	303,394,301
Service charges on loans	18,659,395	16,078,840
Interest on Income Tax Refund	185,265	-
	<b>401,688,737</b>	<b>319,473,141</b>

## 2.14 Other income

	31-Mar-24	31-Mar-23
Interest on term deposits	18,496,249	14,222,859
Recovery against loans written off	1,383,519	1,065,691
Miscellaneous	4,653	26,964
BC Income	70,222,546	55,477,425
	<b>90,106,967</b>	<b>70,792,939</b>

## 2.15 Employee benefit expenses

	31-Mar-24	31-Mar-23
Salaries, wages and bonus	94,124,337	84,612,222
Contributions to provident and other funds	3,572,848	3,145,814
Gratuity	1,586,028	1,006,609
Staff welfare and training expenses	25,000	33,106
	<b>99,308,213</b>	<b>88,797,751</b>

## 2.16 Finance Costs

	31-Mar-24	31-Mar-23
Interest on borrowings	234,994,524	166,363,257
Bank charges	4,196,013	3,524,833
<b>Other Finance costs</b>		
Loan processing fee on borrowings	5,920,209	9,461,731
Documentation and evaluation expenses	1,731,533	1,160,705
Loan Consultation Fees	1,708,500	771,111
	<b>248,550,779</b>	<b>181,281,637</b>

## 2.17 Provisions and write-offs

	31-Mar-24	31-Mar-23
Loans written-off	23,882,072	17,495,049
JANA BC Loan FLDG written off	7,260,491	-
Provisions for NPA	3,237,117	-
	<b>34,379,680</b>	<b>17,495,049</b>

## 2.18 Other operating expenses

	31-Mar-24	31-Mar-23
Rent (refer Note 3.09)	8,107,082	6,590,281
Travelling and conveyance	4,291,577	3,880,656
Communication Expenses	722,133	668,042
Office maintenance	3,384,769	2,566,270
Printing & stationary	1,877,444	2,030,818
Insurance	1,320,725	1,731,409
Remuneration to auditors (refer Note 2.19 below)	250,000	250,000
Concurrent Audit Fees	950,000	820,000
Repairs and maintenance	1,753,097	1,348,717
Meeting Expenses	296,318	355,974
Subscription Fees	472,640	201,820
Credit Burea Expenses	-	407,142
Legal Fees-ROC Charges	591,738	100,000
Rates & Taxes	95,137	82,642
Miscellaneous Expenses	83,134	161,242
News Papers and periodicals	3,690	-
Other Consultancy /Professional Fees	6,163,109	6,304,309
GST Paid	1,524,288	3,040,666
CSR Expenses	1,040,017	-
	<b>32,926,898</b>	<b>30,539,988</b>

## 2.19 Auditor's Remunerations

	31-Mar-24	31-Mar-23
Statutory audit	250,000	250,000
	<b>250,000</b>	<b>250,000</b>

## Supplementary information

### 3.01 Contingent liabilities and

	31-Mar-24	31-Mar-23
Contingent liabilities- Compulsorily cumulative convertible preference shares dividend*	6,509,237	6,509,237
Commitments	Nil	Nil
*Working Note:		
Compulsorily Convertible 9% Cumulative Preference shares	6,509,237	6,509,237
Compulsorily Convertible 9% Cumulative Preference shares	-	-
Optionally Convertible 9% Cumulative Preference shares	-	-
	<b>6,509,237</b>	<b>6,509,237</b>

### 3.02 Micro and Small enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006. There are no Micro, Small and Medium Enterprises, to which the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro, Small and Medium Enterprises has been determined as nil to the extent of such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditor.

#### 3.03.1 Capital to Risk-Assets Ratio [CRAR]

	31-Mar-24	31-Mar-23
Tier I Capital	306,762,940	281,328,538
Tier II Capital	187,500,000	142,500,000
<b>Total</b>	<b>494,262,940</b>	<b>423,828,538</b>
<b>Total Risk weighted assets</b>		
(i) Adjusted value of funded risk assets i.e. on-balance sheet items	2,230,391,714	1,916,647,157
(ii) Adjusted value of non-funded and off-balance sheet items	-	-
<b>Total risk weighted assets/ exposures</b>	<b>2,230,391,714</b>	<b>1,916,647,157</b>
<b>Capital to Risk-Assets Ratio [CRAR]</b>		
Tier I Capital as a percentage of Total Risk weighted assets (%)	<b>13.75%</b>	<b>14.68%</b>
Tier II Capital as a percentage of total Risk weighted assets (%)	<b>8.41%</b>	<b>7.43%</b>
<b>CRAR (%)</b>	<b>22.16%</b>	<b>22.11%</b>

### 3.03.2 Loans classification as per RBI

The loan portfolio has been classified as per the norms prescribed for classification by Reserve Bank of India in "Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016". The necessary provisions as per RBI norms have been made. The details are shown below:

Asset classification	Loan outstanding (without provisioning)				Provision	
	31-Mar-24		31-Mar-23		As on 31-03- 2024	As on 31-03- 2023
	No. of accounts	Amount	No. of accounts	Amount	Amount	Amount
Standard assets	63,976	2,175,329,268	59,913	1,829,137,934	-	-
Non-Performing assets	1,244	37,834,382	1,295	31,624,058	22,131,637	18,894,521
<b>Total</b>	<b>65,220</b>	<b>2,213,163,650</b>	<b>61,208</b>	<b>1,860,761,992</b>	<b>22,131,637</b>	<b>18,894,521</b>
Jana B C	16,546	558,662,054	18,310	651,360,187	-	-
IDBI BC	2,306	60,509,486	2,641	125,419,159	-	-
<b>Total</b>	<b>84,072</b>	<b>2,832,335,190</b>	<b>82,159</b>	<b>2,637,541,338</b>	<b>-</b>	<b>-</b>

These are classified as standard assets and Non-performing assets in terms of Reserve Bank of India directions as laid down in Master Direction DNBR.PD.007/03.10.119/2016-17

The Non-performing assets is 1.71% for the period ending 31st March 2024 as compared to 1.70% of total loan portfolio for the year ending 31st March 2023.

\* Includes Second Loss Facility (if any)

Margin Cap of the Company as on 31st March 2022 is 7.17%. This has been computed as per the norms prescribed by Reserve Bank of India in Master Direction DNBR.PD.007/03.10.119/2016-17

### 3.03.3 Qualifying Assets

As of 31/03/2024 **97.00%** of net assets of (Total assets excluding cash balance with Banks and financial institutions, Government Securities and Money Market Instruments) are in the nature of "Qualifying Assets" as defined in Master Direction DNBR.PD.007/03.10.119/2016-17.

### 3.04 Earnings per share

Reconciliation of basic and diluted shares used in computation of earnings per share

	31-Mar-24	31-Mar-23
Net profit as per Statement of profit and loss	75,170,977	53,676,205
Less: Arrears of cumulative preference dividend	-	-
Less: Dividend distribution tax	-	-
Net profit as per Statement of profit and loss for Basic EPS	75,170,977	53,676,205
Weighted average number of shares considered for computation of basic earnings per share	10,821,230	10,821,230
Effect of Dilution		
Add: Effect of compulsorily convertible preference shares	7,232,485	7,232,485
Add: Effect of optionally convertible preference shares	14,750,000	9,250,000
Weighted average number of shares considered for computation of diluted earnings per share	32,803,715	27,303,715
<b>Earning per share:</b>		
Basic	6.95	4.96
Diluted	2.29	1.97
Nominal value per share	10	10



- b Compulsorily Convertible 9% Cumulative Preference Shares [CCPS]: All CCPS which are convertible into equity after the completion of tenure i.e 15/12/2027. Preference share holders are not entitled to any voting rights except where the rights of the preference share holders are proposed to be affected. In such event, preference share holders will have the same right as the equity share holders in the meeting of the share holders for the agenda of the meeting affecting their rights only. Shares are cumulative in nature.

### 3.05 Gratuity (As per AS 15, Employee Benefits)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service entitled to a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy. Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation or death in lump sum after deduction of necessary taxes over and above a maximum limit of ₹ 20,00,000.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss Account and the funded status and amounts recognized in the Balance Sheet. The figures are as per the actuarial valuation report on gratuity issued by Saket Singhal (Actuarial Fellow Membership No. 175).

	31-Mar-24	31-Mar-23
Present value of obligation at the end of the period	7,917,146	6,330,416
Fair value of plan assets as at the end of the period	6,330,416	5,969,669
Interest on fund		
Funded status / Difference	(1,879,625)	(360,747)
Excess of actual over estimated	27,728	(29,539)
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognisable in the balance sheet		
Benefits paid (Caim settled)		
<b>Changes in present value of obligation</b>	<b>(1,879,625)</b>	<b>(360,747)</b>

### Expense recognised in the statement of Profit and Loss Account

	31-Mar-24	31-Mar-23
Current service cost	1,141,569	1,064,676
Past service cost	-	-
Interest cost	448,826	380,805
Expected return on plan asset	(423,250)	(423,290)
Net actuarial (gain) / loss recognized in the year	351,742	(85,694)
Expenses recognisable in statement of Profit and Loss Account	1,518,887	936,497

### The amount to be recognised in the Balance Sheet

	31-Mar-24	31-Mar-23
Present value of obligation at the end of the period	7,917,146	6,330,416
Fair value of plan assets as at the end of the period	6,330,416	5,969,669
Interest on fund		
Funded status / Difference	(1,879,625)	(360,747)
Excess of actual over estimated	27,728	(29,539)
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognisable in the balance sheet		
Benefits paid(Caim settled)		
<b>Changes in present value of obligation</b>	<b>(1,879,625)</b>	<b>(360,747)</b>

	31-Mar-24	31-Mar-23
Present value of obligation at the beginning of the period	6,330,416	5,159,899
Acquisition adjustment		
Interest cost	448,826	380,801
Current service cost	1,141,569	1,064,676
Past service cost	-	-
Benefits paid	(383,135)	(159,727)
Actuarial (gain) / loss on obligation	379,470	(115,233)
Present value of obligation at the end of the period	7,917,146	6,330,416

#### Changes in the fair value of plan assets

	31-Mar-24	31-Mar-23
Fair value of plan assets at the beginning of the period	5,969,669	5,735,641
Acquisition adjustment	-	-
Expected return on plan assets	423,250	423,290
Contributions	9	4
LIC charges	-	-
Benefits paid	383,135	(159,727)
Actuarial (gain) / loss on plan assets	27,728	(29,539)
Fair value of plan assets at the end of the period	-	-
	6,803,791	5,969,669

#### The Major categories of Plan assets

	31-Mar-24	31-Mar-23
Government of India Securities	-	-
High Quality Corporate bonds	-	-
Equity Shares of listed companies	-	-
Property	-	-
Funds Managed by Insurer	100%	100%
Fair value of plan assets at the end of the period	100%	100%

#### Principal Actuarial Assumptions

	31-Mar-24	31-Mar-23
Discount Rate	7.09PA	7.38 PA
Salary Growth Rate	8.36PA	7.00 PA
Expected Rate of Return on Plan Assets	7.09PA	7.38 PA
Retirement Age	60 Years	60 Years
Mortality Table	IALM (2012 -2014)	IALM (2012 -2014)
Employee Turnover / Attrition Rate	100%	100%
18-30 Years	5.97%	3.00%
30-45 Years	5.97%	2.00%
Above 45 Years	5.97%	1.00%

### Current / Non-Current Liability

	31-Mar-24	31-Mar-23
Current Liability	441,255	141,469
Non-Current Liability	7,475,891	6,188,947
Net Liability	7,917,146	6,330,416

Expected Company's contribution for next year is ₹ 15,98,082/-

### 3.06 Ratios

Particulars	2023-24	2022-23	Numerator	Denominator
(a) Current Ratio	1.48	1.53	Current Assets	Current Liabilities
(b) TOL/TNW	4.42	4.84	Total Debt	Total Shareholder's Equity *
(c) Operating Cost Ratio	6.15%	6.07%	Operating Cost	Average Total Loan Portfolio
(d) Return on share holders Equity	25.01%	26.00%	Profit Before Tax	Average Shareholder's Equity *
(e) Return on Assets	2.42%	2.75%	Net Income	Average Total Assets
(f) Yield on Portfolio	20.79%	19.20%	Interest Income	Average Loan Portfolio
(g) Cost of funds	14.10%	13.18%	Interest expense	Average Debt Outstanding
(h) Operating Self Sufficient Ratio	118.04%	122.2%	Total Income	Total Expenditure

\* **Note :** The Compulsorily Cumulative Convertible Preference shares and Cumulative Optionally Convertible Preference shares are included for the purpose calculation of Shareholder's Equity.

### 3.07 Related party disclosures

#### 3.7.1 Names of related parties and nature of relationship

Description of relationship	Nature of relationship
<b>(i) Key managerial personnel</b>	
Mr. Vivekanand Naganagouda Salimath	Chairman
Mr. Naganagouda Marigouda Patil	Managing Director

#### 3.7.2 Nature of transactions with related parties

Name of related party	Nature of transaction	Type	31-Mar-24	31-Mar-23
Mr. Vivekanand N Salimath	Remuneration	Payment	3,650,505	3,314,595
Mr. Naganagouda M Patil	Remuneration	Payment	3,650,505	3,314,595
Swavalambava Trust	Issue of Preference share capital	Receipt	4,000,000	5,000,000
IDF SHG Federation Dharwad	Issue of Preference share capital	Receipt	34,400,000	-

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and Advances in the nature of loans
Promoter	0	0
Directors	0	0
KMPs	0	0
Related Parties	0	0

### 3.08 Earnings and expenditure in foreign currency

	31-Mar-24	31-Mar-23
Earnings	Nil	Nil
Expenditure	Nil	Nil

### 3.09 Leases

The Company has taken certain offices and residential premises/ facilities under operating lease/ sub-lease agreements. The lease agreements generally have an escalation clause and are not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease/ sublease agreements. The aggregate lease rental of ₹ 81,07,082/- have been charged to the Statement of Profit and Loss for the period ended 31.03.2024

### 3.10 Rating

CRISIL RATINGS has assigned ratings for the Fund based - Long Term facilities availed by the company as BBB-(Pronounced as CRISIL Triple B Minus) Outlook: Stable as per letter dated 18-12-2023: [Previous rating BBB-by CRISIL Rating is under Surveillance (Pronounced as CRISIL Triple B Minus) Outlook: Stable.]

### 3.11 Prior year comparatives

The previous year's figures are regrouped /reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date

for and on behalf of IDF Financial Services Private Limited

**for CHETAN PADAKI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

F.R.No. 011274S



*Chetan Padaki*

**CA. CHETAN PADAKI**  
**PARTNER**

Mem.No.216929

UDIN: 23216929BGXTUJ8641

*Prashant Hegde*  
**Prashant Hegde**  
Company Secretary  
Mem. No. ACS 56041

*V.N. Salimath*  
**V.N. Salimath**  
Director  
(DIN: 00253109)

*N.M. Patil*  
**N.M. Patil**  
Managing Director  
(DIN: 01674210)

Date : 20.05.2024  
Place: Bangalore

## IDF FINANCIAL SERVICES PRIVATE LIMITED

Notes to the financial statements as at March 31st, 2024

Note 2.07 : Property, Plant and Equipments

Particulars	Gross block				Depreciation				Net block	
	As on March 31st, 2023	Additions for the year	Deletions for the year	As on Mar 31st, 2024	Up to March 31st, 2023	Additions for the year	Deletions or the year	As on Mar 31st, 2024	As on March 31st, 2024	As at March 31, 2023
<b>A. Tangible assets</b>										
Computer and Accessories	9,329,220	1,164,609	-	10,493,829	8,496,121	603,556	-	9,099,677	1,394,152	833,099
Furniture and Fixtures	2,756,640	278,498	-	3,035,138	2,285,546	118,780	-	2,404,326	630,812	471,094
Vehicle	4,648,086	-	-	4,648,086	1,789,279	672,663	-	2,461,942	2,186,143	2,858,807
Office Equipment	3,116,123	92,016	-	3,208,139	3,008,400	64,158	-	3,072,558	135,581	107,723
<b>Total [A]</b>	<b>19,850,069</b>	<b>1,535,123</b>	<b>-</b>	<b>21,385,192</b>	<b>15,579,346</b>	<b>1,459,157</b>	<b>-</b>	<b>17,038,503</b>	<b>4,346,688</b>	<b>4,270,723</b>

Date : 20-05-2024

Place: Bengaluru



## Meeting & Conference



**IDF FSPL Team Compliance Officers Conclave,**  
14th March 2024, Bengaluru

## Financial Partners



## Operational Partners

### TECHNOLOGY



### CREDIT BUREAU



### RATINGS PARTNERS



## Statutory Auditors

**M/s Chetan Padaki & Associates**  
Chartered Accountants

Scan Here



www.idf-finance.in

## IDF Financial Services Private Limited

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VV Puram, Bengaluru - 560 004, Tel. : 080 26577714, email: idff.fin@gmail.com

Admn. Off. : No. 81, Bhushan Nilaya, 3rd Main, 10th Cross, Manjunatha Colony,  
Shivagiri, Dharwad - 580 007, Tel.: 0836 2772701, 2771804, email: idff.ao@gmail.com

*idf*