

Satisfying our share holders
without Profiting from Poverty



ANNUAL REPORT
2024-25

Board of Directors

Chairman



**Vivekanand N
Salimath**

Managing Director



**Naganagouda
M Patil**

Director



**T V Srikantha
Shenoy**

Director



**Kasturi
Dambal**

Director



**Gururaj M
Deshpande**

Director



Satish Ballal

Message



**Vivekanand N
Salimath**
Chairman



**Naganagouda M
Patil**
Managing Director

It is with great pride and gratitude that I present to you the Annual Report for FY 2024–25, a year that tested our resilience, reaffirmed our commitment to our mission, and strengthened our resolve to empower underserved communities across India.

Over the past year, the sector has navigated through a complex macroeconomic environment. Rising household stress, climatic uncertainties, and regional disruptions have posed significant hurdles, especially for the low-income communities we serve. Yet, it is in such testing times that the purpose of microfinance is truly reaffirmed—to stand with the underserved, to provide not just credit, but confidence. We at IDF FSPL remained firmly committed to this purpose. Through disciplined execution, community engagement, and adaptive strategies, we ensured that our operations remained resilient while continuing to support our customers with empathy and flexibility.

Despite an increasingly challenging operating environment marked by rising credit stress, liquidity tightening, and climate-related disruptions, our institution stayed focused on its core mission—to provide timely, affordable financial services to low-income households, especially women, in rural and semi-urban areas. The year witnessed increased repayment stress across various geographies, largely driven by socio-political regulatory pressures and uneven monsoon patterns that disrupted livelihoods. In response, we adopted a balanced approach, extending handholding support to our borrowers while maintaining prudent risk management practices.

Performance Highlights

Our gross loan portfolio stood at ₹ 240.27 crores by the end of FY25. We disbursed an amount of Rs. 167.29 crores loans customers across 30 districts, with a continued focus on women borrowers and rural households. Despite external stressors, we maintained portfolio quality with a Gross NPA of 4.16% well below the industry average, reflecting the strength of our risk framework and the trust of our borrowers. We also focused on consolidation—prioritizing quality over

scale, customer retention over aggressive expansion, and financial literacy over mere disbursement. This has allowed us to nurture deeper, longer-term customer relationships.

People at the Core

Our field teams remained the backbone of our success. Their commitment, empathy, and resilience in times of crisis enabled us to stay close to our customers when they needed us most. We invested in their training and wellbeing and will continue to do so as we prepare for a more inclusive future.

Looking Ahead

As we look to FY 2025–26, we remain focused on sustainable growth, asset quality, and digital transformation. Our approach will be rooted in prudence, but guided by ambition—to reach more unbanked households, to enhance customer value, and to become a future-ready MFI that blends purpose with performance. Our focus will remain on three strategic pillars:

- Responsible growth, ensuring sustainable expansion without compromising credit discipline.
- Digital transformation, driving efficiency and customer convenience.
- Community empowerment, with deeper investments in livelihood support.
- Products & Lenders diversification through BC partnerships.

We are deeply grateful to our Board, employees, customers, regulators for their continued faith in us. We thank our investors lender partners, and above all, our customers for their continued trust. Your belief in our vision drives us every day to build a more inclusive and equitable financial ecosystem. Together, we will keep moving forward—building lives, building livelihoods.

Warm regards,

V N Salimath
Chairman

Naganagouda M Patil
Chairman

Our Journey

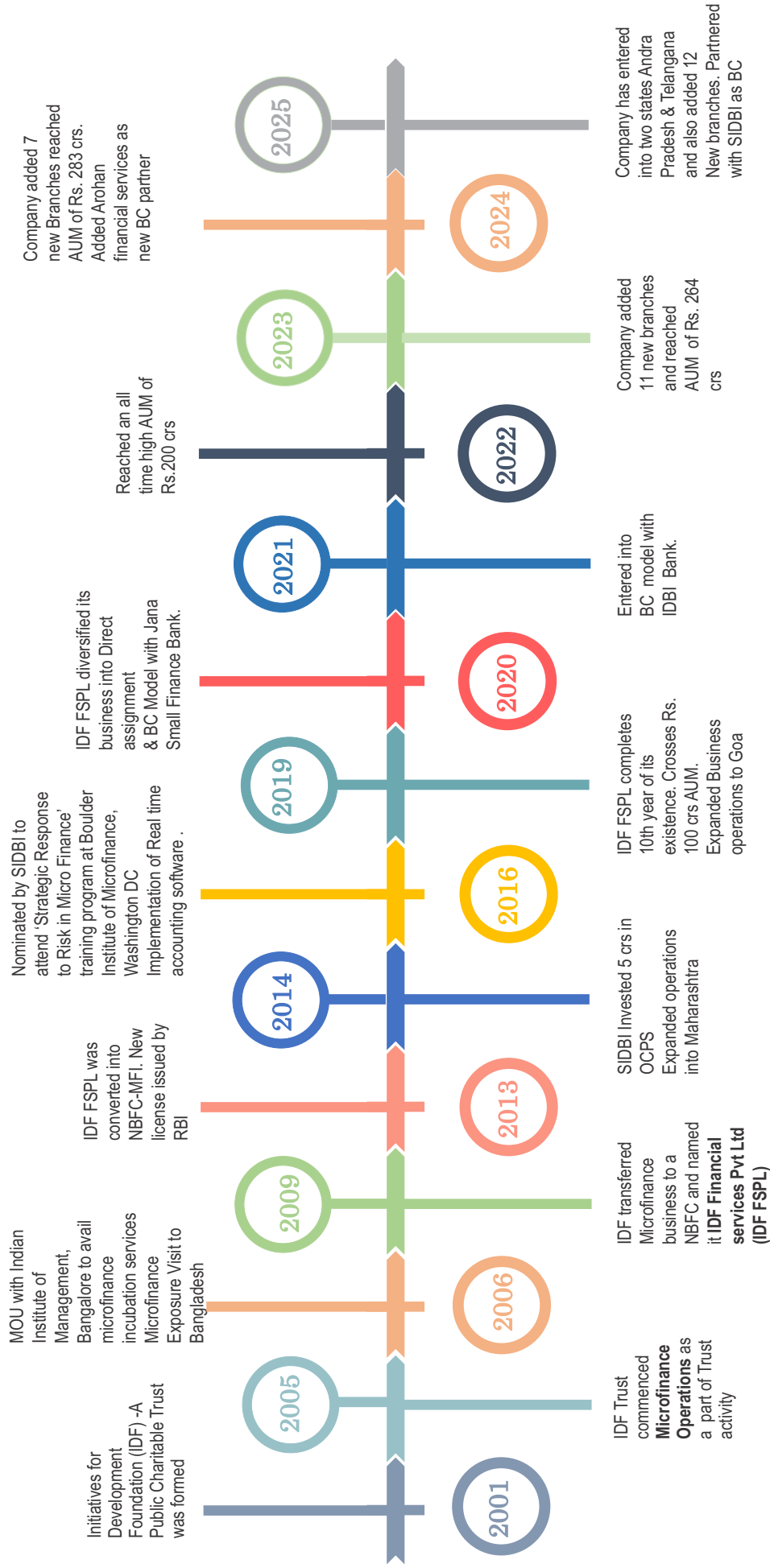


Table of Contents

Corporate Overview		Pages
1.	Message	i
2.	Our journey	ii
3.	IDF FSPL - Overview	1
4.	Our Products	4
5.	Board of Directors	8
6.	Operational Highlights	13
7.	Financial Highlights	14
8.	Departments	15
9.	Management Discussion and Analysis	18
10.	Director's Report	23
Statutory Reports and Financial Statements		
11.	Auditor Report	34
12.	Balance Sheet	45
13.	Profit and loss	46
14.	Cash Flow Statement	47
15.	Notes to Financial Statement	48



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) 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 97 branches in Karnataka, Maharashtra, Goa, Telangana and Andhra Pradesh.

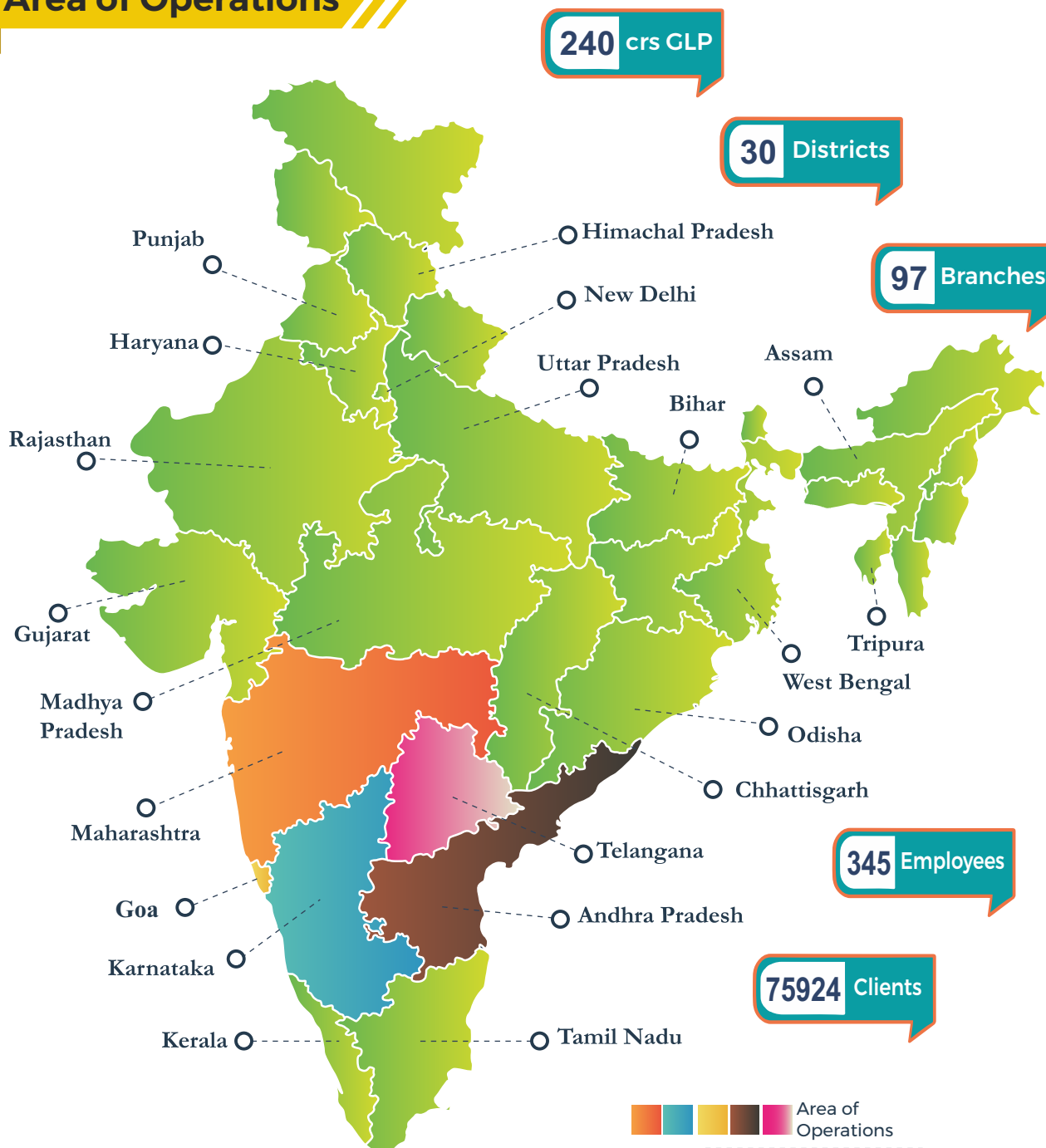


We are touching the lives of low-income women borrowers from under-served households in significant ways. The Company offers credit to women of underserved household under mSHG model for income generating activities. The micro-Self-Help Groups (mSHGs) have the advantage of credit, technology, and market 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



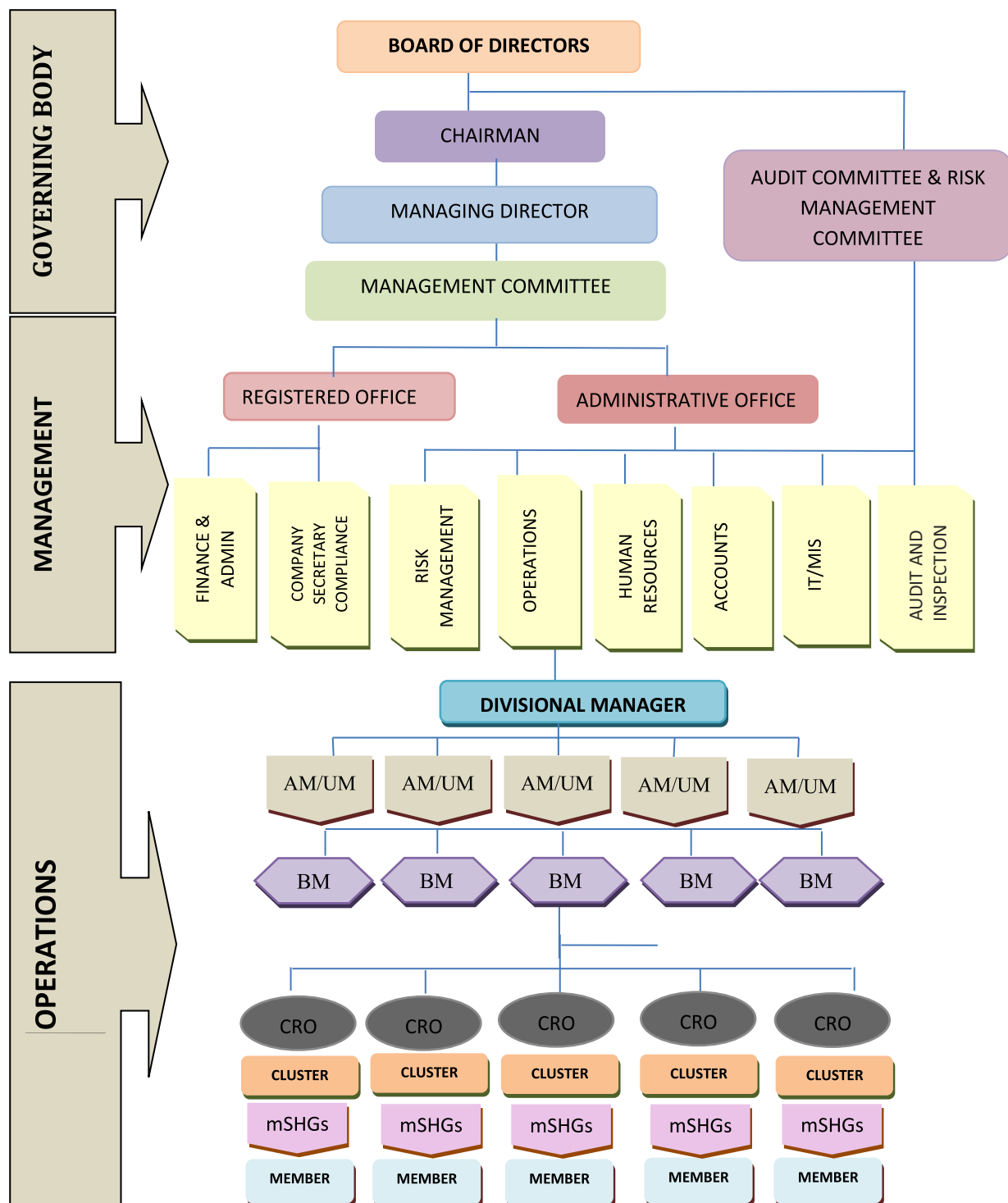
Operational Footprint

The Company has its registered office at Bangalore, and the administrative office at Dharwad. The operations are geographically aligned to cater to 30 districts across 5 States in India viz Karnataka, Maharashtra, Goa, Telangana and Andhra Pradesh.

The operations of the Company is headed by Head – Operations and assisted by 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 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 97 branches and a Staff Strength of 345. The total no of borrowers as at 31st March 2025 is 75924 with GLP of Rs. 240.27 crores. The Company has disbursed loans under (Owned + Managed Portfolio of 155.77 crs+ 11.52 crores) amounting of Rs. 167.29 crores during the year 2024-25.

Organisational Structure



AM Area Manager
UM Unit Manager
BM Branch Manager
ABM Assistant Branch Manager
CRO Credit Officer
mSHGs 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

The Company primarily serves
low income households, both
rural & urban

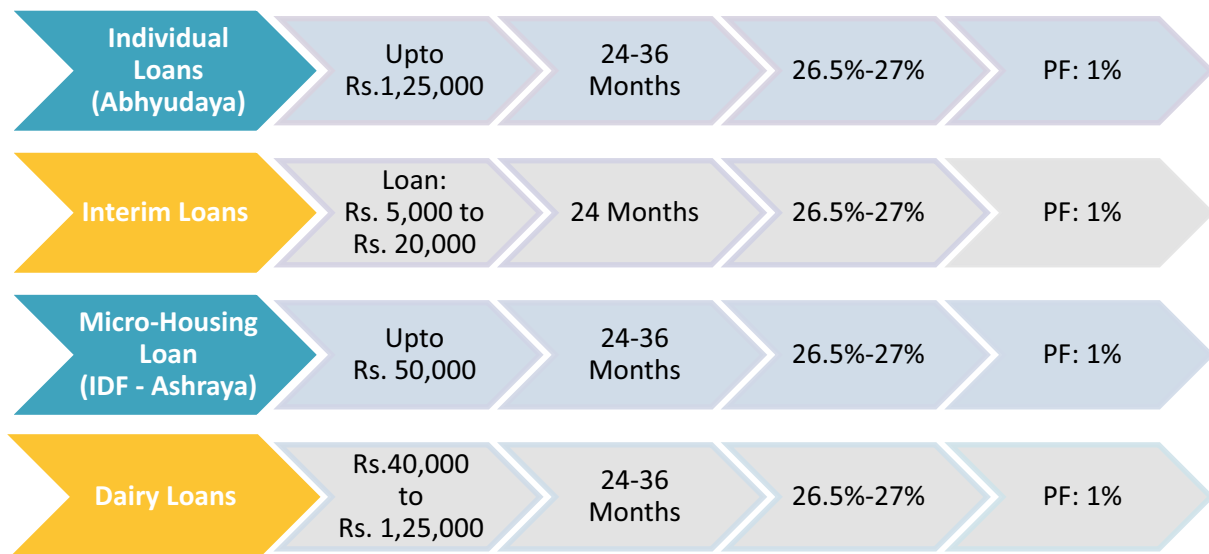
100% Women clients

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

Group Loans

Products	Max Loan size	Tenure	Rate of Interest	Processing Fee
Cycle - I	Rs. 50000	12-24 Months	26.5%-27%	1%
Cycle - II	Rs. 70000	24-36 Months	26.5%-27%	1%
Cycle - III onwards	Rs. 125000	24-36 Months	26.5%-27%	1%

Individual Loans



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

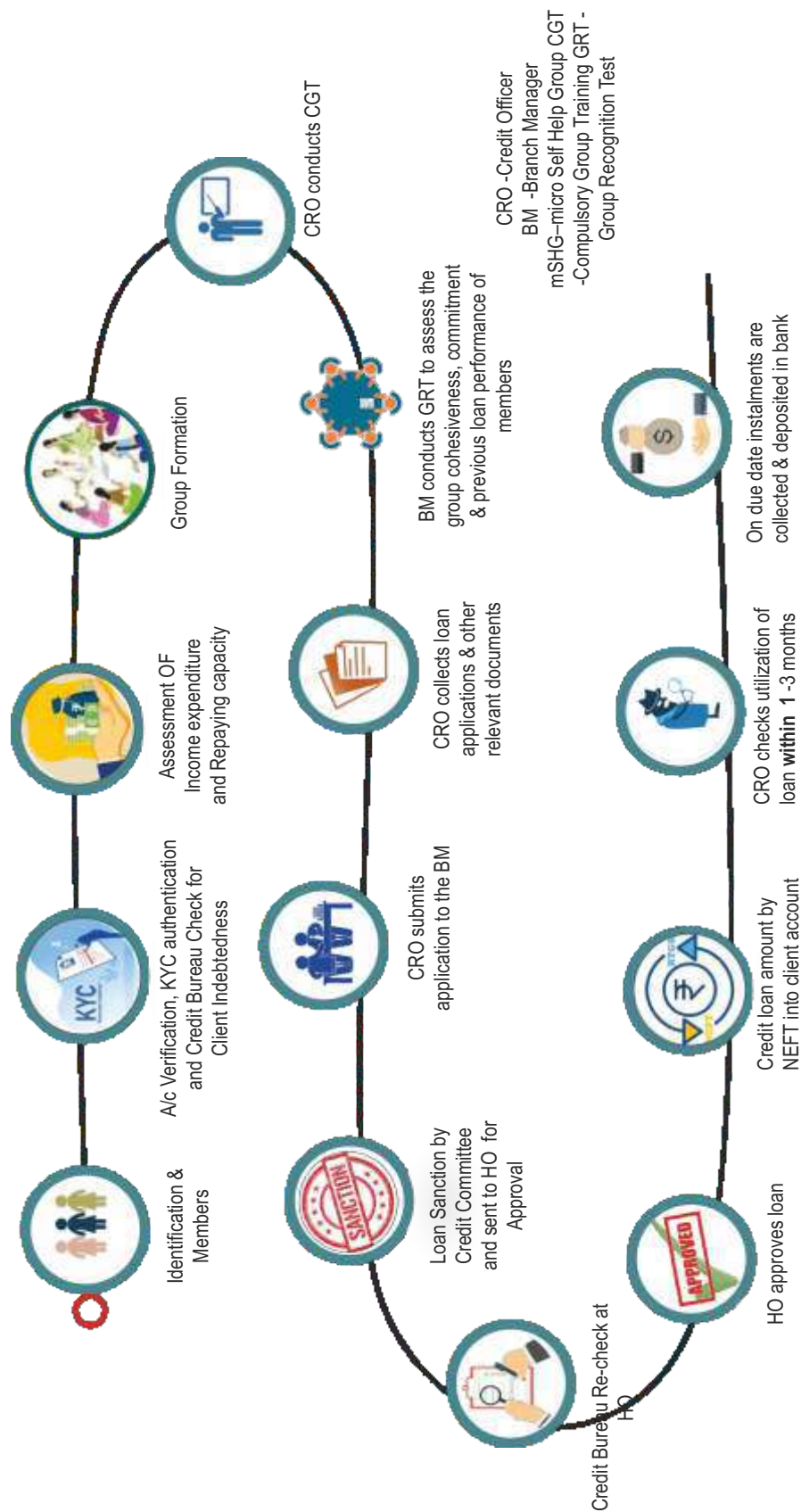
The Company has an omnibus loan product which is designed to take care of the multiple needs of the clients, be it working capital for business or creation of assets for livelihood or agriculture or any other product service, apart from meeting consumption.

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.

LENDING METHODOLOGY

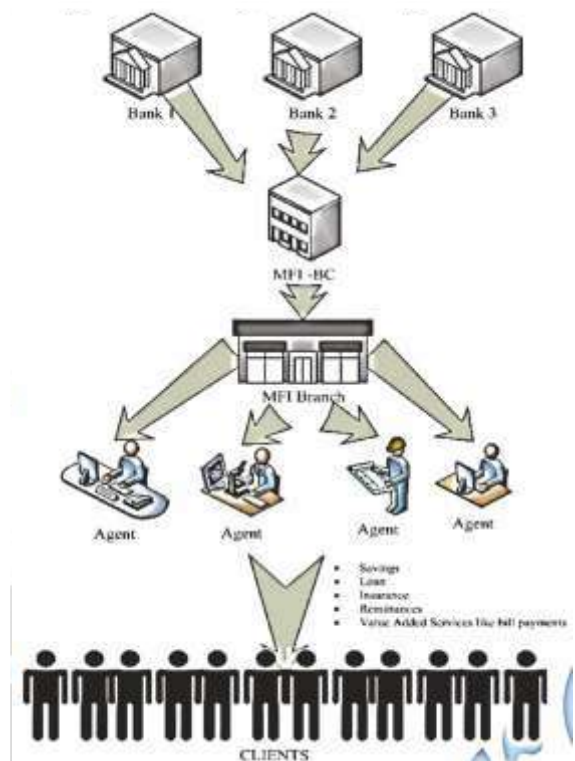


BC Operations

Business Correspondent Partners with IDBI Bank and Jana Small Finance Bank

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 21 branches in the state of Karnataka out of total of 97 branches and the outstanding managed portfolio under BC business is Rs. 33.33 crores March 2025. The Company 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. SIDBI has sanctioned a limit of Rs. 25.00 crores for BC operations under PRAYAS scheme for MSME loans



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.

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 2025, loans amounting to Rs. 3.50 crs have been disbursed.



Board of Directors

Vivekanand N Salimath Chairman

- Has experience of 20 years in Syndicate Bank in various capacities. Served the Executive Director of RUDSETI, Ujire for 6 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
- Former 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.
- 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

- 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.

- 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.

- Experience: Graduated in Agricultural Sciences from UAS, Bengaluru in the year 1980.
- Started banking career in Vijaya Bank as Agricultural Officer in 1982 and since then worked in various capacities in the branches/Regional Offices and Head Office
- Worked as General Manager for last 4 1/2 years heading the verticals of Agricultural / Priority Sector credit, Financial Inclusion, MSME and Retail credit.
- Retired in February, 2019.



Smt. Anjanamma Narasimha Murthy
Poultry Business

Smt. Anjanamma Narasimha Murthy belonging to Kora village in Tumkur district is long-standing customer dealing with IDF Financial Services Pvt Ltd for the last 12 years. Started from a meagre loan of Rs. 7000 to meet cultivation expenses in four acres of land owned by the family, she has now graduated to 5th cycle with a loan of Rs. 1,00,000 for Goat rearing, dairy unit and flower cultivation. With the help of continuous

financial support her family has increased along with standard of living. She has now shifted from old kaccha house to new one and has converted her land into irrigated land with a bore well. Her two educated sons are now employed in nearby manufacturing unit. She has still retained her old kaccha house as a mark of her journey from poverty to a respectable living.

She is grateful to IDF Financial Services Pvt Ltd for the financial support all along her fight for the financial and social empowerment.

Audit Committee

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

Mr. T V Srikantha Shenoy - Chairman

Mr Gururaj M Deshpande - Member

Mr. Satish Ballal- 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. T V Srikantha Shenoy - Chairman

Mr Gururaj M Deshpande - Member

Mr. Satish Ballal- 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 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.



Smt. Anjali Bhimappa Bailpatt Cooking Gas Burner repair service

Smt. Anjali Bhimappa Bailpatt of Kadrolli village near Kittur in Balgavi district is another long-standing customer of IDF Financial Services Pvt Ltd. Initially her family was engaged in house-to-house Cooking Gas Burner repair service on a cycle, the income from which was not enough to maintain the family. Though the family wanted to improve the existing business finance was the constraint. She was guided by a neighbor to approach

IDF Financial Services for expansion of business. Seven years back with loan of Rs. 30,000 the family opened Gas Repair shop. With financial assistance of Rs. 60,000 in second cycle the family started selling other kitchen gadgets along with repair works. Now, in the fourth cycle she is proposing to her business with high-cost kitchen gadgets such as stove, water filter/purifier. She has been regular customer all along and also is motivating other members to be regular and improve their business.

Management Team



Adivappa B Magadum
Head- Administration & Finance



Basavaraj Alagawadi
Head – Accounts



Somashekar C 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



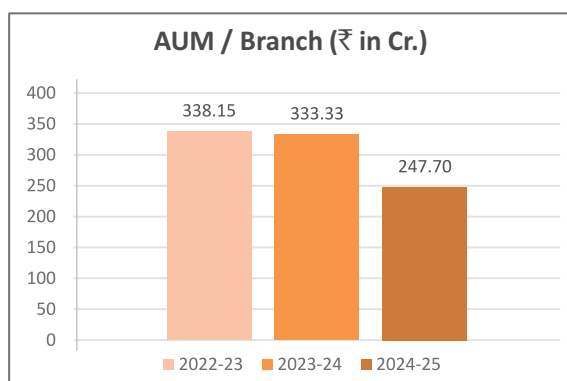
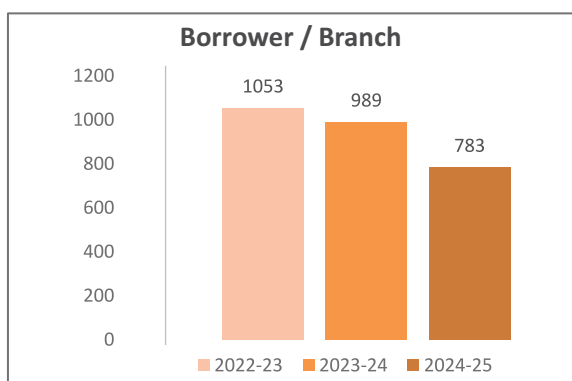
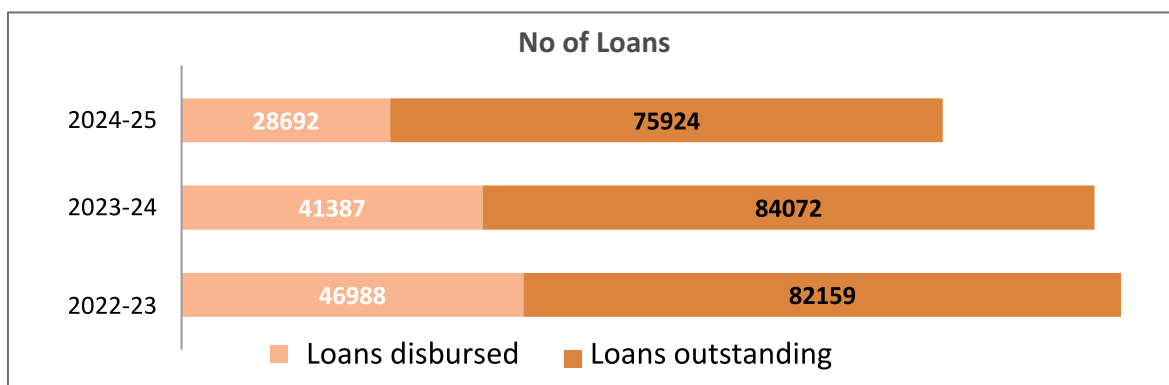
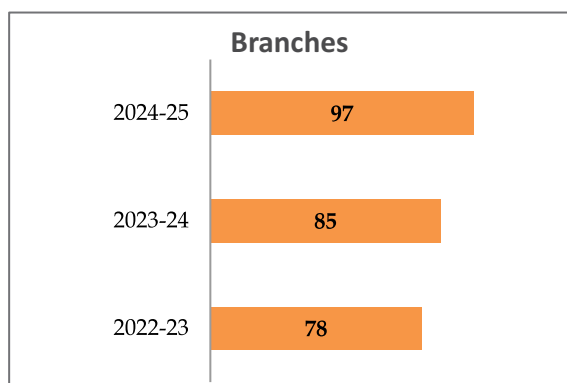
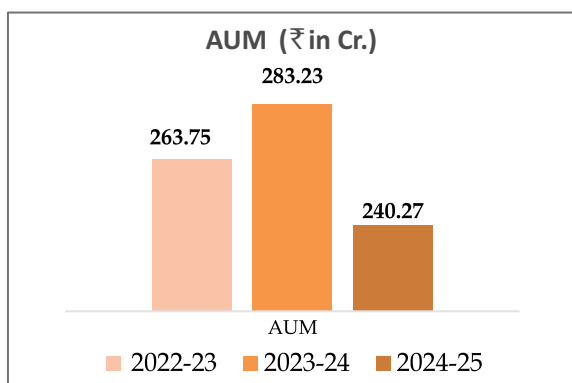
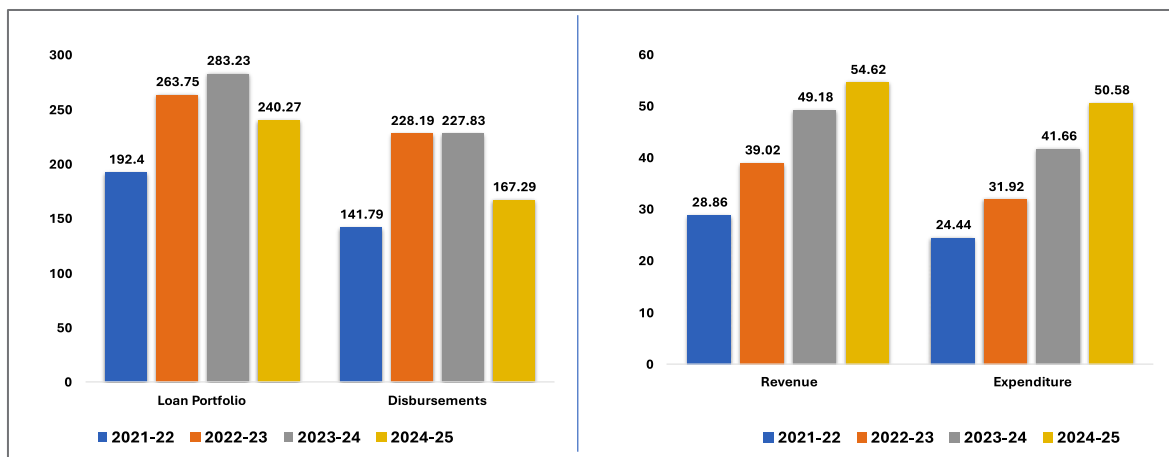
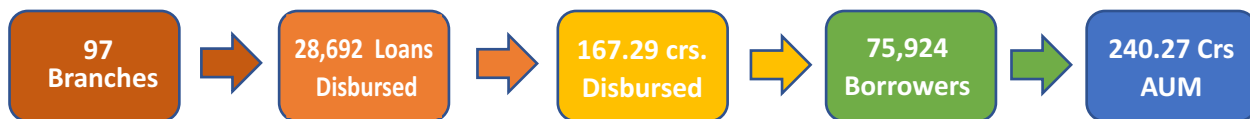
S S Bhavkar
Asst. General Manager

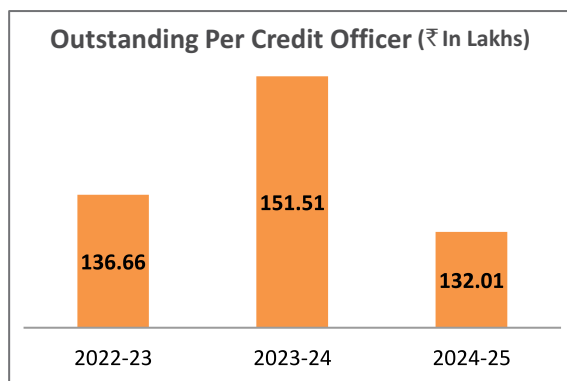
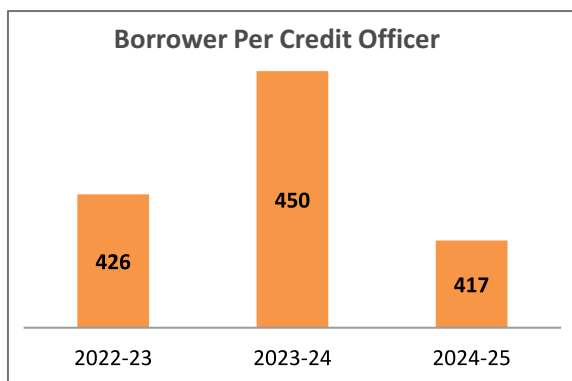


Karuna R
Dy. General Manager – Finance

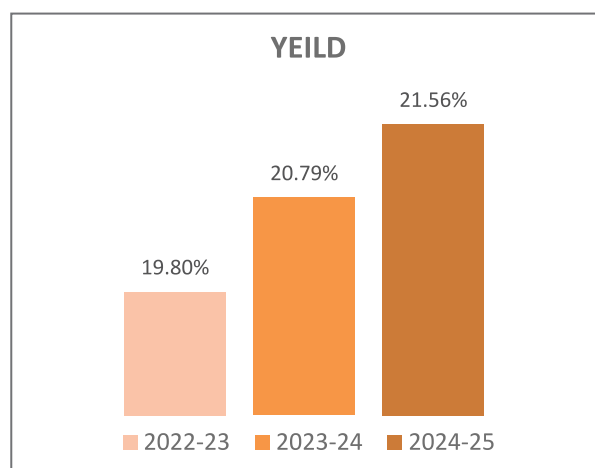
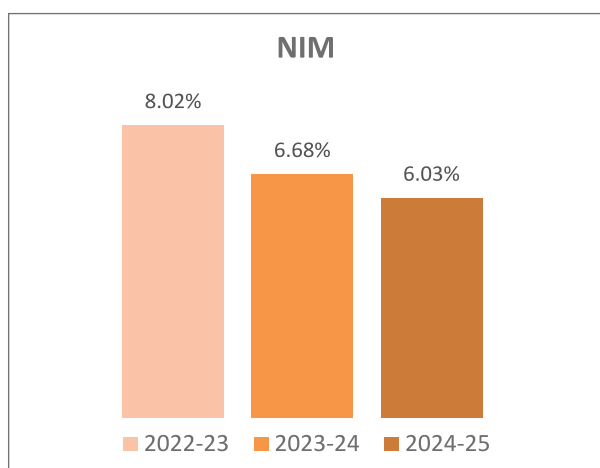
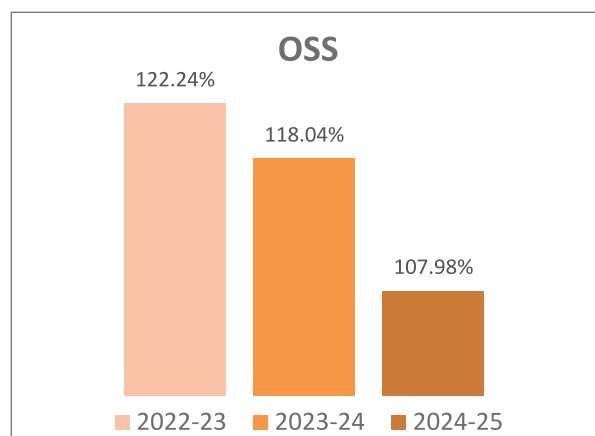
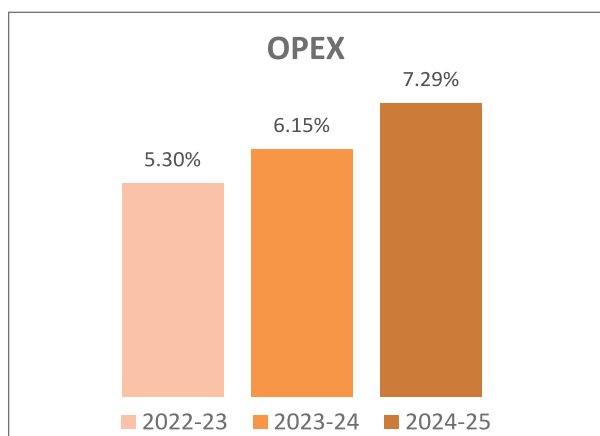
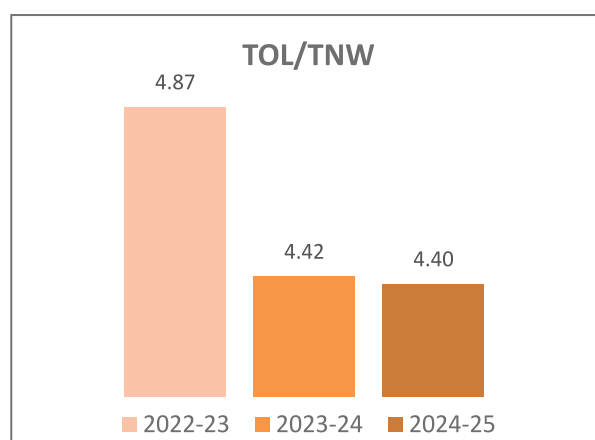
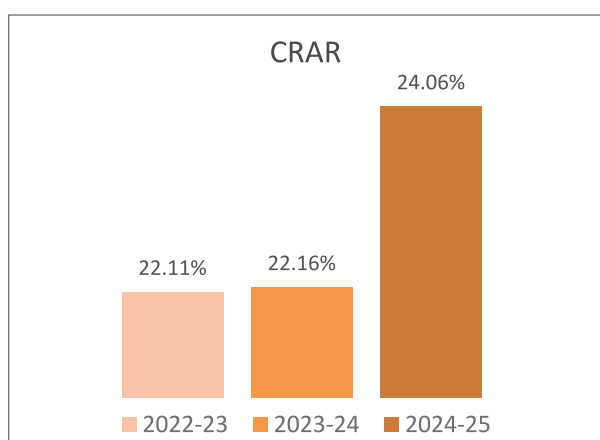
Operational Highlights

Key Accomplishments





Financial Highlights



Human Resource Development

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.



The 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/2025, the no of employees was 345.

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

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.

IDF FSPL 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.



Smt. Mahadevi Mallikarjuna Tota **Dairy Business**

Smt. Mahadevi Mallikarjuna Tota of Deverasigihalli in Belgavi district is our customer for the last 11 years. With first financial assistance of Rs.30,000 from IDF FSPL, she started dairy business with a cow which she improved to four cross breed HF Cows with continued financial assistance of Rs. 50,000 and Rs.60,000 in subsequent loaning cycles. She was earning a good income by selling the milk and improved her standard of living by renovating her old house and by giving good education to her children. Now, she has started her own milk collection center with all gadgets and is now collecting 800 liters of milk daily with fourth cycle assistance of Rs. 80,000 and has tied up with Aditya Dairy products for supply of milk. She is now a model business woman earning good income and is aspiring to open milk parlour in the village under Aditya Dairy banner for all dairy bye products.

The Microfinance Landscape In 2024-25

The Indian microfinance sector entered 2025 at a critical juncture—balancing growth aspirations with the need for enhanced risk resilience. The overall outlook was cautiously optimistic, underpinned by regulatory stability, improving rural incomes, and increasing digital adoption, but tempered by challenges such as borrower over-indebtedness, climate vulnerability, and regional economic stress.

As the Indian microfinance sector steps into 2026, the focus shifts from post-stress recovery to structured growth and sustainability. The year ahead is expected to be shaped by evolving borrower behaviour, and increasing regulatory maturity. With a stable macroeconomic environment, 2026 offers opportunities for MFIs to strengthen their financial inclusion agenda while enhancing resilience and efficiency.

Key Themes Shaping the Outlook

1. Moderate but Sustainable Credit Growth

- After a strong rebound in 2025, credit expansion is expected to stabilize at **12–15% CAGR**, with institutions focusing on **repeat lending, cross-sell, and livelihood-based products**.
- Urban and semi-urban markets may see increased penetration, while rural geographies will remain core to growth strategies.

2. Improved Asset Quality with Cautious Lending

- GNPA levels, which peaked in earlier years due to regional stress and overleveraging, are expected to improve across most MFIs.
- Risk-based pricing, enhanced credit bureau usage, and real-time borrower profiling will drive **better quality origination**.

3. Borrower-Centric Models Evolving

- Increasing awareness among customers, along with competitive intensity, will push MFIs toward offering value-added services such as:
 - ✦ Livelihood advisory
 - ✦ Insurance bundling
 - ✦ Skilling and market linkage
- The “credit plus” model will see more widespread adoption.

4. Regulatory Evolution & Market Discipline

- The RBI may introduce **enhanced supervision frameworks**, particularly for mid-sized and large NBFC-MFIs. Stricter enforcement of interest **rate transparency**, **household income thresholds**, and **suitability norms** will define the next phase of responsible lending.
- The sector is likely to see more mergers and consolidations as scale and compliance capacity become competitive differentiations.

5. Funding Diversification

- Traditional debt flows from banks and DFIs will continue, but more MFIs will explore:
 - ✦ Securitization and co-lending models
 - ✦ Impact capital and blended finance
- Traditional debt flows from banks and DFIs will continue.

Opportunities & Challenges

Opportunities	Challenges
Tech-driven efficiency & outreach	Rising compliance costs
Underbanked segment expansion	Regional socio-political risks
ESG & SDG-aligned product innovation	Borrower fatigue in saturated markets
Financial education integration	Talent retention in field-level operations

Conclusion

2026 is expected to be a **transformational** year for the microfinance industry—where growth will be measured not just by scale, but by **impact, innovation, and inclusion**. Institutions that focus on **customer protection, operational digitization, and responsible credit** will be better positioned to lead the next decade of inclusive finance.

Operations of the Company

IDFFSPL had formed a considerable base in the past years, IDF FSPL had achieved multiple milestones of serving over **80,000** clients, crossing ₹ 240.27 Crores AUM, branches under operations crossing 97, and gross income exceeding ₹ **54.62 Crores**.

As on March 31, 2025, IDFFPSL operated 97 branches across 5 States with a presence in 30 districts, with client base of **75,924** serviced by over 345 staff, majority of them in the field.

It has disbursed ₹ 167.29 Crores to 28692 clients during the year when compared to 227.83 Crores to 41,387 clients in the previous year, a negative growth of -26.57% in value terms.

AUM stood at 240.27 Crores during the year as against 283.23 Crores, a decline in growth of 15.17% over the previous year.

It has a presence in 5 states with more than ₹ 240 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 moderate operational and financial performance during the year 2024-25

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. 167.29 Crores during the year 2024-25. The disbursements have decreased by 26.57% as compared to the previous year from Rs. 227.83 crs for FY 2023-24.
- The Company added 12 new branches and the number of branches increased by 14.12% from 85 branches in FY 2024 to 97 branches for FY 2024-25.
- The AUM decreased by 15.17% from Rs. 283.23 crs in the previous year to Rs. 240.27 crs during the year.
- PAR above 90 days is 4.16% as on March 2025.

2.2 Portfolio:

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

₹ in Lakh

Description	As on March 2025	As on March 2024
Total value of loans disbursed during period	16727.27	22783.76
Total number of loans disbursed to SHGs during period	28692	41,387
Number of active borrowers	75924	84,072
Average number of active borrowers	79998	83,667
Value of loan outstanding	24026.81	28,323.35
Average outstanding balance of loans	26175.08	26,535.69
Value of payments in arrears	691.07	197.64
Value of outstanding balance of loans in arrears	861.47	378.34
Value loans written off during period	464.90	238.82
Average loan size per member	58302	55,050
Average loan term (months)	24-36	24-36
Average number of loans officers during period	182	187

Our company operates in 30 districts of Karnataka, Maharashtra and Goa and the district wise breakup of AUM loan details as on 31st March 2025 is as follows:

Sl No	State	Districts	Amt in Rs. Lakhs	
			OS Balance	%
1	Andhra Pradesh	Sri Sathya Sai	82	0.34%
2	Goa	North Goa	955	3.98%
3	Goa	South Goa	206	0.86%
4	Karnataka	Bagalkot	385	1.60%
5	Karnataka	Ballari	1,297	5.40%
6	Karnataka	Belgaum	4,326	18.01%
7	Karnataka	Chikkamagaluru	300	1.25%
8	Karnataka	Chitradurga	576	2.40%
9	Karnataka	Davanagere	367	1.53%
10	Karnataka	Dharwad	994	4.14%
11	Karnataka	Gadag	426	1.77%
12	Karnataka	Haveri	1,565	6.51%
13	Karnataka	Kalburgi	457	1.90%
14	Karnataka	Koppal	299	1.24%
15	Karnataka	Raichur	1,156	4.81%
16	Karnataka	Shimoga	696	2.90%
17	Karnataka	Tumkur	1,385	5.76%
18	Karnataka	Uttara Kannada	637	2.65%
19	Karnataka	Vijayanagar	336	1.40%
20	Karnataka	Vijayapura	1,643	6.84%
21	Karnataka	Yadgir	406	1.69%
22	Maharashtra	Dharashiv	228	0.95%
23	Maharashtra	Kolhapur	621	2.58%
24	Maharashtra	Latur	555	2.31%
25	Maharashtra	Pune	257	1.07%
26	Maharashtra	Ratnagiri	88	0.37%
27	Maharashtra	Sangli	172	0.72%
28	Maharashtra	Sindhudurg	449	1.87%
29	Maharashtra	Solapur	3,092	12.87%
30	Telangana	Jogulamba Gadwal	69	0.29%
		Total	24,025	100%

The portfolio is concentrated most in Belgaum district accounting for 18.01% followed by Solapur district at 12.87%.

The Company has added 12 new branches in Andhra Pradesh (1 branch), Karnataka (7 branches), Maharashtra (3 branches) and Telangana (1 branches).

2.3 Product-wise distribution

Product	2024-25			2023-24		
	Number of accounts	Amount in Lakh ₹	%	Number of accounts	Amount in Lakh ₹	%
I Cycle	28753	7582.44	31.56%	31,314	7,963.13	28.11%
II Cycle	17972	5465.47	22.75%	17,185	6,268.98	22.13%
III Cycle	6266	2189.54	9.11%	6,466	2,660.58	9.39%
IV Cycle onwards	4274	1734.74	7.22%	4,177	2,092.91	7.38%
Individual Loan	7428	3721.51	15.49%	6,078	3,146.01	11.10%
BC Business	11231	3333.10	13.87%	18,852	6,191.71	21.86%
Total	75924	24026.81	100.00%	84,072	28,323.32	100%

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-25 (%)	Mar-24 (%)
1	Agri and agri-allied activities	56.85%	52.16%
2	Small business, trading, manufacturing, etc.	18.33%	16.88%
3	Service activities	5.33%	5.18%
4	Housing	3.61%	1.91%
5	Consumption	0.04%	0.04%
6	Other Purposes	1.34%	0.99%
7	Wash Product	0.63%	0.94%
8	BC Model (Agri. & Business)	13.87%	21.86%
	Total	100.00%	100.00%

94.39% of the loans are for livelihood activities while 5.61% of the loans are for consumption purposes

2.5 Portfolio quality

No.	Type of Loans	Mar-25			Mar- 24		
		No. of Borrowers	Value of Loans	% Loan Outstanding	No. of Borrowers	Value of Loans	% Loan Outstanding
1	Regular Loans	64317	21167.45	88.10%	82,384	27,811.07	98.19%
2	Less than 30 Days past due	3553	786.29	3.27%	215	58.83	0.21%
3	Between 30-60 days past due	2491	600.82	2.50%	88	28.21	0.10%
4	Between 60-90 days past due	2115	610.78	2.54%	141	46.88	0.17%
5	Between 91-180 days past due	2211	530.77	2.21%	419	24.58	0.09%
6	Between 181-365 days past due	1196	321.25	1.34%	658	116.68	0.41%
7	>365 days past due	41	9.44	0.04%	167	54.88	0.19%
	Total	75924	24026.81	100.0%	84,072	28,323.35	100.00%

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 26 lenders across Banks, Financial Institutions, NBFCs, who have sanctioned a total of ` 142 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 2024-25 was approximately 15.52%.

Lender's Profile	Amt in ₹ Lacs	
	31-Mar-25	31-Mar-24
Secured Term Loan		
- From Banks		
Bank of Baroda	796.64	-
Canara Bank	250.00	383.62
Dhanlaxmi Bank	127.07	448.11
ESAF Small Finance Bank	300.08	978.87
Federal Bank	317.86	-
IDFC First Bank	1,625.00	1,500.00
Indian Overseas Bank	2,178.82	1,722.01
Jana Small Finance Bank	1,333.33	324.28
Karnataka Gramin Bank	824.98	1,438.81
Karnataka Vikas Grameen Bank	1,591.83	582.28
Karur Vysya Bank	1,211.88	912.96
South Indian Bank	402.37	881.56
State Bank of India	-	915.68
UCO Bank	1,502.31	462.00
Union Bank of India	1,162.03	1,528.38
Sub Total	13,624.23	12,078.56
-From Financial Institutions/NBFC		
Ananya Fin. For Inclusive Growth Pvt Ltd	-	125.00
Arohan Financial Services Ltd	365.18	852.09
Electronica Finance Ltd	42.86	197.68
Friends of WWB, India	-	71.73
Habitat Micro build India Private Limited	328.88	222.06
Maanaveeya Development Fin. Pvt Ltd	666.64	333.28
Manappuram Finance Ltd	-	267.73
NABFINS Limited	200.53	548.48
Nabkisan Finance Ltd	840.82	1,147.36
Nabsamruddhi Finance Limited	948.17	1,587.47
Profectus Capital Pvt Ltd	-	22.11
RAR Fincare Ltd	46.93	148.34
Real Tocuh Finance Ltd	-	137.56
Small Industries Development Bank of India	2,094.99	1,443.90
Usha Financial Services Ltd	110.76	256.38
Sundaram Finance Ltd	226.61	462.81
Grow Money Capital	30.71	199.32
Sub Total	5,903.10	8,023.30
Secured Cash Credit		
Bank of India	1.31	0.86
Canara Bank	277.94	-
Karnataka Vikas Grameen Bank	488.41	3.29
Sub Total	767.66	4.15
Unsecured Term Loan		
-From Financial Institutions/NBFC		
Maanaveeya Development Fin. Pvt Ltd	500.00	500.00
Sub Total	500.00	500.00
Grand Total	20,794.99	20,606.01

Director's Report

Your Director's have pleasure in submitting their Director Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2025.

1. Financial Summary:

Particulars	As at the end of current reporting period 31 Mar 2025	As at the end of current reporting period 31 Mar 2024
Revenue from Operation	48,22,63,730	40,16,88,737
Other income	6,39,28,303	9,01,06,967
Expenses	54,61,92,033	41,66,24,727
Profit before taxation	4,03,67,906	7,51,70,977
Less: Provisions for Taxation		
Current Tax	85,87,388	1,78,89,000
Reversal of income tax provisions	0	0
Deferred tax	22,07,739	-1783442
Profit after Taxation	2,95,72,779	5,90,65,419

Financials are displayed in 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-2025	Mar- 24	% Growth
Number of Branches	97	85	14.12%
Total Customers (mSHGs)	23,834	24,738	-3.65%
No. of loans Disbursed (AUM)	28,692	41,387	-30.67%
No. of loans Disbursed-BC	1,921	6,677	-71.23%
Total Amount Disbursed (AUM) (in Lakhs)	16,729.47	22,783.76	-26.57%
Total Amount Disbursed-BC(in Lakhs)	1,151.62	4,109.52	-71.98%
No. of accounts Outstanding (AUM)	75,924	84,072	-9.69%
No. of accounts Outstanding-BC	11,231	18,852	-40.43%
Outstanding's Portfolio (AUM) (in Lakhs)	24,026.81	28,323.35	-15.17%
Outstanding's Portfolio-BC (in Lakhs)	3,333.10	6,191.72	-46.17%

On Book:

Particulars	IDF FSPL		
	Mar-2025	Mar- 24	% Growth
No. of loans Disbursed	26,771	34,710	-22.87%
Total Amount Disbursed (in Lakhs)	15,577.85	18,674.24	-16.58%
No. of accounts Outstanding	64,693	65,220	-0.81%
Outstanding's Portfolio (in Lakhs)	20,693.71	22,131.64	-6.50%
Wash Portfolio accounts (in Lakhs)	904	1,002	-9.78%
Wash Portfolio ₹ (in Lakhs)	150.30	268.77	-44.08%

3. Number of Meetings of the Board:

During the Financial year ended 31st March, 2025, Four 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
18/05/2024	7
17/08/2024	6
30/09/2024	4
17/01/2025	3

Directors and their attendance:

Name of the Director	Number of Meeting attended	Sitting fee given
V N Salimath	4	00
N M Patil	4	00
T V Srikanta Shenoy	4	00
R M Kummur	2	20,000
Sahadev G	2	20,000
Kasturi Dambal	2	10,000
G M Deshpande	2	00

The provisions of Companies Act, 2013 relating to Audit Committee and Risk Committee is not applicable to the company but the committees were constituted according to the SRO guidelines and meetings were duly held.

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. Mr. R M Kummur and Mr. Sahadev G was resigned from the office with effect from 30th August, 2024. Later Mr. Satish Ballal was appointed as independent auditor with effect from 21st February, 2025.

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. 59,14,556 to statutory reserve.

11. Dividend:

Following dividend were paid:

Interim dividend on Optionally Convertible Preference Shares:

Sr. No	Particulars	Shares Amount	Fixed Dividend	Variable Dividend	Dividend Amount
1	Optionally Convertible Preference Shares (issued in 2019-20)	5,05,00,000	9%	1%	50,50,000
2	Optionally Convertible Preference Shares (issued in 2022-23)	4,20,00,000	9%	1%	42,00,000
3	Optionally Convertible Preference Shares (issued in 2023-24)	5,50,00,000	10%	0%	55,00,000
	Sub Total	14,75,00,000			1,47,50,000
4	Compulsorily Convertible Preference Shares	7,23,24,850	9%	0%	65,09,237
	Grand Total				2,12,59,237

Additionally dividend of Rs. 65,09,237 on Compulsorily Convertible Preference Shares relating to FY 2023-24 also paid.

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 2024-25

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:

here is no changes in KMP during the year. However following changes are there to Board of Directors:

Name	Change	With effect from
CA Sahadev G	Resignation	30/08/2024
R M Kummur	Resignation	30/08/2024
Satish Ballal	Appointment	21/02/2025

19. Particulars of Employees:

Non 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. R R Kulkarni & Co, Chartered Accountants (Firm Registration Number: 211616) to hold the office till the conclusion of Annual General Meeting to be held in the year 2029. 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
Nil	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. And there was no pending complaints from the last year.

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:

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 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, 2025, the Company's total Capital to Risk Asset Ratio stood at 24.06% out of which Tier I capital adequacy ratio was at 15.62 % and Tier II capital adequacy ratio was at 8.44 %. is well above the regulatory minimum of 15%.

Detailed calculation was shown in note 03.03.1 of Financials.

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. Regular geographical expansions were there
- 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 as below:

Rs. 35,00,00,000 (Rupees Thirty Five 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. 23,00,00,000 (Rs. Twenty Three Crores only) divided into 2,30,00,000(Two Crore Thirty 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:

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 06-09-2024: [Previous rating BBB- by CRISIL Rating is under Surveillance (Pronounced as CRISIL Triple B Minus) Outlook:Stable.]

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 2024-25 to undertake the Secretarial Audit.

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, 2025, 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: 30.04.2025
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)]: **12.35L**
6.
 - (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): 12.71L
 - (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)+(c)]: **12.71L**
 - 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 subsection (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.
12.71L	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	12.35L
(ii)	Total amount spent for the Financial Year	12.71L
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.36L
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	0.059L
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.41L

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 Registration Number, if applicable	Name	Registered address
	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: 30.04.2025

Place: Bangalore

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2025
[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 2025

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 01st April 2024 to 31st March 2025, 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 2025 ("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 2025, 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.**

1

No.208, 2nd Floor, 3rd cross, 14th Main, 2nd Block, BSK I stage Bangalore 560050.
Cell: +91 8951250541 | E-mail: cs.adarsha@gmail.com





- 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.

The changes, in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

There were no changes in the Authorised capital and paid-up share capital of the company during the period under review.

Adarsha M A

CS Malali Ananthram Adarsha
ACS 61879 | CP No: 23994
UDIN: A061879G001006416
PR: 3224/2023
Date: 14th August 2025
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)

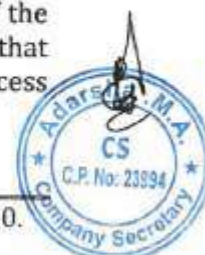
HOUSE NO 5, ANUGRAHA, SECOND FLOOR (UNIT-1),
NATIONAL HIGH SCHOOL ROAD, V V PURAM, BASAVANAGUDI,
BANGALORE, KARNATAKA-560004

My Secretarial Audit Report for Financial Year ended on 31 March 2025 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.



- 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: A061879G001006416



Date: 14th August 2025
Place: Bangalore



M/s. R.R. Kulkarni & Co.

CHARTERED ACCOUNTANTS

"CA AUDIT CABIN", Laxmi Apartment, Kalaghatgi Road, Saraswatpur, Dharwad-580 002
Ph: 0836-2442076/9880539835, E-mail: caauditcabin@gmail.com/rajanna_ca@rediffmail.com

**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 31st March 2025, 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 31st, 2025 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 31st March, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2025, 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: 02-05-2025

for M/s. R R Kulkarni & Co.,
CHARTERED ACCOUNTANT
F.R.No. 010916S
CA R R Kulkarni
Proprietor
Mem.No.211616
UDIN: 25211616BMILBO7401



"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 31st 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.



The block contains a handwritten signature in green ink at the top right. Below it is a circular stamp, likely an official seal or stamp of the auditors, though the text within it is not clearly legible.

(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

₹

Balance Sheet as at	Note no.	31/Mar/25	31/Mar/24
I. EQUITY AND LIABILITIES			
Shareholder's fund			
(a) Share capital	2.01	328,037,150	328,037,150
(b) Reserves and surplus	2.02	148,007,408	146,203,103
		476,044,558	474,240,253
Non-Current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	2.03	791,969,618	880,077,225
(b) Long-term provisions	2.06	44,215,736	44,261,328
		836,185,354	924,338,553
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings			
(A) Short-term borrowings	2.04	76,766,901	415,539
(b) Other current liabilities	2.05	1,226,021,328	1,217,078,016
(c) Short-term provisions	2.06	794,166	1,404,025
		1,303,582,395	1,218,897,580
Total Equity and Liability		2,615,812,307	2,617,476,386
II. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2.07	4,769,619	4,346,688
(b) Deferred Tax Asset (net)	2.08	5,057,834	7,265,573
(c) Long Term Loans and Advances	2.09	384,415,484	571,323,840
(d) Other Non-Current Assets	2.11	262,096,865	194,242,459
(i) Security Deposits	2.12	31,406,556	42,036,221
		687,746,358	819,214,781
Current assets			
(a) Cash and cash equivalents	2.10	204,137,297	112,602,028
(b) Short-term loans and advances	2.09	1,702,696,231	1,662,856,961
(c) Other current assets	2.11	21,232,421	22,802,616
		1,928,065,949	1,798,261,605
Total Assets		2,615,812,307	2,617,476,386
Significant accounting policies and notes on accounts	1 & 2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date

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 : 2.05.2025
Place: Bangalore

₹


Statement of Profit and Loss for the year ended	Note no.	31/Mar/25	31/Mar/24
Income			
Revenue from operations	2.13	482,263,730	401,688,737
Other Income	2.14	63,928,303	90,106,967
Total Income		546,192,033	491,795,704
Expenses			
Employee benefits expense	2.15	104,880,928	99,308,213
Finance costs	2.16	304,990,071	248,550,779
Depreciation and amortization expenses	2.07	1,967,899	1,459,157
Provisions and write-offs	2.17	56,402,437	34,379,680
Other expenses	2.18	37,582,792	32,926,898
Total expenses		505,824,127	416,624,727
Profit before tax		40,367,906	75,170,977
Tax expenses:			
- Current tax		8,587,388	17,889,000
- Deferred tax (credit) / charge		2,207,739	(1,783,442)
		10,795,127	16,105,558
Profit after tax		29,572,779	59,065,419
Earning per equity share (EPS) [refer note 3.04]			
- Basic (face value of ₹ 10/- each)		3.73	6.95
- Diluted (face value of ₹ 10/-each)		1.23	2.29
Significant accounting policies and notes on accounts	1 & 2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date

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: 016742110)

Date : 2.05.2025
 Place: Bangalore


Cash flow statement for the year ended		31/Mar/25	31/Mar/24
Cash flow from operating activities			
Profit before tax		40,367,906	75,170,977
Add : Non cash expenditure / Non operating income			
Depreciation and amortisation expenses		1,967,898	1,459,157
Interest on term deposits		(24,663,409)	(18,496,249)
Loan provisions and write offs		(655,451)	5,575,171
Profit on sale of Investments			
Deferred Tax Income			
Operating profit before working capital changes		17,016,944	63,709,056
Changes in working capital:			
(Decrease) / Increase in provisions			-
(Increase) / Decrease in Loans and advances		147,069,086	(351,220,522)
(Increase) / Decrease in other assets		(55,654,546)	(29,960,730)
(Decrease)/increase in other current liabilities		8,943,312	227,902,422
Cash generated from / (Used in) operating activities		117,374,796	(89,569,775)
Income tax paid (Net)		(8,587,388)	(17,889,000)
Net cash generated from / (Used in) operating activities	(A)	108,787,408	(107,458,775)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,386,866)	(1,535,123)
Interest on term deposits		24,663,409	18,496,249
Sale of Property plant and Equipment		996,037	-
Net cash flow from / (Used in) investing activities	(B)	22,272,580	16,961,126
Cash flows from financing activities			
Proceeds from issue of Optionally Convertible 9% Cumulative Preference shares		-	55,000,000
Proceeds from Long-Term borrowings (Net)		(88,107,607)	77,729,973
Proceeds from Short-Term borrowings (Net)		76,351,362	(53,370,621)
Dividend paid		(27,768,474)	(18,498,825)
Net cash flow from / (Used in) financing activities	(C)	(39,524,719)	60,860,526
Net increase/(decrease) in cash and cash equivalents	(A)+(B)+(C)	91,535,269	(29,637,124)
Cash and cash equivalents at the beginning of the year		112,602,028	142,239,152
Cash and cash equivalents at the end of the year [Refer note 2.10]		204,137,297	112,602,028
Significant accounting policies and Notes on accounts	1 & 2		

As per our report of even date

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 : 2.05.2025
 Place: Bangalore

IDF FINANCIAL SERVICES PRIVATE LIMITED

Significant accounting policies and notes on accounts

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 over due 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	31/Mar/25
Standard Assets	1,983,223,832
Non Performing Assets:	86,146,995
Sub-Standard Assets	
91 days - 180 days	20,669,679
> 180 days	21,008,855
Gross Loan Portfolio	2,069,370,827
Provisioning Norms:	
Provisioning of Higher of:	
a) 1% of the outstanding loan portfolio	20,693,708
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.	31,343,695
Actual Provisions already held	22,131,637
Additional Provision held during the current year	9,212,058
Total Provision at the end of the year ₹	31,343,695

Note:

The company is holding provision required as per statutory norms of the RBI which amounts to ₹ 3,13,43,695/-

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/25	31-Mar-24
Authorized		
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: 2,30,00,000] Preference shares of ₹ 10/- each	230,000,000	230,000,000
TOTAL	350,000,000	350,000,000
Issued, subscribed and paid-up		
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: 1,17,50,000] 9% Cumulative Optionally Convertible Preference shares of ₹ 10/- each fully paid-up	117,500,000	117,500,000
30,00,000 [Previous year: 30,00,000] 10% Cumulative Optionally Convertible Preference shares of ₹ 10/- each fully paid-up	30,000,000	30,000,000
TOTAL	328,037,150	328,037,150

2.01.1 Reconciliation of shares

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

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 old OCPS is 9% and OCPS issued in 2023-24 is at the rate of 10% 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, 2025 is set out below:

	31-Mar-25		31-Mar-24	
	No. of shares	%	No. of shares	%
Equity share capital				
IDF SHG Federation - Dharwad	6,302,167	58.24%	6,302,167	58.24%
IDF FSPL Balaga Welfare trust	-	0.00%	902,147	8.34%
Vivekanand. N. Salimath	1,266,150	11.70%	1,092,515	10.10%
Naganagouda M Patil	1,266,150	11.70%	1,092,515	10.10%
T V Srikantha Shenoy	1,065,559	9.85%	1,065,559	9.85%
Compulsorily Convertible Preference share capital				
IDF SHG Federation - Dharwad	7,232,485	100%	7,232,485	100%
Optionally Convertible Preference share capital				
IDF SHG Federation Dharwad	6,440,000	43.66%	6,440,000	43.66%
Swavalambana Trust	2,300,000	15.59%	1,500,000	10.17%

Shares held by promoters at the end of the period				% Change during the year
S. No.	Promoter Name	No of Shares	% of total shares	
EQUITY				
1	Vivekanand. N. Salimath	1,266,150	11.70%	1.60%
2	Naganagouda M Patil	1,266,150	11.70%	1.60%
3	T V Srikantha Shenoy	1,065,559	9.85%	0.00%
4	Lalita Patil	107,900	1.00%	0
5	Shobha Salimath	258,427	2.39%	0
6	Gururaj M Deshpande	40,593	0.38%	0
Total		4,004,779	37.02%	-
Optionally Convertible Preference Shares				
1	Nagabhushan V	130,000	0.88%	0
2	Gramserv Private Limited	100,000	0.68%	0
3	Lalita Patil	80,000	0.54%	0
4	Shobha Salimath	67,500	0.46%	0
5	G M Deshpande	100,000	0.68%	0

2.02 Reserves and Surplus

	31-Mar-25	31-Mar-24
Statutory reserve		
Opening balance	61,027,153	49,214,069
Additions during the year #	5,914,556	11,813,084
	66,941,709	61,027,153
General Reserve		
Opening balance	24,200,000	24,200,000
Transferred from Profit and Loss	-	-
	24,200,000	24,200,000
Other Reserves		
Bad Debt Reserve Fund		
Opening balance	2,495,197	495,197
Transferred from Profit and loss account	-	2,000,000
Less: Utilized D/y	-	-
	2,495,197	2,495,197
Securities premium account		
Opening balance	776,700	776,700
Additions during the year	-	-
	776,700	776,700
	94,413,606	88,499,050
Surplus in the statement of Profit and Loss		
Opening balance	57,704,053	30,950,543
Add: Profit/(loss) for the year	29,572,779	59,065,419
Less: Transferred to statutory reserve#	5,914,556	11,813,084
Less: Transferred to Bad Debt Reserve Fund	-	2,000,000
Less: Dividend Paid	27,768,474	18,498,825
	53,593,802	57,704,053
	148,007,408	146,203,103

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-25	31-Mar-24
Secured		
- From banks		
Canara Bank	24,999,998	38,362,144
Dhanlaxmi Bank	12,707,321	44,811,335
ESAF Small Finance Bank	30,008,371	97,887,219
IDFC First Bank	162,500,000	150,000,019
Indian Overseas Bank	217,882,058	172,201,855
Jana Small Finance Bank	133,333,360	32,428,668
Karnataka Grameen Bank	82,498,408	143,881,759
Karnataka Vikas Grameen Bank	159,182,757	58,228,168
Karur Vysya Bank	121,188,140	91,296,044
South Indian Bank	40,237,158	88,156,979
State Bank of India	-	91,568,678
UCO Bank	150,231,453	46,200,310
Union Bank of India	116,203,421	152,838,791
Federal Bank Term Loan	31,786,164	-
Bank Of Baroda	79,664,057	-
	1,362,422,666	1,207,861,969
- From Financial Institutions/NBFC		
Ananya Fin. for Inclusive Growth Pvt Ltd	-	12,500,002
Arohan Financial Services Ltd	36,518,162	85,209,330
Electronica Finance Ltd	4,286,371	19,768,257
Friends of WWB	-	7,173,924
Habitat Microbuild India Private Limited	32,887,932	22,206,490
Maanaveeya Development & Fin. Pvt Ltd	66,664,000	33,328,000
Manappuram Finance	-	26,773,464
NABFINS Limited	20,052,840	54,848,480
Nabkisan Finance Ltd	84,081,893	114,736,737
Nabsamruddhi Finance Limited	94,817,047	158,747,901
Profectus Capital Private Limited	-	2,211,305
RAR Fincare Ltd	4,693,346	14,834,279
Real Tocuh Finance Ltd	-	13,756,270
Small Industries Development Bank of India	209,499,000	144,390,000
Usha Financial Services Ltd	11,076,307	25,638,154
Sundaram Finance TL - 1	22,661,338	46,281,344
Grow Money Finance Ltd	3,071,381	19,932,499
	590,309,617	802,336,436
	1,952,732,283	2,010,198,405
Less: Current Maturities of Long-Term Borrowings (refer note no 2.05)		
- From banks	817,349,002	690,853,486
- From Financial Institutions/NBFC	393,413,663	489,267,694
	1,210,762,665	1,180,121,180
Unsecured Loan from Financial institutions		
MAANAVEEYA SUB-DEBT	50,000,000	50,000,000
Long term borrowings	791,969,618	880,077,225

2.04 Short Term Borrowings

From Banks- Secured		
Cash credit #	76,766,901	415,539
	76,766,901	415,539
Grand Total Borrowings	2,079,499,184	2,060,613,944

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
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
Bank of Baroda	11.85	9/10/2027	100,000,000	36 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 Srinkantha Shenoy
	12.45	9/20/2026	50,000,000	36 EMI	
Dhanlaxmi Bank Ltd	12.50	3/27/2026	50,000,000	12 Quarterly Instalments	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.50	3/27/2026	40,000,000		
ESAF Small Finance Bank	14.50	3/31/2026	50,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Electroncia Finance Ltd	14.50	5/31/2025	30,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Grow Money Finance Ltd	15.50	3/31/2025	50,000,000	18 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Federal Bank	12.25	7/18/2025	50,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Habitat Micro Build India Housing Pvt Ltd	14.50	6/21/2026	50,000,000	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 Srinkantha Shenoy
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
	13.30	6/30/2026	150,000000	36 EMIs	
	12.75	8/31/2026	150,000000	36 EMIs	
Jana Small Finance Bank	13.50	7/3/2026	200,000000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy

Name	Rate of Interest %	Date of Maturity	Sanction Amount	Tenure	Personal Guarantee
Karnataka Gramin Bank	12.85	3/20/2027	75,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.50	3/30/2026	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
	13.50	9/30/2027	75,000,000	36 EMIs	
	12.50	3/19/2026	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 Srinkantha Shenoy 3. Naganagouda M Patil
	11.50	1/5/2028	70,000,000	36 EMI	
Maanaveeya Development & Finance Pvt Ltd	14.75	7/31/2026	100,000,000	24 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
	17.50	12/8/2028	50,000,000	6 years (2 Instalments)	
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 Srinkantha Shenoy 3. Naganagouda M Patil
	13.25	5/31/2027	50,000,000	30 EMIs	
	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 Srinkantha Shenoy 3. Naganagouda M Patil
	13.50	1/31/2027	80,000,000	36 EMIs	
	13.25	1/31/2027	20,000,000	36 EMIs	
RAR Fincare Limited	16.25	8/28/2025	20,000,000	24 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil
Small Industries Development Bank of India	13.00	4/10/2025	40,000,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
	11.60	7/10/2027	150,000,000	36 EMIs	
	11.35	4/10/2027	100,000,000	36 EMIs	
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
	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
	12.15	11/30/2027	150,000,000	36 EMIs	
Union Bank of India	11.70	10/18/2027	50,000,000	36 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	11.65	8/31/2025	70,000,000	36 EMIs	
	11.65	11/30/2025	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

2.05 Other current liabilities

	31-Mar-25	31-Mar-24
Current Maturities of long-term borrowings [refer Note 2.03]	1,210,762,665	1,180,121,180
Interest accrued but not due on borrowings	5,519,481	3,590,996
Statutory Liabilities	3,918,201	3,357,289
Gratuity present value of obligation [refer note 3.05 below]	-	1,879,625
Statutory Audit Fees Payable	270,000	270,000
Other Payables *	5,550,981	27,858,926
	1,226,021,328	1,217,078,016

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

2.06 Long-term / Short-term Provisions

	31-Mar-25		31-Mar-24	
	Long-Term	Short-Term	Long-Term	Short-Term
Employee benefits (Gratuity) [refer note 3.05 below]				
Provision for non-performing assets	31,343,695	-	22,131,637	-
Provision for Contingent Expenses	-	794,166	-	1,404,025
Provision for Taxation	12,872,041	-	22,129,691	-
	44,215,736	794,166	44,261,328	1,404,025

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-25	31-Mar-24
Deferred tax asset arising on:		
Opening Balance	7,265,573	5,482,131
Depreciation and amortisation	-	(30,730)
Provision on bad and doubtful debts	(2,317,754)	-
	4,947,819	5,451,401
Deferred tax liability arising on:		
Depreciation and amortisation	(91,875)	-
Prepaid Processing & Consultation Charges	(18,140)	(1,814,172)
Deferred tax Asset / (Liability) (net)	5,057,834	7,265,573

2.09 Long-term / Short-term Loans and advances

	31-Mar-25		31-Mar-24	
	Non-current	Current	Non-current	Current
Unsecured				
Considered good	355,434,562	1,627,789,270	538,552,972	1,636,776,296
Considered doubtful	11,240,034	74,906,961	11,753,717	26,080,665
	366,674,596	1,702,696,231	550,306,689	1,662,856,961
Less: Provision for Standard Assets	-	-	-	-
Less: Provision for Non Performing Assets	31,343,695	-	22,131,637	-
	335,330,901	1,702,696,231	528,175,052	1,662,856,961
Unsecured, considered good				
Rent Advance	2,655,500		2,790,500	
TDS Receivables	4,085,388		6,226,651	-
Advance tax	11,000,000	-	12,000,000	-
Security deposits against Loan	-	-	-	-
	17,740,888	-	21,017,151	
	384,415,484	-	571,323,840	1,662,856,961

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-25	31-Mar-24
Balances with banks		
- in current accounts	14,375,779	66,453,027
- in deposit account	188,990,358	43,753,801
- in Cash Credit account (Debit balance)	-	1,828,497
Other bank balances		
Deposits (Encumbered) with maturity more than 12 Months*	262,096,865	194,242,459
Less: Amounts disclosed as other non-current assets (refer note 2.11)	(262,096,865)	(194,242,459)
Cash on hand	771,160	566,703
	204,137,297	112,602,028

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

2.11 Other Non-Current / Current Assets

	31-Mar-25		31-Mar-24	
	Non-current	Current	Non-current	Current
Interest Receivable on Investments	-	834,420	-	845,782
Deposits-maturity more than 12 Months (refer note 2.10)	262,096,865	-	194,242,459	-
GST Receivable	-	1,362,604	-	-
Other receivables	-	22,345	-	277,653
Stamps on hand	-	5,011	-	8,371
Pre-Paid Processing Charges	-	13,780,369	-	12,636,802
Prepaid Loan Consultation fees	-	3,368,280	-	4,292,250
JANA-BC Commission Receivable on Recovery	-	1,435,716	-	3,749,395
JANA-BC 1% Processing fees receivable on DB	-	-	-	321,546
IDBI-BC Commission Receivable on Recovery	-	25,138	-	580,321
BC Loan Collection A/c	-	-	-	90,496
Arohan BC commission Receivable	-	83,613		
Gratuity present value of obligation [refer note 3.05 below]	-	314,925		
	262,096,865	21,232,421	194,242,459	22,802,616

2.12 Security Deposits

	31-Mar-25	31-Mar-24
Security Deposits	90,000	25,000
Security Deposit with other NBFCs	12,425,000	14,375,000
IDBI FLDG	7,965,644	7,514,003
Security Deposits with JANA SFB FLDG	9,919,698	20,122,218
SIDBI FLDG	1,006,214	-
	31,406,556	42,036,221

2.13 Revenue from operations

	31-Mar-25	31-Mar-24
Interest Income	466,739,880	382,844,077
Service charges on loans	15,523,850	18,659,395
Interest on Income Tax Refund	-	185,265
	482,263,730	401,688,737

2.14 Other income

	31-Mar-25	31-Mar-24
Interest on term deposits	24,663,409	18,496,249
Recovery against loans written off	597,499	1,383,519
Miscellaneous	273,419	4,653
Gratuity excess provision reversed	2,194,550	-
BC Income	35,779,247	70,222,546
Sale of Fixed asset	420,179	-
	63,928,303	90,106,967

2.15 Employee benefit expenses

	31-Mar-25	31-Mar-24
Salaries, wages and bonus	100,388,335	94,124,337
Contributions to provident and other funds	3,722,858	3,572,848
Gratuity	769,735	1,586,028
Staff welfare and training expenses	-	25,000
	104,880,928	99,308,213

2.16 Finance Costs

	31-Mar-25	31-Mar-24
Interest on borrowings	283,772,067	234,994,524
Bank charges	4,132,171	4,196,013
Other Finance costs		
Loan processing fee on borrowings	10,656,683	5,920,209
Documentation and evaluation expenses	3,944,180	1,731,533
Loan Consultation Fees	2,484,970	1,708,500
	304,990,071	248,550,779

2.17 Provisions and write-offs

	31-Mar-25	31-Mar-25
Loans written-off	31,311,274	23,882,072
Contingent Expenses	700,000	-
JANA BC Loan FLDG written off	15,179,105	7,260,491
Provisions for NPA	9,212,058	3,237,117
	56,402,437	34,379,680

2.18 Other operating expenses

	31-Mar-25	31-Mar-24
Rent (refer Note 3.09)	10,184,048	8,107,082
Travelling and conveyance	4,731,510	4,291,577
Communication Expenses	667,374	722,133
Office maintenance	4,425,450	3,384,769
Printing & stationary	708,867	1,877,444
Insurance	1,754,611	1,320,725
Remuneration to auditors (refer Note 2.19 below)	686,583	250,000
Concurrent Audit Fees	490,417	950,000
Repairs and maintenance	2,026,917	1,753,097
Meeting Expenses	224,022	296,318
Subscription Fees	362,608	472,640
Legal Fees-ROC Charges	42,219	591,738
Rates & Taxes	174,564	95,137
Miscellaneous Expenses	24,363	83,134
News Papers and periodicals	5,020	3,690
Other Consultancy /Professional Fees	9,701,548	6,163,109
GST Paid	35,722	1,524,288
DIRECTORS & MANAGING DIRECTORS Insurance	65,508	-
CSR Expenses	1,271,441	1,040,017
	37,582,792	32,926,898

2.19 Auditor's Remunerations

	31-Mar-25	31-Mar-24
Statutory audit	686,583	250,000
	686,583	250,000

Supplementary information

3.01 Contingent liabilities and

	31-Mar-25	31-Mar-24
Contingent liabilities- Compulsorily cumulative convertible preference shares dividend*	-	6,509,237
Commitments	Nil	Nil
*Working Note:	-	
Compulsorily Convertible 9% Cumulative Preference shares	-	6,509,237
Compulsorily Convertible 9% Cumulative Preference shares	-	-
Optionally Convertible 9% Cumulative Preference shares	-	-
	6,509,237	6,509,237

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-25	31-Mar-24
Tier I Capital	328,544,558	306,762,940
Tier II Capital	177,500,000	187,500,000
Total	506,044,558	494,262,940
Total Risk weighted assets		
(i) Adjusted value of funded risk assets i.e. on-balance sheet items	2,103,086,201	2,230,391,714
(ii) Adjusted value of non-funded and off-balance sheet items	-	-
Total risk weighted assets/ exposures	2,103,086,201	2,230,391,714
Capital to Risk-Assets Ratio [CRAR]		
Tier I Capital as a percentage of Total Risk weighted assets (%)	15.62%	13.75%
Tier II Capital as a percentage of total Risk weighted assets (%)	8.44%	8.41%
CRAR (%)	24.06%	22.16%

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 – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The necessary provisions as per RBI norms have been made. The details are shown below:

Asset classification	Loan outstanding (without provisioning)				Provision	
	31-Mar-25		31-Mar-24		As on 31-03- 2025	As on 31-03- 2024
	No. of accounts	Amount	No. of accounts	Amount	Amount	Amount
Standard assets	61,245	1,983,223,832	63,976	2,175,329,268	-	-
Non-Performing assets	3,448	86,146,995	1,244	37,834,382	31,343,695	22,131,637
Total	64,693	2,069,370,827	65,220	2,213,163,650	31,343,695	22,131,637
Jana B C	11,004	328415967	16,546	558,662,054	-	-
IDBI BC	153	2,292,193	2,306	60,509,486	-	-
Arohan BC	73	2,412,094	-	-	-	-
SIDBI BC- Prayas Scheme	1	190,000	-	-	-	-
Total	75,924	2,402,681,081	84,072	2,832,335,190	-	-

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

3.03.3 Qualifying Assets

As of 31st Mar 2025 **96.27%** 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 Sectoral Exposure

Sectors	3/31/2025			3/31/2024		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (? crore)	Gross NPAs (? crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (? crore)	Gross NPAs (? crore)	Percentage of Gross NPAs to total exposure in that sector
Agriculture and Allied Activities	169.93	5.80	3.41%	209.66	2.84	1.35%
Micro Business	44.05	1.95	4.43%	47.81	0.64	1.34%
Services (i) Other services (Micro activities and Essential Services)	12.82	0.56	4.37%	14.69	0.16	1.09%
Water and Sanitation Loan	1.50	0.17	11.33%	2.68	0.03	1.12%
Consumption Loan	11.97	0.13	1.09%	8.39	0.11	1.31%
	240.27	8.61		283.23	3.78	

3.04 Earnings per share

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

	31-Mar-25	31-Mar-24
Net profit as per Statement of profit and loss	40,367,906	75,170,977
Less: Arrears of cumulative preference dividend	-	-
Less: Dividend distribution tax	-	-
Net profit as per Statement of profit and loss for Basic EPS	40,367,906	75,170,977
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	14,750,000
Weighted average number of shares considered for computation of diluted earnings per share	32,803,715	32,803,715
Earning per share:		
Basic	3.73	6.95
Diluted	1.23	2.29
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.

The preference shares are to be converted into equity shares based on the Valuation of equity shares at the time of conversion. But for the purpose of this calculation, conversion ratio is assumed as 1:1.

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).

Expense recognised in the statement of Profit and Loss Account

	31-Mar-25	31-Mar-24
Current service cost	821,871	1,141,569
Past service cost	-	-
Interest cost	538,366	448,826
Expected return on plan asset	(410,551)	(423,250)
Net actuarial (gain) / loss recognized in the year	(2,492,736)	351,742
Expenses recognisable in statement of Profit and Loss Account	(1,543,050)	1,518,887

The amount to be recognised in the Balance Sheet

	31-Mar-25	31-Mar-24
Present value of obligation at the end of the period	6,204,433	7,917,146
Fair value of plan assets as at the end of the period	6,519,358	6,330,416
Interest on fund		
Funded status / Difference	314,925	(1,879,625)
Excess of actual over estimated	35,224	27,728
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognisable in the balance sheet		
Benefits paid (Caim settled)		
Changes in present value of obligation	314,925	(1,879,625)

	31-Mar-25	31-Mar-24
Present value of obligation at the beginning of the period	7,917,146	6,330,416
Acquisition adjustment		
Interest cost	538,366	448,826
Current service cost	821,871	,141,569
Past service cost	-	-
Benefits paid	(615,438)	(383,135)
Actuarial (gain) / loss on obligation	(2,457,512)	379,470
Present value of obligation at the end of the period	6,204,433	7,917,146

Changes in the fair value of plan assets

	31-Mar-25	31-Mar-24
Fair value of plan assets at the beginning of the period	6,037,521	5,969,669
Acquisition adjustment	-	-
Expected return on plan assets	410,551	423,250
Contributions	769,735	9
LIC - OYRGTA Premium	(118,235)	-
Benefits paid	(615,438)	383,135
Actuarial (gain) / loss on plan assets	35,224	27,728
Fair value of plan assets at the end of the period	6,519,358	-
	6,037,521	6,803,791

The Major categories of Plan assets

	31-Mar-25	31-Mar-24
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-25	31-Mar-24
Discount Rate	6.80 P.A.	7.09PA
Salary Growth Rate	5.00 P.A.	8.36PA
Expected Rate of Return on Plan Assets	6.80 P.A.	7.09PA
Retirement Age	60 Years	60 Years
Mortality Table	IALM (2012 -2014)	IALM (2012 -2014)
Employee Turnover / Attrition Rate	100%	100%
18-30 Years	4.94%	5.97%
30-45 Years	4.94%	5.97%
Above 45 Years	4.94%	5.97%

Current / Non-Current Liability

	31-Mar-25	31-Mar-24
Current Liability	396,199	441,255
Non-Current Liability	5,808,234	7,475,891
Net Liability	6,204,433	7,917,146

3.06 Ratios

Particulars	2024-25	2023-24	Numerator	Denominator
(a) Current Ratio	1.48	1.48	Current Assets	Current Liabilities
(b) TOL/TNW	4.40	4.42	Total Debt	Total Shareholder's Equity *
(c) Operating Cost Ratio	7.29%	6.15%	Operating Cost	Average Total Loan Portfolio
(d) Return on shareholders Equity	12.31%	25.01%	Profit Before Tax	Average Shareholder's Equity *
(e) Return on Assets	1.13%	2.42%	Net Income	Average Total Assets
(f) Yield on Portfolio	21.56%	20.79%	Interest Income	Average Loan Portfolio
(g) Cost of funds	15.52%	14.10%	Interest expense	Average Debt Outstanding
(h) Operating Self Sufficient Ratio	107.98%	118.04%	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
(i) Key managerial personnel	
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-24
Mr. Vivekanand N Salimath	Remuneration	Payment	3,917,220	3,650,505
Mr. Naganagouda M Patil	Remuneration	Payment	3,917,220	3,650,505
Swavalambava Trust	Issue of Preference share capital	Receipt	-	4,000,000
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

3.7.3 Disclosure of complaints

(i) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sl No	Particulars	3/31/2025	3/31/2024
Complaints received by the NBFC from its customers			
1	Number of complaints pending at beginning of the year	0	0
2	Number of complaints received during the year	83	50
3	Number of complaints disposed during the year	83	50
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	0	0
Maintainable complaints received by the NBFC from Office of Ombudsman			
5			
5.1	Number of maintainable complaints received by the NBFC from Office of Ombudsman	0	0
5.2	Of 5, number of complaints resolved through conciliation /mediation/ advisories issued by Office of Ombudsman	0	0
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Sl No	Grounds of complaints, (i.e. complaints relating to	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	number of complaints pending beyond 30 days
3/31/2025						
1	Loans and advances application	0	31	68%	0	0
2	Credit Bureau related	0	8	-150%	0	0
3	Insurance	0	13	100%	0	0
4	Loans and advances disbursement and repayment	0	17	-18%	0	0
5	Grievance against staff	0	0	0%	0	0
6	Others	0	14	100%	0	0
	Total	0	83			

3/31/2024						
1	Loans and advances application	0	10	0	0	0
2	Credit Bureau related	0	20	0	0	0
3	Insurance	0	0	0	0	0
4	Loans and advances disbursement and repayment	0	20	0	0	0
5	Grievance against staff	0	0	0	0	0
6	Others	0	0	0	0	0
	Total	0	50			

3.08 Earnings and expenditure in foreign currency

	31-Mar-25	31-Mar-24
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/ sub-lease agreements.

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 06-09-2024: [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




Prashant Hegde
 Company Secretary
 Mem. No. ACS 56041


V.N. Salimath
 Director
 (DIN: 00253109)


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

Date : 2.05.2025
 Place: Bangalore



Financial Partners



Operational Partners

TECHNOLOGY



CREDIT BUREAU



RATINGS PARTNERS



Statutory Auditors

M/s R R Kulkarni & Co
Chartered Accountants
F.R. No. 010916S

Scan Here



www.idf-finance.in

idf

IDF Financial Services Private Limited

Regd. Off. : No. 5, "Anugraha", 2nd Floor, National High School Road,
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