

Satisfying our shareholders,
without profiting from poverty



Annual
Report
2014-15

Sustainable Development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance

- Ban Ki Moon



Chairman's Message

Dear Members,

IDF Financial Services was established with a profound sense of commitment & optimism to carry on the mission of Initiatives for Development Foundation during 2005 towards providing credit plus services enriching the livelihood opportunities for the thousands of financially excluded members of the society.

Let me take this privilege to share with you my thoughts on the path travelled during the last decade and the opportunities for growth and the path we have defined to move ahead.

Looking Back

Traversing the path with the underprivileged since 2005 has not been an easy one. It has had its share of ups & downs. Initially, the growth of the microfinance segment of IDF kept pace with the overall growth of the Industry. However, the need for greater leveraging to reach out to more number of the deserving clients along with the legislative changes compelled IDF to hive off its microfinance activities to your Company. Your Company, bearing in mind the vision of the founding fathers, ensured that the community participation in the company would be strong. Thus with the help of equity participation by the SHG members through their Federations, the Company has been able to fulfil the aspirations of a large number of people. Keeping in mind the changing microfinance environment, the Company has been constantly redefining its business model and revamping its operational procedures, venturing into new territories, thereby addressing many of the vexatious issues. During these testing times, many Banks and financial Institutions like State Bank of India, NABARD, NABARD Financial services and Ananya Financial services for Inclusive growth have stood with us unflinchingly.

The Way ahead

As you are all aware, the present Government under the leadership & guidance of Honourable Prime Minister Sri. Narendra Modi has initiated several measures towards more inclusive financial reach and access to the hitherto deprived sections of the society. The Pradhan Mantri Jan Dhan Yojana has been able to bring in more than 14 crore people into the formal financial sector. Direct Benefit transfer (DBT) of government subsidies, Rupay debit cards, accidental insurance cover of Rs.1.00 lakh, overdraft of Rs.5000/- to be raised to Rs.15000/- subject to conditions have been offered to all such account holders. Further, during May 2015, three social security schemes have been launched which brings Insurance and Pension within the reach of millions.

The establishment of MUDRA (Micro Units Development & Refinance Agency Ltd) by the Government of India with the broader objective of mainstreaming the informal Non Corporate Small Business Sector by catering to their financial needs

is one of the biggest developments in the financial space. The regulation of Microfinance entities would be one of the prime responsibilities of MUDRA. It envisages a greater role for Micro Finance as an economic development tool whose objective is to provide income generating opportunities to the people at the bottom of the pyramid covering a range of services which include, in addition to the provision of credit, many other credit plus services such as savings, pensions, insurance, money transfers, counselling, financial literacy and other social support services.

The present economic scenario in the country provides tremendous opportunities as well as plenty of challenges for the microfinance industry. Opportunities for serving a large number of the unserved and underserved segments of the society, utilising the platform provided by the Government for greater outreach, leveraging technology to serve our clients in a more efficient manner, support from the regulators RBI and MUDRA Bank.

Challenges include Government incentives & schemes to the deprived sections, establishment of Bharatiya Mahila Bank which focuses on the entire pyramid of Indian women, with special attention being given to economically neglected, deprived, discriminated, underbanked, unbanked, rural and urban women to ensure inclusive and sustainable growth, licensing of Small Finance banks which have the provision of savings coupled with credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations.

Your Company has to gear up to these challenges and utilise the opportunities available. It has to streamline its operations, reduce costs, improve its systems and procedures. With the support of World Bank-IFC and funded by SIDBI, a comprehensive Risk Management process is being set up in the Company to address the various challenges.

Strengthening our hands towards greater trajectory, Small Industries Development Bank of India (SIDBI) has subscribed towards 'Optionally Convertible Preference Shares' (OCPS) to an extent of Rs.5.00 crores besides a term loan of Rs.5.00 Crores. These funds, exclusively for utilisation in Maharashtra would help us in expanding our base in that state. Other Banks like Syndicate Bank, Canara Bank, Karnataka Vikas Grameen Bank, State Bank of India & Corporation Bank have extended timely support sustaining our programmes at all times. I am thankful to all these Banks & Institutions and assure them that their trust is not misplaced.

The coming years would be quite eventful for your Company and I am sure that with your support, the Company would achieve greater strides.

(Vivekanand N. Salimath)

Chairman



A Word from the Managing Director

Dear Shareholders,

Welcome to another year of good performance by your Company. I am happy to share with you the highlights of the Company during 2014-15.

The Company believes in the philosophy of sustained growth. It's necessary to expand, but in a responsible way. It's the S-curve they talk about. Grow, and then stabilize and then grow again. In the last couple of years, the Company has stabilized many of its systems and procedures and is now poised to grow.

During the year your Company has been able to record a modest growth of 10-15% in terms of its portfolio. The limiting factor for the modest growth is primarily due to its operations being concentrated mainly in Karnataka. Even though the operations in Maharashtra commenced during March 2014, the disbursements during 2014-15 have been only around 2.07 crores with an outstanding of 1.91 crores. To give impetus to further disbursements, 2 more branches have been opened recently and we hope to disburse around 10.00 crores by the end of March 2016. Overall the Company plans to disburse Rs.107 crores during 2015-16 and reach a year end portfolio of 91 crores.

The profitability of the Company has increased by 53.07% before tax. This has been due to the good control exercised over its expenditure. The Company continues to enjoy a high capital adequacy of 34.70% thanks to the Rs.5.00 crore OCPS of SIDBI. The asset quality of the Company has improved considerably due to stringent credit appraisal and recovery mechanisms. The PAR > 90 days is 0.01% of the outstanding

portfolio as at 31st March 2015. Despite better monitoring systems, some loans have gone bad resulting in a write off amounting to Rs.1.74 crores during the year.

The Employee productivity is Rs. 37.34 lakhs. However efforts are on to increase the same during 2015-16. In order to increase productivity, staff incentives, sweat equity, issue of ESOPs, intensive training is being considered by the Management.

The Company is thankful to the continued support of State Bank of India, Syndicate Bank, Karnataka Vikas Grameen Bank, Canara Bank, NABARD & Corporation Bank. Special thanks to SIDBI for its subscription to the Optionally Convertible Preference Shares (OCPS) amounting to Rs.5.00 Crores. Another Rs 5.00 Crores term loan sanctioned by them for utilization in Maharashtra is yet to be availed by the Company. The Company is confident of utilizing the same by the end of this year.

The Company thanks its staff members for their unstinted support in helping the Company realize its goals.



(N.M. Patil)

Managing Director

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idf FSPL

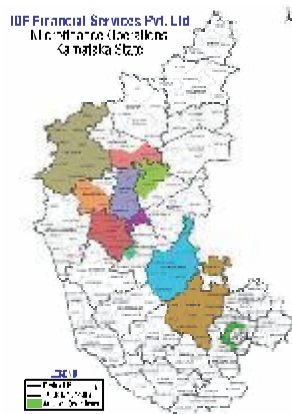
Annual Report 2014-15





Section One

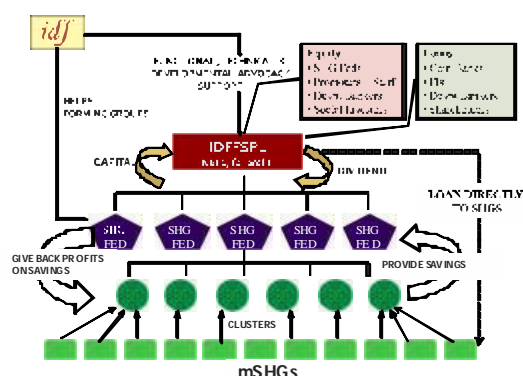
About IDF FSPL- Brief Overview



IDF Financial Services Pvt Ltd (IDF FSPL) is a Community owned Non-Banking Micro Finance Company providing short term finance and allied non-financial services 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 mainly focuses on organization of the poor at grassroots level through a process of social mobilization for their livelihood. Social mobilization enables the poor build their own organizations. The micro Self-Help Groups (mSHGs) are organized into five (5) Federations, helping to reach the poor faster and more effectively. Federations participate fully and directly and take decisions on all issues that concern their members. And thus mSHGs have the advantage of credit, technology and market guidance assistance. The Company empowers the members through training programme imparting financial literacy, social awareness.

Operational Structure



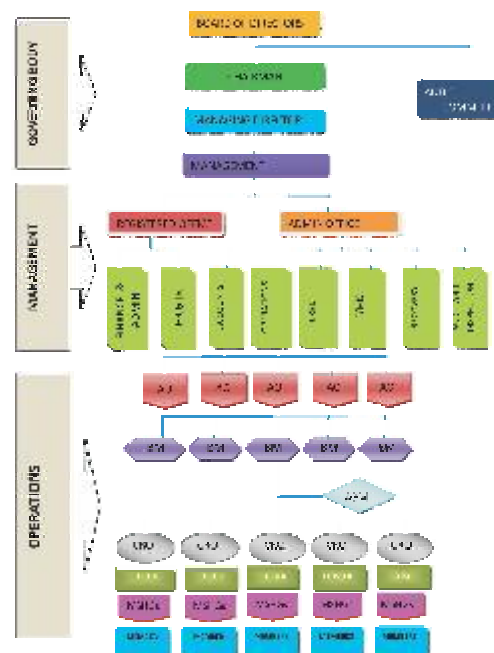
Our Spread

The Company has its registered office at Bangalore, and the administrative office at Dharwad. The field level operations are spread across Area Offices, which are geographically aligned to cater to 15 districts. Each area office consists of 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 the Junior Branch Manager (JBM) and 5 Credit Officers (CROs). Each branch is expected to handle 5000-6000

clients. More than one area Office could exist in a district depending upon the volume of Business. Each and every Area office is able to sanction loans in its jurisdictional area.

The loans are sanctioned by a committee that comprises the area manager, branch manager, and the Junior branch manager. Geographical areas are demarcated by branches and each Credit officer has a specific route map.

Organisational Hierarchy



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.

The organization focuses mainly on customers who are poor, industrious, and hard-working women, those who live, and work in rural, semi urban and urban areas.

Micro-SHGs (mSHGs) are small homogeneous group of 5 members living in close vicinity with similar economic background and a strong affinity for each other

Client-assessment includes:

- Socio-demographic characteristics
- Present and proposed activities
- Present income levels
- Group cohesiveness

Profile of SHG Members

Characteristics	Description
Annual Income	Rural areas: Up to Rs. 1,00,000 Urban areas: Up to Rs. 1,60,000
Education	Illiterate or semi-literate
Age	Age group 15 to 55 years
Occupation	Rural Sector: Farming, animal husbandry, dairy, farming, share croppers, and agri-related labor works Urban Sector: Petty businesses and house hold works.

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 needs.

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 at the district level. Federations are registered mutual benefit trusts aimed at socio-economic development of its members, in addition to representing the interests of mSHG members as equity shareholders of the Company. Some Federations cover more than one district.

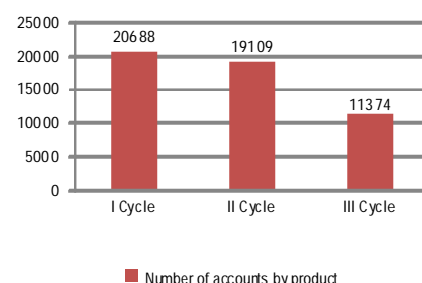
The Company sanctions the loans after conducting a thorough due diligence of the mSHGs. Loans are sanctioned to those mSHGs, which are successful in the Group Recognition Test (GRT) and who have a satisfactory credit history as evidenced by the credit bureau.

Products

Currently, IDF FSPL offers different loan products. Their details are outlined below

Loan Terms	mSHG Loans				Bulk NGO Loans
	Cycle I	Cycle II	Cycle III	Top Up loans	
Max Loan Amount in Rs.	12000-15000 per Member	15000-20000 per Member	20000-30000 per Member	6000-10000 per member	75,00,000
Repayment Period in months	12	24	24	12	12-24
Rate of interest	24%	24%	24%	26%	21%
Service Charge	1%	1%	1%	1%	1%

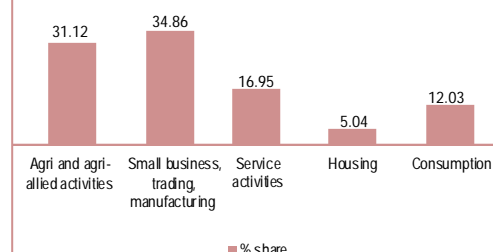
Number of accounts by product



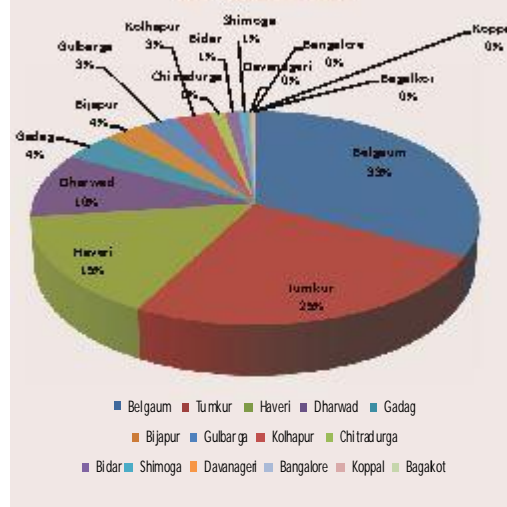
The loans are mainly given to the following income generation/livelihood activities

- 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.

% share of purpose wise Loan Outstanding



District-wise Portfolio Outstanding as on 31st March 2015





Strengthening Steps....

"Support from IDFFSPL came as a real aid at times of distress"

Ishwari resides in a suburb of the Tumkur city with her husband and daughter. She runs a microenterprise of Puribhatti in a rented place. She had very little capital to contribute to her business. Hence she was forced to borrow money from local money lenders paying high rates of interest ranging from 4% to 6%. Many a times most of her income used to be spent towards paying interest.

With very little income for sustenance, she was finding it very difficult to manage her enterprise. Hence she was on a look out for alternative sources of funding for raising working capital which demands low rates of interest.

Through a friend she came to know about IDF FSPL's microfinance programme, products and services, benefits and rates of interest charged. Soon she became a member of mSHG of IDFFSPL. Within a short time of becoming a member she was able to obtain a financial assistance of Rs. 12000/-, which helped her in retaining her enterprise.

Subsequent higher quantum of loans availed from IDF FSPL have helped in expanding her business, purchase more quantity of raw materials and further employ two helpers for the enterprise. Her monthly net income has increased and she is now able to maintain a decent standard of living. She proudly acknowledges the financial support of IDF FSPL throughout her business.



Sewing her life's success..

Yashoda had always dreamt of doing something on her own. The meagre earnings by her husband as an auto driver were insufficient to meet the growing needs of her family of three consisting of her husband and her five year old son. To supplement her family's income she was working in a tailoring shop.

A casual talk with her friend led her to IDF FSPL's Microfinance program which supports micro-business. She became a member of IDF mSHG and availed a loan of INR 12,000. With this she purchased a sewing machine and started executing

small jobs from her home. Her quality of work, timely execution, and reasonable cost won her many customers. She now has developed a good customer base. With a higher quantum of finance from IDF FSPL, she has purchased two more tailoring machines and hired two workers to help her in the business.

With pride in her eyes, she thanks IDF FSPL for making her a first generation entrepreneur. Proudly she says, ***'I could achieve this much due to support provided by IDF FSPL. Further, I want to purchase a shop for the business and our own house in the town. I will enroll my son in a reputed school and will provide him good education.'***



Section Two

Governance

"Governance is holding the balance between economic and social goals and between individuals and communal goals. The Governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources."

- Sir Adrian Cadbury

The welfare of the community has been the underlying philosophy of the founding fathers of the company. Thus, the company has ensured that the board is comprised of well-qualified & experienced professionals. Currently the Company has Seven Board of Directors members

- 3 Executive Directors
- 2 Federation - representative directors
- 2 Independent Directors

The Company has a code of conduct for its directors and executives that promotes ethical and responsible decision making.

The SHG Federations

The key body in the governance structure of IDF FSPL is the SHG Federation. Federations are the main link between the SHGs and IDF FSPL. Federations are for Profit trust, owned by the SHG members. It has three roles:

1. Financial management of the savings of the members
2. Capacity building within the SHGs and skill development of members
3. Providing or facilitating credit plus services (Healthcare, education, literacy awareness)

Protecting the Interests of the SHGs in Business Decision-making

Two Directors on the Board of IDF FSPL represent the Federations consisting of SHG members. The Federations are represented on the IDF FSPL Board thereby giving an opportunity to participate in the policy and management decisions. They serve and protect the interest of the Community



Pillar of support to her family

At the age of 20 years, Shahida Banu runs a small Kirana shop on the outskirts of Tumkur town. She not only supports her family, but her own education also. She is doing her undergraduate studies.

Three years back, she was worried about her further education as the income earned by her father as a daily wage labourer in a rice mill was not sufficient to support a family consisting of three members. During this time a staff of IDF FSPL visited her and explained her about the company's loan schemes and benefits. Shahida became a member of the group and availed a loan of Rs. 10,000. With this she established a small Kirana shop at her house. Her mother helps her in handling the shop. She takes care of the shop when Shahida goes for college. Gradually, the shop started getting regular customers. Shahida repaid the loan on time and availed another loan of INR 20,000 for expansion of the shop. She stocks more items to sell in the shop. Due to her good marketing skills and warm hearted customer service, she has been able to improve her business and earnings.

With Gratitude exuding her face she says "My parents are proud of me that I have stood by them as a strong support like a son. They advise other girls to be a good emotional and economic support for their parents'.

Our Five Golden Rules of best corporate governance practices

Ethics: following a clear ethical code of conduct

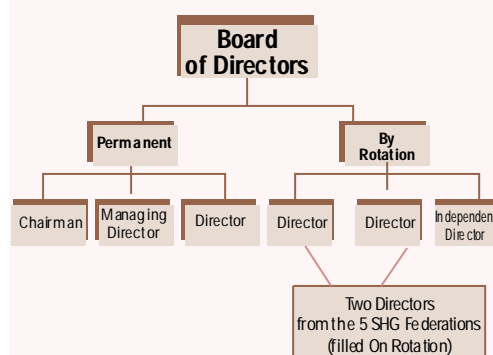
Business Goals: goals, arrived at through the creation of a stakeholder decision making model

Strategic Management: an effective strategy process incorporating stakeholder values

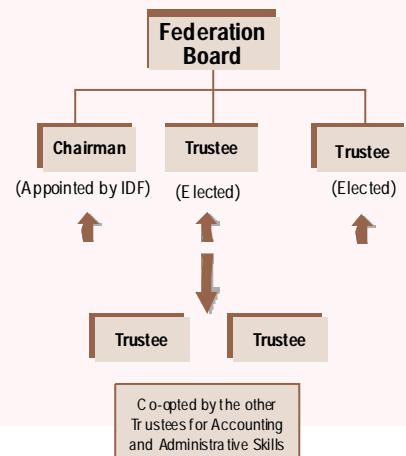
Organization: an organization structured to carry out good corporate governance

Reporting: reporting systems structured to provide transparency and accountability

IDF FSPL Board of Directors



SHG Federation Board



Leadership

IDF FSPL Board of Directors



Vivekanand N. Salimath, Chairman

- Has experience of 23 years in Syndicate Bank in various capacities. Served the Executive Director of RUDSETI, Ujire for 8 years,
- Founder/Managing Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company for marketing SHG products),
- Chairman of IDFFSPL since inception from 01.04.2009
- Member-MFI Standing Committee of RBI, Bangalore,
- Ex-President, Association of Karnataka Microfinance Institutions (AKMI),
- Ex Board Member-NABARD-RECARD Member
- Ex 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 21 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 for marketing SHG products), Team Leader and Founder Secretary-Syndicate Rural Development Trust, Manipal and Concept leader - Integration of Financial Inclusion and Sustainable livelihood security-HIVOS



Mrithyunjaya S. Korimath, Director

- Retired from Govt of Karnataka as Assistant Director of Agriculture. Has considerable experience working with rural groups, livelihood issues, federations etc. Presently he is also the Chairperson of IDF SHG Federation Dharwad. He is also monitoring the implementation of Watershed development projects of NABARD

Kasturi Dambala, Director



- She is the Representative Director appointed by the Company on behalf SHG Federation, Haveri. 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.

Muralidharan Thykat, Director



- He is currently the Director of Financial Access Services to Farmer Producer Organizations and MSMEs.
- Has more than 24 years of experience in Vijaya Bank as Senior Manager, mainly in Social Banking-Priority Sector Banking, Managing regional rural Bank, Rural Development Foundation, Self-Employment Training Institute etc,
- Worked with HIVOS as Programme Officer (Financial Services & Enterprise Development) working with special focus on microfinance, financial inclusion, value chain finance and business development services for the poor.
- Served as a Board Member, Navya Disha – a non-profit and an NGO works in the areas of education, environment, health and sanitation.
- Serving with VRUTTI as Advisory for building capacity of POs and MSMEs for credit readiness and linkages with financial institutions - both mainstream and specialized institutions

Sahadev Gangappa, Director



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

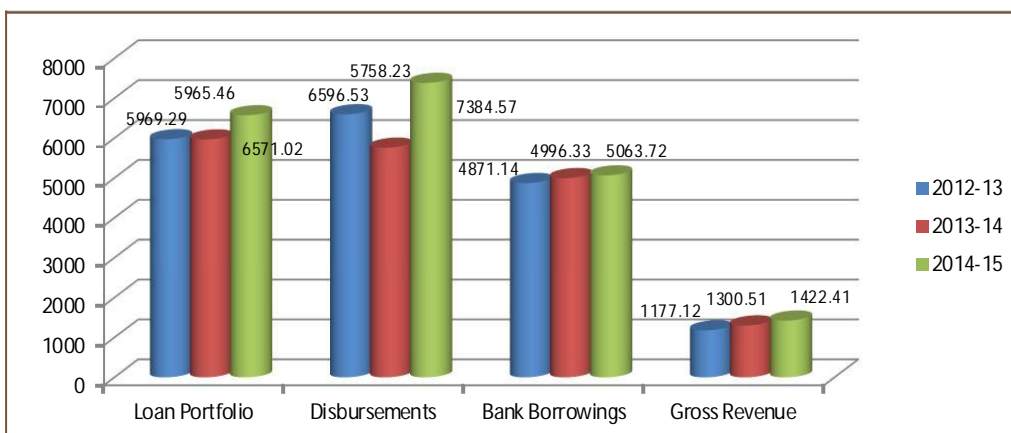


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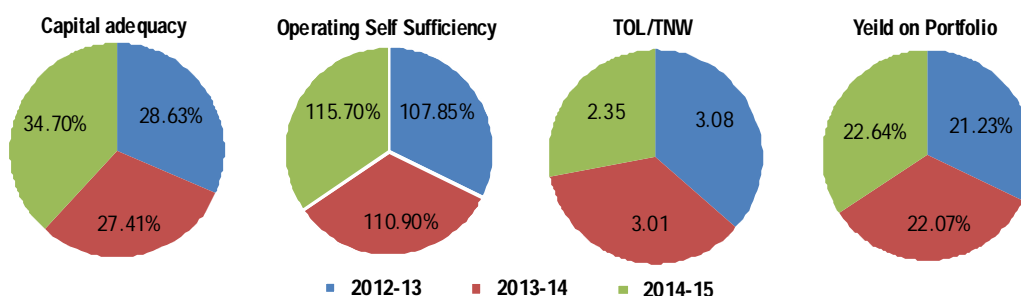
Accomplishments of Year 2014 – 2015

No. of Loans disbursed	Disbursements (in Lakhs)	No. of loans Outstanding	Outstandings –in Lakhs)
7384.57	43440	51171	6571.02

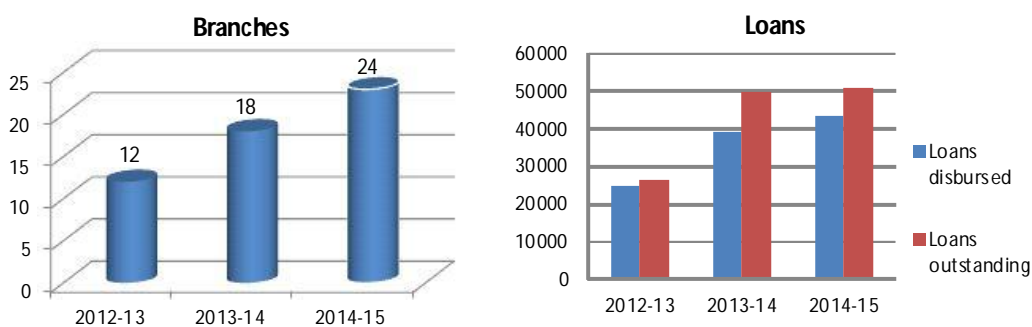
IDF FSPL- Results and Performance



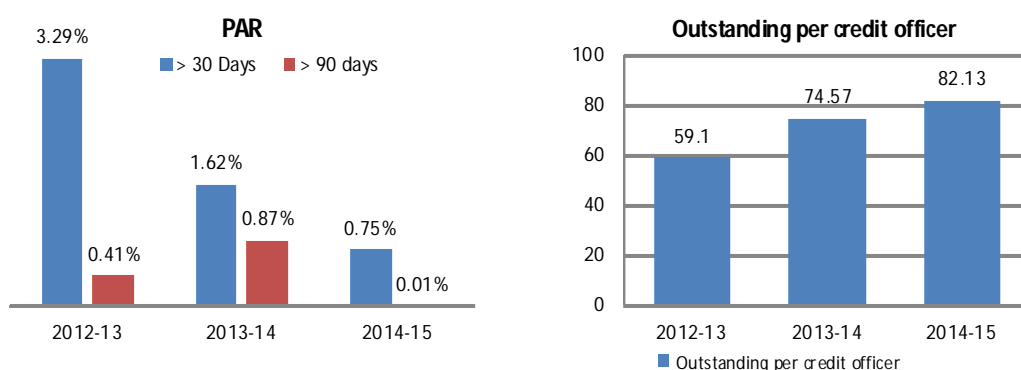
Financial Performance



Operational Performance



Productivity





Section Four

Organisational Development

Human Resources Department

The Company appreciates the contribution of the Human resources to the overall growth and stability of the organization. To ensure that the best talents available in the sector are attracted towards it, the remuneration has been standardized as per the industry norms. Internal and External Trainings to upgrade their skills is a regular feature. To ensure higher productivity appropriate incentives commensurate with their performance is put in place.

As at the end of March 31, 2015, the number of employees in our Company stood at 162

Compensation and Benefits

We confirm that our employees get Compensation which is consistent with their skills and experience our compensation structure also matches industry standard and our incentive structure has been considered to ensure that employees are motivated to achieve their targets without compromising on quality. 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

Our company imparts induction and also continuous training to our staff so that they have a clear understanding of the processes followed and also gets the necessary skills to shoulder additional responsibilities which will help in their career progression containing the operational process in detail which is used to impart induction training to the staff. Also the mandatory field staffs are placed under senior field staff and he / she accompanies the senior staff during field visits which will enable him/her to understand the process on the field under an able guidance.

Internal Training Programmes	No Of the staffs	External Training Programmes	No of the staffs
Induction Training session	160	Workshop on statutory compliance and core HR Functions ACCESS assist Delhi	2
Operational process	35	CAB-RBI and M Cril Pune	1
Work Shops	5		

Category	No. As on 31.03.15	%	No. As on 31.03.14	%
Education wise Classification				
SSLC	49	30.25%	58	36.25%
PUC	42	25.93%	40	25.00%
Graduates	37	22.84%	32	20.00%
Post Graduates	34	20.99%	30	18.75%
Total	162	100 %	160	100 %
Gender Wise Classification				
Women	51	31%	56	35%
Men	111	69%	104	65%
Total	162	100%	160	100%

Category	No. As on 31.03.15	%	No. As on 31.03.14	%
Cadre wise Classification				
Credit Officers	80	49.38 %	80	50.00%
Junior Branch Mangers	19	11.73 %	18	11.25%
Senior Branch Mangers	9	5.56%	6	3.75%
Area Mangers	7	4.32%	6	3.75%
Computers Operator	16	9.88%	12	7.50%
Executives	17	10.49 %	19	11.88%
Internal Auditors	9	5.56%	15	9.38%
Attenders /Drivers	5	3.09%	4	2.50%
Total	162	100%	160	100 %

Audit Department

The Company has a robust audit system in place. The audit department headed by a senior functionary appraises the Audit Committee regularly about the systems in place. The audit department over a period of time has developed well defined reporting systems that addresses risk management and managements control over efficiency/effectiveness of operations (including safeguarding of assets), the compliance with laws and regulations by the various branches/offices of the Company. The Audit Department conducts internal audits of the operations of all the branches/offices and departments to contribute to optimal management and ensure the proper conduct of the branches/offices operations and the soundness of its assets. It is also involved in conducting proactive fraud audits to identify potentially fraudulent acts; participating in fraud investigations under the direction of fraud investigation professionals, and conducting post investigation fraud audits to identify control breakdowns and establish financial loss

Information Technology

In today's era of Information Technology, a company needs to have a strong technology platform in order to ensure smooth functioning. Given RBI imposed caps on Net Interest Margins, it becomes all the more essential to leverage the benefits of technology as a means of cost reduction.

Since beginning, our company had strongly trusted on technology for capturing borrower data and updating the collections have resulted in addressing the operational and reporting requirements in a better manner, reducing the man-hours of staff and productively utilizing the time of field staff.

A significant technological leap-forward by the Company is the extensive use of mobile technology for many of its transactions. The Mobile Application has been enhanced to provide users with specific information based on their demands.

A Centralized Web-Based Application is being developed using the ASP.NET platform. It will support databases such as Oracle and

Microsoft's SQL Server. It will be easier to maintain and can be enhanced whenever required, this is due primarily to its new design.

Furthermore, the new system can create dynamic reports and data entry interfaces at any point in time. In relation to information collection, the new system will collect information based on KYC (Know Your Customers) norms, credit bureau requirements, and IDFFSPL's requirements that ensure the smooth transfer of financial assistance to clients. The new system is still under development; pilot testing will be implemented very shortly.

CROs (Credit Officers) will greatly benefit from the new system as their existing Mobile Application will be merged with the new system. The new system will lead to increased levels of productivity for CROs. The training and documentation will ensure that the staff has the capacity to use the new system as per guidelines, and also has the capacity to use the system to their best advantage.



Blooming of Flowers

The fragrance of flowers has enriched the lives of members in the Amrita mSHG. The collective efforts of Kavitha, Puttalakshmma, Gagangalakshmma, Jyothi and Lakshmidevi in building a microenterprise of flower making /garland making has yielded rich results. Individually they were eking out a living with great difficulty by selling flowers on the road near the temple. But today, with the help of the group loan from IDF Financial Services, they have started their own enterprise, a small flower shop on the same place where they were selling flowers on the road. Earlier the loans from local money

lenders hardly left them any margin to earn any surplus for the expansion of their microenterprise. The loan from IDFFSPL at affordable rates of interest has helped them to make enough profit for expanding their microenterprise. Today they are capable of supplying flowers to functions like marriage, decoration etc..

"My dream for having my own flower shop came true with the support of group members and the company. All group members discuss our microenterprise in regular meetings and plan for improvement accordingly. IDF FSPL has become a ray of hope to improve our economic status and do well in our lives"



Section Five

Directors Report

Your Directors have pleasure in presenting the 21st Annual Report of the Company. Accompanying the report are both the Auditor's Report of your company and the Audited Statement of Accounts for the financial year ending 31st March, 2015.

Financial Highlights

The Summarized financial results of the Company are as under :

Particulars	2014- 15		2013-14	
	Amt Lakh `	% ↑ se or ↓ se	Amt Lakh `	% ↑ se or ↓ se
Operating income	1365.82	7.72%	1267.96	14%
Other income	56.59	73.86%	32.55	-49%
Total income	1422.41	9.37%	1300.51	10%
Personnel expenses	265.81	15.82%	229.50	-12%
Administrative expenses	106.82	8.46%	98.49	-2%
Finance charges	640.04	8.65%	589.11	12%
Depreciation	42.72	4.68%	40.81	-21%
Provisions and write-offs	174.04	-19.62%	216.53	57%
Total Expenses	1229.43	4.68%	1174.44	9%
Profit/(Loss) before tax	192.98	53.07%	126.07	26%
Less: income tax	-36.05	15.95%	-31.09	6%
Less: deferred tax	-5.92	1276.74%	-0.43	-92%
Profit after tax	151.02	59.73%	94.55	44%

Business Snapshot

	Mar-2015	% ↑ or ↓	Mar-2014	% ↑ or ↓
Number of Branches	24	33.33%	18	50.00%
Customers (mSHGs)	11,338	-8.61%	12,749	49.39%
Number of loans Disbursed	43,440	11.38%	39,002	57.89%
Number of Loans	51,171	-3.16%	52,839	97.77%
Total Disbursements	7,384.57	26.10%	5,856.23	-9.54%
Total Amount of Out standings	6,571.02	10.15%	5,965.46	-0.06%
Recovery Rate	99.80%	-	99.05%	-
Employees	162	1.25%	160	-19.19%
PAR Above 90 days	0.01%	-	0.87%	-

Every business evolves as it grows, adds customers, introduces new client friendly products, enters new markets and creates an impact and IDF FSPL is no exception. Having made a landmark over the past few years, efforts were to maintain the growth graph during FY 2014-15 as well.

The past year saw the Company grow at a modest pace with outstanding portfolio reaching Rs. 65.71 Crores achieving a growth rate of 10.15% as compared to Rs. 59.65 crores in the previous year.

There has been a sizeable profit earned and near

perfect portfolio quality achieved at PAR > 90 days being 0.01%.

The expansionary phase which was given considerable importance over the past two years both in Karnataka and in Maharashtra could not be made effective enough during the year. Only 5 new branches in Karnataka and 1 new branch in Maharashtra were opened although ground work to open more branches in Maharashtra was on cards.

Nevertheless, with new investors viz. SIDBI and Syndicate Bank evincing interest and contributing substantial lend able funding, growth and expansion is inevitable in the coming year.

Dividend

To conserve its resources the Board has not recommended any dividend during this year on equity shares. The Interim dividend at 6% paid on the Cumulative Convertible preference shares amounting to Rs. 43,39,491/- during March 2015 has been treated as the final dividend. Dividend at 9% amounting to Rs. 10,23,288/- has been paid on Optionally convertible preference shares of Rs. 5 crores subscribed by SIDBI.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

Statement concerning Development and implementation of Risk Management policy of the Company

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. The Company in association with International Financial Corporation (IFC) and World Bank is undertaking a project on Risk Management and hopes to develop and implement a Risk Management policy in the coming financial year.

Company on its Corporate Social Responsibility initiatives

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

Particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

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.

Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors and the practicing company secretary in their reports

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

Company's policy relating to Directors appointment, payment of remuneration and discharge of their duties

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company.

Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure A and is attached to this Report.

Number of Board Meetings conducted during the year under review

The Company conducted 5 Board meetings on 28.04.2014, 15.07.2014, 05th August 2014, 10.11.2014 and 11.02.2015 during the financial year under review.

Corporate Governance

Clauses 49 of the Standard Listing Agreement and Corporate Governance Report is not applicable to the Company.

Directors

During the financial year, Mr Vijay V Kulkarni resigned from the Directorship of the Company with effect from 05-08-2014 and two Directors, Sri. T Muralidharan and Sri Sahadev Gangappa were inducted on the Board and appointed as Independent Directors with effect from 05-08-2014.

Directors	Eligible to attend 2014-15	Attended 2014-15
Vivekanand N Salimath	5	5
N M Patil	5	5
T V Srikantha Shenoy	5	4
M S Korimath	5	3
Vijay Kulkarni	3	3
Kasturi Dambala	5	5
T Muralidharan	3	3
Sahadev Gangappa	3	3

RBI Guidelines

IDF FSPL is a non-deposit taking NBFC (non-banking financial company) and has complied with all applicable regulations of the Reserve Bank of India. Specific norms have been laid down by RBI vide its circular no DNBS.CC.PD.No. 250/03.10.01/2011-12 December 02, 2011. The Company is in compliance with the various directions laid down in the circular and subsequent amendments made.

As per the Non-Banking Finance Companies – MFI RBI Directions, 2011, the Directors hereby confirm that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

Code of conduct, transparency and client protection

The company has fully implemented the Reserve Bank of India's Fair practice code and adopted Code of Conduct prescribed by Sa-Dhan (Association of Community Finance Institution) and Association of Karnataka Microfinance Institutions (AKMI).

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that:

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Directors had selected such Accounting Policies and applied them consistently and made judgements 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 or loss of the Company for that period.
3. 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.
4. The Directors had prepared the Annual Accounts on a going concern basis.
5. 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
6. 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.

Transfer to Reserves in terms of Section 134 (j) of the Companies Act, 2013

For the financial year ended 31st March 2015, the Company has transferred a sum of Rs. 30,20,324/- to Statutory Reserves.

Subsidiaries, Joint ventures and Associate Companies

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

Deposits

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

Declaration of Independent Directors

The provisions of Section 149 for appointment of Independent Directors do not apply to the company.

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.

Disclosure of composition of audit committee and providing Vigil Mechanism

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.

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
nil	nil	nil	nil	nil

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.

Auditors

M/s R R Kulkarni, Chartered Accountants, (FRN:010916S) having their office at Laxmi Apartment, Kalaghatagi Road, Saraswatpur, Dharwad - 580002 will retire at the ensuing Annual General Meeting of the Company and are eligible to offer themselves for reappointment.

Auditors' Report

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

Observation

There was a fraud reported and FIR filed against the managers Mailarappa N. & Credit Officers Kumaraswami and P.D Lokesh for embezzling cash of Rs.37,98,106/- and the representative FIR No:22/2015 of Police Station TIPTUR TOWN PS. dated:13/02/2015.

As FIR already filed by Police authority civil action will be taken after the Judgement.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under the provisions of Section 134 (3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review. Further during the year under review, the Company has neither earned nor used any foreign exchange.

Acknowledgement

Your Directors place on record their gratitude for the continuing support of Shareholders, bankers and Business associates at all levels.

For and on behalf of the Board


Vivekanand N Salimath
Chairman
DIN: 00253109


Naganagouda M Patil
Managing Director
DIN: 01674210

Date : July 15, 2015



Place: Bengaluru

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2015

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the
Companies (Management and Administration) Rules, 2014]

I Registration and Other Details:

i.	CIN	U67910KA1994PTC016476
ii.	Registration Date	27th October 1994
iii.	Name of the Company	IDF FINANCIAL SERVICES PRIVATE LIMITED
iv.	Category/Sub-Category of the Company	PRIVATE LIMITED COMPANY, NON BANKING FINANCIAL COMPANY
v.	Address of the Registered office and contact details	Registered Office: No.49 (Old No 590) , 21st main, 32nd Cross, Jayanagar 4th 'T' Block, Bangalore 560041 Phone: 080 26657714 E-mail idff.fin@gmail.com
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N/A

II Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Financial Services	-	96.02%

Particulars of Holding, Subsidiary and Associate Companies

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

III. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% Change during The year
	Demat	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
A. Promoter								
1) Indian								
a) Individual/ HUF		2712500	2712500	25.07%	2712500	2712500	25.07%	-
b) Central Govt								
c) State Govt(s)								
d) Bodies Corp								
e) Banks / FI								
f) Any Other		787500	787500	7.28%	787500	787500	7.28%	-
Sub-total (A)(1):-		3500000	3500000	32.34%	3500000	3500000	32.34%	
2) Foreign								
g) NRIs-Individuals								
h) Other-Individuals								
i) Bodies Corp.								
j) Banks / FI								
k) Any Other....								
Sub-total (A)(2):-								

B. Public Shareholding								
1. Institutions								
a) Mutual Funds								
b) Banks / FI								
c) Central Govt								
d) State Govt(s)								
e) Venture Capital Funds								
f) Insurance Companies								
g) FIs								
h) Foreign Venture Capital Funds								
i) Others (specify)								
Sub-total(B)(1)								
2. Non Institutions								
a) Bodies Corp.								
(i) Indian								
(ii) Overseas								
Individuals								
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh								
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh								
Others – Private Mutual Benefit Trusts		7321230	7321230	67.66%	7321230	7321230	67.66%	-
Sub-total(B)(2)		7321230	7321230	67.66%	7321230	7321230	67.66%	
Total Public Shareholding (B) = (B) (1) + (B)(2)								
C. Shares held by Custodian for GDRs & ADRs								
Grand Total (A+B+C)		10821230	10821230	100%	10821230	10821230	100%	

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Vivekanand. N. Salimath	542,500	5.01%	0	542,500	5.01%	0	-
2.	Naganagouda M Patil	542,500	5.01%	0	542,500	5.01%	0	-
3.	T V Srikantha Shenoy	542,500	5.01%	0	542,500	5.01%	0	-
4.	Shrikant M Hebbal	542,500	5.01%	0	542,500	5.01%	0	-
5.	Gururaj M Deshpande	542,500	5.01%	0	542,500	5.01%	0	-
6.	IDF FSPL Balaga Welfare Trust	787500	7.28%	0	787500	7.28%	0	-
	Total	3500000	32.34%	0	3500000	32.34%	0	-

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	There is no change in Promoters Shareholding			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	IDF SHG FEDERATION TUMKUR				
	At the beginning of the year	2471630	22.84%	2471630	22.84%
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/ tr ansfer/ bonus/sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	2471630	22.84%	2471630	22.84%
2	IDF SHG FEDERATION BELGAUM				
	At the beginning of the year	2429490	22.45%	2429490	22.45%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ tr ansfer/ bonus/sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	2429490	22.45%	2429490	22.45%
3	IDF SHG FEDERATION DHARWAD				
	At the beginning of the year	1193710	11.03%	1193710	11.03%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ tr ansfer/ bonus/sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1193710	11.03%	1193710	11.03%
4	IDF SHG FEDERATION HAVERI				
	At the beginning of the year	878360	8.12%	878360	8.12%
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ tr ansfer/ bonus/sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	878360	8.12%	878360	8.12%
5	IDF SHG FEDERATION GADAG				
	At the beginning of the year	348040	3.22%	348040	3.22%
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ tr ansfer/ bonus/sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	348040	3.22%	348040	3.22%

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VIVEKANAND N SALIMATH				
	At the beginning of the year	542500	5.01%	542500	5.01%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	542500	5.01%	542500	5.01%
2	NAGANAGOUDA M PATIL				
	At the beginning of the year	542500	5.01%	542500	5.01%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	542500	5.01%	542500	5.01%
3	T V SRIKANTHA SHENOY				
	At the beginning of the year	542500	5.01%	542500	5.01%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	542500	5.01%	542500	5.01%

IV. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	49,96,32,834	-	-	49,96,32,834
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not paid				
Total (i + ii + iii)	49,96,32,834	-	-	49,96,32,834
Change in Indebtedness during the financial year				
- Addition	17,50,00,000			17,50,00,000
- Reduction	16,82,60,445			16,82,60,445
Net Change	67,39,555			67,39,555
Indebtedness at the end of the financial year		-	-	
i) Principal Amount	50,63,72,389			50,63,72,389
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	50,63,72,389	-	-	50,63,72,389

V. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WT/ Manager		Total Amount
1.	Gross salary	Vivekanand N Salimath	Naganagouda M Patil	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,90,640	14,90,640	29,81,280
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	40,368	36,768	77,136
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-
5.	Others, please specify	-	-	-
6.	Total(A)	15,31,008	15,27,408	30,58,416
7.	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of MD/WT/ Manager			Total Amount
	<u>Independent Directors</u>	Kasturi Dambal	Gangappa Sahadev	Muralidharan Thykat	
	· Fee for attending board committee meetings	20000	10000	10000	50000
	· Commission				
	· Others, please specify				
	Total(1)				
	<u>Other Non-Executive Directors</u>				
	· Fee for attending board committee meetings				
	· Commission				
	· Others, please specify				
	Total(2)				
	Total(B) = (1 + 2)	20000	10000	10000	50000
	Total Managerial Remuneration	20000	10000	10000	50000
	Overall Ceiling as per the Act				

c. Remuneration to Key Managerial Personnel Other Than MD/Manager/WT/ D

Sl no	Particulars of Remuneration	Key Managerial Personnel				Total
		Head -Finance	Head- IT	DGM Credit	DGM Operations	
		S Raghunandana Sharma	Shambhu Sangapur	Neelkantappa M	Raghavendra H	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	5,70,000	4,55,000	4,30,000	4,30,000	18,85,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	31,968	21,119	19,048	19,048	91,183

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2.	Stock Option	-	-	-	-	
3.	Sweat Equity	-	-	-	-	
4.	Commission - as % of profit - others, Specify...	-	-	-	-	
5.	others, Please Specify..	-	-	-	-	
6.	Total	<u>6,01,968</u>	<u>4,76,119</u>	<u>4,49,048</u>	<u>4,49,048</u>	<u>19,76,183</u>

VI. Penalties/Punishment/Compounding of Offences

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD/NCLT / Court]	Appeal made. If any (give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Director					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Management Discussion and Analysis

1.0 The Microfinance Landscape in 2014-15

The financial sector in India today is changing to adapt to new realities and new points of view with a change in Government after a decade. The Narendra Modi-led government has laid more emphasis on financial inclusion over the past year. Micro finance has been identified as an instrument of financial inclusion by the government as well as the RBI in India.

Regulatory clarity and support provided by the Reserve Bank of India (RBI) along with industry initiatives (development of credit bureau ecosystem, transparency, business conduct and self-regulation among others) have considerably supported the microfinance industry in delivering much-needed micro-credit to the clients at low income population segments. And, growth and improvements within the industry, across indicators, clearly demonstrate this.

The sector is expected to grow robustly in the next few years as large players consolidate their position in their market. Schemes like Jan-Dhan Yojana and MUDRA Bank, which are specifically targeting those at the bottom of the pyramid, have come to define funding in the financial inclusion space.

2.0 Financial performance

IDFFSPL had a fairly healthy financial performance in terms of growth.

2.1 Outreach

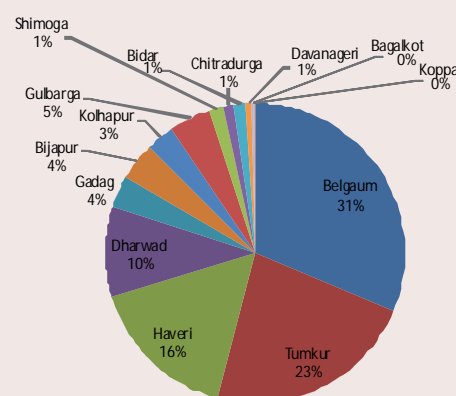
The following facts come into picture while comparing the Company's present performance as compared to previous year:

- The Company disbursed an amount of Rs. 73.84 crs during the year 2014- 15. The disbursements increased by 26.10% as compared to the previous year i.e. 2013- 14 which had gone done by 9.45%.
- The number of branches increased to 24 as compared to 18 the previous year.
- The loan portfolio however increased marginally 10.15% from Rs. 59.69 crs in the previous year to Rs. 65.71 crs during the year.
- The staff position has been the same and not much improvement has been witnessed in recruiting new staff.
- The quality of Portfolio has seen a vast improvement. PAR above 90 days has reduced to 0.01% as on March 2015 as compared to 0.87% during March 2014

Highlights

- As of 31st March, 2015, MFIs provided microcredit to over 30.50 mn clients, an increase of 29% over FY 13 -14
- The aggregate gross loan portfolio (glp) of MFIs stood at Rs 401.38 bn (excluding non-performing (PAR > 180 days) portfolio (Rs 26 bn) and SKS portfolio (Rs 0.13 bn) in Andhra Pradesh). This represents a YOY growth of 61% over FY 13 -14
- Annual disbursements (loan amount) in FY 14-15 increased by 55% compared to FY 13-14
- Total number of loans disbursed by MFIs grew by 37% in FY 14-15 compared with FY 13-14 reaching 33.43 mn
- Funding to MFIs (in FY 14-15) grew by 84% compared with FY 13-14
- Portfolio at Risk (PAR) figures (PAR 30, 90, 180) remained under 1% for FY 14-15
- Average loan amount disbursed per account is now Rs 16,327
- MFIs now cover 32 states/union territories (489 districts)
- MFIs' coverage is now geographically well dispersed with glp in south at 30%, east at 28%, north at 22% and west at 20%

District wise Portfolio Distribution 31st March 2015



The highest share of your company's portfolio is in the districts of Belgaum (31%), Tumkur (23%) and Haveri (16%)

2.2 Portfolio

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

Description	As on March 2015	As on March 2014
Total value of loans disbursed during period	7384.57	5,758.23
Total number of loans disbursed to SHGs during period	43440	39,012
Number of active borrowers	51171	73,003
Average number of active borrowers	53163	81,310
Value of loan outstanding	6571.02	5,965.46
Average outstanding balance of loans	6054.07	5,744.32
Value of payments in arrears	13.43	55.96
Value of outstanding balance of loans in arrears	0.58	51.82
Value loans written off during period	174.04	216.53
Average loan size per SHG	16,993	15,015
Average loan term (months)	12 TO 24	12 to 24
Average number of loans officers during period	80	80

Your company operates in 14 districts of Karnataka and one district in Maharashtra and the district wise breakup of loan details as on 31st March 2015 is as follows

No.	Districts	Disbursed		Amt Outstanding	
		Amt in Lakh `	%	Amt in Lakh `	%
1.	Bagalkot	0.00	0.00%	10.85	0.17%
2.	Bangalore	0.00	0.00%	1.72	0.03%
3.	Belgaum	2410.04	32.64%	2159.62	32.87%
4.	Bidar	0.00	0.00%	53.17	0.81%
5.	Bijapur	305.22	4.13%	224.46	3.42%
6.	Chitradurga	81.39	1.10%	74.30	1.13%
7.	Davanagere	4.5	0.06%	15.56	0.24%
8.	Dharwad	702.71	9.52%	643.75	9.80%
9.	Gadag	295.58	4.00%	282.96	4.31%
10.	Gulbarga	445.93	6.04%	186.21	2.83%
11.	Haveri	1220.55	16.53%	1008.32	15.34%
12.	Kolhapur	207.36	2.81%	191.64	2.92%
13.	Koppal	0.00	0.00%	7.32	0.11%
14.	Shimoga	100.78	1.36%	81.97	1.25%
15.	Tumkur	1610.51	21.81%	1629.17	24.79%
	TOTAL	7384.57	100.00%	6571.02	100.02%

2.3 Product wise distribution

Product	2014-15			2013- 14		
	Number of accounts	Amount in Lakh `	%	Number of accounts	Amount in Lakh `	%
I Cycle	20683	1713.47	26%	24185	1916.61	32%
II Cycle	19109	2317.91	35%	9476	1314.24	22%
III Cycle	11374	2228.48	34%	16132	2343.78	39%
NGO	1	14.16	0%	1	74.83	1%
Other Loans	4	297.00	5%	3	316.00	6%
Total	51171	6571.02	100%	49797	5965.46	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-15 % share	Mar- 14 % share
1	Agri and agri-allied activities	30.12	31.13
2	Small business, trading, manufacturing, etc.	35.29	34.83
3	Service activities	16.89	16.94
4	Housing	5.01	5.05
5	Consumption	12.69	12.05
	Total	100.00	100.00

82.90% of the loans are for livelihood activities while 17.10% of the loans are for consumption purposes. In view of RBI guidelines, the company has taken measures to sanction more loans to livelihood activities while reducing loans to consumption purposes.

2.5 Portfolio quality

The trend in PAR as compared to last year has substantially improved, and there is a tremendous improvement in the portfolio quality. The efforts of the company in bringing in effective monitoring and control systems and stricter credit discipline are commendable. With this the Company has been able to achieve a near perfect portfolio quality at PAR > 90 days being 0.01%.

SI. No	Type of Loans	Mar -2015			March 2014		
		No. of Borrowers	Value of Loans	% Loan Out Standing	No. of Borrowers	Value of Loans	% Loan Out Standing
1	Regular Loans	50494	6504.00	98.98%	49269	5829.37	97.72%
2	Less than 30 Days past due	248	17.98	0.27%	128	39.65	0.66%
3	Between 31-60 days past due	167	13.70	0.21%	114	24.57	0.41%
4	Between 61-90 days past due	242	34.77	0.53%	84	20.05	0.34%
5	Between 91-180 days past due	20	0.57	0.01%	182	48.52	0.81%
6	Between 181-365 days past due	0	0	0	21	3.29	0.06%
7	> 365 days past due	0	0	0	0	0	0.00%
	Total	51171	6571.02	100.00%	49797	5965.46	100.00%

2.6 Portfolio yield, profitability and sustainability

The portfolio yield for the year 2014-15 was 22.64% which is slightly higher when compared to 22.07% during 2013-14.

The Company's Operational sustainability ratio was at 115.70%, higher than that of 110.70% during the previous year. There has been a sizeable profits earned even with slow growing portfolio. The net profit after taxes for FY 14-15 increased by 59.73% as compared to previous year

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 finalising the funds arrangement for the ensuing years. The Company did not face any problems during the year with respect to its liquid funds. The cost of funds for IDFFSPL for FY 14-15 was approximately 13.66%

Name of the bank/financial institution	Balance outstanding as at	
	31-Mar-15	31-Mar-14
1. TERM LOANS - SECURED		
A. From Banks		
Karnataka Grameen Vikas Bank	13,080,573	24,033,343
Corporation Bank	16,664,000	37,499,000
Canara Bank	8,668,998	17,693,516
Syndicate Bank	21,052,656	50,035,787
Syndicate Bank	50,000,000	-
State Bank of India	264,105,927	-
Total	373,572,154	129,261,646
B. From Other Financial Institutions		
NABARD	12,000,000	18,000,000
NABARD	5,000,000	10,000,000
Ananya Finance for inclusive growth Pvt Ltd	-	2,222,216
Total	17,000,000	30,222,216
2. CASH CREDIT FROM BANKS		
State Bank of India	-	340,148,971
Karnataka Grameen Vikas Bank	24,542,454	-
Syndicate Bank	46,081,347	-
Karnataka Grameen Vikas Bank	45,176,434	-
Total	115,800,235	340,148,971
GRAND TOTAL	50,63,72,389	499,632,833

Currently the debt funds sources comprise: Banks (96.64%), Financial Institutions (3.35%). Efforts will be made to diversify these funding sources. Your company is looking for Social Investors who can add value to the organisation, both in terms of capital and global best practices.

4.0 Ratings and evaluations

Your company was rated by CARE, an accredited credit rating agency during March 2015, India's leading ratings, research, risk, and policy advisory company, and received a grading of MFI 3+ (where MFI 1 is highest, and MFI 5 is lowest on an eight point scale). The rating is of the MFI's ability to conduct its operations in a scalable and sustainable manner.

The Company has received 'BB' rating from CARE in respect of the Bank facilities it has availed and its proposed facilities to be availed in future.

5.0 Capital Adequacy

The Capital Adequacy Ratio of the company was 34.70% as on 31st March 2015 which is higher than 27.43% as on 31st March 2014



Section Six



Auditor's Report

1. We have audited the accompanying financial statements of IDF FINANCIAL SERVICES PRIVATE LIMITED (the Company), which comprise the Balance Sheet as at March 31st, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility For The Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

5. Report On Other Legal And Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c) 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.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Observations:

- There was a fraud reported and FIR filed against the Managers Mailarappa N. & Credit Officers Kumaraswami and P.D. Lokesh for embezzling cash of 37,98,106/- and the respective FIR No: 22/2015 of Police TIPTUR TOWN P.S. dated: 13/02/2015.

for **M/s. R R Kulkarni & Co.,**
Chartered Accountants
F R. No.: 010916S

(CA R.R. Kulkarni)
Proprietor
M. No.: 211616



Date: May 25, 2015
Place: Bengaluru

IDF FSPL Audited Accounts 2014-15


Balance Sheet as at March 31, 2015

(₹)

Particulars	Note no.	31-Mar-15	31-Mar-14
I. Equity and Liabilities			
Shareholders' funds			
(a) Share capital	2.01	230,537,150	180,537,150
(b) Reserves and surplus	2.02	19,477,133	10,824,023
		250,014,283	191,361,173
Non-Current liabilities			
(a) Long-term borrowings	2.03	173,228,595	97,716,623
(b) Deferred tax liability (net)	2.04	3,072,685	2,480,951
		176,301,280	100,197,574
Current liabilities			
(a) Other current liabilities	2.05	12,434,780	8,872,238
(b) Short-term borrowings	2.03	333,143,794	401,916,210
(c) Short-term provisions	2.06	-	737,497
		345,578,574	411,525,945
		771,894,137	703,084,692
II. Assets			
Non-current assets			
(a) Fixed assets	2.08		
(i) Tangible assets		2,543,304	1,816,317
(ii) Intangible assets		14,800,000	18,500,000
(b) Loans to groups	2.07	144,737,766	246,110,451
(c) Long-term loans and advances	2.09	10,999,432	7,547,200
		173,080,502	273,973,968
Current assets			
(a) Cash and cash equivalents	2.10	90,103,672	82,105,590
(b) Loans to groups	2.07	476,061,819	312,533,183
(c) Short-term loans and advances	2.11	29,700,000	31,600,000
(d) Other current assets	2.12	2,948,144	2,871,951
		598,813,635	429,110,724
		771,894,137	703,084,692
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 **M/s. R R Kulkarni & Co.,**
Chartered Accountants
F R. No.: 010916S



(R R Kulkarni)
Proprietor

M. No.: 211616

Date: May 25, 2015
Place: Bengaluru



for **IDF Financial Services Private Limited**



(V N Salimath)
Chairman




(N M Patil)
Managing Director

IDF FINANCIAL SERVICES PRIVATE LIMITED
Profit and Loss Account for the year ended March 31, 2015

(₹)

Particulars	Note no.	31-Mar-15	31-Mar-14
Income			
Revenue from operations	2.13	136,581,910	126,795,989
Other income	2.14	5,659,327	3,254,763
Total Revenue		142,241,237	130,050,752
Expenses			
Employee benefits expense	2.15	26,581,418	22,949,982
Finance costs	2.16	64,003,889	58,910,860
Depreciation and amortization expenses	2.08	4,272,430	4,080,574
Provisions and write-offs	2.17	17,403,518	21,653,033
Operating and other expenses	2.18	9,891,095	8,849,229
Auditor's Remuneration	2.19	791,032	1,000,200
Total expenses		122,943,382	117,443,878
Profit/(Loss) before tax		19,297,855	12,606,874
Tax expense:			
- Current tax		(14,500)	(1,708,575)
- Provision for Income tax		(6,200,000)	(3,600,000)
- Reversal of Income tax provision- prior years		2,610,000	2,200,000
- Deferred tax		(591,734)	(43,707)
Profit/(loss) for the year		15,101,621	9,454,592
Earning per equity share (EPS) [refer note 3.4]			
- Basic		1.40	0.87
- Diluted		0.66	0.52
Number of shares considered for			
- Basic		10,821,230	10,821,230
- Diluted		23,053,715	18,053,715
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 **M/s. R R Kulkarni & Co.,**
Chartered Accountants
F R. No.: 010916S



(R R Kulkarni)
Proprietor

M. No.: 211616

Date: May 25, 2015

Place: Bengaluru



for **IDF Financial Services Private Limited**



(V N Salimath)
Chairman




(N M Patil)
Managing Director

IDF FINANCIAL SERVICES PRIVATE LIMITED

Cash Flow Statement For The Year Ended March 31, 2015

(₹)

Particulars		31-Mar-15	31-Mar-14
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		19,297,855	12,606,874
<i>Adjustment for Non-cash (income) / expenditure:</i>			
Depreciation		4,272,431	4,080,574
Bad debts written off		16,226,529	21,653,033
Provision for bad debts		300,000	
Loss on sale of assets		2,847	16,933
Operating profit before changes in operating assets		40,099,662	38,357,414
<i>Adjustments for</i>			
(Increase)/ decrease in current assets		1,823,807	17,940,688
(Decrease)/increase in current liabilities		(65,947,371)	483,998
(Increase)/ decrease in loans to groups		(82,134,712)	(40,398,778)
Net cash generated from operating activities before tax		(106,158,614)	16,383,322
Income tax paid		(3,604,500)	(3,108,575)
Net cash generated from operating activities after tax	(A)	(109,763,114)	13,274,747
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (adjusting buy back of assets)		(1,296,264)	(465,659)
Net cash flow from investing activities	(B)	(1,296,264)	(465,659)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital [Incl premium]		50,000,000	-
Secured borrowings [Net]		75,511,972	12,519,299
Corporate dividend tax paid		(1,091,732)	(737,497)
Dividend paid		(5,362,779)	(4,339,491)
Unsecured borrowings [net]		-	-
Net cash generated from financing activities	(C)	119,057,461	7,442,311
Net increase/(decrease) in cash and cash equivalents during the year (A) + (B) + (C)		7,998,082	20,251,400
Cash and cash equivalents at the beginning of the year		82,105,590	61,854,190
Cash and cash equivalents at the end of the year [Refer note 2.10]		90,103,672	82,105,590
Significant accounting policies and Notes on accounts	1 & 2		

As per our report of even date

for **M/s. R R Kulkarni & Co.,**
Chartered Accountants
F R. No.: 010916S



(R R Kulkarni)
Proprietor

M. No.: 211616

Date: May 25, 2015
Place: Bengaluru



for **IDF Financial Services Private Limited**



(V N Salimath)
Chairman




(N M Patil)
Managing Director

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 1956 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 as a Non Banking Financial Company Microfinance institution (NBFC MFI) with Certificate of Registration No B- 02.00164 issued by RBI.

1) Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of Sec 211 (3C) of the Companies Act, 1956 which continue to be applicable in respect of Section 133 of the Companies Act 2013 in terms of general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs and the relevant provisions of Act as applicable. The financial statements comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable, except other wise stated and stipulated in the directions issued by Reserve Bank of India (RBI) to the extent applicable to the Company.

1.2 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.

1.3 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 per the AS 09 "Revenue Recognition" issued by ICAI as explained in 1.3.1.

1.3.1 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 circular no: DNBS.PD.No.234 CGM(US)2011 dated December 02, 2011.

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

1.3.3 Service charges on loans is recognised on receipt basis.

1.4 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 and cash equivalents (for the purpose of Cash flow statement)

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.

1.5 Fixed assets and intangible assets

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.

Acquisition of Goodwill and other intellectual property rights in the field of micro finance has been accounted for as intangible assets at the purchase price. The total cost of Goodwill is ₹ 37,00,000.00 which is amortised over 10 years on Straight line method. The rate of amortisation is @ 10% p.a. Financial statement discloses Goodwill as per AS 01 'Disclosure of Accounting Policies' and the treatment of Goodwill is given as per the AS 26 'Intangible assets'.

1.6 Depreciation and amortisation

Depreciation is provided pro-rata on the Written down value method at the following stated rates specified under Schedule XIV of the Companies Act, 1956:

Class of Fixed Assets	Rate of Depreciation
Furniture & Fixtures	18.10%
Office equipment	20.00%
Computers	40.00%

In view of the nature business and the enduring nature for exploitation of intangible assets, the same is amortised over 10 years on Straight line method. Depreciation on fixed asset is charged as per the above rates and treatment of the depreciation is given as per the AS 06 'Depreciation Accounting' issued by ICAI.

1.7 Investments

Investments are classified into current investments and long term investments. Current investments are carried at lower of cost or fair value. Long term investments are carried at cost less provisions made to recognise any decline, other than temporary, in the value of such investments.

1.8 Asset classification

These are classified as standard assets and sub-standard assets in terms of Reserve Bank of India directions as laid down in circular no: DNBS.(PD)CC.No. 347/03.10.38/2013-14 dated July 1, 2013.

1.9 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 circular no: DNBS.(PD)CC.No. 347/03.10.38/2013-14 dated July 1, 2013 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	0.00%
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	
Standard Assets	657,044,258
Non Performing Assets:	
91 days - 180 days	57,525
> 180 days	-
Gross Loan Portfolio	657,101,783
Provisioning Norms:	
Provisioning of Higher of:	
a) 1% of the outstanding loan portfolio	6,571,018
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.	28,763
Actual Provisions already held	6,302,200
Additional Provision held during the current year	300,000
Total Provision at the end of the year	6,602,200

1.10 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.

The cash Loss shown as recoverable under Other Current Assets during the Financial Year 2013-14 has been written off for the Financial Year 2014-15 and the same has been ratified in the Board of Directors meeting on 22nd May 2015.

1.11 Employee benefits

1.11.1 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.

1.11.2 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 State Insurance Act -1961.

1.11.3 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 recognized immediately in the Profit and Loss Account as income or expense.

Total Amount Details of PF Remittance, ESI Remittance for the Month April 2014 to March 2015

Month	PF Remittance		ESI Remittance	
	Employees Share	Employer's Share	Employees Share	Employer's Share
April	73,513	88,607	-	-
May	74,627	84,680	-	-
June	150,060	172,576	-	-
July	98,638	112,249	-	-
August	96,425	109,377	-	-
September	102,659	116,441	-	24,634
October	101,024	114,586	-	25,112
November	97,977	111,130	12,209	33,137
December	97,073	110,108	12,245	33,234
January	94,932	107,751	12,330	33,474
February	92,970	103,540	12,223	33,192
March	93,504	104,134	12,192	33,086
Total	1,173,402	1,335,179	61,199	215,869

1.12 Accounting for taxes on income

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences arising between the taxable income and accounting income at the tax rates enacted or substantively enacted by the balance sheet date.

1.13 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 period. 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. earning per share point 3.4.

1.14 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. 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. As the future is uncertain, the provision is made on the obligation based on past event as per the AS 29 'Provisions, Contingent liabilities, Contingent assets' issued by ICAI. point no details

1.12 Accounting for taxes on income

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences arising between the taxable income and accounting income at the tax rates enacted or substantively enacted by the balance sheet date.

1.13 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 period. 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. earning per share point 3.4.

1.14 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. 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. As the future is uncertain, the provision is made on the obligation based on past event as per the AS 29 'Provisions, Contingent liabilities, Contingent assets' issued by ICAI. point no details

1.15 Taxes

Provision for current year tax is made after taking into consideration benefits/ disallowances admissible under the provisions of the Income Tax Act, 1961. Current tax is determined as the amount of tax payable in respect of taxable income for the year determined in accordance with Income tax Act, 1961. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.16 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

1.17 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' issued by ICAI. The Company does not have any reportable geographical segment.

1.18 Share issue expenses

Nil

2) Notes on Accounts

2.1 Share Capital

	31-Mar-15	31-Mar-14
Authorized		
15,000,000 [Previous year: 15,000,000] Equity shares of ₹ 10/- each	150,000,000	150,000,000
10,000,000 [Previous year: 10,000,000] 6% Compulsory Convertible Preference shares of ₹ 10/- each	100,000,000	100,000,000
50,00,000 9% Optionally Convertible Preference Shares of ₹ 10/- each	50,000,000	-
	300,000,000	250,000,000
Issued, subscribed and paid-up		
Equity		
10,821,230 [Previous year: 10,821,230] Equity shares of ₹ 10/- each fully paid -up	108,212,300	108,212,300
Compulsory Convertible 6% Preference Shares		
7,232,485 [Previous year: 7,232,485] 6% Cumulative Convertible Preference shares of ₹ 10/- each fully paid -up	72,324,850	72,324,850
Optionally Convertible 9% Preference shares		
50,00,000 [Previous year: Nil] 9% Cumulative Convertible Preference shares of ₹ 10/- each fully paid-up	50,000,000	-
	230,537,150	180,537,150

2.1.1 Reconciliation of shares

	31-Mar-15	31-Mar-15	31-Mar-14	31-Mar-14
	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) Compulsory Convertible 6% 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% Preference shares				
Balance at the beginning of the year	-	-	-	-
Add: issued during the year	5,000,000	50,000,000	-	-
Balance at the end of the year	5,000,000	50,000,000	-	-

2.1.2. Of the above, 9,275,340 equity shares are allotted by way of bonus shares during the year 2010-11

2.1.3 Rights, preferences, restrictions of share capital

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

b) Cumulative convertible Preference shares [CCPS]: CCPS are convertible into equity after completion of 7 years from the date of allotment and such conversion is to effect at fair value to be determined at the time of conversion. Preference shareholders are not entitled to any voting rights except where the rights of the preference shareholders are proposed to be affected. In such event, preference share holders will have the same right as the equity shareholders in the meeting of the shareholders for the agenda of the meeting affecting their rights only. Dividends are accumulatable until fully paid

c) Optionally Convertible Preference Shares [OCPS]: OCPS are convertible at the option of the investors.

2.1.4 The details of shareholders as at March 31, 2015 is set out below:

	31-Mar-15	%	31-Mar-14	%
	No. of shares		No. of shares	
Equity share capital				
IDF FSPL balaga welfare trust	787,500	7.28%	787,500	7%
IDF SHG Federation - Dharwad	1,193,710	11.03%	1,193,710	11%
IDF SHG Federation - Haveri	878,360	8.12%	878,360	8%
IDF SHG Federation - Tumkur	2,471,630	22.84%	2,471,630	23%
IDF SHG Federation - Gadag	348,040	3.22%	348,040	3%
IDF SHG Federation - Belgaum	2,429,490	22.45%	2,429,490	22%
Vivekanand. N. Salimath	542,500	5.01%	542,500	5%
Naganagouda M Patil	542,500	5.01%	542,500	5%
T V Srikantha Shenoy	542,500	5.01%	542,500	5%
Shrikant M Hebbal	542,500	5.01%	542,500	5%
Gururaj M Deshpande	542,500	5.01%	542,500	5%
Total	10,821,230	100%	10,821,230	100%
Compulsory Convertible 6% Preference share capital				
IDF SHG Federation - Dharwad	756,792	10%	756,792	10%
IDF SHG Federation - Haveri	875,210	12%	875,210	12%
IDF SHG Federation - Tumkur	2,795,838	39%	2,795,838	39%
IDF SHG Federation - Gadag	558,160	8%	558,160	8%
IDF SHG Federation - Belgaum	2,246,485	31%	2,246,485	31%
Total	7,232,485	100%	7,232,485	100%
Optionally Convertible 9% Preference share capital				
SIDBI	5,000,000	100%	-	-
Total	5,000,000	100%	-	-

2.2 Reserves and surplus

	31-Mar-15	31-Mar-14
Securities premium reserve		
Opening balance	776,700	776,700
	776,700	776,700
Statutory reserve		
Opening balance	5,673,355	3,782,437
Additions during the year	3,020,324	1,890,918
	8,693,679	5,673,355
Vehicle Revolving Fund		
Opening balance	111,887	111,887
Additions during the year	6,000	-
	117,887	111,887
Surplus in the statement of Profit and Loss		
Opening balance	4,262,081	1,775,395
Add: Profit/(loss) for the year	15,101,621	9,454,592
Less: Transferred to statutory reserve	(3,020,324)	(1,890,918)
Less: Proposed dividend on preference shares	(5,362,779)	(4,339,491)
Less: Dividend distribution tax	(1,091,732)	(737,497)
	9,888,867	4,262,081
	19,477,133	10,824,023

2.3 Borrowings

	31-Mar-15	31-Mar-14
a) Secured [Refer note 3.3]		
i) Long Term loans		
- From banks	167,228,595	80,716,623
- From other Financial Institutions	6,000,000	17,000,000
ii) Short Term loans		
- From banks	206,343,559	48,545,023
- From other Financial Institutions	11,000,000	13,222,216
iii) Cash Credits		
- From banks	115,800,235	340,148,971
	506,372,389	499,632,834

2.3.1 Details of security for each type of borrowings including terms of repayment

Term loans availed from banks and financial institutions are fully secured by way of hypothecation of book debts as set out in Note 3.3. Term loans are repayable on monthly and quarterly basis depending on the respective loan arrangements as detailed in Note 3.3

2.4 Deferred tax liability (net)

	31-Mar-15	31-Mar-14
Opening balance	2,480,951	2,437,244
Additions during the year	591,734	43,707
	3,072,685	2,480,951

2.4.1 Deferred tax liability arising out of differences in depreciation and amortization in block of fixed assets and intangible assets as per tax books and financial books

2.5 Other current liabilities

	31-Mar-15	31-Mar-14
Interest accrued but not due on borrowings	623,528	1,049,243
Statutory Liabilities	365,551	299,100
Other payables	1,042,658	115,308
Provision for Tax	9,800,000	6,210,000
Payable to staff	564,418	1,150,666
Sundries payable	38,625	-
Staff welfare fund payable	-	47,921
	12,434,780	8,872,238

2.6 Short-term provisions

	31-Mar-15	31-Mar-14
Dividend distribution tax	-	737,497
	-	737,497

2.7 Loans to groups

	31-Mar-15		31-Mar-14	
	Non-current	Current	Non- Current	Current
Standard Assets	151,330,553	476,013,707	252,412,651	307,351,663
Non-Performing Assets	9,413	48,112	-	5,181,520
	151,339,966	476,061,819	252,412,651	312,533,183
Less: Provision for Non-Performing Assets	6,602,200	-	6,302,200	-
	144,737,766	476,061,819	246,110,451	312,533,183

The provision for non performing assets has been provided as per the RBI norms. The company is having excess provision than the required as per the RBI norms, hence no extra provision has been made for the current year.

2.9 Long-term loans and advances

	31-Mar-15	31-Mar-14
<i>Unsecured, considered good</i>		
Rent Advance	797,500	630,000
Prepaid taxes	8,900,000	5,900,000
TDS Receivables	1,189,846	767,200
Vehicle loans to staff	112,086	250,000
	10,999,432	7,547,200

Note: The TDS amount Receivable in respect of the Interest paid on fixed deposits from the KVG Bank Dharwad has not been reflected in the 26AS correctly to the extent amount deducted and in respect of Syndicate Bank Dharwad TDS amount not at all reflected in 26AS.

2.10 Cash and cash equivalents

	2014-15		2013-14		31-Mar-15	31-Mar-14
	current	Non-current	current	Non-current		
Balances with banks						
- in deposit account	33,834,666	16,327,967	25,627,143	5,500,000		
	33,834,666	16,327,967	25,627,143	5,500,000	50,162,633	31,127,143
- in current accounts					39,838,940	50,721,178
Cash on hand					102,099	257,268
					90,103,672	82,105,590

2.11 Short-term loans and advances

	31-Mar-15	31-Mar-14
<i>Unsecured, considered good</i>		
Loans to related parties [Refer note 3.6.2]	29,700,000	31,600,000
Project Advances	-	-
	29,700,000	31,600,000

2.12 Other current assets

	31-Mar-15	31-Mar-14
Interest Receivable	2,260,148	1,767,441
Receivables	581,251	66,973
Stamp in Stock	6,745	5,540
Bajaj Allianz Insurance Co.Ltd. -Deposit	100,000	100,000
Cash Loss	-	931,997
	2,948,144	2,871,951

2.13 Revenue from operations

	31-Mar-15	31-Mar-14
Interest Income	29,213,690	121,025,228
Service charges on loans	7,368,220	5,770,761
	136,581,910	126,795,989

2.14 Other income

	31-Mar-15	31-Mar-14
Interest on term deposits	4,153,797	2,117,082
Bad debts recovered	1,210,782	1,010,403
Other non-operating income	294,748	127,278
	5,659,327	3,254,763

2.15 Employee benefit expenses

	31-Mar-15	31-Mar-14
Salaries, wages and bonus	24,980,050	21,838,103
Contributions to provident and other funds	1,551,048	1,055,275
Staff welfare and training expenses	28,136	38,132
Gratuity	22,183	18,472
	26,581,418	22,949,982

2.16 Finance costs

	31-Mar-15	31-Mar-14
Interest on borrowings	59,307,346	55,763,456
Loan processing fee on borrowings	4,241,330	2,751,386
Bank charges	358,660	355,599
Documentation and evaluation expenses	96,554	40,419
	64,003,889	58,910,860

2.17 Provisions and write-offs

	31-Mar-15	31-Mar-14
Bad debts written-off	16,226,529	21,653,033
Cash Loss	876,989	
	17,103,518	21,653,033

2.18 Other operating expenses

	31-Mar-15	31-Mar-14
Travelling and conveyance	1,819,363	2,465,052
Communication expenses	1,207,923	786,994
Rent	1,866,165	1,891,229
Office maintenance	699,027	544,157
Printing & stationary	540,242	600,659
Insurance	311,644	580,859
Loss on sale of assets	2,847	16,933
Auditor's remuneration	539,328	471,912
Repairs and maintenance	434,970	359,447
Meeting expenses	103,343	68,087
Subscription fees	323,550	121,180
Credit Burea Expenses	120,000	149,467
Donations	25,000	25,000
Miscellaneous expenses	226,882	53,537
Commission Paid	1,247,279	664,716
Legal Fees	8,250	-
Rates & Taxes	7,500	-
	9,483,314	8,799,229
Other Expenses		
R O C Filing fee	407,781	50,000
	9,891,095	8,849,229

2.19 Audit fees

	31-Mar-15	31-Mar-14
Payments to auditors comprises (net of service tax input credit)		791,032
Audit services	-	-
Tax Audit	-	-
Reimbursement of expenses	-	-
	791,032	1,000,200

3) Supplementary information

3.1 Contingent liabilities and commitments

	31-Mar-15	31-Mar-14
Contingent liabilities	Nil	Nil
Commitments	Nil	Nil

3.2 Additional disclosures pursuant to the Reserve Bank Directions vide circular no. RBI/2010 11/118, DNBS (PD).CC.No.178/03.02.001/2010-11, dated 1 July, 2010

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

3.2.1 Capital to Risk-Assets Ratio [CRAR]

	31-Mar-15	31-Mar-14
Tier I Capital	1,740.35	1,585.47
Tier II Capital	500.00	1,648.49
Total	2,240.35	3,233.96
Total Risk weighted assets		
Capital to Risk-Assets Ratio [CRAR]		
Tier I Capital as a percentage of Total Risk weighted assets (%)	26.96%	26.35%
Tier II Capital as a percentage of total Risk weighted assets (%)	7.74%	1.08%
CRAR (%)	34.70%	27.43%

These are classified as standard assets and sub-standard assets in terms of Reserve Bank of India directions as laid down in circular No: DNBS.(PD)CC.No. 347/03.10.38/2013-14 dated July 1, 2013

3.2. Loans classification as per RBI

The loan portfolio has been classified as per the norms prescribed for classification by Reserve Bank of India in circular No.: DNBS.(PD)CC.No. 347/03.10.38/2013-14 dated July 1, 2013. The necessary provisions as per RBI norms have been made. The details are shown below:

Asset classification	Loan outstanding (without provisioning)				Provision	
	31-Mar-15		31-Mar-14		During the year 31-March 2015	During the year 31- March 2014
	No. of accounts	Amount	No. of accounts	Amount	Amount	Amount
Standard assets	51,147	627,344,260	49,591	559,764,314	-	1,571,397
Non-Performing assets	20	57,525	206	5,181,520	6,602,200	4,730,803
Total	51,167	627,401,785	49,797	564,945,834	6,602,200	6,302,200

3.2.3 Margin

Margin Cap of the Company as on 31st March 2015 is 8.98%. This has been computed as per the norms prescribed by Reserve Bank of India in circular No. 161 DNBS (PO) CC. No. 300/03.10.038/2012-13 dated August 3, 2012

3.2.4 Maturity Pattern of Assets and Liabilities

Particulars	Liabilities		Assets	
	Borrowings from Banks & Others	Market Borrowings	Advances	Investments
Upto One Month	4,919,058	-	2,286,718	-
Over 1 Month to 2 months	16,796,409	-	1,840,977	-
Over 2 Month to 3 months	23,463,409	-	5,054,147	-
Over 3 Month to 6 months	131,180,027	-	42,621,414	-
Over 6 Month to 1 year	156,784,891	-	186,886,654	-
Over 1 Year to 3 years	173,228,595	-	388,711,873	-
Over 3 years to 5 years	NIL	-	NIL	-
Over 5 years	NIL	-	NIL	-
Total	506,372,389	NIL	627,401,783	NIL

3.3 Terms and conditions of Borrowings

Name of the bank/financial institution	Balance outstanding as at		Repayment period including moratorium
	31-Mar-15	31-Mar-14	
1. TERM LOANS - SECURED			
A. From Banks			
Karnataka Grameen Vikas Bank	13,080,573	24,033,343	Repayable in 36 installments with a moratorium period of 2 months.
Corporation Bank	16,664,000	37,499,000	Repayable in 3 years in 12 quarterly installments
Canara Bank	8,668,998	17,693,516	Repayable in 36 installments with a moratorium period of 3 months
Syndicate Bank	21,052,656	50,035,787	Repayable in 36 installments
Syndicate Bank	50,000,000	-	Repayable in 36 installments
State Bank of India	264,105,927	-	Repayable in 36 installments with a moratorium period of 1 month
Total	373,572,154	129,261,646	
B. From Other Financial Institutions			
NABARD	12,000,000	18,000,000	Repayable in 5yearly installments
NABARD	5,000,000	10,000,000	Repayable in 10 equal half - yearly installments
Ananya Finance for inclusive growth private limited.	-	2,222,216	Repayable in 18 monthly Installments
Total	17,000,000	30,222,216	
2. CASH CREDIT FROM BANKS			
State Bank of India	-	340,148,971	Converted to term loan w e f 20/03/2015
Karnataka Grameen Vikas Bank	24,542,454	-	Limits Valid upto 31.08.2015
Karnataka Grameen Vikas Bank	45,176,434	-	Limits Valid upto 28/02/2016
Syndicate Bank	46,081,347	-	Limits Valid upto 31.08.2016
Total	115,800,235	340,148,971	

3.4 Earnings per share

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

	31-Mar-15	31-Mar-14
Net profit as per profit and loss account	15,101,621	9,454,592
Weighted average number of shares considered for computation of basic earnings per share	10,821,230	10,821,230
Add: Effect of compulsory convertible preference shares	7,232,485	7,232,485
Add: Effect of optionally convertible preference shares	5,000,000	-
Weighted average number of shares considered for computation of diluted earnings per share	23,053,715	18,053,715
Nominal value per share	10	10

3.5 Gratuity

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 an insurance company in the form of a qualifying insurance policy

3.6 Related party disclosures

3.6.1 Names of related parties and nature of relationship

Names	Nature of relationship
Initiative for Development Foundation	Entity in which key management personnel have significant influence
IDF SHG Federation – Belgaum	
IDF SHG Federation – Haveri	
IDF SHG Federation – Tumkur	
IDF SHG Federation – Gadag	
IDF SHG Federation – Dharwad	
Mr. Vivekanand Salimath	Key management Personnel

3.6.2 Nature of transactions

Name of related party	Nature of transaction	Type	31-Mar-15	31-Mar-14
IDF SHG Federation – Dharwad	Loans outstanding balance	Payment	7,200,000	10,200,000
IDF SHG Federation – Tumkur	Loans outstanding balance	Payment	17,300,000	11,700,000
IDF SHG Federation – Gadag	Loans outstanding balance	Payment	3,500,000	4,500,000
IDF SHG Federation – Belgaum	Loans outstanding balance	Payment	1,700,000	5,200,000
Total			29,700,000	31,600,000

3.7 Earnings and expenditure in foreign currency

	31-Mar-15	31-Mar-14
Earnings	Nil	Nil
Expenditure	Nil	Nil

3.8 Other information required under para 5(viii) of Part II of Revised Schedule VI of the Companies Act-Nil/ Not applicable.

3.9 Prior year comparatives

The previous year figures are regrouped /rearranged to conform to current year's presentation as per revised. Schedule VI of Companies Act, 1956.


As per our report of even date

for IDF Financial Services Private Limited

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



® R Kulkarni)
Proprietor
M. No.: 211616



(V N Salimath)
Chairman



(N M Patil)
Managing Director

Date: May 25, 2015
Place: Bengaluru

Notes to the financial statements as at March 31, 2015

Note 2.8 : Fixed assets

Particulars	Gross Block				Depreciation				Net Block	
	As on March 31, 2014	Additions for the year	Deletions for the year	As on March 31, 2015	Up to March 31, 2014	Additions for the year	Deletions For the year	As on March 31, 2015	As at March 31, 2015	As at March 31, 2014
A. Tangible assets										
Computer and Accessories	2,938,534	936,028		3,874,562	2,871,004	201,201	-	3,072,205	802,357	67,530
Furniture and Fixtures	1,474,230	12,000	-	1,486,230	895,660	106,151	-	1,001,811	484,419	578,570
Office equipment	2,288,258	364,736	31,500	2,621,494	1,118,041	265,078	18,153	1,364,966	1,256,528	1,170,217
Total [A]	6,701,022	1,312,764	31,500	7,982,286	4,884,705	572,430	18,153	5,438,982	2,543,304	1,816,317
B. Intangible assets										
Goodwill	37,000,000	-	-	37,000,000	18,500,000	3,700,000	-	22,200,000	14,800,000	18,500,000
Total [A + B]	43,701,022	1,312,764	31,500	44,982,286	23,384,705	4,272,430	18,153	27,638,982	17,343,304	20,316,317

Date: 25th May 2015
Place: Bengaluru





IDF Financial Services Private Limited

Mission

Financial empowerment of the economically underprivileged through good quality and sustainable financial services

Core Values

Commitment, transparency, innovation, business ethics, exceptional teamwork

Objectives

Our aim is to “Build a banking model” with a social face that is commercially viable for the poor. These include:

- Assist organizing the poor into Self Help Groups (SHGs)
- Build the capacity of Self Help Groups through Training & Non training interventions
- Help organize the SHGs into Clusters & Federations
- Facilitate Federations of SHGs to organize trainings related to Livelihood, Health & Community Development
- Assist SHG Federations mobilize thrift from the SHGs
- Assist SHG Federations to provide Credit plus services
- Provide Credit to SHGs
- Build the capacity of SHG Federations towards participation in Governance of the Federations as well as in IDF FSPL in which the federations are the share holders.

Our Bankers

Our aim is to “**Build a banking model**” with a social face that is commercially viable for the poor these include

- State Bank of India
- Karnataka Grameena Vikas Bank
- Canara Bank
- Corporation Bank
- Syndicate Bank
- Small Industries Development Bank of India (SIDBI)
- NABARD

Statutory Auditors

M/s R. R. Kulkarni & Co, Chartered Accountants



IDF Financial Services Private Limited (IDF FSPL)

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website: www.idf-finance.in