

Annual Report

2016-17

Satisfying our shareholders,
without profiting from poverty



Chairman's Message



"Things can change as quickly as they can happen"

Just when things were beginning to look up, the storm struck. Till October 2016, nobody probably would have sensed the turbulent times they were going to witness.

The thunderbolt struck in the form of demonetization of High value currency notes by the Government which left the Company limping during the second half of the year. The business of microfinance sector is highly cash oriented -both on disbursements and repayments and unfortunately with demonetisation drive, this itself proved to be an Achilles heel for the sector. The industry has been considerably impacted and the average collection efficiency has gone down from ~99% in October 2016 to 85% by March 2017 mainly due to limited supply of new currency post demonetization, disruption in borrower's cash flow due to decline in demand and elongation of working capital cycle in few cash-based industries. Issues further aggravated with low level functionaries with political aspirations jumping into fray to rally unsuspecting borrowers with promises of loan waivers.

It appeared to be a great year for the Company. The disbursements were well above the projections of the Company and the portfolio was all set to cross the 100 crore mark by March 2017.

Post-demonetisation, your Company too has had its share of hardships. The Company saw a decline in its loan disbursements from ` 47.27 Crore in H1 FY 2016-17 to ` 10.71 Crore in H2

FY 2016-17. The cash flows were severely hit affecting its collection efficiency. The GLP which had reached a peak of Rs. 85 crores during Sept 2016 had a sharp dip by March 2017 which reduced to Rs. 61.05 crores.

Through the Company posted reasonably high profits even with a reduction in portfolio during the year. The near-term profitability is expected to be negatively impacted due to reversal of income on account of NPA creation, lower income as a result of expected decline in loan portfolio and increase in provisioning expense due to deterioration in the asset quality.

One has to understand and appreciate that a paradigm shift in the way we do our business, is the need of the hour.

"Maturity is the capacity to endure uncertainty".

- John Huston Finley

The demonetisation move came as a mixed blessing too. It gave a sudden push to the entire MFI sector to move towards cashless mode of operations and bring in greater transparency and enhance the risk management system over the medium-term perspective.

Your company has also not been lagging behind in this aspect and has come out with various prudent practices. The Company has earnestly started to disburse the loans to its clients through the Banking channel. The Company focused on organising financial literacy campaigns, training sessions, mass awareness camps to educate the

members in maintaining strong credit history and how not to become victim to disinformation.

With the strong regulatory backing and intervention by RBI and SROs engagement and lobbying with the State Governments and extensively with the press to quell the surge of disinformation regarding the microfinance practices, the magnitude of the problem seems to be diminishing.

Going forward, this experience can only lead to further strengthening of the sector and making it more resilient in the face of any exigency that may come forth.

My heartfelt thanks to all the stakeholders for their consistent support. I sincerely thank all the Bankers who have stood by us during this turbulent time and continuing to support us.

I thank the Board of Directors for their valuable time and wisdom and to all our staff who have tirelessly and valiantly tried to address the various problems that they have been facing at the field level.

As the adage goes "Tough times do not last, but tough people do", I am sure, we at IDF FSPL would overcome the challenges that are posed time and again and emerge as a strong vibrant institution.


(Vivekanand N. Salimath)
Chairman

Message from Managing Director

"Grow, then stabilize, then grow again"

The year 2016-17 for the NBFC-MFI sector has been tumultuous and has affected the smooth flow of the business seen over the previous years. Post the demonetization of High Value Currency Notes (HCVNs) with effect from midnight of 8th November, the industry was thrown out of gear initially. This was to be expected in a sector which is 99% cash intensive. Lack of availability of new notes hit the low income groups served by microfinance. Demonetization brought with it not only the impact on liquidity, but also showed a negative impact on livelihood generation and cash flows for microfinance customers as their businesses slowed down. This led to decline both in disbursement and collection efficiencies of the MFIs.

Further, the RBI dispensation on asset recognition provided to NBFC MFIs was mistakenly interpreted by some borrowers as dispensation on their loan repayments. In some states repayment ratios dipped to under 50%, primarily due to local activism, misunderstanding of regulations and rumours of a loan waiver from the state or central government.

Clearly a business which has to manage its costs with staff (that takes about 10%), occupancy costs (that takes up almost 60-70%) cannot be viable unless there is 99% efficiency in collections, in order to be a sustainable model.

Your Company too had to face a lot of hardships due to Demonetization by way of decline in disbursement, Portfolio growth, deterioration in asset quality, increase in PAR etc. The Disbursements of the Company declined from Rs 84.20 Crores in 2015-16 to Rs. 57.98 Crores during 2016-17. The portfolio which was projected to reach over 100 crores slipped to 61 crores by the end of March 2017. The PAR levels increased to more than 7%. The dispensation on asset recognition provided by RBI to MFIs offered some relief and the Company posted PAR above 30 days at 0.65% as at March 2017.

Despite the turmoil, the Company has managed to post a growth in its PBT to the tune of 47% as at March 2017. Till Nov'16, the Company had posted an impressive growth of over 18% on its portfolio. The average portfolio for the year FY 16-17 was Rs 76.25 crores on which the Company earned an income of Rs. 18.13 crores. The Operational Sustainability Ratio was as high as 127.18%.

In order to address the issues the company came out with farsighted practices. Focus was on financial literacy campaigns to educate the members not to heed to any disinformation on loan waivers and maintaining their credit history without defaulting on loan repayments. Further, use of digital

transaction infrastructure to disburse loans to customers has eased the adversities to a large extent. The disbursements have slowly started to pick up and Company has also introduced various initiatives for enabling the customers to clear any past overdues.

Your Company is confident that during the ensuing year 2017-18, it would definitely be able to improve its disbursements and portfolio and also with stricter monitoring systems, it would be able to bring down the over dues and defaults.

The Company is thankful for the support extended by State Bank of India, Syndicate Bank, Karnataka Vikas Grameen Bank, Canara Bank, SIDBI, Union Bank of India, UCO Bank, NABKISAN, ANANYA, & JAINSONS during the year. The Company is yet to avail sanctions to the tune of Rs. 30.00 Crores from Banks and is confident of utilizing the same by the end of this year.

I place on record the services of all the staff members and am confident with their continued support, the Company will be able to scale further heights in the years to come.



(N.M. Patil)
Managing Director

Table of Contents

Section 1

About IDF FSPL	1
----------------------	---

Section 2

Leadership	4
------------------	---

Section 3

Results and Performance	6
-------------------------------	---

Section 4

Organisational Development.....	7
---------------------------------	---

Section 5

Board of Director's Report	9
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Section 6

Accounts	23
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**Annual Report
2016-17**

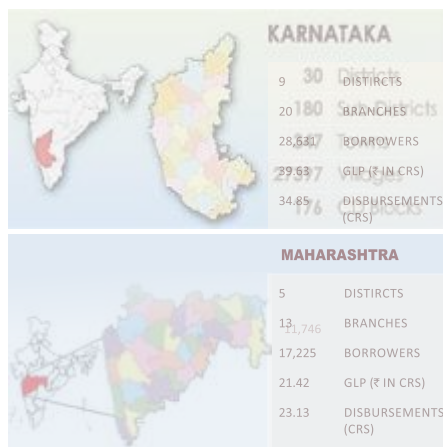


Section One

About IDF FSPL Brief Overview



IDF FSPL Overview



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

The Company mainly focuses on organization of the poor at grassroots level through a process of social mobilization for their livelihood. It enables the poor build their own organizations. The micro Self-Help Groups (mSHGs) in Karnataka are organized into a Federation, helping to reach the poor faster and more effectively. The Federation participates fully and directly and takes 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 a training programme imparting financial literacy, social awareness.

Our Spread

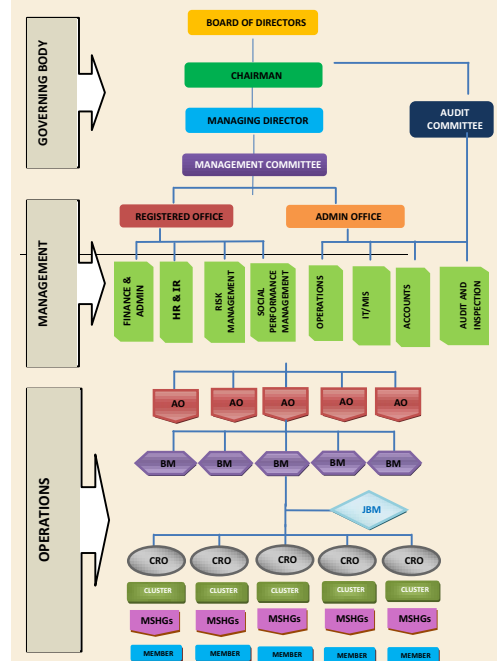
The Company has its registered office at Bangalore, and the administrative office at Dharwad. The operations are geographically aligned to cater to 14 districts across 2 States in India viz Karnataka and Maharashtra.

Each area office consists of 3-5 branches. The area offices are headed by Area Managers, who are responsible for the overall business development in the area. The Branches are headed by the Branch Manager (BM), who is assisted by 3 - 5 Credit Officers (CROs). Each branch is expected to handle 1500-2000 clients. More than one area Office could exist in a district depending upon the volume of Business. Each and every Area office is able to sanction loans in its jurisdictional area.

The Company has 33 branches and a Staff Strength of 199. The total no of borrowers as at 31st March 2017 is 45856 with GLP of Rs.61.05 crores. The Company disbursed an amount of Rs. 57.98 crores during the year 2016-17.



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 Company primarily serves low income households, both rural & urban

100% Women clients

Client-assessment includes:

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

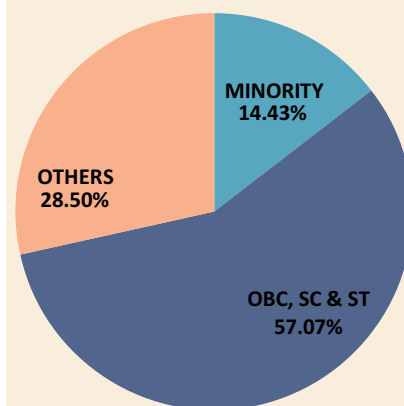
Profile of SHG Members Eligible For Credit

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 59 years
Occupation	Rural Sector : Farming, animal husbandry, dairy, farming, share croppers, and agri -related labor works Urban Sector : Petty businesses and house hold works.

Services Offered:

- Microcredit
- Micro-insurance
- Financial education
- Livelihood service

Serving the Weakest Sections of the Society



Work Process

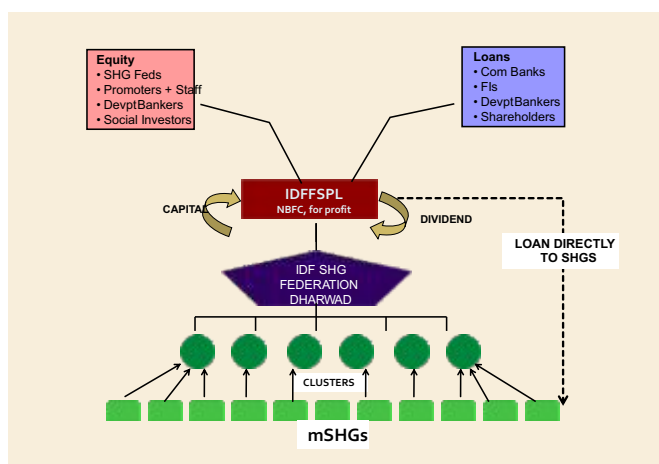
The Company has an omnibus loan product which is designed to take care of the multiple needs of the clients, be it working capital for business or creation of assets for livelihood or agriculture or any other product service, apart from meeting consumption.

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

The company's business process first starts by organizing poor women into groups of 4-5 members. 3-5 such groups will constitute a cluster, which meets every month.

The Company sanctions the loans after conducting a thorough due diligence of the member. 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.

Operational Structure

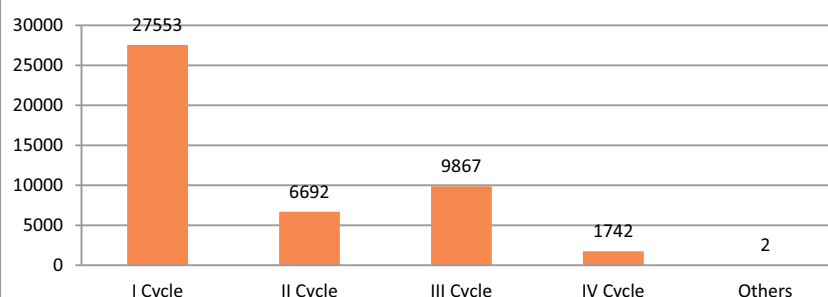


Products

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

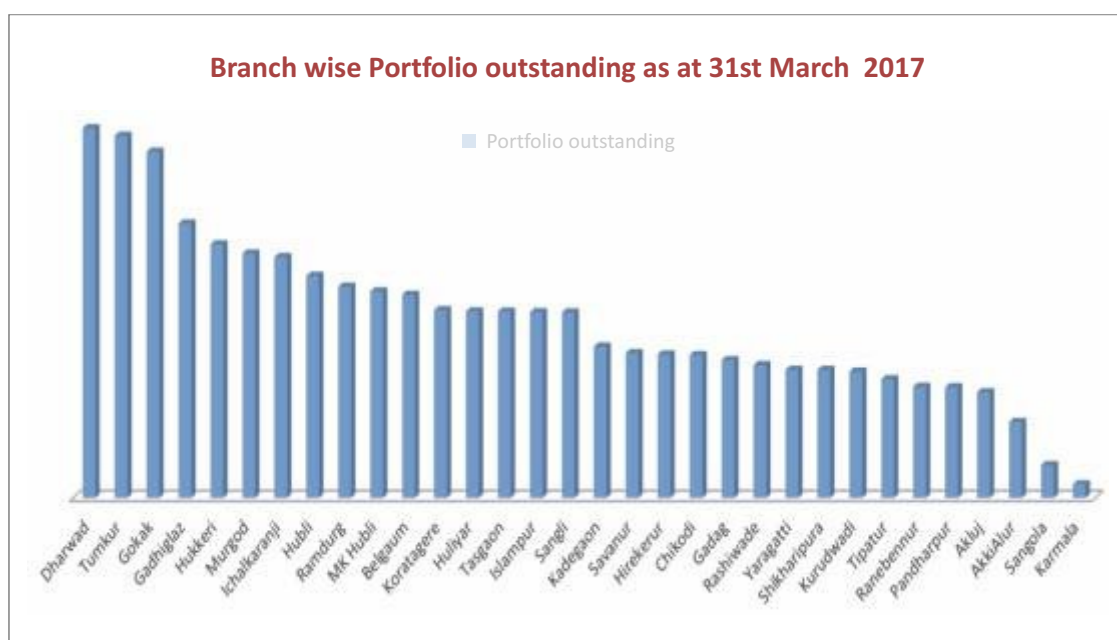
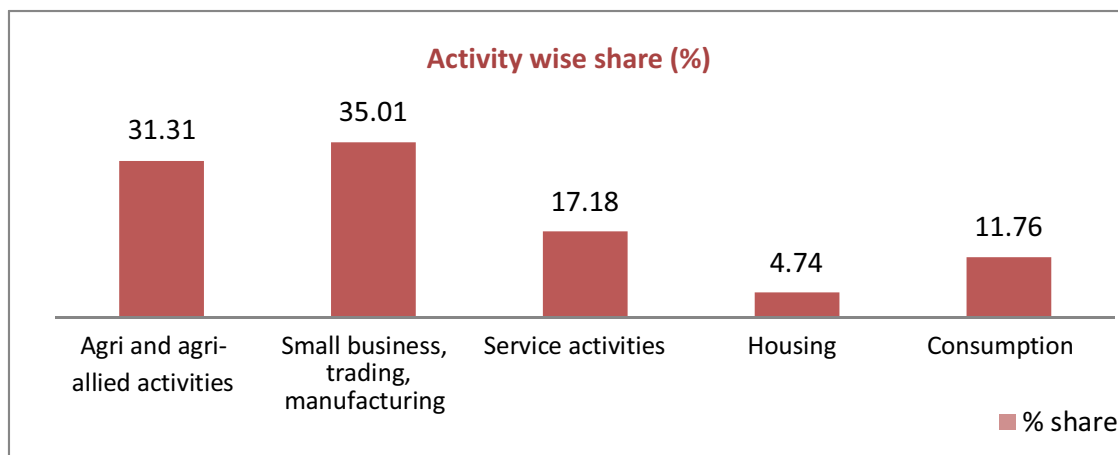
	Loan Products		
	Cycle I	Cycle II	Cycle III onwards
Max Loan Amount in Rs.	15000-20000 Per Member	20000- 30000 Per Member	30000- 40000 Per Member
Repayment Period in months	12	24	24
Rate of interest in Karnataka	24%	24%	24%
Rate of interest in Maharashtra	25%	25%	25%
Service Charge	1%	1%	1%

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.



Section Two

Leadership



IDF FSPL Board of Directors



Vivekanand N. Salimath
Chairman

- Has experience of 23 years in Syndicate Bank in various capacities. Served as the Executive Director of RUDSETI, Ujire for 8 years,
 - Founder/Managing Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company for marketing SHG products)
 - Chairman of IDFFSPL since inception from 01.04.2009
 - Member-MFI Standing Committee of RBI, Bangalore
 - Ex-President, Association of Karnataka Microfinance Institutions (AKMI), Ex Board Member - NABARD - RECARD Member Board of Directors Sa-Dhan.
 - Has considerable experience in rural enterprise development and Banking
- In-charge of MF operations of IDF since its inception in 2005 and Managing Director of IDF FSPL since inception from 01.04.2009
 - Has considerable experience in rural enterprise development and Banking.



T V Srikantha Shenoy
Director

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



Kasturi Dambal
Director

- She is the Representative Director appointed by the Company on behalf SHG Federation, Dharwad
- She is an SHG member who has worked up to the level of Board of Directors
- She has been an active member in the SHG community and has the field level expertise in organizing and leading the SHGs



Gururaj M Deshpande
Director

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



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



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.

Audit Committee

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

Mr. Sahadev Gangappa - Chairman
Mr. TV Srikantha Shenoy - Member
Mr. Muralidharan Thykat - Member
Mr. Gururaj M Deshpande – Member

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

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

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

Risk Management Committee

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

Mr. Sahadev Gangappa - Chairman
Mr. TV Srikantha Shenoy - Member
Mr. Muralidharan Thykat - Member
Mr. Gururaj M Deshpande – Member

Board Risk Management Committee (BRMC) is constituted to largely oversee the Risk Management mechanism. The committee, on behalf of the Board, is responsible for framing risk policies, monitoring and reviewing the status of risks. The committee is chaired by an independent director and has one nominee director of the

investors and two independent directors. BRMC meets quarterly to review, discuss and finalize risk mitigation mechanism.

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

IDFFSPL recognizes the following categories of Risks

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

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

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

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

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

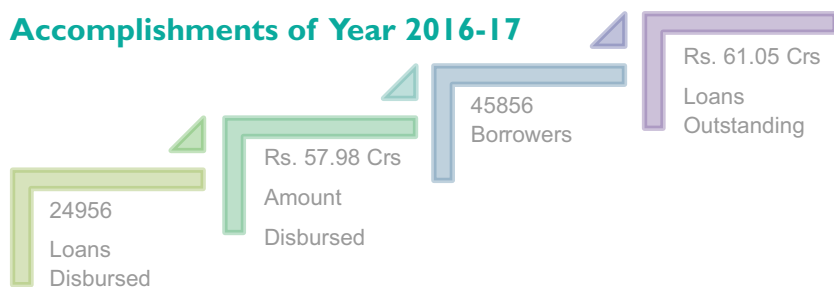
Key Risk Indicators for each department is discussed and finalized with upper or lower limit accordingly. **A reporting structure** for each department is established that captures key risk indicators and other current or futuristic risks in the best possible manner. The consolidated report is presented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

Section Three

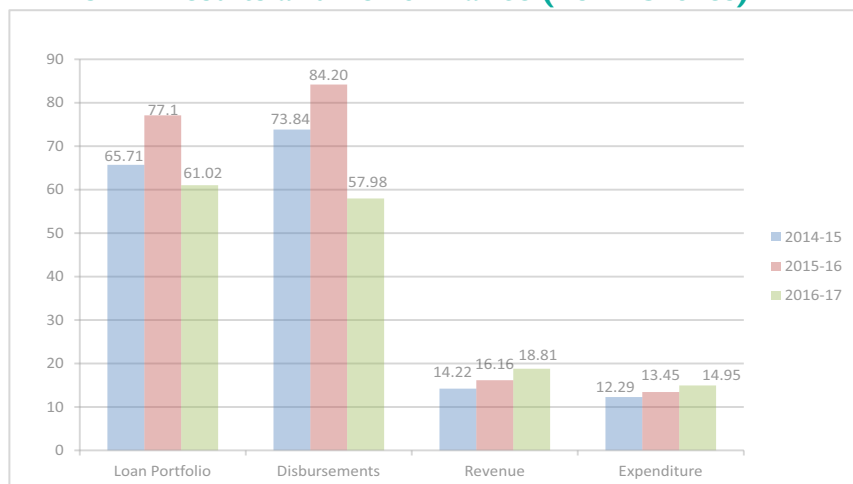
Results and Performance



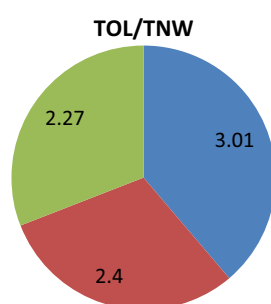
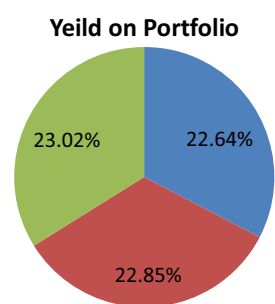
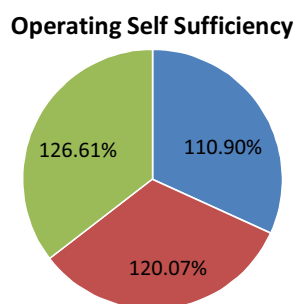
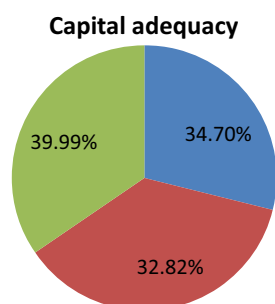
Accomplishments of Year 2016-17



IDF FSPL- Results and Performance (Rs in Crores)

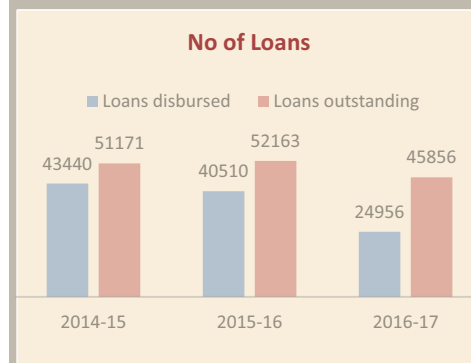
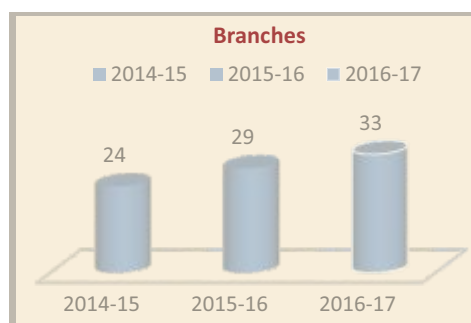


Financial Performance

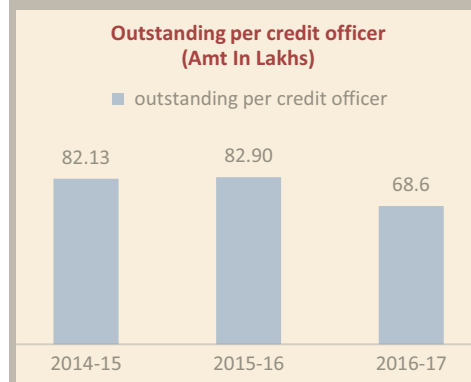
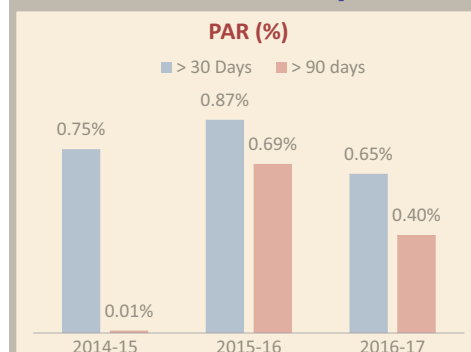


■ 2014-15 ■ 2015-16 ■ 2016-17

Operational Performance



Productivity



Section Four

Organisational Development



Human Resource Development

All through the years, IDF FSPL has given emphasis on building a committed workforce with a special orientation to the development sector. It is not just about the number of employees that the Company focuses, it is more about the quality of employees that redefine the professional ethics with a social touch. Being a service oriented organization with a prime focus on women empowerment, it is extremely important to build a workforce that can transform itself in accordance with the changing scenario of the industry as well as the field level. This maintains an ethical, dedicated & satisfied workforce which will deliver prompt service maintaining high ethical standard.

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, 2017, the number of employees in our Company stood at 199.

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

We at IDF FSPL consider training as a key instrument for overall professional development and retention of employees. 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.

The trainings imparted during this year included inputs on organisation's mission, vision & values, operational architecture, product & process, delinquency management, team building, leadership training etc. The training programs aimed to equip the new recruits with knowledge on values, products & process of the organisation. Refresher trainings were conducted in regular intervals to keep the employees updated about the changes in microfinance norms, RBI guidelines and any changes in the operational guidelines.

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.

MIS at IDF FSPL has been significantly improving over the past year introducing BIJLI (Business Information Justified and Logically Integrated), developed by ForceTen Technologies. This technological intervention has made the data available and accessible at all the levels.

Company maintains its loan portfolio information at branch and head office level. This operational data is maintained in this software.

The software can be used in any OS like windows, Mac OS and Linux versions even in android too. It will be easier to maintain and can be enhanced whenever required.

Furthermore, the software 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.

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.

Audit Department

The Company has a robust audit system in place. The audit department headed by a senior functionary apprises 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.

Risk Management

A disciplined approach to risk is important in MFI industry where the whole business model is driven by the collateral free loans to the low income women. Company's business model identifies, measures, aggregate and manages the risks meticulously.

IDF FSPL has put in place a risk management system to ensure that all the anticipated risks are within the approved risk appetite and are adequately compensated. To address various risks to which the company is exposed to, the organization has put in place a sturdy risk management architecture comprising of risk management structure, risk management policies and systematic implementation as well as monitoring systems.

The company has formulated a dynamic internal board approved risk policy with the help of M-CRIL and IFC, in order to measure, manage and mitigate various risks like credit risk, operational risk, liquidity risk, reputational risk and social performance risk. It has also developed scoring systems and tools with the help of M-CRIL and IFC for portfolio monitoring, asset quality review, stress testing and branch risk scoring.

The Company has a Two-tier Risk management structure, which comprises of; Board risk management committee & Management risk committee. Risk strategy is approved by the board on a regular basis and is defined based on the company's strategic and capital plan and its risk appetite in order to align with the risk, capital, and performance targets.



Section Five

Board of Director's Report



Your Directors have pleasure in presenting the 23rd 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, 2017.

Financial Highlights

The Summarized financial results of the Company are as hereunder:

Particulars	2016-17		2015-16	
	Amt Lakh ₹	% ↑se or ↓se	Amt Lakh ₹	% ↑se or ↓se
Operating income	1813.18	16.25%	15,59.71	14.20%
Other income	79.59	42.51%	55.85	-1.31%
Total income	1892.77	17.16%	1615.56	13.58%
Personnel expenses	404.65	35.77%	298.03	12.12%
Administrative expenses	158.36	50.03%	105.55	-1.19%
Finance charges	780.43	27.43%	612.46	-4.31%
Depreciation	51.60	-17.85%	62.81	47.03%
Provisions and write-offs	99.98	-62.50%	266.64	53.21%
Total Expenses	1495.01	11.11%	1345.50	9.44%
Profit/(Loss) before tax	397.76	47.29%	270.06	39.94%
Less: income tax	-147.90	19.64%	-123.62	-242.91%
Less: deferred tax	19.31	0.00%	-	-
Profit after tax	269.16	83.80%	146.44	-3.03%

Business Snapshot

	Mar -2017	↑% or ↓	Mar-2016	↑% or ↓
Number of Branches	33	13.79%	29	20.83%
Customers (mSHGs)	11170	-9.49%	12341	8.85%
Number of loans Disbursed	24956	-38.40%	40510	-6.74%
Number of Loans	45856	-12.09%	52163	1.94%
Total Disbursements	5797.72	-31.15%	8420.30	14.03%
Total Amount of Outstandings	6105.58	-20.81%	7710.48	17.34%
Recovery Rate	99.72%	0.07%	99.65%	-0.15%
Employees	199	5.85%	188	16.05%
PAR Above 90 days	0.40%	-42.03%	0.69%	-

The Company had recorded robust growth rates over the past two years. This year too it recorded YOY growth rate of 28.11% in its gross loan portfolio till Sept 2016 and was eyeing to cross the 100 crore mark and achieve a growth of over 30% in its gross loan portfolio by March 2017.

However In November 2016, the Indian government implemented the demonetization drive where in higher denomination notes of Rs.500 and 1000 were withdrawn from immediate circulation. Further cash withdrawal from Bank was severely restricted. This move was paralysing especially for the Micro Finance industry due to high dependency on cash transactions. Most of the clients of the MFI were dependent on cash for all their transactions. Their business got affected in a great way. As such on account of disruption in borrower cash flows led to a sharp dip in MFIs' collection efficiencies. Further since most of the customers did not have Bank accounts, disbursement of loans through digital mode was also not possible.

For the Company this came as a blow. During the same period, the Company saw a decline in its loan disbursements from ` 47.27 Crore in H1 FY 2016-17 to ` 10.71 Crore in H2 FY 2016-17. The cash flows were severely hit affecting its collection efficiency. The GLP which had reached a peak of Rs. 85 crores during Sept 2016 had a sharp dip by as at March 2017 and was reduced to Rs. 61.05 crores.

Taking into account the difficulties faced by the customers and the MFI's, Reserve Bank of India relaxed asset classification norms and provided an extension period of PAR above 30 days is 0.65% as compared to 0.87% as at 31st March 2016.

Despite the turbulence on account of Demonetization, the Company has managed to post a growth in its PBT to the tune of 47% as at March 2017. Till Nov'16, the Company had posted an impressive growth of over 18% on its portfolio. The average portfolio for the year FY 16-17 was Rs 76.25 crores on which the Company earned an income of Rs. 18.13 crores. The Operational Sustainability Ratio was as high as 127.18%.

Dividend

Your Company had not paid any dividend on the equity shares since its inception. The Board of Directors takes pleasure in informing you that an interim dividend @ 18% on the equity shares of the Company was declared for the first time during the FY 2016-17 amounting to Rs.1,94,78,214/- during the Board meeting held on 24th March 2017.

The Company is obliged to pay dividend at 6% on Cumulative Convertible Preference shares amounting to Rs. 43,39,491/- and at 9% on Optionally Convertible Preference Shares of Rs.5 crores subscribed by SIDBI amounting to Rs. 45,00,000/-. The Board had recommended payment of the same in its meeting on 24th March 2017.

Other than the above, the Board has not recommended any further payment of dividend and has requested to treat the interim dividend so paid as the final dividend.

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 has implemented a robust Risk Management Policy, which was developed with the assistance IFC, a wing of World Bank.

Separate risk management department, risk management policies and also a separate risk management committee at board level has been introduced.

IDFFSPL's risk appetite has been defined under each category of risk and risk limits were issued so that each department works within those limits.

Details of policy developed and implemented by the 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.

Directors

During the financial year, there has not been any change in the constitution of the Board. The Board consists of Seven (7) members.

Number of Board Meetings conducted during the year under review.

The Company has conducted five (5) Board meetings during the financial year under review.

Directors	Eligible to attend 2016-17	Attended 2016-17
Vivekanand N Salimath	5	5
N M Patil	5	5
T V Srikantha Shenoy	5	5
Kasturi Dambal	5	4
Gururaj M. Deshpande	5	3
TMuralidharan	5	5
Sahadev Gangappa	5	4

Corporate Governance

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

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 and subsequent amendments thereto. The Company is in compliance with the various directions laid down in the circular.

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 Micro finance 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 (3) (j) of the Companies Act, 2013.

For the financial year ended 31st March 2017, the Company has transferred a sum of Rs. 53,83,240/- 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 weaknesses 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, having their office at Laxmi Apartment, Kalaghatagi Road, Saraswathpur, Dharwad 580002 was appointed as Statutory Auditors of the company for a block of five financial years commencing from the conclusion of Annual General Meeting held on 07.09.2015 at a remuneration to be fixed by the Board. His appointment is subject to ratification at every Annual General Meeting.

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.

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 : June 2, 2017



Place: Bengaluru

Annexure-A

FORM No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2017

[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.	Date of Incorporation	27-10-1994
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	-	95.79%

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
	De mat	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								
b) 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								

c) Others – Private Mutual Benefit Trust		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			
		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	% change in shareholding during the year
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	787,500	7.28%	0	787,500	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 Shareholding 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.		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
	For Each of the Top 10 Share holders				
1	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/ transfer/ bonus/sweat equity etc)	6127520	56.63%	6127520	56.63%
	At the End of the year (or on the date of separation, if separated during the year)	7321230	67.66 %	7321230	67.66 %

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				
i) Principal Amount	57,72,27,992	-	-	57,72,27,992
ii) Interest due but not paid				
iii) Interest accrued but not paid				
Total (i+ii+iii)	57,72,27,992	-	-	57,72,27,992
Change in Indebtedness during the financial year				
- Addition	45,00,00,000	-	-	45,00,00,000
- Reduction	(49,73,56,502)			(49,73,56,502)
Net Change	(4,73,56,502)	-	-	(4,73,56,502)
Indebtedness at the end of the financial year				
i) Principal Amount	52,98,71,490	-	-	52,98,71,490
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	52,98,71,490	-	-	52,98,71,490

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/WTD/ 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	18,20,200	18,20,200	36,40,400
	(b) Value of perquisites u/s17(2)Income-tax Act, 1961	32,755	30,269	63024
	(c) Profits in lieu of salary undersection17(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)	18,34,955	18,50,469	36,85,424
7.	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Independent Directors · Fee for attending board committee meetings · Commission · Others, please specify	Kasturi Dambal	Gangappa Sahadev	Muralidharan Thykat	
		20000	20000	25000	65000
	Total(1)	20000	20000	25000	65000
	Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify	0	15000	15000	30000
	Total(2)		15000	15000	30000
	Total(B)=(1+2)	20000	35000	40000	95000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[R D/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	-	-	-	-	-

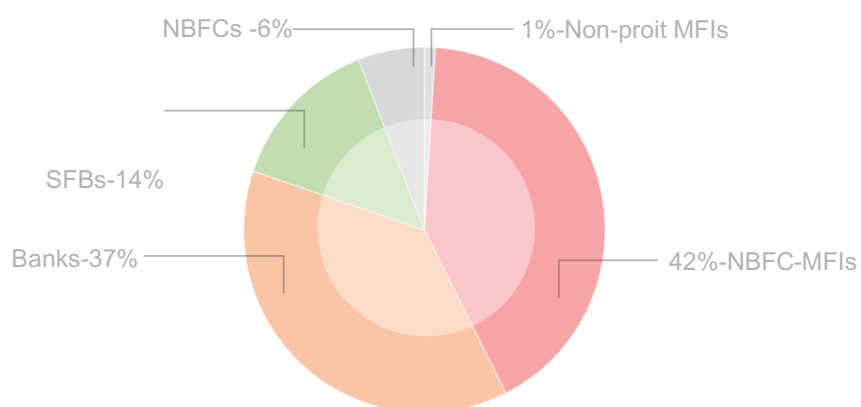


INDUSTRY STRUCTURE AND DEVELOPMENTS

THE MICROFINANCE INDUSTRY

According to MFIN report, the microfinance industry ("MFI") had a total loan portfolio of ₹ 1,06,916 Crore, as on March 31, 2017. NBFC-MFIs contributed 42% of the overall portfolio, while Banks (including BC Portfolio) had a 37% share.

Share of various lenders in loan amount outstanding (FY17)

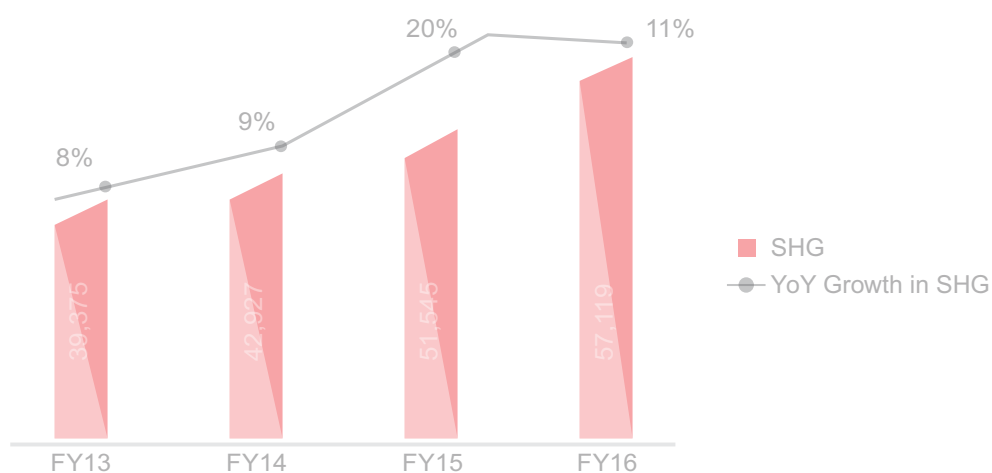


Source: MFIN Micrometer March 2017

PORTFOLIO GROWTH - SHG

During FY16, the SHG portfolio grew by 11% to ₹ 57,119 Crore from ₹ 51,545 Crore in FY15. Between FY13 and FY16, the SHG portfolio grew at a CAGR of 13%.

Gross Loan Portfolio (₹ in Crore)



Source: Status of Microfinance Reports 2013 to 2016

NBFC – MFI INDUSTRY

NBFC-MFI industry saw a modest growth in FY17 after two years of robust growth. During FY17, the industry disbursed loans worth ₹ 50,266 Crore, representing a 13% increase over the previous year. This resulted in a 25% growth in Gross Loan Portfolio (“GLP”) to ₹ 46,847 Crore. During the same period, the number of clients increased by 30% to 2.75 Crore, while the number of people employed by the industry grew by 49% to 86,440 and the number of branches rose by 31%. The average loan amount disbursed per account was ₹ 17,779.

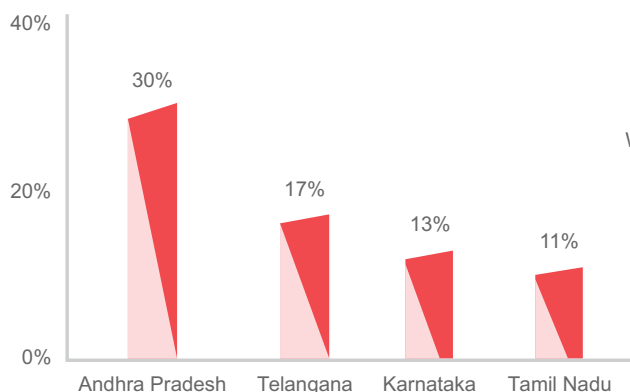
Particulars	FY17	FY16	% increase
Disbursements (₹ in Crore)	50,266	44,324	13%
Gross Loan Portfolio (₹ in Crore)	46,847	37,469	25%
No. of Clients (Crore)	2.75	2.12	30%
No. of Employees	86,440	58,038	49%
No. of Branches	9,012	6,867	31%

Source: MFIN Micrometer March 2017

GEOGRAPHICAL MIX – SHG v/s NBFC-MFI

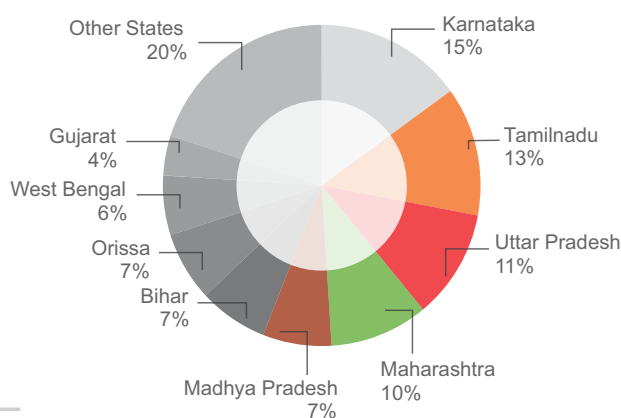
The SHG industry portfolio remains concentrated in the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, with a 71% share. The SHG exposure in these states is given in the graph below.

SHG Portfolio in Top 4 States



Source: NABARD - Status of Microfinance 2016

NBFC - MFI portfolio States



Source: MFIN Micrometer March 2017

NBFC-MFIs now cover 32 states/union territories of India. The coverage of these microfinance institutions is now geographically well dispersed with GLP in South at 31%, North at 27%, West at 24% and East at 18%. Karnataka has the largest NBFC-MFI exposure at 15% of GLP.

In terms of geographic spread, 57% of the NBFC-MFI industry portfolio is “Urban focussed”.

Source: MFIN Micrometer March 2017

2.0 Financial Performance

IDFFSPL had a moderate financial performance in terms of profitability.

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. 57.98 crores during the year 2016-17. The disbursements decreased by 31% as compared to the previous year i.e. 2015-16.
- The number of branches increased to 33 as compared to 29 the previous year.
- The loan portfolio decreased by 21% from Rs. 77.10 crs in the previous year to Rs. 61.05 crs during the year.
- However there has been an improvement in PAR above 90 days, which has decreased to 0.40% as on March 2017 as compared to 0.69% during March 2016.

2.2 Portfolio:

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

Description	Amt in Lakh	
	As on March 2017	As on March 2016
Total value of loans disbursed during period	5797.72	8420.30
Total number of loans disbursed to SHGs during period	24956	40510
Number of active borrowers	45856	52163
Average number of active borrowers	51009	52826
Value of loan outstanding	6105.58	7710.48
Average outstanding balance of loans	7625.53	6806.08
Value of payments in arrears	21.51	44.63
Value of outstanding balance of loans in arrears	24.26	52.51
Value loans written off during period	99.98	255.56
Average loan size per member	23232	20,785
Average loan term (months)	12 TO 24	12 TO 24
Average number of loans officers during period	89	93

Your company operates in 14 districts of Karnataka and Maharashtra and the district wise breakup of loan details as on 31st March 2017 is as follows:

No.	State	Districts	Disbursed		Amt Outstanding	
			Amt in Lakh ₹	%	Amt in Lakh ₹	%
1.	Karnataka	Bagalkot	7,80,000	0.13%	6,16,969	0.10%
2.	Karnataka	Belgaum	14,24,91,721	24.58%	16,10,27,194	26.37%
3.	Karnataka	Chitradurga	61,10,000	1.05%	66,24,539	1.08%
4.	Karnataka	Dharwad	2,58,40,000	4.46%	3,74,00,675	6.13%
5.	Karnataka	Gadag	1,26,22,432	2.18%	1,48,34,073	2.43%
6.	Karnataka	Gulbarga	-	-	1,63,48,900	2.68%
7.	Karnataka	Haveri	6,54,56,876	11.29%	5,12,69,556	8.40%
8.	Karnataka	Shimoga	1,29,90,858	2.24%	1,36,54,277	2.24%
9.	Karnataka	Tumkur	8,22,05,989	14.18%	8,53,95,145	13.99%
10.	Karnataka	Loan to others	-	-	10260000	1.68%
11.	Maharashtra	Kolhapur	9,12,72,153	15.74%	9,56,20,576	15.66%
12.	Maharashtra	Osmanabad	2,40,000	0.04%	1,37,224	0.02%
13.	Maharashtra	Sangli	8,14,90,000	14.06%	7,56,71,793	12.39%
14.	Maharashtra	Satara	4,40,000	0.08%	3,18,090	0.05%
15.	Maharashtra	Solapur	5,78,31,581	9.97%	4,13,79,285	6.78%
		TOTAL	57,97,71,610	100%	61,05,58,296	100%

The portfolio is concentrated most in Belgaum district accounting for 26.37% and 15.66% in Kolhapur district followed by Tumkur district at 13.99%.

2.3 Product-wise distribution

Product	2016-17			2015-16		
	Number of accounts	Amount in Lakh ₹	%	Number of accounts	Amount in Lakh ₹	%
I Cycle	27553	3046.20	49.89%	25910	3173.01	49.67%
II Cycle	6692	1144.77	18.75%	26251	4299.77	50.32%
III Cycle	9867	1522.50	24.94%	0	0	0.00%
IV Cycle	1742	289.51	4.74%	1	19.02	0.002%
Other	2	102.60	1.68%	1	218.68	0.002%
Total	45856	6105.58	100.00%	52163	7710.48	100.00%

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- 17%	Mar-16 %
1	Agri and agri-allied activities	31.31	31.17
2	Small business, trading, manufacturing, etc.	35.01	34.91
3	Service activities	17.18	17.05
4	Housing	4.74	4.91
5	Consumption	11.76	11.96
	Total	100	100.00

83.50% of the loans are for livelihood activities while 16.50% 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 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 > 90DAYS being 0.40%.

Sl. No	Type of Loans	Mar -2017			March 2016		
		No. of Borrowers	Value of Loans	% Loan Out Standing	No. of Borrowers	Value of Loans	% Loan Out Standing
1	Regular Loans	45092	6047.89	99.06%	50836	7638.19	99.06%
2	Less than 30 Days past due	289	18.40	0.30%	68	5.94	0.08%
3	Between 31-60 days past due	121	8.28	0.14%	85	6.30	0.08%
4	Between 61-90 days past due	133	6.75	0.11%	83	7.09	0.09%
5	Between 91-180 days past due	221	24.26	0.40%	363	33.94	0.44%
6	Between 181-365 days past due	0	0	0	728	19.02	0.25%
7	>365 days past due	0	0	0	0	0	0.00%
	Total	45856	6105.58	100.00%	52163	7710.48	100.00%

2.6 Portfolio yield, profitability and sustainability

The portfolio yield for the year 2016-17 was 23.02% which is slightly higher when compared to 22.85% during 2015-16

The Company's Operational sustainability ratio was at 127.18%, higher than that of 122.09% during the previous year.

There has been a sizeable profits earned even with slow growing portfolio. The net profit before taxes for FY 16-17 increased by 32% 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 IDF FSPL for FY 2016-17 was approximately 13.42%.

Name of the bank/financial institution	Balance outstanding as at	
	31-Mar-17	31-Mar-16
1. TERM LOANS - SECURED		
A. From Banks		
Canara Bank	2,37,53,766	4,08,91,64
Canara Bank	2,39,86,553	-
Canara Bank	2,47,97,746	-
Karnataka Grameen Vikas Bank	1,14,52,569	-
Karnataka Grameen Vikas Bank	2,19,14,005	-
Syndicate Bank	13,28,896	1,16,16,795
Syndicate Bank	3,48,05,303	2,31,02,836
State Bank of India	7,70,94,189	23,09,48,574
State Bank of India	10,50,28,762	-
Union Bank of India	2,80,62,077	4,30,55,560
Union Bank of India	4,63,02,403	-
Total	39,85,26,269	34,96,15,412
B. From Other Financial Institutions		
NABARD	-	60,00,000
SIDBI	2,91,50,000	5,00,00,000
Jain Sons Finlease Ltd	1,03,28,246	-
NABKISAN Finance Ltd	2,99,99,845	-
Total	6,94,78,091	5,60,00,000
2. CASH CREDIT FROM BANKS		
Karnataka Grameen Vikas Bank	-	2,45,51,011
Karnataka Grameen Vikas Bank	-	2,45,51,011
Karnataka Grameen Vikas Bank	3,89,95,253	4,82,94,900
Syndicate Bank	2,28,71,877	4,95,41,602
Total	6,18,67,130	17,16,12,580
GRAND TOTAL	52,98,71,490	57,72,27,992

Currently the debt funds sources comprise: Banks (86.89%), Financial Institutions (13.11%). 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.

6.0 Ratings and evaluations

Your company was rated by CARE, an accredited credit rating agency during July 2016, 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 '**BBB-**' rating from Brickwork Ratings in respect of the Bank facilities it has availed and its proposed facilities to be availed in future.

Capital Adequacy

The Capital Adequacy Ratio of the company was 39.99% as on 31st March 2017 which is higher than 32.82% as on 31st March 2016

Section Six



M/s R R Kulkarni & Co.
CHARTERED ACCOUNTANTS

"LAXMI" APARTMENT
KALGHATAGI ROAD
SARASWATPUR
DHARWAD - 580 002
PH: 2442076/988053935

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 31st March 2017, 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, 2017;
- (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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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 :
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **M/s. R R Kulkarni & Co.,**

Chartered Accountants

F R. No.: 010916S



(CA R.R Kulkarni)
Proprietor

M. No.: 211616



Date: 2nd June, 2017

Place: Bengaluru

Annexure - A

Report on Other Legal & Regulatory Requirement of our report of even date to the financial statements of the Company for the year ended March 31st, 2017:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
c) The Company does not possess the immovable properties
2. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
b) Physical verification of the inventories of the company does not arise for the above reason mentioned in (a).
3. The Company has not granted loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, the company need not comply with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and other financial institution. The Company has not taken any loan from the government and has not issued any debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. There has been a fraud reported against one of the Credit Officer Mr Rohan Bagane at Sangli Branch for embezzling cash of Rs. 2,06,400/- and the respective FIR No 561 dated: 19/11/2016 has been filed with Police Station at Sangli.
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, the Company does not have transactions with the related parties and hence the compliance with section 177 and 188 of Companies Act, 2013 does not arise.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. The company has registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

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

Date: June 02, 2017
Place: Bengaluru



IDF FSPL Audited Accounts 2016-17

Balance Sheet as at March 31, 2017

(₹)

Particulars	Note no.	31-Mar-17	31-Mar-16
I. Equity and Liabilities			
Shareholders' funds			
(a) Share capital	2.01	23,05,37,150	23,05,37,150
(b) Reserves and surplus	2.02	2,20,80,607	3,41,21,108
		25,26,17,757	26,46,58,258
Non-Current liabilities			
(a) Long-term borrowings	2.03	19,64,66,805	22,86,10,716
(b) Deferred tax liability (net)	2.04	11,42,787	30,72,685
		19,76,09,592	23,16,83,401
Current liabilities			
(a) Other current liabilities and Provisions	2.05	2,59,95,750	1,17,15,813
(b) Short-term borrowings	2.03	33,34,04,686	36,85,76,551
		35,94,00,436	38,02,92,364
		80,96,27,785	87,66,34,023
II. Assets			
Non-current assets			
(a) Fixed assets	2.07		
(i) Tangible assets		24,00,714	4,84,663
(ii) Intangible assets		74,00,000	1,11,00,000
(b) Loans to groups	2.06	9,69,58,503	20,84,43,032
(c) Long-term loans and advances	2.08	1,28,66,856	86,09,504
		11,96,26,073	22,86,37,199
Current assets			
(a) Cash and cash equivalents	2.09	17,71,83,371	8,83,53,689
(b) Loans to groups	2.06	50,74,94,210	55,48,94,397
(c) Other current assets	2.10	53,24,131	47,48,738
		69,00,01,712	64,79,96,824
		80,96,27,785	87,66,34,023
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 Kulkarni)
Proprietor
M. No.: 211616

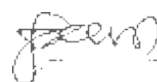
Date: June 02, 2017
Place: Bengaluru



for **IDF Financial Services Private Limited**



(V N Salimath)
Chairman
DIN: 0253109

(N M Patil)
Managing Director
DIN: 1674210

IDF FINANCIAL SERVICES PRIVATE LIMITED

Profit and Loss Account for the year ended March 31, 2017

(₹)

Particulars	Note no.	31-Mar-17	31-Mar-16
Income			
Revenue from operations	2.11	18,13,18,309	15,59,71,071
Other income	2.12	79,59,035	55,85,371
Total Revenue		18,92,77,344	16,15,56,442
Expenses			
Employee benefits expense	2.13	4,04,64,778	2,98,03,825
Finance costs	2.14	7,80,43,165	6,12,46,092
Depreciation and amortization expenses	2.07	51,60,062	62,81,399
Provisions and write-offs	2.15	99,97,823	2,66,64,082
Operating and other expenses	2.16	1,51,45,613	99,94,636
Auditor's Remuneration	2.17	6,90,000	5,60,352
Total expenses		14,95,01,440	13,45,50,386
Profit/(Loss) before tax		3,97,75,904	2,70,06,056
Tax expense:			
- Current tax		(39,01,600)	(1,23,50,081)
- Provision for Income tax		(1,08,88,000)	(98,12,000)
- Reversal of Income tax provision- prior years		-	98,00,000
- Deferred tax		19,29,898	-
Profit/(loss) for the year		2,69,16,202	1,46,43,975
Earning per equity share (EPS) [refer note 3.4]			
- Basic		2.49	1.35
- Diluted		1.17	0.64
Number of shares considered for			
- Basic		1,08,21,230	1,08,21,230
- Diluted		2,30,53,715	2,30,53,715
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: June 02, 2017

Place: Bengaluru



for IDF Financial Services Private Limited



(V N Salimath)
Chairman
DIN: 0253109




(N M Patil)
Managing Director
DIN: 1674210

IDF FINANCIAL SERVICES PRIVATE LIMITED

Cash Flow Statement for the Year Ended March 31, 2017

(₹)

Particulars	31-Mar-17	31-Mar-16
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	3,97,75,904	2,70,06,055
<i>Adjustment for Non- cash (income) / expenditure:</i>		
Depreciation	51,60,062	62,81,400
Bad debts written off	(97,91,423)	-
Provision for bad debts	-	11,08,279
Loss on sale of assets	-	3,724
Deferred Tax Income	19,29,898	-
Operating profit before changes in operating assets	3,70,74,441	3,43,99,458
<i>Adjustments for</i>		
(Increase)/ decrease in current assets	(5,75,393)	(18,00,594)
(Decrease)/increase in current liabilities	(2,08,91,928)	5,46,73,065
(Increase)/ decrease in loans to groups	16,44,18,787	(11,15,56,195)
Net cash generated from operating activities before tax	18,00,25,907	(2,42,84,266)
Income tax paid	(1,47,89,600)	(1,23,62,081)
Net cash generated from operating activities after tax (A)	16,52,36,307	(3,66,46,347)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (adjusting buy back of assets)	(33,76,113)	(5,26,482)
Net cash flow from investing activities (B)	(33,76,113)	(5,26,482)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital [Incl premium]	-	-
Secured borrowings [Net]	(3,40,73,809)	3,54,22,846
Corporate dividend tax paid	(17,99,507)	-
Dividend paid	(3,71,57,196)	-
Unsecured borrowings [net]	-	-
Net cash generated from financing activities (C)	(7,30,30,512)	3,54,22,846
Net increase/(decrease) in cash and cash equivalents during the year (A)+(B)+(C)	8,88,29,682	(17,49,984)
Cash and cash equivalents at the beginning of the year	8,83,53,688	9,01,03,672
Cash and cash equivalents at the end of the year [Refer note 2.09]	-	17,71,83,370
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: June 02, 2017
Place: Bengaluru



for IDF Financial Services Private Limited



(V N Salimath)
Chairman
DIN: 0253109




(N M Patil)
Managing Director
DIN: 1674210

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

1.01 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 otherwise stated and stipulated in the directions issued by Reserve Bank of India (RBI) to the extent applicable to the Company.

1.02 Use of estimates

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

1.03 Revenue recognition

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

1.04 Cash Flow Statement

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

Cash 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.

1.05 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'.

1.06 Depreciation and amortisation

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

Class of Fixed Assets	Rate of Depreciation
Furniture & fixtures	25.89%
Office equipment	45.07%
Computers	63.16%
Vehicles	31.23%

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.

1.07 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.

1.08 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.

1.09 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 overdue for more than 90 days but not more than 180 days.	50%
Non-performing Assets	The aggregate loan instalments which are overdue for more than 180 days.	100%

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

Asset Classification	
Standard Assets	60,81,31,891
Non-Performing Assets:	
Sub-Standard Assets	
91 days - 180 days	24,26,405
> 180 days	-
Loss Assets	-
Misappropriated Accounts	-
Gross Loan Portfolio	61,05,58,296
Provisioning Norms:	
Provisioning of Higher of:	
a) 1% of the outstanding loan portfolio	61,05,583
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.	12,13,203
Actual Provisions already held	77,10,479
Additional Provision to be held during the current year	-
Reversal of excess provisions held	16,04,896
Total Provision at the end of the year ₹	61,05,583

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.

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

Total Amount Details of PF , ESI March 2017

Month	PF		ESI	
	Employees Share	Employer's Share	Employees Share	Employer's Share
April	92,262	1,02,750	12,011	32,595
May	93,583	1,04,205	12,009	32,582
June	94,456	1,05,175	12,320	33,167
July	1,33,885	1,49,048	17,386	47,197
August	1,27,209	1,41,661	16,957	45,966
September	1,26,511	1,40,882	13,833	37,518
October	1,22,437	1,36,346	16,704	39,685
November	1,21,525	1,35,330	16,472	44,703
December	1,15,876	1,29,042	15,828	42,964
January	1,13,143	1,25,996	15,625	42,410
February	1,11,856	1,24,548	15,287	41,493
March	1,07,805	1,20,014	14,670	39,776
Total ₹	13,60,548	15,14,997	1,79,102	4,80,056

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

2.01 Share Capital

	31-Mar-17	31-Mar-16
Authorized		
15,000,000 [Previous year: 15,000,000] Equity shares of ₹ 10/- each	15,00,00,000	15,00,00,000
10,000,000 [Previous year: 10,000,000] 6% Compulsory Convertible Preference shares of ₹ 10/- each	10,00,00,000	10,00,00,000
50,00,000 9% Optionally Convertible Preference Shares of ₹ 10/- each	5,00,00,000	5,00,00,000
	30,00,00,000	30,00,00,000
Issued, subscribed and paid-up		
Equity		
10,821,230 [Previous year: 10,821,230] Equity shares of ₹ 10/- each fully paid -	10,82,12,300	10,82,12,300
Compulsory Convertible 6% Preference Shares		
7,232,485 [Previous year: 7,232,485] 6% Cumulative Convertible Preference shares of ₹ 10/- each fully paid-up	7,23,24,850	7,23,24,850
Optionally Convertible 9% Preference shares		
50,00,000 [Previous year: Nil] 9% Cumulative Convertible Preference shares of ₹ 10/- each fully paid-up	5,00,00,000	5,00,00,000
	23,05,37,150	23,05,37,150

2.01.1 Reconciliation of shares

	31-Mar-17	31-Mar-17	31-Mar-16	31-Mar-16
	Number	Amount	Number	Amount
a) Equity shares				
Balance at the beginning of the year	1,08,21,230	10,82,12,300	1,08,21,230	10,82,12,300
Add: issued during the year	-	-	-	-
Balance at the end of the year	1,08,21,230	10,82,12,300	1,08,21,230	10,82,12,300
b) Compulsory Convertible 6% Preference shares				
Balance at the beginning of the year	72,32,485	7,23,24,850	72,32,485	7,23,24,850
Add: issued during the year	-	-	-	-
Balance at the end of the year	72,32,485	7,23,24,850	72,32,485	7,23,24,850
c) Optionally Convertible 9% Preference shares				
Balance at the beginning of the year	50,00,000	5,00,00,000	50,00,000	5,00,00,000
Add: issued during the year	-	-	-	-
Balance at the end of the year	50,00,000	5,00,00,000	50,00,000	5,00,00,000

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

2.01.3 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 shareholders 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.

2.01.4 The details of shareholders as at March 31, 2016 is set out below:

	31-Mar-17		31-Mar-16	
	No. of shares	%	No. of shares	%
Equity share capital				
IDF FSPL balaga welfare trust	7,87,500	7%	7,87,500	7%
IDF SHG Federation - Dharwad	73,21,230	68%	73,21,230	68%
Vivekanand. N. Salimath	5,42,500	5%	5,42,500	5%
Naganagouda M Patil	5,42,500	5%	5,42,500	5%
T V Srikantha Shenoy	5,42,500	5%	5,42,500	5%
Shrikant M Hebbal	5,42,500	5%	5,42,500	5%
Gururaj M Deshpande	5,42,500	5%	5,42,500	5%
Total	1,08,21,230	100%	1,08,21,230	100%
Compulsory Convertible 6% Preference share capital				
IDF SHG Federation - Dharwad	72,32,485	100%	72,32,485	100%
Total	72,32,485	100%	72,32,485	100%
Optionally Convertible 9% Preference share capital				
SIDBI	50,00,000	100%	50,00,000	100%
Total	50,00,000	100%	50,00,000	100%

2.02 Reserves and Surplus

	31-Mar-17	31-Mar-16
Securities premium reserve		
Opening balance	7,76,700	7,76,700
Additions/adjustments during the year	-	-
	7,76,700	7,76,700
Statutory reserve		
Opening balance	1,16,22,474	86,93,679
Additions during the year	53,83,240	29,28,795
	1,70,05,714	1,16,22,474
Vehicle Revolving Fund		
Opening balance	1,17,887	1,17,887
Additions during the year	-	-
	1,17,887	1,17,887
Surplus in the statement of Profit and Loss		
Opening balance	2,16,04,047	98,88,867
Add: Profit/(loss) for the year	2,69,16,202	1,46,43,975
Less: Transferred to statutory reserve	(53,83,240)	(29,28,795)
Less: Dividend paid on Preference shares for FY 2015-16	(88,39,491)	-
Less: Dividend distribution tax paid for FY 2015-16	(17,99,507)	-
Less: Provision for dividend on preference shares for FY 2016-17	(88,39,491)	-
Less: Interim Dividend on Equity share paid during FY 2016-17	(1,94,78,214)	-
	41,80,306	2,16,04,047
	2,20,80,607	3,41,21,108

2.03 Borrowings

	31 - Mar - 17	31-Mar-16
a) Secured [Refer note 3.3]		
i) Long Term loans		
- From banks	19,15,08,033	17,95,01,441
- From other Financial Institutions	49,58,771	2,91,50,000
- Loan on	-	1,99,59,275
Deposit		
i) Short Term loans		
- From banks	23,45,60,920	17,01,13,971
- From other Financial	6,45,19,320	2,68,50,000
Institutions		
iii) Cash Credits		
- From banks	3,43,24,446	17,16,12,580
	52,98,71,490	59,71,87,267

2.03.1 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

2.04 Deferred tax liability (net)

	31-Mar-17	31-Mar-16
Opening balance	30,72,685	30,72,685
Deletion during the year	(19,29,898)	-
	11,42,787	30,72,685

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

2.05 Other current liabilities & Provisions

	31-Mar-17	31-Mar-16
Statutory Liabilities	2,33,868	63,965
Other payables	4,84,942	82,953
Provision for Tax	1,36,00,000	98,12,000
Payable to staff	17,99,039	16,74,818
Sundries payable	1,41,418	82,077
Staff welfare fund payable	-	-
Insurance Premium Payable	8,96,992	-
Dividend Payable	88,39,491	-
Dividend Distribution Tax Payable	-	-
	2,59,95,750	1,17,15,813

2.06 Loans to groups

	31-Mar-17	31-Mar-17	31-Mar-16	31-Mar-16
	Non-current	Current	Non-current	Current
Standard Assets	9,69,58,503	51,11,73,388	20,85,17,032	55,73,54,066
Non-Performing Assets	52,948	23,73,457	52,006	51,98,804
	9,70,11,451	51,35,46,845	20,85,69,038	56,25,52,870
Less: Provision for Standard Asset	-	36,79,178	-	24,59,669
Less: Provision for Non-Performing	52,948	23,73,457	52,006	51,98,804
	9,69,58,503	50,74,94,210	20,85,17,032	55,48,94,397

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.

2.08 Long-term loans and advances

	31-Mar-17	31-Mar-16
Unsecured, considered good		
Rent Advance	10,16,000	8,46,000
Prepaid taxes	1,10,00,000	71,00,000
TDS Receivables	8,18,856	5,89,504
Vehicle loans to staff	32,000	74,000
	1,28,66,856	86,09,504

2.09 Cash and cash equivalents

	31-Mar-17	31-Mar-16
Balances with banks		
- in deposit account	11,22,42,201	6,13,91,121
- in current accounts	6,48,82,028	2,68,31,950
Cash on hand	59,142	1,30,618
	17,71,83,371	8,83,53,689

2.10 Other current assets

	31-Mar-17	31-Mar-16
Interest Receivable	29,68,024	19,97,687
IDF Trust -FD A/c	-	-
Receivables	23,05,520	25,99,721
Stamp in Stock	587	1,330
DHFL Pramerica Life Insurance Co-Deposit	50,000	1,00,000
Other Advance	-	-
Max Life Insurance Co. Ltd. Deposit A/c	-	50,000
	53,24,131	47,48,738

2.11 Revenue from operations

	31-Mar-17	31-Mar-16
Interest Income	17,55,28,539	14,76,98,909
Service charges on loans	57,89,770	82,72,162
	18,13,18,309	15,59,71,071

2.12 Other income

	31-Mar-17	31-Mar-16
Interest on term deposits	50,65,999	48,22,627
Bad debts recovered	12,73,640	7,32,306
Other non-operating income	14,500	30,438
Reversal of excess provision for loan losses	16,04,896	-
	79,59,035	55,85,371

2.13 Employee benefit expenses

	31-Mar-17	31-Mar-16
Salaries, wages and bonus	3,78,69,020	2,77,84,152
Contributions to provident and other funds	21,93,003	17,00,994
Staff welfare and training expenses	4,02,755	96,654
Gratuity	-	2,22,025
	4,04,64,778	2,98,03,825

2.14 Finance costs

	31-Mar-17	31-Mar-16
Interest on borrowings	7,06,16,262	5,76,28,525
Loan processing fee on borrowings	60,20,350	30,11,564
Bank charges	4,37,363	3,33,900
Documentation and evaluation expenses	9,69,190	2,72,103
	7,80,43,165	6,12,46,092

2.15 Provisions and write-offs

	31-Mar-17	31-Mar-16
Bad debts written-off	97,91,423	2,55,55,803
Additional provision for Non-performing Assets	-	11,08,279
Cash Loss written off A/c	2,06,400	-
	99,97,823	2,66,64,082

2.16 Other operating expenses

	31-Mar-17	31-Mar-16
Travelling and conveyance	24,03,768	19,53,786
Communication Expenses	17,35,535	11,26,912
Rent	29,08,765	23,21,414
Office maintenance	6,75,857	5,95,654
Printing & stationery	7,80,163	7,20,907
Insurance	5,00,602	5,41,843
Loss on sale of assets	-	3,724
Repairs and maintenance	3,10,191	2,61,872
Meeting Expenses	2,65,369	1,97,524
Subscription Fees	6,35,891	3,87,815
Credit Bureau Expenses	39,978	1,44,029
Donations	-	25,000
Miscellaneous Expenses	1,75,093	2,01,696
Commission Paid	-	3,79,604
Legal Fees	-	39,675
Rates & Taxes	-	2,143
Professional charges	32,90,902	10,63,663
Project Service charges	4,50,000	-
Gratuity Provision A/c	9,53,087	-
	1,51,25,201	99,67,261
2.16.1 Other Expenses		
R O C Filing fee	20,412	27,375
	20,412	27,375
	1,51,45,613	99,94,636

2.17 Auditor's Remunerations

	31-Mar-17	31-Mar-16
Audit Fees	6,90,000	5,60,352
Audit services	-	-
Tax Audit	-	-
Reimbursement of expenses	-	-
	6,90,000	5,60,352

3) Supplementary information

3.01 Contingent liabilities and commitments

	31-Mar-17	31-Mar-16
Contingent liabilities	Nil	Nil
Commitments	Nil	Nil

3.02 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.

3.02.1 Capital to Risk-Assets Ratio [CRAR]

	31-Mar-17	31-Mar-16
Tier I Capital	1,952.18	2,020.00
Tier II Capital	500.00	500.00
Total	2,452.18	2,520.00
Total Risk weighted assets		
(i) Adjusted value of funded risk assets i.e. on-balance sheet items	6,131.94	7,679.00
(ii) Adjusted value of non-funded and off-balance sheet items	-	-
Total risk weighted assets/ exposures	6,131.94	7,679.00
Capital to Risk-Assets Ratio [CRAR]		
Tier I Capital as a percentage of Total Risk weighted assets (%)	31.84%	26.31%
Tier II Capital as a percentage of total Risk weighted assets (%)	8.15%	6.51%
CRAR (%)	39.99%	32.82%

3.02.2 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-17		31-Mar-16		As on 31st Mar 2017	As on 31-March 2016
	No. of accounts	Amount	No. of accounts	Amount	Amount	Amount
Standard assets	45,635	60,81,31,891	51,075	76,57,97,098	36,79,178	24,59,669
Non-Performing assets	221	24,26,405	1,088	52,50,810	24,26,405	52,50,810
Total	45,856	61,05,58,296	52,163	77,10,47,908	61,05,583	77,10,479

These are classified as standard assets and Non-performing 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.

The Non-performing asset is 0.40% for the year ending 31st March 2017 as compared to 0.68% of total loan portfolio for the year ending 31st March 2016.

3.02.3 Margin

Margin Cap of the Company as on 31st March 2017 is 11.22%. 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.

3.02.4 Qualifying Assets

As of 31st March, 2017, 93.43% of total assets of ₹ 62,50,44,414/- (excluding cash balance with Banks and financial institutions, Government Securities and Money Market Instruments) are in the nature of "Qualifying Assets" as defined in para 3 of RBI's circulars no: RBI/2010-11/505 RPCD.CO.Plan 66/04.09.01/2010-11, Dated May 3,2011

3.02.5 Pricing of Credit

The maximum interest on loan products offered by IDF Financial services is 24%- 25% p.a. on reducing balance basis and upfront fees not more than 1% of the loan disbursed.

The Company has charged its borrowers only actual cost of insurance as per the extant IRDA guideline. The Company has not collected any administrative charges from borrowers.

3.0.3 Terms and conditions of Borrowing

Name of the bank/financial institution	Balance outstanding as at		Repayment period including moratorium
	31-Mar-17	31-Mar-16	
1. TERM LOANS - SECURED			
A. From Banks			
Canara Bank	2,37,53,766	-	Repayable in 36 equated monthly installments
Canara Bank	2,39,86,553	4,08,91,647	Repayable in 60 equated monthly installments
Canara Bank	2,47,97,746	-	Repayable in 60 equated monthly installments
Syndicate Bank	-	1,16,16,795	Repayable in 36 equated monthly installments
Syndicate Bank	13,28,896	2,31,02,836	Repayable in 36 equated monthly installments
Syndicate Bank	3,48,05,303	-	Repayable in 36 equated monthly installments
State Bank of India	7,70,94,189	-	Repayable in 36 equated monthly installments
State Bank of India	10,50,28,762	23,09,48,574	Repayable in 36 equated monthly installments
Union Bank	2,80,62,077	4,30,55,560	Repayable in 36 equated monthly installments
Union Bank	4,63,02,403	-	Repayable in 12 quarterly instalments
Karnataka Grameen Vikas Bank	1,14,52,569	-	Repayable in 36 equated monthly installments
Karnataka Grameen Vikas Bank	2,19,14,005	-	Repayable in 36 equated monthly installments
Total	39,85,26,269	34,96,15,412	
B. From Other Financial Institutions			
NABARD	-	60,00,000	Repayable in 5yearly installments
SIDBI	2,91,50,000	5,00,00,000	Repayable in 24 Equated monthly installments
Jain Sons Finlease Ltd	1,03,28,246	-	Repayable in 12 monthly installments
NABKISAN Finance Ltd	2,99,99,845	-	Repayable in 12 quarterly Installments
Total	6,94,78,091	5,60,00,000	
2. CASH CREDIT FROM BANKS			
Karnataka Grameen Vikas Bank	-	2,45,51,011	Limits Valid upto 31.08.2016
Karnataka Grameen Vikas Bank	3,89,95,253	4,82,94,900	Limits Valid upto 28.02.2018
Karnataka Grameen Vikas Bank	-	4,92,25,067	Limits Valid upto 28.02.2017
Syndicate Bank	2,28,71,877	4,95,41,602	Limits Valid upto 31.08.2017
Total	6,18,67,130	17,16,12,580	

3.0.4 Earnings per share

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

	31-Mar-17	31-Mar-16
Net profit as per profit and loss account	2,69,16,202	1,46,43,975
Weighted average number of shares considered for computation of basic earnings per share	1,08,21,230	1,08,21,230
Add: Effect of compulsory convertible preference shares	72,32,485	72,32,485
Add: Effect of optionally convertible preference shares	50,00,000	50,00,000
Weighted average number of shares considered for computation of diluted earnings per share	2,30,53,715	2,30,53,715
Nominal value per share	10	10

3.05 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 LIC insurance company in the form of a qualifying insurance policy.

3.06 Related party disclosures

3.06.1 Names of related parties and nature of relationship

Names	Nature of relationship
N.A	N/A

3.06.2 Nature of transactions

Name of related party	Nature of transaction	Type	31-Mar-17	31-Mar-16
IDF SHG Federation – Dharwad	Loans outstanding balance	Payment	-	2,18,68,435
Total			-	2,18,68,435

3.07 Earnings and expenditure in foreign currency

	31-Mar-17	31-Mar-16
Earnings	Nil	Nil
Expenditure	Nil	Nil

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

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



(R R Kulkarni)
Proprietor

M. No.: 211616

Date: June 02, 2017

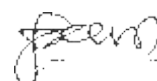
Place: Bengaluru



for **IDF Financial Services Private Limited**



(V N Salimath)
Chairman
DIN: 0253109

(N M Patil)
Managing Director
DIN: 1674210

IDF FINANCIAL SERVICES PRIVATE LIMITED

Notes to the financial statements as at March 31, 2017

Note 2.7 : Fixed assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on March 31st, 2016	Additions for the year	Deletions for the year	As on Mar 31st, 2017	Up to March 31st, 2016	Additions for the year	Deletions For the year	As on Mar 31st, 2017	As At Mar 31st, 2017	As at March 31, 2016
A. Tangible assets										
Computer and Accessories	41,15,297	20,63,263	-	61,78,560	39,41,695	10,96,076	-	50,37,771	11,40,789	1,73,602
Furniture and Fixtures	16,85,463	2,10,881	-	18,96,344	15,03,261	77,684	-	15,80,945	3,15,399	1,82,202
Vehicle	-	9,86,671	-	9,86,671	-	1,95,961	-	1,95,961	7,90,710	-
Office Equipment	26,93,508	1,15,298	-	28,08,806	25,64,649	90,340	-	26,54,989	1,53,817	1,28,859
Total [A]	84,94,268	33,76,113	-	1,18,70,381	80,09,605	14,60,062	-	94,69,667	24,00,714	4,84,663
B. Intangible assets										
Goodwill	3,70,00,000	-	-	3,70,00,000	2,59,00,000	37,00,000	-	2,96,00,000	74,00,000	1,11,00,000
Total [A+B]	4,54,94,268	33,76,113	-	4,88,70,381	3,39,09,605	51,60,062	-	3,90,69,667	98,00,714	1,15,84,663

Date : June 02, 2017
Place: Bengaluru





IDF Financial Services Private Limited (IDF FSPL)

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 & Federation
- Facilitate Federation of SHGs to organize trainings related to Livelihood, Health & Community Development
- Assist SHG Federation to mobilize thrift from the SHGs
- Assist SHG Federation to provide Credit plus services
- Provide Credit to SHGs
- Build the capacity of SHG Federation towards participation in Governance of the Federation as well as in IDF FSPL in which the federation 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
- Union Bank of India
- Syndicate Bank
- UCO Bank
- Small Industries Development Bank of India (SIDBI)
- NABKISAN Finance Ltd
- Jainsons Finlease Ltd

Statutory Auditors

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



IDF Financial Services Private Limited (IDF FSPL)

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