

ANNUAL REPORT

2020-21



Satisfying Our
Share Holders, Without
Profiting from Poverty



Chairman's Message



“Change is the end result of all true learning”

- Leo Buscaglia

Dear Shareholders,

It is my pleasure to present to you, our 27th Annual Report for the year ended March 31, 2021. I am pleased to announce that IDF Financial Services Pvt Ltd has delivered satisfactory performance even in adverse conditions to end the year with profitable growth. In the past five years, your Company has reported an AUM growth of 155.52%, from Rs. 61.02 crs in FY16-17 to Rs. 155.92 crs in FY20-21.

India's Microfinance sector too has done well during this period, with AUM growing from 400 billion in FY15-16 to almost Rs. 2.49 trillion in FY20-21. The book size of microfinance industry as on 31st March 2021, is Rs. 249,277 crore, Y-o-Y growth of 18% from March 2020 to March 2021.

Over just the past decade, the Company has weathered the Andhra Pradesh crisis of 2010, the government's demonetization drive of 2016 and the Non-Banking Financial Company meltdown of 2018. When a crisis hits the financial system or economy at large, the microfinance sector is usually among the worst impacted since it caters to the most economically vulnerable segments of the country. Nevertheless, we have survived these tests and grown to become stronger after each crisis, on the back of the lessons it has learned. These and other learnings have come in handy during the COVID-19 pandemic that has ravaged the country, along with so much of the world. The Covid Consequences and handling it in the most professional, humane and appropriate manner has been the focal point of the Financial Year (FY) 2021.

The Company witnessed the most unexpected year 2021, just like the entire world and yet we have grown, diversified and upgraded. Business Resilience during the year is the indication of our long-term commitment to elevate members at the bottom of the pyramid.

The Company's strategic decisions which resulted in a positive AUM growth of approximately Rs. 155.92 Crores is reflective of the calculated growth vision, even in such unprecedented times. While the Company transitioned safe working environment for its employees, we were also conscious of customers' wellbeing. We adhered to the industry code of conduct set by Self-Regulatory Organisations requiring fair interaction, suitability, transparency and addressing customer grievances.

Your company was able to maintain its profitability despite the sharp slowdown after the national wide lockdown at the start of the fiscal.

The Company has a network of 59 branches across 3 States with a presence in 20 districts.

AUM grew by 4.02% from Rs. 149.89 crs in FY20 to Rs.155.92 crs in FY21, active loan accounts de-grew by 68559 from 69453 last year. A total of 20010 loan accounts were disbursed during the financial year amounting to Rs. 80.84 crs, and these loans have a repayment rate of 97.20% after the moratorium.

The Company's operational revenue increased by 10.09% to Rs. 31.43 crs for FY21 compared with Rs. 28.55 crs for FY20.

Provisions stood at Rs. 2.89 crs including the standard provision of Rs. 1.89 crs made for FY21 as per the company's policy.

During the year, the Company passed on the benefit of the lower interest rate charged by its lending banks and Financial Institutions by reducing the rate of interest charged to its customers from 24% to 22% per annum.

The Reserve Bank of India aims to bring regulatory parity among all microlending institutions and has floated a discussion paper. Currently only the registered NBFC-MFIs are following sector specific rules, RBI aims to curtail regulatory arbitrage enjoyed by other micro lenders. Overall, the proposals are beneficial for the development of the microfinance sector. Removal of pricing cap would allow low-cost lenders to gain larger market share, while maintaining its profitability.

I am grateful to all our shareholders and other stakeholders for the support extended to the company over the years. We remain indebted to the Reserve Bank of India and NABARD and all our lenders for the support given to the industry over the years. I would also like to take this opportunity to commend our management team for having led the company from strength to strength. Notwithstanding the current phase of stress, we look forward to a year of growth and profitability.


(Vivekanand N. Salimath)
Chairman

Message from Managing Director



“Our greatest glory is not in never falling, but in rising every time we fall”

Confucius

It gives me immense pleasure to present our 27th Annual report of the Company. At the outset, I would like to thank each of you for the tireless efforts that you have made so far and look forward to the same zeal in the days ahead.

The world has changed dramatically in the space of a few months. The unexpected health crisis has created devastating human, social and economic impact. At IDF FSPL, we played a decisive role during this crisis by ensuring strong support for customers, employees and the communities that we are associated with. The single-point objective of the Company is to make a valuable contribution towards the lives of our customers, and we made it a point to stand strong with them even during these tough pandemic days.

We contacted each of our customers, in our 59 branches spread across 20 districts, for their well-being. The purpose of these calls was to not only reassure them of our assistance for their financial hardships but also for guiding and helping them during this unprecedented health related crisis. Each of these discussions were a call to action. Our teams were at the forefront of providing relief measures in terms of consumables, daily essentials, medicines, masks etc on a large scale across our entire network.

We opened almost all our branches by end-June; getting back to work was a huge morale booster for the team.

I am happy to state that the Company has delivered a pleasing performance during the year 2020-21 despite turbulent times. With presence in 3 States across 20 districts with 59 branches operating with a total manpower of 266, the overall loan book grew by 4.02% from `149.89 crs in FY20 to `155.92 crs in FY21. The Company's Managed portfolio grew by 29% from `21.64 crs to `27.92 crs. Our total income stood at 31.43 crs for FY21 compared with `28.55 crs for FY20., an increase of 10.09% as compared to the previous year.

As a Company we believe in the power of technology and over the years we have adopted various innovations such as usage of digital platforms for Loan disbursement, loan repayment, loan monitoring and loan audit processes, with many more initiatives in the pipeline. Automation has enriched the lives of both our employees and customers without compromising on the quality of work we do.

A very important milestone during this pandemic phase was the announcement of financial support package by our Central Bank i.e., RBI and the Hon'ble. Supreme Court mandated guidelines to all financial

entities to extend moratorium period to customers between March 1st 2020 till August 31st 2020.

I am quite confident that with efficient implementation of reforms and policy measures announced by the Government and the RBI, along with improving rural economy, we can get back on the growth path soon

Looking ahead, our goal is to significantly expand our branches and microfinance products across different geographies. We will continue to leverage technology to provide improved end-to-end loan processing and superior customer satisfaction.

I take this opportunity to thank our team for their passion and perseverance in these trying times, our fund providers and BC partners for believing in our business model, our regulators for the timely announcement of the moratorium and their liquidity support, our Board for their invaluable guidance and our shareholders for their belief and support in our capabilities.

(Naganagouda M Patil)
Managing Director

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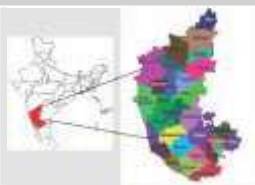

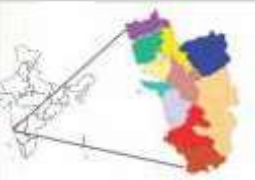
ANNUAL REPORT

2020-21

Section - 1

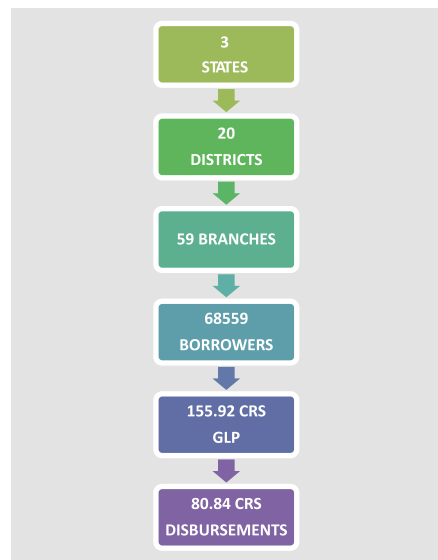
About IDF FSPL Overview



| KARNATAKA | |
|---|--|
|  | 13 DISTRICTS 36 BRANCHES 43991 BORROWERS 112.18 GLP (₹ IN CRS) 71.38 DISBURSEMENTS (CRS) |
| MAHARASHTRA | |
|  | 5 DISTRICTS 21 BRANCHES 21691 BORROWERS 37.68 GLP (₹ IN CRS) 6.29 DISBURSEMENTS (CRS) |
| GOA | |
|  | 2 DISTRICTS 2 BRANCHES 2877 BORROWERS 6.06 GLP (₹ IN CRS) 3.18 DISBURSEMENTS (CRS) |

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



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 59 branches and a Staff Strength of 266. The total no of borrowers as at 31st March 2021 is 68559 with GLP of Rs. 155.92 crores. The Company has disbursed loans under (Owned + Managed Portfolio of 51.91+ 28.93 crores) amounting of Rs. 80.84 crores during the year 2020-21.



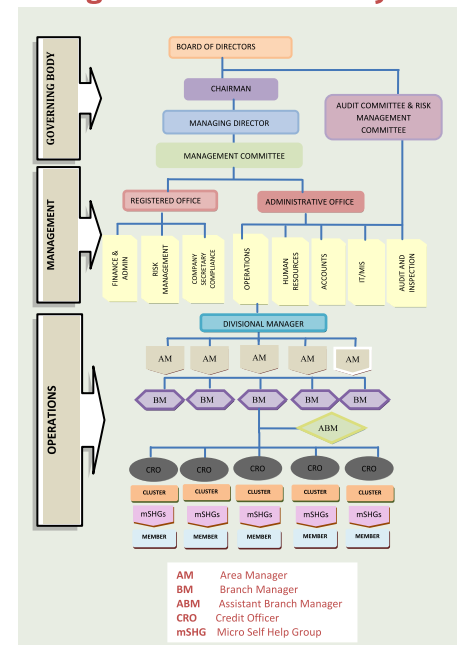
IDF Financial Services Pvt Ltd (IDF FSPL) is a predominantly community owned Non-Banking Micro Finance Company providing short term finance to micro Self Help Groups (mSHGs) that it forms and nurtures with a special focus on rural and semi urban segments. IDF FSPL believes in providing quality and sustainable 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. Social mobilization 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

The Company has its registered office at Bangalore, and the administrative office at Dharwad. The operations are geographically aligned to cater to 20 districts across 3 States in India viz Karnataka, Maharashtra and Goa.

The operations of the Company is headed by Head – Operations and assisted by Divisional Managers. The Divisional Managers monitors 3-4 area offices. Each area office consists of 3-5 branches. The area offices are headed by Area Managers, who are responsible for the overall business development in the area. The Branches are headed by the Branch Manager (BM), who is assisted by 3-5 Credit Officers (CROs). Each branch is expected to handle

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

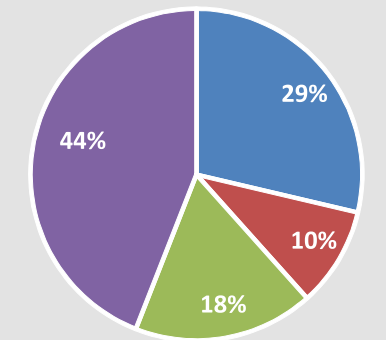
Profile of SHG Members

| Characteristics | Description |
|-----------------|---|
| Annual Income | Rural areas: Up to Rs. 1,25,000 Urban areas: Up to Rs. 2,00,000 |
| Education | Illiterate or semi-literate |
| Age | Age group 18 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



■ General ■ Minority ■ OBC ■ SC

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.

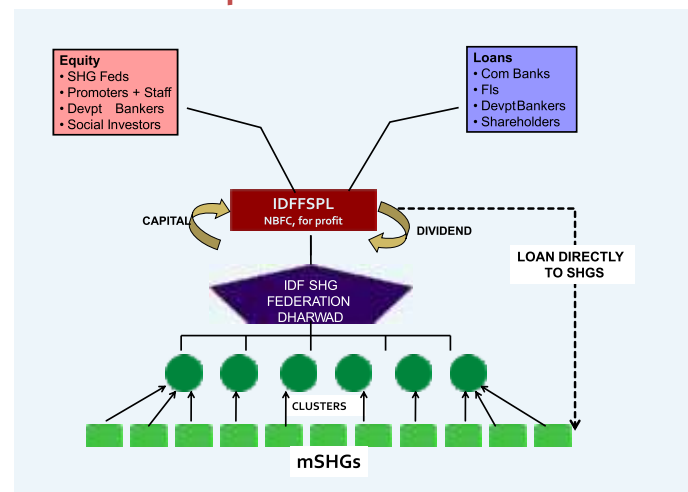
Micro-SHG s (mSHGs) are a homogeneous group of 5 members living in close vicinity with similar economic background and a strong affinity for each other

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

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

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

Operational Structure

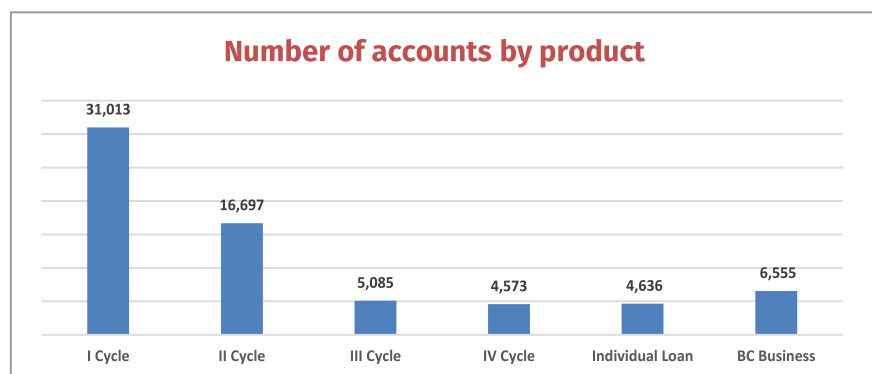


Products

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

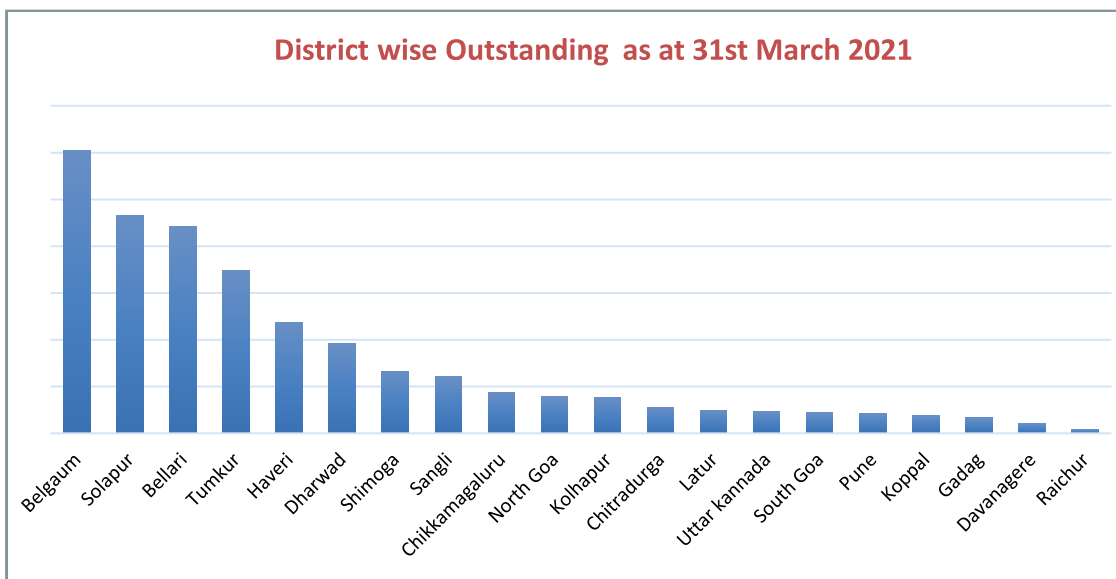
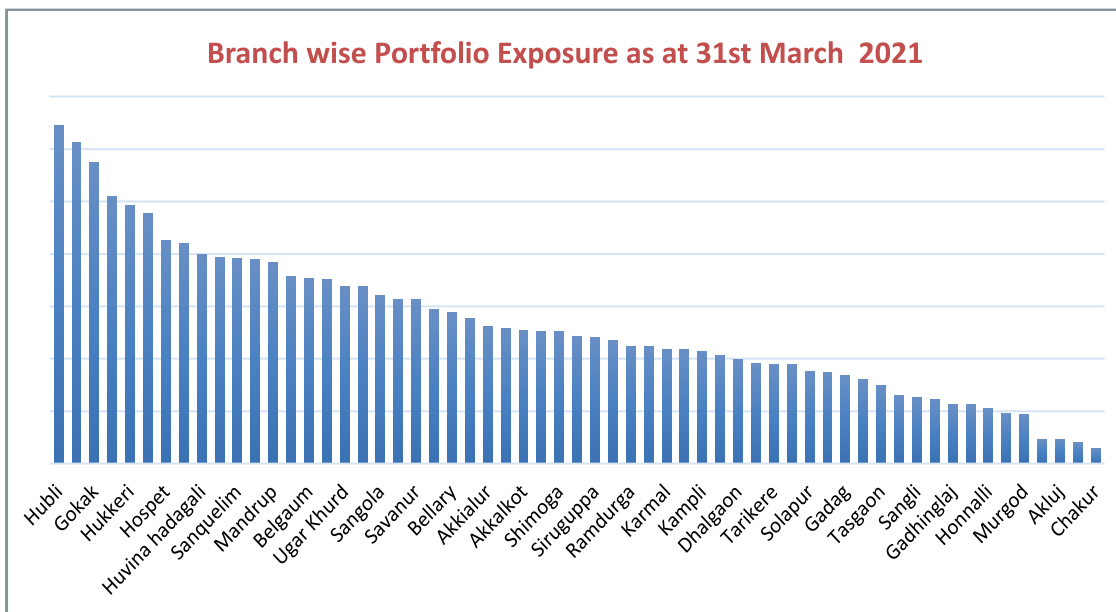
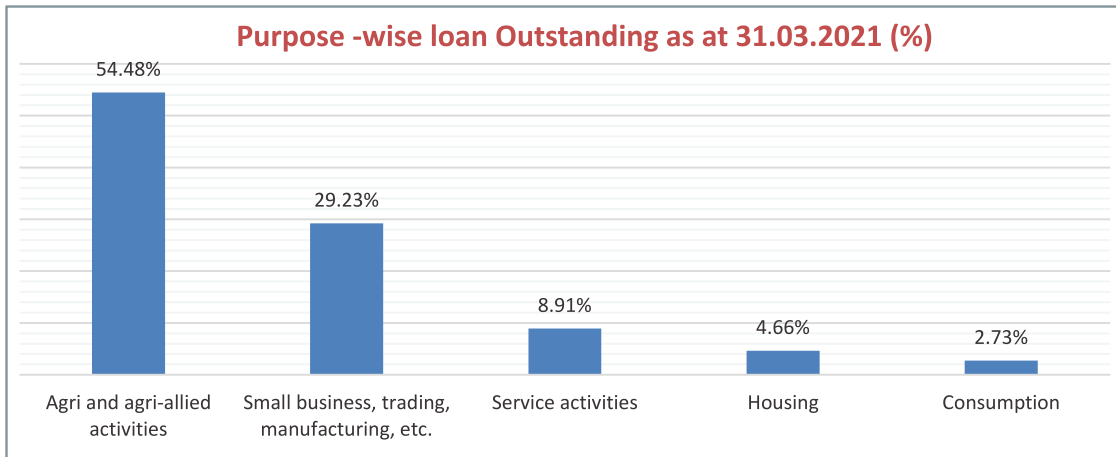
| Product Name | Ticket Size (In Rs.) | Tenure (Years) | Rol (%) (Reducing) | Processing Fees (%) |
|-------------------------------|-------------------------|----------------|--------------------|---------------------|
| 1 st Cycle | Rs. 25000 to Rs. 30000 | 12-24 Month | 22% | 1% |
| 2 nd Cycle | Rs. 30000 to Rs. 40000 | 24 Month | 22% | 1% |
| 3 rd Cycle | Rs. 40000 to Rs. 50000 | 24 Month | 22% | 1% |
| 4 th Cycle & above | Rs. 50000 to Rs. 60000 | 24 Month | 22% | 1% |
| Individual Loan | Rs. 60000 to Rs. 100000 | 24-36 Month | 23% | 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 - 2

Leadership



IDF FSPL Board of Directors



Vivekanand N. Salimath
Chairman

- Has experience of 23 years in Syndicate Bank in various capacities. Served the Executive Director of RUDSETI, Ujire for 8 years,
- Founder/Managing Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company for marketing SHG products)
- Chairman of IDFFSPL since inception from 01.04.2009
- Member-MFI Standing Committee of RBI, Bangalore
- 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.



Naganagouda M. Patil
Managing Director

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



T V Srikantha Shenoy
Director

- Has experience of 19 years in Syndicate Bank, including as Founder Secretary of Syndicate Institute of Rural Development (SIRD) for 1 year and as Director of RUDSETI for 5 years on deputation.
- Founder Trustee of IDF, Promoter/Director of Gramya TS Pvt Ltd (Company marketing 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.



R M Kummur
Director

- Dr Kummur is a M Sc (Agri) from University of Agriculture Sciences Bengaluru and Ph D from Indian Agriculture Research Institute New Delhi.
- Joined NABARD through campus recruitment in 1985 at one Grade above normal entry. Starting his service from NABARD HQ Mumbai, he worked at different places like Port Blair, Bengaluru, Lucknow, Chandigarh, Raipur and Mumbai again, reaching up to the position of Chief General Manager.
- His major contributions were in the areas of microfinance, FPOs, Agriculture Policy, Watershed Development, Wadi, Climate

Committees of the Board

change, organic production, tribal development, NFS development, skill development, etc.

- He also served as Director on the Board of A&N SCB Port Blair (1998-2000) and NCDEX Mumbai(2014-2017).
- After super annuation, he is settled in Bengaluru and working as President, Agrico's Foundation for New India, a nonprofit organization, to harness the energy of retiring Agri Sciences Graduates for nation building.



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. 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 Gururaj M Deshpande – Member

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

directors. The Head of the Risk Management Department reports to the committee. BRMC meets quarterly to review, discuss and finalize risk mitigation mechanism.

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

IDFFSPL recognizes the following categories of Risks

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

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

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

- Field operations
- Finance
- Human Resources
- Administration / Accounts
- Statutory and legal compliance
- IT and MIS
- 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.

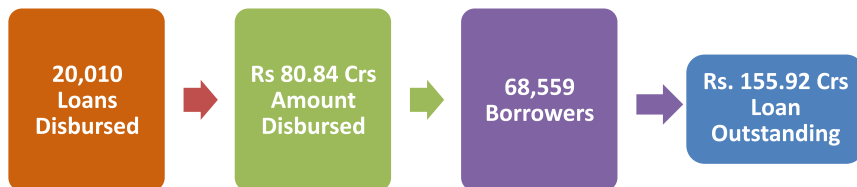
Key Risk Indicators for each department is discussed and finalized with upper or lower limit accordingly. **A reporting structure** for each department is established that captures key risk indicators and other current or futuristic risks in the best possible manner. The consolidated report is presented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

Section - 3

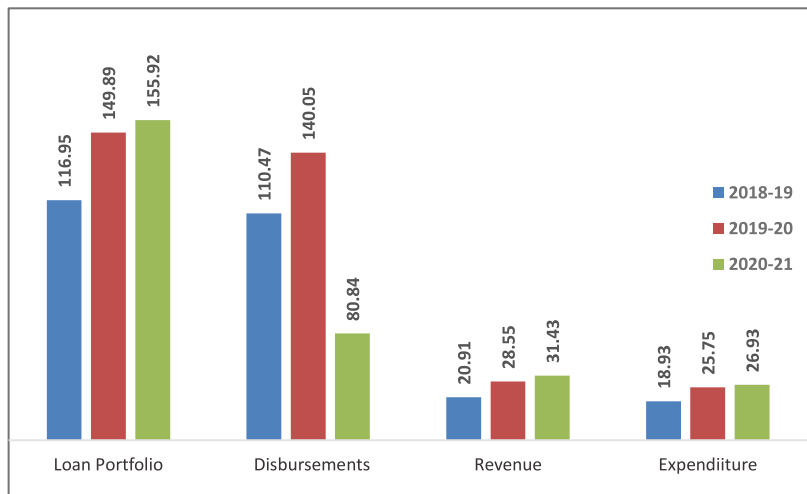
Results and Performance



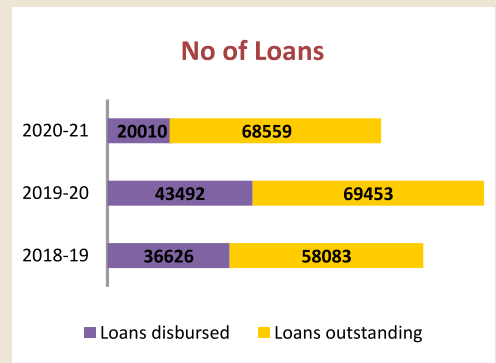
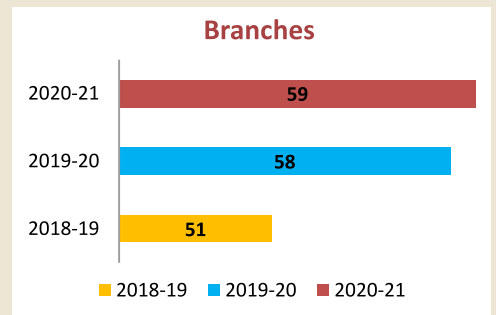
Key Accomplishments Of Year 2020-21



IDF FSPL- Results and Performance (Rs in Crores)

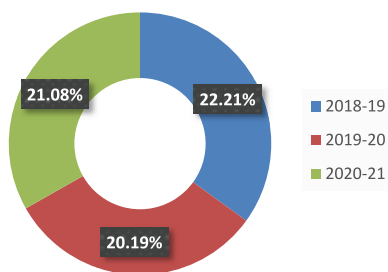


Operational Performance

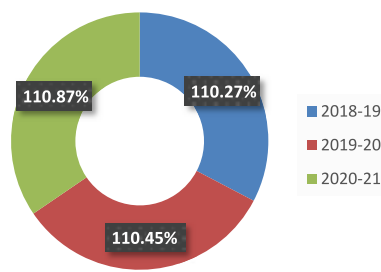


Financial Performance

Capital Adequacy

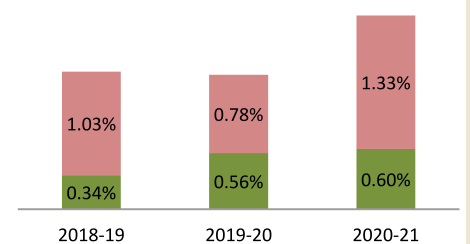


Operating Self Sufficiency

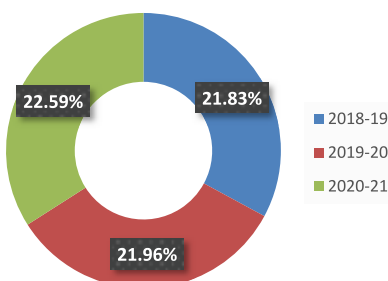


PAR (%)

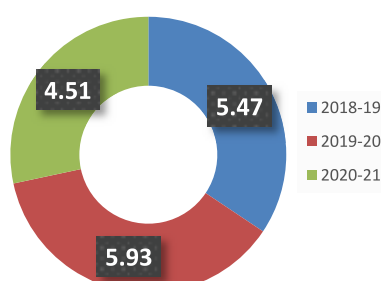
■ > 30 Days ■ > 90 days



Yeild on Portfolio

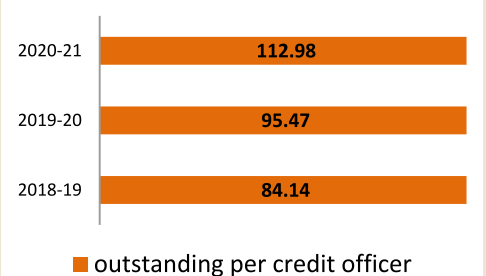


TOL/TNW



Productivity

Outstanding per credit officer (Amt In Lakhs)



Section - 4

Organisational Development



Human Resource Development

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

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

As on 31st March 2021, the no of employees was 266.

Compensation and Benefits

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

Training

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

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

Audit Department

IDFFSPL has built a developed Audit system in place over the years which are in adherence to the Company's policies, procedures. The internal audit at the administrative office has established a proper reporting mechanism of the audits carried out at the regional, branch level offices. A strong mechanism has been put into place by the Audit department which ensures that all critical issues are addressed within the time-lines and are tracked by the audit department until closure of the branch reporting.

The internal audit department ensures cross-checks, fraud case investigations and fixed asset verification. The Audit department reports its findings, recommendation to the Audit Committee at regular intervals. The approval, suggestions, recommendations of the Audit committee is sought before recommending to the Board of Directors.

Risk Department

The Company has developed an appropriate risk management system by formulating policies, procedures that strike balance between the risk and return. The Company has adapted risk appetite limits in line with the Industry standards for monitoring the quantum of risk involved. The System developed is driven by the Board of Directors and the Management by a two-tier system which comprises of Board risk management committee & Management risk committee. The Management risk committee assess the internal and external risk factors namely the staff attrition, target achieved, Branch supervision, Operation risk, liquid risk and other external factors influencing the business of the Company. The Board Risk Management committee reviews the policies and strategies in relation to the operation, liquid risk limits from time to time and ensures the compliance matters are adhered to by the Company. The two tier system provides for monitoring the risk levels at the right time to avoid major crisis.

Information Technology

IDFFSPL believes in leveraging efficiently from its present IT ecosystem and enhance its capabilities by transforming into 100% Digitalized mode. The Company embraces new technology required for the organization by collaborating with the IT partners who in turn design, create, update the IT system as per the requirements of our business needs.

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

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

Section - 5

Board of Director's Report



Your Directors have pleasure in submitting their Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2021.

1. Financial Summary

| Particulars | As at the end of current reporting period 31 Mar 2021 |
|--|---|
| Revenue from Operation | 289483743 |
| Other income | 24782223 |
| Expenses | 269284054 |
| Profit before taxation | 44981912 |
| Less: Provisions for Taxation | |
| Current Tax | 13800000 |
| Reversal of income tax provisions | -251258 |
| Deferred tax | -4191898 |
| Profit after Taxation | 35625068 |

Financials are displayed in www.idf-finance.in

2. Principal Business Activities of the Company

The Company is in the business of Micro Finance.

3. Extracts of Annual Return

The extracts of the Annual Return of your Company pursuant to Section 92(3) of the Companies Act, and Rules 12(1) of the Companies (Management and Administration) Rules, 2014, is given in Annexure I in Form MGT-9 and the same forms part of this report

4. Number of Meetings of the Board:

During the Financial year ended 31st March, 2021, Five Board Meetings were held. The intervening gap between two meetings was well within the maximum allowed gap of 120 days as prescribed under Companies Act, 2013.

5. Directors' Responsibility Statement:

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) 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;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) 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

(f) 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.

6. Declaration by Independent Directors:

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

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

The Provisions of Section 178(1) with respect to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence no policy is formulated on director's appointment and remuneration, criteria for determining qualifications, positive attributes, independence of a director and other related matters as provided under Section 178(3) of the Companies Act, 2013.

8. Audit Report:

The Auditors' Report does not contain any qualifications, reservations and adverse remarks. The Provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

9. Particulars of Loans, guarantees or investment under Section 186:

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

10. Particulars of contracts or arrangements made with related parties:

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

11 Transfer to Reserve:

The Company has transferred Rs. 71,25,04 to statutory reserve, Rs. 57,00,00 to General Reserve and Rs. 70,00,000 Bad debt Reserve Fund.

12 Dividend:

Following dividend are distributed:

| Sr. No | Particulars | Dividend payable in Rs. |
|--------|--|-------------------------|
| 1 | Optionally Convertible Preference Shares (SIDBI) | 1744520 |
| 2 | Compulsorily Convertible Preference Shares (2018-19) | 4339491 |
| 3 | Compulsorily Convertible Preference Shares (2019-20) | 6509236.5 |
| 4 | Optionally Convertible Preference Shares (2020-21) | 4545000 |

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

13. Material Changes between the date of the Board Report and end of the Financial Year:

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

14. Risk Management Policy :

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

15. Corporate Social Responsibility:

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

16. Conservation of Energy, Technology absorption, foreign exchange earnings and outgo:

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

1. Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

2. The Foreign exchange earnings and outgo for the financial year is Nil.

17. Subsidiaries, Joint Ventures and Associate Companies:

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

18. Deposits:

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

19. Directors and KMP:

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

20. Particulars of Employees:

Non of the employee has received remuneration exceeding the limits as stated under Companies Act, 2013.

21. Adequacy of Internal Financial Controls With Reference to Financial Statements:

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

22. Statutory Auditors:

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

23. 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.

24. Shares:

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

| Increase in Share Capital | Buy Back of Securities | Sweat Equity | Bonus Shares | Employees Stock Option Plan | Redemption |
|---------------------------|------------------------|--------------|--------------|-----------------------------|------------|
| Nil | Nil | Nil | Nil | Nil | Nil |

25. 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.

26. Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

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

27. Acknowledgements:


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

28. Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government:

There is no frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.

For and on behalf of the Board


Vivekanand N Salimath
Chairman
DIN: 00253109


Naganagouda M Patil
Managing Director
DIN: 01674210

Date : June 18, 2021



Place: Bengaluru

FORM No. MGT-9



**EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2021**

[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 MICROFINANCE INSTITUTIONS |
| v. | Address of the Registered office and contact details | Registered Office: Girija", 31/1, II Floor, Patalamma, Temple Street South End, Basavanagudi, Bangalore 560004. Phone: 080 26577714 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 | - | 92% |

Particulars of Holding, Subsidiary and Associate Companies

| Sr. No. | Name And Address Of The Company | CIN/GL N | 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 | | | | | | | | |
| <i>1) Indian</i> | | | | | | | | |
| a) Individual/ HUF | | 3250589 | 3250589 | 30.04% | 3250589 | 3250589 | 30.04% | - |
| b) Central Govt | | | | | | | | |
| c) State Govt(s) | | | | | | | | |
| d) Bodies Corp | | | | | | | | |
| e) Banks / FI | | | | | | | | |
| f) Any Other | | 902147 | 902147 | 8.34% | 902147 | 902147 | 8.34% | - |
| Sub-total(A)(1):- | | 4152736 | 4152736 | 38.37% | 4152736 | 4152736 | 38.37% | |
| <i>Foreign</i> | | | | | | | | |
| g) NRIs-Individuals | | | | | | | | |
| h) Other-Individuals | | | | | | | | |
| i) Bodies Corp. | | | | | | | | |
| j) Banks / FI | | | | | | | | |
| k) Any Other.... | | | | | | | | |
| Sub-total(A)(2):- | | | | | | | | |
| B. Public Shareholding | | | | | | | | |
| <i>1. Institutions</i> | | | | | | | | |
| 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) | | | | | | | | |

(Continue)

| 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 Trusts | | 6302167 | 6302167 | 58.24% | 6302167 | 6302167 | 58.24% | - |
| Sub-total(B)(2) | | 6302167 | 6302167 | 58.24% | 6302167 | 6302167 | 58.24% | |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | |
| Grand Total (A+B+C) | | 10821230 | 10821230 | 100% | 10821230 | 10821230 | 100% | |

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|-------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Vivekanand. N. Salimath | 6,50,833 | 6.01% | 0 | 6,50,833 | 6.01% | 0 | - |
| 2. | Naganagouda M Patil | 6,50,833 | 6.01% | 0 | 6,50,833 | 6.01% | 0 | - |
| 3. | T V Srikantha Shenoy | 6,23,875 | 5.77% | 0 | 6,23,875 | 5.77% | 0 | - |
| 4. | Shrikant M Hebbal | 6,23,875 | 5.77% | 0 | 6,23,875 | 5.77% | 0 | - |
| 5. | Gururaj M Deshpande | 7,01,173 | 6.48% | 0 | 7,01,173 | 6.48% | 0 | - |
| 6. | IDF FSPL Balaga Welfare Trust | 9,02,146 | 8.34% | 0 | 9,02,146 | 8.34% | 0 | - |
| | Total | 41,02,396 | 37.91% | 0 | 41,02,396 | 37.91% | | - |

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

| Sl. No. | Promoters | 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 | Gururaj M Deshpande | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Transfer from IDF Federation Kunigal | - | - | - | - |
| | At the End of the year | - | - | - | - |

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

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | IDF SHG FEDERATION DHARWAD | | | | |
| | At the beginning of the year | 6302167 | 58.24% | 6302167 | 58.24% |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc) Decrease- Transfer of Shares Transfer of Shares from Gururaj M Deshpande IDF SHG Federation on 26/06/2017 | - | - | - | - |
| | At the End of the year | 6302167 | 58.24% | 6302167 | 58.24% |

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 | 650833 | 6 % | 650833 | 6 % |
| | 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 | 650833 | 6 % | 650833 | 6 % |
| 2 | NAGANAGOUDA M PATIL | | | | |
| | At the beginning of the year | 650833 | 6 % | 650833 | 6 % |
| | 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 | 650833 | 6 % | 650833 | 6 % |
| 3 | T V SRIKANTHA SHENOY | | | | |
| | At the beginning of the year | 623875 | 5.77% | 623875 | 5.77% |
| | 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 | 623875 | 5.77% | 623875 | 5.77% |
| 4 | Gururaj M Deshpande | | | | |
| | At the beginning of the year | 7,01,173 | 6.48% | 7,01,173 | 6.48% |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Transfer from IDF Federation Kunigal | - | - | - | - |
| | At the End of the year | 7,01,173 | 6.48% | 7,01,173 | 6.48% |

IV. INDEBTEDNESS

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

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 1,27,20,27,499 | - | - | 1,27,20,27,499 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not paid | | | | |
| Total (i+ii+iii) | 1,27,20,27,499 | - | - | 1,27,20,27,499 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 80,00,00,000 | - | - | 80,00,00,000 |
| - Reduction | 84,84,03,673 | - | - | 84,84,03,673 |
| - Net Change | -4,84,03,673 | | | -4,84,03,673 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1,22,36,23,826 | - | - | 1,22,36,23,826 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 1,22,36,23,826 | - | - | 1,22,36,23,826 |

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 (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Vivekanand N Salimath 2887170 | Naganagouda M Patil 2887170 | 5774340 |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit - Others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| 6 | Total(A) | 2887170 | 2887170 | 5774340 |
| 7 | Ceiling as per the Act | | | |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|---------|---|------------------------|---|---|--------------|
| 1 | <u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - |
| | Total(1) | | | | |
| | <u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - |
| | Total(2) | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act | | | | |

C. Remuneration to KMP:

| Sl. No. | Particulars of Remuneration | Name of KMP | Total Amount |
|---------|---|-------------|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s17(2)Income-tax Act, 1961 (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) | | |
| 7. | Ceiling as per the Act | | |

VI. Penalties/Punishment/Compounding of offences:

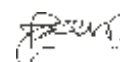
| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority[R D/NCLT/ Court] | Appeal made If any(give details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|----------------------------------|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

For and on behalf of the Board



Vivekanand N Salimath
Chairman
DIN: 00253109

Date : June 18, 2021



Naganagouda M Patil
Managing Director
DIN: 01674210

Place: Bengaluru



Management Discussion and Analysis



The Microfinance Landscape In 2020-21

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. 80.84 Crores during the year 2020-21. The disbursements are in negative trend as compared to the previous year i.e., 2019-20 due to COVID-19 crisis.
- ❖ The number of branches increased to 59 as compared to 58 the previous year.
- ❖ The loan portfolio increased by 4.03% from Rs. 149.89 crs in the previous year to Rs. 155.92 crs during the year.
- ❖ PAR above 90 days has increased from 0.78% during March 2020 to 1.33% as on March 2021.

2.2 Portfolio:

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

Amount in Lakh

| Description | As on March 2020 | As on March 2021 |
|--|------------------|------------------|
| Total value of loans disbursed during period (Owned Portfolio) | 14005.43 | 5191.29 |
| Total value of loans disbursed during period (Managed Portfolio) | 0.00 | 2892.90 |
| Total number of loans disbursed to clients during period (Owned Portfolio) | 43492 | 13489 |
| Total number of loans disbursed to clients during period (Managed Portfolio) | 0.00 | 6521 |
| Number of active borrowers (Owned Portfolio) | 56428 | 62004 |
| Number of active borrowers (Managed Portfolio) | 13025 | 6555 |
| Average number of active borrowers (AUM) | 63768 | 69006 |
| Value of loan outstanding (Owned portfolio) | 12824.54 | 12802.48 |
| Value of loan outstanding (Managed Portfolio) | 2164.05 | 2790.04 |
| Value of loan outstanding (Total Portfolio) | 14988.59 | 15592.52 |
| Average outstanding balance of loans | 13342.03 | 15290.55 |
| Value of payments in arrears | 79.10 | 77.27 |
| Value of outstanding balance of loans in arrears | 116.77 | 206.99 |
| Value loans written off during period | 14.20 | 202.12 |
| Average loan size per member | 32089 | 38485 |
| Average loan term (months) | 12 TO 24 | 12 TO 24 |
| Average number of loans officers during period | 157 | 149 |

Your company operates in 20 districts of Karnataka, Maharashtra and Goa and the district wise breakup of loan details as on 31st March 2021 is as follows:

| No. | State | Districts | Amt in Lakh ₹ | | | |
|-------------|--------------|----------------|----------------|-------------|-----------------|-------------|
| | | | Disbursed | % | Amt Outstanding | % |
| 1 | Karnataka | Belgaum | 2037.57 | 39.25% | 3020.04 | 19.37% |
| 2 | Maharashtra | Solapur | 201.28 | 3.88% | 2326.69 | 14.92% |
| 3 | Karnataka | Bellari | 23.95 | 0.46% | 2212.50 | 14.19% |
| 4 | Karnataka | Tumkur | 434.53 | 8.37% | 1735.94 | 11.13% |
| 5 | Karnataka | Haveri | 734.14 | 14.14% | 1182.21 | 7.58% |
| 6 | Karnataka | Dharwad | 491.68 | 9.47% | 957.29 | 6.14% |
| 7 | Karnataka | Shimoga | 208.59 | 4.02% | 661.50 | 4.24% |
| 8 | Maharashtra | Sangli | 195.79 | 3.77% | 606.78 | 3.89% |
| 9 | Karnataka | Chikkamagaluru | 0.00 | 0.00% | 431.22 | 2.77% |
| 10 | Goa | North Goa | 210.87 | 4.06% | 391.35 | 2.51% |
| 11 | Maharashtra | Kolhapur | 171.62 | 3.31% | 383.17 | 2.46% |
| 12 | Karnataka | Chitradurga | 15.42 | 0.30% | 276.18 | 1.77% |
| 13 | Maharashtra | Latur | 59.80 | 1.15% | 245.61 | 1.58% |
| 14 | Karnataka | Uttar Kannada | 157.99 | 3.04% | 234.09 | 1.50% |
| 15 | Goa | South Goa | 106.65 | 2.05% | 217.99 | 1.40% |
| 16 | Maharashtra | Pune | 0.57 | 0.01% | 206.04 | 1.32% |
| 17 | Karnataka | Koppal | 4.20 | 0.08% | 190.92 | 1.22% |
| 18 | Karnataka | Gadag | 96.14 | 1.85% | 167.72 | 1.08% |
| 19 | Karnataka | Davanagere | 0.00 | 0.00% | 104.54 | 0.67% |
| 20 | Karnataka | Raichur | 40.50 | 0.78% | 40.72 | 0.26% |
| | Total | | 5191.29 | 100% | 15592.50 | 100% |
| BC Business | Karnataka | 19 Branches | 2892.90 | | | |

The portfolio is concentrated most in Belgaum district accounting for 19.37% and 14.92% in Solapur district followed by Bellary district at 14.19%.

The Company has added a new branch in the districts of Raichur in Karnataka during 2020-21. Further, as a part of our diversification strategy, we associated with Jana SFB for BC business during FY 2020-21 under which arrangement, 19 Branches in Karnataka state were designated for BC business.

2.3 Product-wise distribution

| Product | 2019-20 | | | 2020-21 | | |
|-----------------|--------------------|------------------|----------------|--------------------|------------------|-------------|
| | Number of accounts | Amount in Lakh ₹ | % | Number of accounts | Amount in Lakh ₹ | % |
| I Cycle | 34,364 | 6313.36 | 42.12% | 31,013 | 5066.49 | 32.49% |
| II Cycle | 17,762 | 3863.06 | 25.77% | 16,697 | 3595.64 | 23.06% |
| III Cycle | 6,328 | 1571.30 | 10.48% | 5,085 | 1286.78 | 8.25% |
| IV Cycle | 6,088 | 1733.31 | 11.56% | 4,573 | 1262.43 | 8.10% |
| Individual Loan | 4911 | 1507.55 | 10.06% | 4,636 | 1591.40 | 10.21% |
| BC Business | 0.00 | 0.00 | 0.00% | 6,555 | 2790.04 | 17.89% |
| Total | 69,453 | 14988.58 | 100.00% | 68,559 | 15592.78 | 100% |

2.4 Distribution of portfolio by purpose

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

| SI No | Category | Mar-20 (%) | Mar-21 (%) |
|-------|--|----------------|----------------|
| 1 | Agri and agri-allied activities | 58.07% | 54.48% |
| 2 | Small business, trading, manufacturing, etc. | 28.11% | 29.23% |
| 3 | Service activities | 8.44% | 8.91% |
| 4 | Housing | 3.13% | 4.66% |
| 5 | Consumption | 2.26% | 2.73% |
| | Total | 100.00% | 100.00% |

92.61% of the loans are for livelihood activities while 7.39% of the loans are for consumption purposes.

2.5 Portfolio quality

| No. | Type of Loans | Mar-20 | | | Mar-21 | | |
|-----|-------------------------------|------------------|-----------------|--------------------|------------------|-----------------|--------------------|
| | | No. of Borrowers | Value of Loans | % Loan Outstanding | No. of Borrowers | Value of Loans | % Loan Outstanding |
| 1 | Regular Loans | 68,065 | 14733.52 | 98.30% | 66,737 | 15088.56 | 96.77% |
| 2 | Less than 30 Days past due | 246 | 54.67 | 0.36% | 612 | 203.69 | 1.31% |
| 3 | Between 31-60 days past due | 246 | 41.77 | 0.28% | 203 | 58.36 | 0.37% |
| 4 | Between 61-90 days past due | 282 | 41.85 | 0.28% | 110 | 34.92 | 0.22% |
| 5 | Between 91-180 days past due | 409 | 79.05 | 0.53% | 142 | 35.59 | 0.23% |
| 6 | Between 181-365 days past due | 159 | 27.70 | 0.18% | 576 | 137.67 | 0.88% |
| 7 | >365 days past due | 46 | 10.02 | 0.07% | 179 | 33.73 | 0.22% |
| | Total | 69453 | 14988.58 | 100% | 68559 | 15592.52 | 100% |

2.6 Portfolio yield, profitability and sustainability

The portfolio yield for the year 2020-21 was 22.59% which is slightly higher when compared to 21.96% during 2019-20

The Company's Operational sustainability ratio was at 116.70%, marginally higher than that of 110.86% during the previous year.

There has been a sizeable profit earned during the 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 finalizing 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 2020-21 was approximately 13.10%.

| Name of the Banks/Financial Institution/NBFC's | Balance outstanding as at | |
|---|---------------------------|-----------------------|
| | 31-Mar-20 | 31-Mar-21 |
| 1. TERM LOANS - SECURED | | |
| A. From Banks | | |
| Canara Bank | 11,19,68,749 | 6,49,97,945 |
| IDFC First Bank Ltd | 21,17,31,604 | 18,17,02,185 |
| Jainsons Fin Pvt Ltd | 1,26,96,038 | - |
| Jana Small Finance Bank | 6,23,47,045 | 14,00,00,000 |
| Karnataka Gramin Bank | 6,91,52,873 | 6,72,46,958 |
| Karnataka Vikas Grameen Bank | 4,52,24,271 | 3,89,80,918 |
| Laxmi Vilas Bank | 1,50,00,006 | 97,88,741 |
| State Bank of India | 4,25,52,719 | 15,04,36,822 |
| UCO Bank | 13,08,02,813 | 9,43,71,318 |
| Union Bank - Loan against deposits | 9,88,05,057 | 14,32,00,355 |
| Total | 80,02,81,175 | 89,07,25,242 |
| B. From other Financial Institution/NBFC's | | |
| Ananya Microfin | 3,33,33,338 | - |
| Eclear Leasing and Finance | 2,99,45,461 | - |
| Habitat Micro Build India Housing | - | 2,66,82,993 |
| Maanaveeya Pvt Ltd | 6,66,40,000 | 3,88,40,000 |
| NABARD Financial services Ltd | 41,56,723 | - |
| NABKISAN Finance Limited | 13,83,17,394 | 8,85,41,459 |
| NABSAMRUDDHI Finance Limited | 11,66,66,668 | 10,99,73,879 |
| Profectus Capital Private Limited | 83,13,484 | - |
| Small Industries Development Bank of India | - | 1,87,50,000 |
| Total | 39,73,73,068 | 28,27,88,331 |
| 2. CASH CREDIT FROM BANKS | | |
| Karnataka Grameen Vikas Bank | 2,60,69,721 | 2,01,31,347 |
| Syndicate Bank | 4,83,03,535 | 2,99,78,906 |
| Total | 7,43,73,256 | 5,01,10,253 |
| GRAND TOTAL | 1,27,20,27,499 | 1,22,36,23,826 |

Currently the debt funds sources comprise: Banks (76.89%), Financial Institutions/NBFC's (23.11%). Efforts will be made to diversify these funding sources. Your company is looking for Social Investors who can add value to the organization, both in terms of capital and global best practices.

Ratings and evaluations

Your company has received a Grading of MFI 3 (where MFI 1 is highest, and MFI 8 is lowest on an eight-point scale) by SMERA, an accredited credit rating agency during Jan-2021. The Grading is of the MFI's ability to conduct its operations in a scalable and sustainable manner.

The Company has received 'BBB-' rating from 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 21.08% as on 31st March 2021 which is slightly higher than 20.19% as on 31st March 20.

Auditor's Report



CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS

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

1. Report on the Audit of financial statements

Opinion

We have audited the accompanying financial statements of IDF Financial Services Private Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our Opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit and its cash flows for the year ended on that date.

2. Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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



#FF - 3B, First Floor, Oswal Tower, Jubilee Circle, P. B. Road, Dharwad - 580 008.

☎ : 0836-2740588 Cell : 98440-29188 E-mail : chetanpadaki@gmail.com

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether



the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

6. Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of written representations received from the directors as on 31st March, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" issued under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").



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

Place: Bengaluru
Date: 18/06/2021



for CHETAN P. DAKI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R.No. 011274S
Chetan Padaki
(CA CHETAN P. DAKI)
PARTNER
Mem.No.216929

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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended 31st March, 2021:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) The Company does not hold any immovable property. Accordingly, provisions of clause 3(i)(c) of the order are not applicable to the Company
2. The Company is a Non-Banking Financial Company, primarily engaged in business of lending activities directed to ultimate benefit of poor women and does not hold any inventories. Accordingly, provisions of clause 3(ii) of the Order are not applicable to the Company
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 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. The Company has not taken any loan from the government and has not issued any debentures.



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

Place: Bengaluru
Date: 18/06/2021



for CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R.No. 011274S
Chetan Padaki
(CA CHETAN PADAKI)
PARTNER
Mem.No.216929



IDF FINANCIAL SERVICES PRIVATE LIMITED
No. 31/1, "Girija", Patalamma Temple Street, South end circle, Basavanagudi,
Bangalore- 560004

CIN No. U87910KA1994PTC016476

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

(₹)

| Balance Sheet as at | Note no. | 31-Mar-21 | 31-Mar-20 |
|--|----------|------------------------------|------------------------------|
| I. Equity and Liabilities | | | |
| Shareholders' funds | | | |
| (a) Share capital | 2.01 | 23,10,37,150 | 23,10,37,150 |
| (b) Reserves and surplus | 2.02 | 6,10,10,827 | 4,08,03,650 |
| | | <u>29,20,47,977</u> | <u>27,18,40,800</u> |
| Non-Current liabilities | | | |
| (a) Long-term borrowings | 2.03 | 50,23,38,745 | 41,32,21,194 |
| (b) Long-term provisions | 2.07 | 3,55,07,970 | 15,74,359 |
| | | <u>53,78,46,715</u> | <u>41,47,95,553</u> |
| Current liabilities | | | |
| (a) Short-term borrowings | 2.04 | 5,01,10,253 | 7,43,73,256 |
| (b) Trade Payable | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (ii) total outstanding dues other than micro enterprises and small enterprises | 2.05 | 55,61,438 | 48,12,829 |
| (c) Other current liabilities | 2.06 | 67,62,31,876 | 81,48,81,423 |
| (d) Short-term provisions | 2.07 | 1,76,31,551 | 3,16,33,611 |
| | | <u>74,95,35,118</u> | <u>92,57,01,119</u> |
| | | <u>1,57,94,29,810</u> | <u>1,61,23,37,472</u> |
| II. Assets | | | |
| Non-current assets | | | |
| (a) Property, Plant and equipment | 2.08 | | |
| (i) Tangible assets | | 14,53,953 | 14,71,908 |
| (b) Deferred tax Asset (net) | 2.09 | 55,05,593 | 13,13,694 |
| (d) Long-term loans and advances | 2.10 | 25,84,25,423 | 25,96,66,161 |
| (e) Other Non-current assets | 2.13 | 17,49,48,340 | 15,56,74,819 |
| | | <u>44,03,33,309</u> | <u>41,81,26,582</u> |
| Current assets | | | |
| (a) Current Investment | 2.11 | 5,00,000 | 10,00,000 |
| (b) Cash and cash equivalents | 2.12 | 6,33,87,655 | 10,63,54,877 |
| (c) Short-term loans and advances | 2.10 | 1,05,34,02,179 | 1,06,83,46,558 |
| (d) Other current assets | 2.13 | 2,18,06,667 | 1,85,09,455 |
| | | <u>1,13,90,96,501</u> | <u>1,19,42,10,890</u> |
| | | <u>1,57,94,29,810</u> | <u>1,61,23,37,472</u> |

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 CHETAN PADAKI & ASSOCIATES

CHARTERED ACCOUNTANTS

F.R.No. 0112745

(Signature)
(CA CHETAN PADAKI)

PARTNER

Mem.No.216929

UDIN:21216929AAAAEA6799

for IDF Financial Services Private Limited

(Signature)
Prashant Hegde
Company Secretary

(Signature)
V N Sailmath
Chairman
DIN: 0253109

(Signature)
N M Patil
Managing Director
DIN: 1674210

ACD-56041

Date : 18/06/2021

Place: Bengaluru

IDF FINANCIAL SERVICES PRIVATE LIMITED
No. 31/1, "Girija", Patalamma Temple Street, South end circle, Basavanagudi,
Bangalore- 560004

CIN No. U67910KA1994PTC016476


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

| Statement of Profit and Loss for the year ended | Note no. | 31-Mar-21 | 31-Mar-20 |
|---|----------|---------------------|---------------------|
| (₹) | | | |
| Revenue | | | |
| Revenue from operations | 2.14 | 28,94,83,743 | 27,61,27,211 |
| Other income | 2.15 | 2,47,82,223 | 93,41,681 |
| Total Revenue | | 31,42,65,966 | 28,54,68,892 |
| Expenses | | | |
| Employee benefits expense | 2.16 | 6,16,14,032 | 5,89,84,079 |
| Finance costs | 2.17 | 16,35,21,389 | 16,43,98,909 |
| Depreciation and amortization expenses | 2.09 | 6,73,800 | 9,34,046 |
| Provisions and write-offs | 2.18 | 2,60,44,041 | 1,27,87,683 |
| Other expenses | 2.19 | 1,74,30,792 | 2,04,01,435 |
| Total expenses | | 26,92,84,054 | 25,75,06,152 |
| Profit before tax | | 4,49,81,912 | 2,79,62,740 |
| Tax expenses: | | | |
| - Current tax | | 1,38,00,000 | 89,54,191 |
| - Reversal of Income tax provision- prior years | | (2,51,258) | - |
| - Deferred tax (credit) / charge | | (41,91,898) | (10,23,219) |
| | | 93,56,844 | 79,30,972 |
| Profit after tax | | 3,56,25,068 | 2,00,31,768 |
| Earning per equity share (EPS) [refer note 3.04] | | | |
| - Basic (face value of ₹10/- each) | | 3.29 | 1.85 |
| - Diluted (face value of ₹10/-each) | | 1.54 | 0.87 |


Significant accounting policies and notes on accounts 1 & 2


The accompanying notes are an integral part of these financial statements

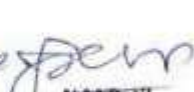


As per our report of even date
for CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R.No. 011274S

(CA CHETAN PADAKI)
PARTNER
Mem.No.216929

for IDF Financial Services Private Limited


Prashant Hegde
Company Secretary
ACS: 56041


VN Sallmath
Chairman
DIN: 0253109


NMPatil
Managing Director
DIN: 1674210

Date : 18/06/2021
Place: Bengaluru

IDF FINANCIAL SERVICES PRIVATE LIMITED
No. 31/1, "Girija", Patalamma Temple Street, South end circle, Basavanagudi,
Bangalore- 560004

CIN No. U67910KA1994PTC016476

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

| Cash flow statement for the year ended | 31-Mar-21 | 31-Mar-20 |
|---|----------------------|-----------------------|
| Cash flow from operating activities | | |
| Profit before tax | 4,49,81,912 | 2,79,62,743 |
| Adjustment for | | |
| Depreciation and amortisation expenses | 6,73,800 | 9,34,046 |
| Interest on term deposits | (1,08,06,027) | (80,31,920) |
| Loan provisions and write offs | (1,88,94,521) | (1,30,62,970) |
| Provision for bad debts | - | - |
| Loss on sale of assets | - | - |
| Reversal of Income tax provision- prior years | (2,51,350) | (3,48,947) |
| Dividend Received | (2,51,350) | (3,48,947) |
| Profit on sale of Investments | - | - |
| Operating profit before working capital changes | 1,57,03,815 | 74,52,952 |
| Changes in working capital: | | |
| (Decrease) / Increase in provisions | 3,88,26,072 | 3,45,75,462 |
| (Increase) / Decrease in Loans and advances | 1,61,85,117 | (13,98,46,334) |
| (Increase) / Decrease in other assets | (2,00,59,725) | (6,67,12,861) |
| (Decrease)/Increase in other current liabilities | (2,46,42,718) | 2,39,61,067 |
| Cash generated from / (Used in) operating activities | 2,60,12,561 | (14,05,69,714) |
| Income tax paid (Net) | (1,35,48,741) | (1,43,22,191) |
| Net cash generated from / (Used in) operating activities (A) | 1,24,63,820 | (15,48,91,905) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (6,55,845) | (4,09,811) |
| Interest on term deposits | 82,95,019 | 85,90,743 |
| Purchase of Investments | - | (10,00,000) |
| Sale of Investments | 5,00,000 | 5,00,000 |
| Dividend Received | 2,51,350 | 3,48,947 |
| Net cash flow from / (Used in) investing activities (B) | 83,90,522 | 80,29,879 |
| Cash flows from financing activities | | |
| Proceeds from issue of Optionally Convertible 9% Cumulative Preference shares | - | 5,00,000 |
| Proceeds from Long-Term borrowings (Net) | (2,41,40,669) | 8,08,94,491 |
| Proceeds from Short-Term borrowings (Net) | (2,42,63,003) | 2,79,94,196 |
| Dividend Distribution tax paid | - | (18,88,812) |
| Dividend paid | (1,54,17,892) | (1,31,50,368) |
| Net cash flow from / (Used in) financing activities (C) | (6,38,21,565) | 9,43,49,507 |
| Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C) | (4,29,67,222) | (5,25,12,519) |
| Cash and cash equivalents at the beginning of the year | 10,63,54,877 | 15,88,67,396 |
| Cash and cash equivalents at the end of the year [Refer note 2.12] | 6,33,87,655 | 10,63,54,877 |
| Significant accounting policies and Notes on accounts | 1 & 2 | |



As per our report of even date
for CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R.No. 0112745

(CA CHETAN PADAKI)
PARTNER
Mem.No.216929

Date : 18/06/2021
Place: Bengaluru

for IDF Financial Services Private Limited


Prashant Hegde
Company Secretary
ACW:SG041

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

1) Significant accounting policies

Basis of preparation of financial statements

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

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

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.

Revenue recognition

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

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

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

1.03.3 Service charges on loans is recognised on receipt basis.

1.03.4 Dividend income is recognised when right to receive is established.

1.03.5 Amount received against previously written-off loans are recognised on receipt basis and classified under other operating revenue.

1.03.6 Income from interest strip (excess interest spread) is recognised in the statement of profit and loss (net of any loss) when redeemed in cash. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio. Profit / premium arising at the time of assignment of loan portfolio is amortised over the life of the underlying loan portfolio and any loss arising there from is accounted for immediately. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

1.03.7 Incentive Received is in the nature of incentives for the loan recovery of assigned debts during year.

1.03.7 Income from business correspondent services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

Cash Flow Statement

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

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

Property, Plant and Equipment and intangible assets

Property, Plant and Equipment:

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

Intangible assets:

No such Assets are existing in the Company.

Depreciation and amortisation

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

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

Borrowing costs

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

Investments

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

Operating leases

No such Operating Assets are existing in the Company

Asset classification

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



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

Provision for Non-performing assets

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

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

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

| Asset Classification | |
|--|-----------------------|
| Standard Assets | 1,25,95,96,953 |
| Non Performing Assets: | |
| Sub-Standard | |
| 91 days - 180 days | 35,08,789 |
| > 180 days | 1,71,40,126 |
| Loss Assets | - |
| Misappropriated Accounts | - |
| Gross Loan Portfolio | 1,28,02,47,868 |
| Provisioning Norms: | |
| Provisioning of Higher of: | |
| a) 1% of the outstanding loan portfolio | 1,28,02,479 |
| 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. | 1,88,94,521 |
| Actual Provisions already held | 1,30,62,970 |
| Additional Provision to be held during the current year | 58,31,551 |
| Total Provision at the end of the year ₹ | 1,88,94,521 |

Note: As per the Circular RBI/2019-20/220 Dt: 17/04/2020, an additional provisional for the standard assets in respect of all accounts classified as standard even though it is overdue and expected to become NPA in upcoming period has been provided by the Company in addition to the above required provision. The provision required as per statutory norms of the RBI is 1% which amounts to ₹ 1,88,94,521/-.

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.

Employee benefits

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

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



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

Income Taxes

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

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

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

Earning per share

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

Provisions and contingent liabilities

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

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

Operating

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.

Segment information

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



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

2) Notes on accounts

2.01 Share capital

| | 31-Mar-21 | 31-Mar-20 |
|---|---------------------|---------------------|
| Authorized | | |
| 1,50,00,000 [Previous year: 1,50,00,000] Equity shares of ₹10/- each | 15,00,00,000 | 15,00,00,000 |
| 1,50,00,000 [Previous year: 1,50,00,000] Preference shares of ₹10/- each | 15,00,00,000 | 15,00,00,000 |
| | 30,00,00,000 | 30,00,00,000 |
| Issued, subscribed and paid-up | | |
| 1,08,21,230 [Previous year: 1,08,21,230] Equity shares of ₹10/- each fully paid-up | 10,82,12,300 | 10,82,12,300 |
| 72,32,485 [Previous year: 72,32,485] 9% Compulsorily Cumulative Convertible Preference shares of ₹10/- each fully paid-up | 7,23,24,850 | 7,23,24,850 |
| 50,50,000 [Previous year: 50,50,000] 9% Cumulative Optionally Convertible Preference shares of ₹10/- each fully paid-up | 5,05,00,000 | 5,05,00,000 |
| | 23,10,37,150 | 23,10,37,150 |

2.01.1 Reconciliation of shares

| | 31-Mar-21 | 31-Mar-21 | 31-Mar-20 | 31-Mar-20 |
|--|--------------------|---------------------|--------------------|---------------------|
| | 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) Compulsorily Convertible 9% Cumulative 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% Cumulative Preference shares | | | | |
| Balance at the beginning of the year | 50,50,000 | 5,05,00,000 | 50,00,000 | 5,00,00,000 |
| Add: issued during the year | - | - | 50,50,000 | 5,05,00,000 |
| Less: Redeemed during the year | - | - | 50,00,000 | 5,00,00,000 |
| Balance at the end of the year | 50,50,000 | 5,05,00,000 | 50,50,000 | 5,05,00,000 |

2.01.2 Rights, preferences, restrictions of share capital

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

b) **Compulsorily Convertible 9% Cumulative Preference Shares [CCPS]:** All CCPS which are convertible into equity having completion of 7 years from the date of allotment had been extended for a further period of three years in the AGM dated 28th May, 2016, then tenure of the same shares were further extended for 3 years in the EGM held on 16th December, 2019 upto 15th December, 2022 and dividend rate was increased to 9% from existing 6%. such conversion is to effect at fair value to be determined at the time of conversion. Preference share holders are not entitled to any voting rights except where the rights of the preference share holders are proposed to be affected. In such event, preference share holders will have the same right as the equity share holders in the meeting of the share holders for the agenda of the meeting affecting their rights only. Dividends are accumulatable until fully paid.

c) **Optionally Convertible Preference Shares [OCPS]:** OCPS are convertible at the option of the investor. Option to be exercised not before three (3) years from the date of allotment. The total tenure of OCPS is Six (6) years



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

2.01.3 The details of shareholders as at March 31st, 2021 is set out below:

| | 31-Mar-21 | | 31-Mar-20 | |
|---|---------------|--------|---------------|--------|
| | No. of shares | % | No. of shares | % |
| Equity share capital | | | | |
| IDF SHG Federation - Dharwad | 63,02,167 | 58% | 63,02,167 | 58% |
| IDF FSPL balaga welfare trust | 9,02,147 | 8% | 9,02,147 | 8% |
| Vivekanand. N. Salimath | 6,50,833 | 6% | 6,50,833 | 6% |
| Naganagouda M Patil | 6,50,833 | 6% | 6,50,833 | 6% |
| T V Srikantha Shenoy | 6,23,875 | 6% | 6,23,875 | 6% |
| Shrikant M Hebbal | 6,23,875 | 6% | 6,23,875 | 6% |
| Gururaj M Deshpande | 7,01,173 | 6% | 7,01,173 | 6% |
| Compulsorily Convertible 9% Preference share capital | | | | |
| IDF SHG Federation - Dharwad | 72,32,485 | 100% | 72,32,485 | 100% |
| Optionally Convertible 9% Preference share capital | | | | |
| IDF SHG Federation Dharwad | 30,00,000 | 59.41% | 30,00,000 | 59.41% |
| IDF Sujeevana Federation Kunigal | 6,00,000 | 11.88% | 6,00,000 | 11.88% |

2.02 Reserves and surplus

| | 31-Mar-21 | 31-Mar-20 |
|--|--------------------|--------------------|
| Statutory reserve | | |
| Opening balance | 2,57,93,914 | 2,17,87,560 |
| Additions during the year # | 71,25,014 | 40,06,354 |
| | 3,29,18,928 | 2,57,93,914 |
| General Reserve | | |
| Transferred from Profit and Loss | 57,00,000 | - |
| Other Reserves | | |
| Bad Debt Reserve Fund | 70,00,000 | - |
| Securities premium account | | |
| Opening balance | 7,76,700 | 7,76,700 |
| Additions during the year | - | - |
| | 1,34,76,700 | 7,76,700 |
| Surplus in the statement of Profit and Loss | | |
| Opening balance | 1,42,33,036 | 1,32,46,799 |
| Add: Profit/(loss) for the year | 3,56,25,068 | 2,00,31,771 |
| Less: Transferred to statutory reserve# | (71,25,014) | (40,06,354) |
| Less: Transferred to General reserve | (57,00,000) | - |
| Less: Transferred to Bad Debt Reserve Fund | (70,00,000) | - |
| Less: Dividend Paid | (1,54,17,892) | (1,31,50,368) |
| Less: Dividend tax paid | - | (18,88,812) |
| | 1,46,15,199 | 1,42,33,036 |
| | 6,10,10,827 | 4,08,03,650 |

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



2.03 Long Term Borrowings

| | 31-Mar-21 | 31-Mar-20 |
|---|-----------------------|-----------------------|
| Secured | | |
| - From banks | | |
| Canara Bank | 6,49,97,945 | 11,19,68,749 |
| State Bank of India | 15,04,36,822 | 4,25,52,719 |
| Union Bank of India | 14,32,00,356 | 9,88,05,057 |
| Karnataka Vikas Grameen Bank | 3,89,80,918 | 4,52,24,271 |
| UCO Bank | 9,43,71,318 | 13,08,02,813 |
| IDFC First Bank | 18,17,02,185 | 21,17,31,604 |
| Lakshmi Vilas Bank | 97,88,741 | 1,50,00,006 |
| Karnataka Grameen Bank | 6,72,46,958 | 6,91,52,873 |
| Jana Small Finance Bank | 14,00,00,000 | 6,23,47,045 |
| | 89,07,25,243 | 78,75,85,137 |
| -From Financial Institutions/NBFC | | |
| Jain Sons Finlease Ltd | - | 1,26,96,038 |
| Eclear Leasing And Fin. Pvt Ltd | - | 2,99,45,461 |
| Nabkisan Finance Ltd | 8,85,41,459 | 13,83,17,394 |
| Ananya Fin. for Inclusive Growth Pvt Ltd | - | 3,33,33,338 |
| NABARD Financial Services Pvt Ltd | - | 41,56,723 |
| Nabsamruddhi Finance Limited | 10,99,73,879 | 11,66,66,668 |
| Maanaveeya Development&Fin. Pvt Ltd | 3,88,40,000 | 6,66,40,000 |
| Profectus Capital Private Limited | - | 83,13,484 |
| HABITAT MICRO BUILD INDIA HOUSING PVT LTD | 2,66,82,993 | - |
| Small Industries Development Bank of India | 1,87,50,000 | - |
| | 28,27,88,331 | 41,00,69,106 |
| | 1,17,35,13,574 | 1,19,76,54,243 |
| Less: Current Maturities of Long Term Borrowings (refer note no 2.07) | | |
| - From banks | 47,73,10,085 | 48,57,65,553 |
| - From Financial Institutions/NBFC | 19,38,64,744 | 29,86,67,496 |
| | 67,11,74,829 | 78,44,33,049 |
| Long term borrowings | 50,23,38,745 | 41,32,21,194 |

Note

i) Term loans availed from banks and financial institutions are fully secured by way of hypothecation of book debts. Term loans are repayable on monthly or quarterly basis depending on the respective loan arrangements. During the year, company has not defaulted in the repayment of dues to its lenders.

ii) Terms of repayments and Loans Gauranted by Directors are as follows:-

| Name | Rate of Interest % | Date of Maturity | Sanction Amount | Tenure | Personal Guarantee |
|-----------------------------------|--------------------|------------------|-----------------|---------|--|
| Canara Bank | 12.50 | 31-10-22 | 5,00,00,000 | 36 EMI | 1. Vivekanand M Selimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| | 12.80 | 29-12-21 | 10,00,00,000 | 60 EMI | |
| Habitat Micro Build India Housing | 13.75 | 22-12-22 | 3,00,00,000 | 24 EMIs | |



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

| | | | | | |
|--|-------|----------|--------------|--------------------------------|--|
| IDFC First Bank | 14.00 | 31-08-21 | 15,00,00,000 | 24 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| | 14.00 | 31-12-21 | 5,00,00,000 | 36 EMIs | |
| | 13.75 | 31-07-22 | 10,00,00,000 | 48 EMIs | |
| | 12.00 | 31-03-23 | 15,00,00,000 | 36 EMIs | |
| Jana Small Finance Bank | 11.00 | 29-03-24 | 19,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil |
| Karnataka Gramin Bank | 12.50 | 24-03-24 | 5,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| | 12.50 | 21-01-23 | 5,00,00,000 | 36 EMIs | |
| | 12.50 | 18-05-22 | 3,00,00,000 | 36 EMIs | |
| Karnataka Vikas Grameena Bank | 12.50 | 21-02-24 | 4,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| | 12.45 | 21-12-22 | 5,00,00,000 | 36 EMIs | |
| Laxmi Vilas Bank | 11.10 | 02-08-21 | 3,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| Maanaveeya Development & Finance Pvt Ltd | 15.00 | 27-03-22 | 10,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil |
| Nabkisan Finance Ltd | 13.00 | 31-08-21 | 7,67,00,000 | 6 Half Yearly Installments | |
| | 14.00 | 31-01-23 | 10,00,00,000 | 12 quarterly | |
| Nabsamrudhi Finance Ltd | 13.75 | 21-10-23 | 5,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil |
| | 13.50 | 14-01-22 | 5,00,00,000 | 24 EMIs | |
| | 13.50 | 07-02-22 | 10,00,00,000 | 12 quarterly instalments | |
| Small Industries Development Bank of India | 6.97 | 19-04-21 | 15,00,00,000 | 12 EMI | |
| State Bank of India | 11.00 | 27-11-23 | 15,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| UCO Bank | 11.45 | 29-06-22 | 5,00,00,000 | 12 equally quarter instalments | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| | 11.45 | 14-03-22 | 5,00,00,000 | 12 quarterly instalments | |
| | 11.45 | 26-10-21 | 7,50,00,000 | 12 quarterly instalments | |
| | 11.35 | 21-03-23 | 5,00,00,000 | 12 quarterly instalments | |
| Union Bank of India | 10.95 | 27-09-22 | 5,00,00,000 | 36 EMIs | 1. Vivekanand M Salimath 2. Naganagouda N Patil 3. T V Srinkantha Shenoy |
| | 11.40 | 30-11-21 | 7,00,00,000 | 36 EMIs | |
| | 10.95 | 30-09-23 | 10,00,00,000 | 36 EMIs | |



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

iii) Fixed Deposit Encumbered Details

| Bank Name | Date of opening | Date of Maturity | Encumbered | Unencumbered | Lien marked |
|---------------------|-----------------|------------------|--------------|--------------|-----------------|
| SBI Bengaluru | 29.12.2020 | 29.12.2023 | 75,00,000 | | SBI |
| SBI Dharwad | 13.03.2020 | 13.03.2022 | | 23,65,284 | |
| SBI Dharwad | 22.02.2020 | 22.02.2022 | 63,15,605 | | NABKISAN |
| HABITAT | 22.12.2020 | 22.12.2021 | 15,00,000 | | |
| Bank of India | 19.02.2021 | 19.02.2024 | 10,00,000 | | |
| Canara Bank Dharwad | 11.02.2020 | 19.08.2021 | 27,03,025.00 | | Canara Bank TL |
| | 21.03.2020 | 21.03.2022 | 14,31,768.00 | | Canara Bank TL |
| | 05.07.2020 | 06.07.2021 | 38,43,948.00 | | Canara Bank TL |
| | 24.11.2020 | 24.11.2021 | 48,63,094.00 | | Canara Bank TL |
| | 27.02.2019 | 27.04.2022 | 54,00,000.00 | | NABSAmrudhi |
| | 21.07.2020 | 21.07.2022 | 22,35,867.00 | | |
| | 26.09.2018 | 06.10.2021 | 14,20,000.00 | | |
| | 26.09.2018 | 26.09.2023 | 14,54,524.00 | | |
| | 04.11.2020 | 14.05.2021 | 13,99,937.00 | | |
| | 06.10.2020 | 16.10.2022 | 14,12,750.00 | | |
| | 16.10.2020 | 26.10.2021 | 14,09,725.00 | | |
| | 03.04.2020 | 10.10.2021 | 13,76,777.00 | | |
| | 17.01.2020 | 17.01.2022 | 12,50,000.00 | | |
| | 17.01.2020 | 17.01.2022 | 12,50,000.00 | | |
| | 17.01.2020 | 17.01.2022 | 12,50,000.00 | | |
| | 17.01.2020 | 17.01.2022 | 12,50,000.00 | | |
| | 08.07.2020 | 14.01.2022 | 55,09,533.00 | | loan on deposit |
| | 28.10.2020 | 28.10.2023 | 50,00,000.00 | | NABSAmrudhi |
| KVG Bank Dharwad | 31.12.2020 | 31.12.2021 | | 8,11,989.00 | |
| | 05.01.2021 | 05.01.2022 | | 7,52,762.00 | |
| | 30.04.2020 | 30.04.2021 | | 7,67,258.00 | |
| | 15.05.2020 | 15.05.2021 | | 7,66,889.00 | |
| | 05.06.2020 | 05.06.2021 | | 7,65,864.00 | |
| | 02.07.2020 | 02.07.2021 | | 7,66,775.00 | |
| | 27.02.2019 | 27.04.2022 | 50,00,000.00 | | NABSAMRUDHI |
| | 28.03.2019 | 28.03.2022 | 50,00,000.00 | | Maanaveeya |
| | 29.09.2020 | 29.03.2022 | | 10,95,371.00 | |
| | 27.12.2019 | 27.12.2022 | 50,00,000.00 | | |
| | 30.09.2020 | 21.04.2021 | 16,67,000.00 | | NABKISAN |
| | 11.03.2020 | 11.03.2022 | 16,67,000.00 | | NABKISAN |
| | 11.03.2020 | 11.03.2022 | 16,67,000.00 | | NABKISAN |
| | 11.03.2020 | 11.03.2022 | 16,67,000.00 | | NABKISAN |
| | 11.03.2020 | 11.03.2022 | 16,67,000.00 | | NABKISAN |
| | 11.03.2020 | 11.03.2022 | 16,65,000.00 | | NABKISAN |
| | 01.03.2021 | 01.03.2022 | 30,00,000.00 | | |



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

| | | | | | |
|------------------------|------------|------------|----------------|--------------|------------|
| Syndicate Bank | 01.10.2020 | 01.10.2021 | | 36,97,286.71 | |
| Dharwad | 27.03.2020 | 27.03.2022 | | 19,26,870.31 | |
| | 09.05.2020 | 09.05.2021 | | 17,84,005.19 | |
| | 12.08.2020 | 12.08.2021 | 35,53,864.44 | | |
| Union Bank Bedngaluru | 03.04.2019 | 31.01.2021 | 64,57,576.00 | | Union Bank |
| | 11.12.2018 | 11.01.2022 | 75,81,797.00 | | Union Bank |
| | 29.09.2020 | 29.09.2021 | 50,00,000.00 | | Union Bank |
| | 29.09.2020 | 29.09.2021 | 50,00,000.00 | | Union Bank |
| | 29.03.2021 | 29.03.2022 | 1,20,00,000.00 | | Union Bank |
| Laxmi Vilas Bank | 15.09.2018 | 15.09.2021 | 30,00,000.00 | | |
| UCO Bank | 13.03.2019 | 13.03.2022 | 54,75,427.00 | | |
| | 13.03.2019 | 13.06.2022 | 54,71,373.00 | | |
| | 25.10.2018 | 25.01.2022 | 84,41,759.00 | | |
| | 29.06.2019 | 29.06.2022 | 53,80,163.00 | | |
| Karnataka Grameen Bank | 29.05.2019 | 29.05.2022 | 30,00,000.00 | | |
| | 29.01.2020 | 29.01.2023 | 50,00,000.00 | | |
| | 24.03.2021 | 24.03.2024 | 50,00,000.00 | | |
| JANA SFB | 12.10.2020 | 12.11.2022 | 10,00,000.00 | | |
| | 19.01.2021 | 08.02.2023 | 42,25,000.00 | | |
| JANA Finance FLDG A/ | 30.03.2021 | 19.04.2023 | 25,00,000 | | JANA BC |

2.04 Short Term Borrowings
From Banks- Secured
Cash credit #

5,01,10,253 7,43,73,256

5,01,10,253 7,43,73,256

GRAND TOTAL BORROWINGS 1,22,36,23,826 1,27,20,27,499

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

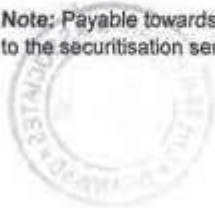
2.05 Trade Payable

| | 31-Mar-21 | 31-Mar-20 |
|--|---------------------|---------------------|
| Outstanding dues of Micro, Small and Medium Enterprises (Refer note no 3.02) | - | - |
| Other Enterprises | 55,61,438.00 | 48,12,829.00 |
| | 55,61,438.00 | 48,12,829.00 |

2.06 Other current liabilities

| | 31-Mar-21 | 31-Mar-20 |
|--|---------------------|---------------------|
| Current Maturities of long-term borrowings (refer Note 2.03) | 67,11,74,829 | 78,44,33,049 |
| Interest accrued but not due on borrowings | 18,03,137 | 22,80,315 |
| Statutory Liabilities | 27,01,392 | 11,79,603 |
| Staff welfare fund payable | 1,24,379 | 1,09,750.00 |
| Statutory Audit Fees Payable | 2,21,000 | 1,61,875 |
| Payable towards securitisation/Assigned A/c | - | 2,67,16,831 |
| COVID-19 Crisis withheld Salary A/c | 1,53,453 | - |
| Interest Subvention scheme Mudra Shishu payable | 8,447 | - |
| BC Loans collection A/c | 45,239 | - |
| | 67,62,31,876 | 81,48,81,423 |

Note: Payable towards securitisation/Assigned A/c represents the installment collections of assigned loan accounts which are payable to the securitisation service providers.



2.07 Provisions

| | 31-Mar-21 | | 31-Mar-20 | |
|-------------------------------------|--------------------|--------------------|------------------|--------------------|
| | Long-Term | Short-Term | Long-Term | Short-Term |
| Provision for non-performing assets | 1,30,62,970 | 58,31,551 | 15,74,359 | 1,14,88,611 |
| Provision on loans-Covid-19 | - | 1,00,00,000 | - | 1,00,00,000 |
| Provision for Contingent Expenses | - | 18,00,000 | - | 15,00,000 |
| Provision for Taxation | 2,24,45,000 | - | - | 86,45,000 |
| | 3,55,07,970 | 1,76,31,551 | 15,74,359 | 3,16,33,611 |

Note:

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

2.09 Deferred tax Asset (net)

| | 31-Mar-21 | 31-Mar-20 |
|---|------------------|------------------|
| Deferred tax asset arising on: | | |
| Opening Balance | - | - |
| Depreciation and amortisation | 9,01,394 | 10,43,014 |
| Provision on bad and doubtful debts | 77,25,811 | 61,82,500 |
| | 86,27,205 | 72,25,514 |
| Deferred tax liability arising on: | | |
| Prepaid Processing Charges | 31,21,612 | 59,11,820 |
| Deferred tax Asset / (Liability) (net) | 55,05,593 | 13,13,694 |

2.10 Loans and advances

| | 31-Mar-21 | | 31-Mar-20 | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| | Non-current | Current | Non-current | Current |
| Secured | | | | |
| Considered good | 22,24,22,528 | 1,03,71,76,425 | 23,60,03,019 | 1,03,47,97,131 |
| Considered doubtful | 44,23,161 | 1,62,25,754 | 19,47,437 | 97,06,056 |
| Assigned MRR Securitisation A/c * | - | - | - | 2,38,43,371 |
| (* This a/c related to the 10% margin account of Assigned/Securitized portfolio) | | | | |
| | 22,68,45,689 | 1,05,34,02,179 | 23,79,50,456 | 1,06,83,46,558 |
| Unsecured, considered good | | | | |
| Rent Advance | 20,13,000 | - | 19,89,500 | - |
| Security deposits | 25,000 | - | 25,000 | - |
| TDS Receivables | 14,16,734 | - | 18,70,363 | - |
| Advance tax | 1,89,00,000 | - | 82,55,780 | - |
| Security deposits against Loan | - | - | 95,75,062 | - |
| Security Deposits with HABITAT | 15,00,000 | - | - | - |
| Security Deposits with JANA SFB FLDG | 77,25,000 | - | - | - |
| | 3,15,79,734 | - | 2,17,15,705 | - |
| | 25,84,25,423 | 1,05,34,02,179 | 25,96,66,161 | 1,06,83,46,558 |

2.11 Investments

| | 31-Mar-21 | 31-Mar-20 |
|---|-----------------|------------------|
| In mutual funds (Unquoted and non-trade, lower of cost or net realisable value)# | | |
| Union Bank of India | - | 5,00,000 |
| Canara Robeco Dual advantage fund [50,000 units (PY 50,000 units)] | 5,00,000 | 5,00,000 |
| | 5,00,000 | 10,00,000 |

#Note: The fair market value of the above investment for the year end 2021 is ₹ 6.31 lacs (2020: ₹ 5.54 Lacs) in case of Canara Robeco dual advantage fund. The investment in the Union Bank of India has been redeemed during the year.



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

2.12 Cash and cash equivalents

| | 31-Mar-21 | 31-Mar-20 |
|---|--------------------|---------------------|
| Balances with banks | | |
| - in current accounts | 5,01,45,716 | 8,60,13,993 |
| - in deposit account | 1,30,00,354 | 2,00,75,610 |
| - in Cash Credit account (Debit balance) | 1,93,749 | - |
| Other bank balances | | |
| Deposits (Encumbered) with maturity more than 12 Months* | 17,01,38,512 | 14,83,78,528 |
| Less: Amounts disclosed as other non-current assets (refer note 2.13) | (17,01,38,512) | (14,83,78,528) |
| Stamps on hand | 2,628 | - |
| Cash on hand | 45,208 | 2,65,274 |
| | 6,33,87,655 | 10,63,54,877 |

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

2.13 Other assets

| | 31-Mar-21 | | 31-Mar-20 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | Non-current | Current | Non-current | Current |
| Interest Receivable on Investments | - | 73,57,478 | - | 48,46,470 |
| Deposits-maturity more than 12 Months(refer note 2.12) | 17,01,38,512 | - | 14,83,78,528 | - |
| FL Loan Receivables(IDF) | - | - | - | 11,00,000 |
| GST Receivable | - | 29,41,083 | - | 24,53,210 |
| Other receivables | - | 63,644 | - | 3,73,481 |
| Pre Paid Consultation Fees | 1,11,112 | 7,25,000 | 8,36,111 | 11,22,917 |
| Pre Paid Processing Charges | 42,59,827 | 48,27,078 | 35,97,153 | 40,14,444 |
| Pre Paid Assigned Processing Charges | 4,38,889 | 20,40,208 | 28,63,027 | 37,74,512 |
| Incentive Receivable A/c | - | - | - | 3,58,011 |
| Gratuity plan asset | - | 11,48,548 | - | 4,66,410 |
| Dividend tax payable | - | 8,53,263 | - | - |
| JANA-BC Commission Receivable on recovery | - | 5,44,514 | - | - |
| JANA-BC 1% Processing fees receivable on DB | - | 13,05,870 | - | - |
| | 17,49,48,340 | 2,18,06,667 | 15,56,74,819 | 1,85,09,455 |

2.14 Revenue from operations

| | 31-Mar-21 | 31-Mar-20 |
|-----------------------------|---------------------|---------------------|
| Interest Income | 26,45,81,986 | 25,79,60,653 |
| Processing charges on loans | 46,46,280 | 1,33,26,720 |
| Interest Strip Income | 2,02,55,477 | 48,39,838 |
| | 28,94,83,743 | 27,61,27,211 |

2.15 Other Income

| | 31-Mar-21 | 31-Mar-20 |
|------------------------------------|--------------------|------------------|
| Interest on term deposits | 1,08,06,027 | 80,31,920 |
| Dividend income | 2,51,350 | 3,48,947 |
| Recovery against loans written off | 6,74,778 | 4,98,894 |
| Miscellaneous | 1,115 | 1,13,228 |
| Incentive Received A/c | 72,58,700 | 3,48,692 |
| Interest on Income tax refund | 27,702 | - |
| BC Income | 57,62,551 | - |
| | 2,47,82,223 | 93,41,681 |



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

| 2.16 Employee benefit expenses | | |
|---|---------------------|---------------------|
| | 31-Mar-21 | 31-Mar-20 |
| Salaries, wages and bonus | 5,84,29,129 | 5,63,34,521 |
| Contributions to provident and other funds | 26,61,325 | 23,64,425 |
| Staff welfare and training expenses | 1,060 | 84,558 |
| Gratuity | 5,22,518 | 2,00,575 |
| | 6,16,14,032 | 5,89,84,079 |
| 2.17 Finance costs | | |
| | 31-Mar-21 | 31-Mar-20 |
| Interest on borrowings | 14,94,58,107 | 15,62,56,443 |
| Bank charges | 19,97,780 | 10,39,913 |
| Processing Charges on Assigned Portfolio | 41,58,441 | 8,38,437 |
| Other Finance costs | | |
| Loan processing fee on borrowings | 53,30,157 | 41,68,503 |
| Documentation and evaluation expenses | 17,37,320 | 9,90,057 |
| Loan Consultation Fees | 8,39,584 | 11,05,556 |
| | 16,35,21,389 | 16,43,98,909 |
| 2.18 Provisions and write-offs | | |
| | 31-Mar-21 | 31-Mar-20 |
| Loans written-off | 2,02,12,490 | 14,20,191 |
| Additional provision for Non performing Assets | 58,31,551 | 13,67,492 |
| Additional Provision on loans-Covid-19 (refer note no. 2.08) | - | 1,00,00,000 |
| | 2,60,44,041 | 1,27,87,683 |
| 2.19 Other operating expenses | | |
| | 31-Mar-21 | 31-Mar-20 |
| Rent (refer Note 3.08) | 57,03,263 | 51,58,270 |
| Travelling and conveyance | 18,24,081 | 27,14,898 |
| Communication Expenses | 8,83,751 | 9,02,344 |
| Office maintenance | 17,23,254 | 17,78,120 |
| Printing & stationary | 6,19,289 | 11,06,047 |
| Insurance | 3,64,774 | 1,30,758 |
| Remuneration to auditors (refer Note 2.19.1 below) | 2,00,000 | 1,75,000 |
| Concurrent Audit Fees | 6,92,000 | 6,92,500 |
| Repairs and maintenance | 9,88,765 | 9,77,548 |
| Meeting Expenses | 13,620 | 1,81,681 |
| Subscription Fees | 3,48,078 | 4,09,880 |
| Credit Burea Expenses | 1,43,629 | 2,84,665 |
| Legal Fees | 7,150 | 5,250 |
| Rates & Taxes | 43,440 | 60,333 |
| Miscellaneous Expenses | 49,476 | 1,90,457 |
| Contingent Expenses | 3,00,000 | 15,00,000 |
| Other Consultancy /Professional Fees | 35,26,222 | 41,33,884 |
| | 1,74,30,792 | 2,04,01,435 |
| 2.19.1 Auditor's Remunerations | | |
| | 31-Mar-21 | 31-Mar-20 |
| Statutory audit | 2,00,000 | 1,75,000 |
| | 2,00,000 | 1,75,000 |



IDF FINANCIAL SERVICES PRIVATE LIMITED
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3) Supplementary information

3.01 Contingent liabilities and commitments

| | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|
| Contingent liabilities-Arrears of cumulative preference dividend* | 65,09,237 | 43,39,491 |
| Commitments | Nil | Nil |

*Working Note:

| | | |
|--|------------------|------------------|
| Compulsorily Convertible 9% Cumulative Preference shares | 65,09,237 | 43,39,491 |
| | 65,09,237 | 43,39,491 |

3.02 Micro and Small enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

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

3.03.1 Capital to Risk-Assets Ratio [CRAR]

| | (₹) | |
|--|-----------------------|-----------------------|
| | 31-Mar-21 | 31-Mar-20 |
| Tier I Capital | 22,88,47,977 | 22,13,40,800 |
| Tier II Capital | 5,05,00,000 | 5,05,00,000 |
| Total | 27,93,47,977 | 27,18,40,800 |
| Total Risk weighted assets | | |
| (i) Adjusted value of funded risk assets i.e. on-balance sheet items | 1,32,50,86,910 | 1,34,64,77,923 |
| (ii) Adjusted value of non-funded and off-balance sheet items | - | - |
| Total risk weighted assets/ exposures | 1,32,50,86,910 | 1,34,64,77,923 |
| Capital to Risk-Assets Ratio [CRAR] | | |
| Tier I Capital as a percentage of Total Risk weighted assets (%) | 17.27% | 16.44% |
| Tier II Capital as a percentage of total Risk weighted assets (%) | 3.81% | 3.75% |
| CRAR (%) | 21.08% | 20.19% |

3.03.2 Loans classification as per RBI

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

| Asset classification | Loan outstanding | | | | Provision | |
|-----------------------|------------------|-----------------------|-----------------|-----------------------|---------------------|---------------------|
| | 31-Mar-21 | | 31-Mar-20 | | As on 31st Mar 2021 | As on 31-March 2020 |
| | No. of accounts | Amount | No. of accounts | Amount | Amount | Amount |
| Standard assets | 61,108 | 1,25,95,98,953 | 55,815 | 1,27,08,00,150 | - | - |
| Non Performing assets | 896 | 2,06,48,915 | 613 | 1,16,53,493 | 1,88,94,521 | 2,30,62,970 |
| Assigned MRR A/c | - | - | 13,025 | 2,38,43,371 | - | - |
| Total | 62,004 | 1,28,02,47,868 | 69,453 | 1,30,62,97,014 | 1,88,94,521 | 2,30,62,970 |
| BC Loan | 6,555 | 27,90,03,956 | | | | |

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

The Non performing assets is 1.61% for the period ending 31st March 2021 as compared to 0.89% of total loan portfolio for the year ending 31st March 2020.



3.03.3 Disclosure relating to Securitisation

01. Details of assignment transaction:

| Particulars | 31-03-21 | 31-03-20 |
|---|----------|--------------|
| No. of accounts | - | 13,025 |
| Aggregate value (Net of provision) of accounts sold | - | 21,64,04,654 |
| Aggregate consideration | - | 19,47,64,189 |
| Additional consideration realised in respect of accounts transferred in earlier years | - | - |
| Aggregate gain or loss over net book value | - | - |

02. Details of financial assets sold to securitisation:

| Particulars | 31-03-2021 | 31-03-20 |
|--|------------|--------------|
| No of accounts | - | 15,273 |
| Aggregate value (Net of provision) of accounts sold | - | 27,68,84,527 |
| Aggregate consideration | - | 2,76,88,453 |
| Additional consideration (net of expenses) realized in respect of account transferred in earlier years | - | - |
| Aggregate gain or loss over net book value | - | - |

3.03.4 Disclosure relating to SPVs sponsored

Disclosure required under RBI guidelines on Securitisation transaction DNBS. PD. No. 301/3.10.01/2012-13. Securitisation of assets has been withdrawn before the end of financial year, hence the details relating to SPVs as on 31st March, 2021 is NIL.

ANNEXURE- DISCLOSURE REQUIREMENTS FOR IDF 2019 MFI DA CHANDRAYAN & IDF 2020 MFI DA ARYABHATTA

| Sl. No. | PARTICULARS | 31-Mar-21 | 31-03-20 |
|---------|---|-----------------|-----------------|
| | | No./ ₹ in Lakhs | No./ ₹ in Lakhs |
| 1 | No of SPVs sponsored by the NBFC for securitisations | - | 2 |
| 2 | Total amount of securitised assets as per books of SPVs sponsored by the NBFC (Direct Assignment) | - | 2,384.25 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | i) Off-balance sheet exposure | | |
| | a) First Class | - | - |
| | b) Others | - | - |
| | ii) On-balance sheet exposures | | |
| | a) First Loss (In the form of Fixed Deposits) | - | - |
| | b) Originator's Exposure | - | 238.42 |
| 4 | Amount of exposures to securitisation transactions other than MRR | | |
| | i) Off-balance sheet exposures | | |
| | a) Exposure to own securitisations | | |
| | First Loss | - | - |
| | Others * | - | - |
| | b) Exposure to third party securitisation transaction | | |
| | First Loss | - | - |
| | Others | - | - |
| | ii) On-balance sheet exposures | | |
| | a) Exposure to own securitisations | | |
| | First Loss | - | - |
| | Others * | - | - |
| | b) Exposure to third party securitisation transaction | | |
| | First Loss | - | - |
| | Others | - | - |

* Includes Second Loss Facility (if any)



3.03.5 Margin

Margin Cap of the Company as on 31st March 2021 is 7.69%. This has been computed as per the norms prescribed by Reserve Bank of India in Master Direction DNBR.PD.007/03.10.119/2016-17

3.03.6 Qualifying Assets

As of 31st March 2021, 95.10% of net assets of (Total assets excluding cash balance with Banks and financial institutions, Government Securities and Money Market Instruments) are in the nature of "Qualifying Assets" as defined in Master Direction DNBR.PD.007/03.10.119/2016-17.

3.03.7 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.

Earnings per share

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

| | 31-Mar-21 | 31-Mar-20 |
|--|-------------|-------------|
| Net profit as per Statement of profit and loss | 3,56,25,068 | 2,00,31,771 |
| Less: Arrears of cumulative preference dividend | - | - |
| Less: Dividend distribution tax | - | - |
| Net profit as per Statement of profit and loss for Basic EPS | 3,56,25,068 | 2,00,31,771 |
| Weighted average number of shares considered for computation of basic earnings per share | 1,08,21,230 | 1,08,21,230 |
| Effect of Dilution | | |
| Add: Effect of compulsorily convertible preference shares | 72,32,485 | 72,32,485 |
| Add: Effect of optionally convertible preference shares | 50,50,000 | 50,50,000 |
| Weighted average number of shares considered for computation of diluted earnings per share | 2,31,03,715 | 2,31,03,715 |
| Earning per share: | | |
| Basic | 3.29 | 1.85 |
| Diluted | 1.54 | 0.87 |
| Nominal value per share | 10 | 10 |

* All CCPS which are convertible into equity having completion of 7 years from the date of allotment have been extended for a further period of three years in the AGM dated 28th May, 2016, then tenure of the same shares were further extended for 3 years in the EGM held on 16th December, 2019 and dividend rate was increased to 9% from existing 6%. such conversion is to effect at fair value to be determined at the time of conversion. Since the fair value is not ascertainable the potential equity shares arising on such conversion cannot be determined. Hence, conversion ratio of 1:1 is considered.

3.05 Gratuity (As per AS 15, Employee Benefits)

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

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

Expense recognised in the statement of Profit and Loss Account

| | 31-Mar-21 | 31-Mar-20 |
|---|------------|------------|
| Current service cost | 7,47,013 | 8,10,698 |
| Past service cost | - | - |
| Interest cost | 2,91,498 | 2,52,625 |
| Expected return on plan asset | (3,24,520) | (3,44,008) |
| Net actuarial (gain) / loss recognized in the year | (3,54,147) | 3,16,519 |
| Expenses recognisable in statement of Profit and Loss Account | 3,59,844 | 10,35,834 |



IDF FINANCIAL SERVICES PRIVATE LIMITED
Significant accounting policies and notes on accounts

| The amount to be recognised in the Balance Sheet | | |
|---|------------------|------------------|
| | 31-Mar-21 | 31-Mar-20 |
| Present value of obligation at the end of the period | 44,71,569 | 41,17,200 |
| Fair value of plan assets as at the end of the period | 56,20,117 | 45,83,610 |
| Funded status / Difference | 11,48,548 | 4,66,410 |
| Excess of actual over estimated | - | - |
| Unrecognised actuarial (gains) / losses | - | - |
| Net asset / (liability) recognisable in the balance sheet | 11,48,548 | 4,66,410 |

Changes in present value of obligation

| | 31-Mar-21 | 31-Mar-20 |
|--|------------------|------------------|
| Present value of obligation at the beginning of the period | 41,17,200 | 37,26,031 |
| Acquisition adjustment | - | - |
| Interest cost | 2,91,498 | 2,52,625 |
| Current service cost | 7,47,013 | 8,10,898 |
| Past service cost | - | - |
| Benefits paid | (3,37,558) | (9,68,527) |
| Actuarial (gain) / loss on obligation | (3,46,584) | 2,96,373 |
| Present value of obligation at the end of the period | 44,71,569 | 41,17,200 |

Changes in the fair value of plan assets

| | 31-Mar-21 | 31-Mar-20 |
|--|------------------|------------------|
| Fair value of plan assets at the beginning of the period | 45,83,610 | 46,23,761 |
| Acquisition adjustment | - | - |
| Expected return on plan assets | 3,24,520 | 3,44,008 |
| Contributions | 11,14,707 | 6,66,985 |
| LIC charges | (72,725) | (62,471) |
| Benefits paid | (3,37,558) | (9,68,527) |
| Actuarial (gain) / loss on plan assets | 7,563 | (20,146) |
| Fair value of plan assets at the end of the period | 56,20,117 | 45,83,610 |

The Major categories of Plan assets

| | 31-Mar-21 | 31-Mar-20 |
|--|------------------|------------------|
| Government of India Securities | - | - |
| High Quality Corporate bonds | - | - |
| Equity Shares of listed companies | - | - |
| Property | - | - |
| Funds Managed by Insurer | 100% | 100% |
| Fair value of plan assets at the end of the period | 100% | 100% |

Principal Actuarial Assumptions

| | 31-Mar-21 | 31-Mar-20 |
|--|--------------------|--------------------|
| Discount Rate | 7.08 PA | 6.78 PA |
| Salary Growth Rate | 7.00 PA | 7.00 PA |
| Expected Rate of Return on Plan Assets | 7.08 PA | 7.44 PA |
| Retirement Age | 60 Years | 60 Years |
| Mortality Table | IALM (2012 - 2014) | IALM (2012 - 2014) |
| Employee Turnover / Attrition Rate | 100% | 100% |
| 18-30 Years | 3.00% | 3.00% |
| 30-45 Years | 2.00% | 2.00% |
| Above 45 Years | 1.00% | 1.00% |

Current / Non-Current Liability

| | 31-Mar-21 | 31-Mar-20 |
|-----------------------|------------------|------------------|
| Current Liability | 89,018 | 71,980 |
| Non-Current Liability | 43,82,551 | 40,45,220 |
| Net Liability | 44,71,569 | 41,17,200 |

Expected Company's contribution for next year is NIL



3.06 Related party disclosures

3.6.1 Names of related parties and nature of relationship

| Description of relationship | Nature of relationship |
|--|-------------------------------|
| (i) Key managerial personnel Mr. Vivekanand Naganagouda Salimath Mr. Naganagouda Marigouda Patil | Chairman Managing Director |
| (ii) Other related parties IDF Sujeevana Federation – Kunigal IDF SHG Federation – Dharwad | Shareholder Shareholder |

3.6.2 Nature of transactions with related parties

| Name of related party | Nature of transaction | Type | 31-Mar-21 | 31-Mar-20 |
|----------------------------------|-----------------------------------|---------|-------------|-------------|
| Mr. Vivekanand N Salimath | Remuneration | Payment | 26,65,080 | 24,83,370 |
| Mr. Naganagouda M Patil | Remuneration | Payment | 26,65,080 | 24,83,370 |
| IDF SHG Federation Dharwad | Issue of Preference share capital | Receipt | 3,00,00,000 | 3,00,00,000 |
| IDF Sujeevana Federation Kunigal | Issue of Preference share capital | Receipt | 60,00,000 | 60,00,000 |

3.07 Earnings and expenditure in foreign currency

| | 31-Mar-21 | 31-Mar-20 |
|-------------|-----------|-----------|
| Earnings | Nil | Nil |
| Expenditure | Nil | Nil |

3.08 Leases

The Company has taken certain offices and residential premises/ facilities under operating lease/ sub-lease agreements. The lease agreements generally have an escalation clause and are not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease/ sub-lease agreements. The aggregate lease rental of ₹ 57,03,263/- (PY₹ 51,58,270/-) have been charged to the Statement of Profit and Loss for the Year ended 31.03.2021

3.09 Rating

Brickwork Ratings India Pvt Ltd (BWR) have assigned ratings for the Fund based - Long Term facilities availed by the company as BWR BBB- (Pronounced as BWR Triple B Minus) Outlook:Stable; as per letter dated 02-12-2019. [Previous rating BBB- (Pronounced as BWR Triple B Minus) Outlook:Stable.]

3.10 Prior year comparatives

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

for IDF Financial Services Private Limited

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



E.R.No. 011274S
Chetan Padaki
CA CHETAN PADAKI
PARTNER
Mem.No.216929

Prashant Hegde
Prashant Hegde
Company Secretary
AES: 56041

V N Salimath *N M Patil*
V N Salimath N M Patil
Chairman Managing Director
DIN: 0253109 DIN: 1674210

Date : 18/06/2021
Place: Bengaluru



IDF FINANCIAL SERVICES PRIVATE LIMITED

Notes to the financial statements as at March 31st, 2021
Note 2.08 : Property, Plant and Equipment

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|
| | As on March 31st, 2020 | Additions for the year | Deletions for the year | Up to March 31st, 2020 | Additions for the year | Deletions for the year | As on March 31st, 2021 | As at March 31, 2020 |
| A. Tangible assets | | | | | | | | |
| Computer and Accessories | 72,09,602 | 6,11,775 | - | 69,13,446 | 3,18,144 | - | 5,89,787 | 2,96,156 |
| Furniture and Fixtures | 24,39,809 | 35,430 | - | 19,23,010 | 1,35,013 | - | 4,17,216 | 5,16,799 |
| Vehicle | 16,96,935 | - | - | 11,42,375 | 1,73,189 | - | 3,81,371 | 5,54,560 |
| Office Equipment | 30,08,588 | 8,640 | - | 29,04,195 | 47,454 | - | 65,579 | 1,04,393 |
| Total [A] | 1,43,54,934 | 6,55,845 | - | 1,28,83,026 | 6,73,800 | - | 14,53,953 | 14,71,908 |

Date : 18/06/2021
Place: Bengaluru



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

Add the following details

- 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.
- Lakshmi Vilas Bank
- Ananya Finance for Inclusive Growth Pvt Ltd.
- IDFC First Bank Ltd.
- Eclear Leasing and Finance Pvt Ltd.
- NABARD Financial Services Limited
- Nabsamruddhi Finance Limited
- Maanaveeya Development & Finance Private Limited
- Jana Small Finance Bank
- Bank of Maharashtra

Statutory Auditors

M/s Chetan Padaki & Associates, Chartered Accountants



IDF Financial Services Private Limited

Regd. Office :

Girija, 31/1, 2nd Floor, Patalamma Temple Street
South End, Basavanagudi, Bengaluru - 560 004
Tel. : 080 26577714
email : idff.fin@gmail.com

Admn. Office :

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