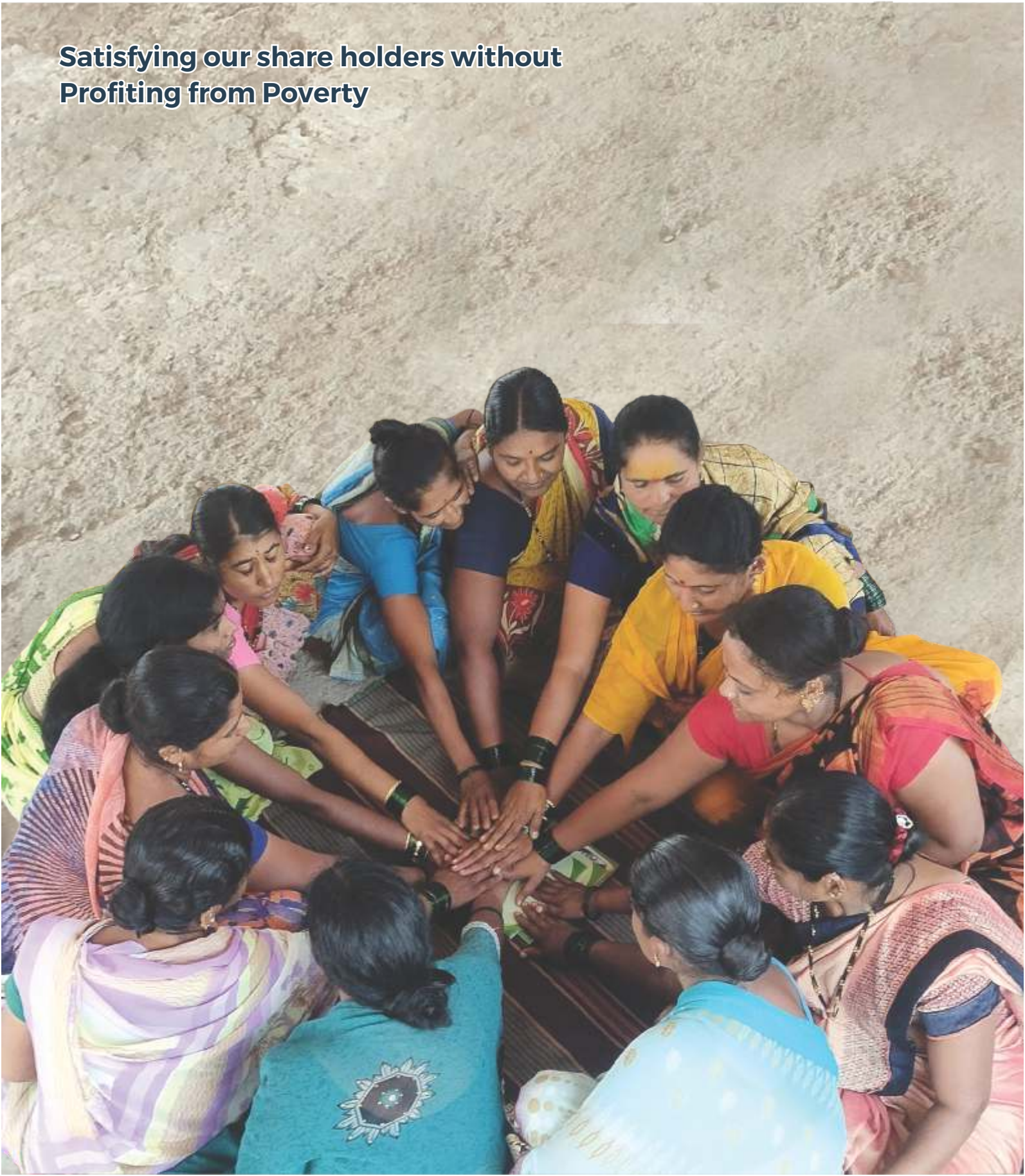




**IDF Financial Services
Private Limited**

**ANNUAL REPORT
2022-23**

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



▶ Board of **Directors**



VIVEKANAND N SALIMATH

CHAIRMAN



NAGANAGOUDA M PATIL

MANAGING DIRECTOR



T V SRIKANTHA SHENOY

DIRECTOR



KASTURI DAMBAL

DIRECTOR



GURURAJ M DESHPANDE

DIRECTOR



SAHADEV GANGAPPA

DIRECTOR



RUDRAYYA MALLAYYA KUMMUR

DIRECTOR



Sri. Vivekanand N Salimath
Chairman

▶ Message



Sri. Naganagouda M Patil
Managing Director

As the dust settles, and a clearer picture of the world ahead emerges, we believe we are standing at the threshold of a period of great opportunity and growth. In the face of widespread change and challenges, your Company has shown remarkable resilience and adaptability, coming out stronger than ever.

The relentless commitment and dedication of every member of the IDF FSPL family helped the business achieve giant strides in the past year. As a result, we have been able to bring down the curtains on the financial year 2022-23 with a very good set of numbers. The Company delivered a strong performance in FY 2022-23. It has registered growth in all the important parameters - Number of Branches, AUM, Client Base, Profitability etc.

The Company expanded its business and opened 11 new branches in FY 2022-23 taking the branch network to 78. The balance sheet size of the company has grown by over 38%. As on March 2023, the balance sheet size was ₹ 226.41 Crs.

The Company has increased its Assets under Management (AUM) from ₹ 190.78Crs as on March 31, 2022 to ₹ 263.75 Crs as on March 31, 2023 registering a CAGR of 20.80% in last three years. In the same period, the MFI industry has grown at a CAGR of 21.8%.

On the financial front, the Company's revenue increased from ₹ 29.44 Crs for FY 2022 to ₹ 39.03 Crs for FY 2023, registering a growth of 33%. The Operating Costs (OC) increased from ₹ 9.15 Crs in FY 2022 to ₹ 12.05 Crs in FY 2023.

Commendably, IDF FSPL has outperformed the MFI industry in terms of maintaining a stellar portfolio quality based on its high collection efficiency. The GNPA as on March 31, 2023 was 1.70% and the NNPA as on March 31, 2023 was 0.68%. PAR 30+ at 2.07% is less than industry average of 2.16% as on March 2023.

On the Liabilities side, the performance has been equally impressive with a major boost to Tier II Capital. During the first quarter of FY 2022-23, the Company raised capital to the tune of ₹ 4.20 crores by issues of Optionally Convertible Preference Shares (OCPS). The Company was also sanctioned Sub debt of ₹ 5.00 Crs by Maanaveeya Development and Finance Ltd. The Company raised ₹ 147.50 Crs in debt funds in FY 2023. The borrowing mix comprised 94.33 % Term Loans, 2.93% Cash credit Limits & 2.73 % Sub-debts. The percentage of borrowings from banks increased by 44.41% in FY 2023.

Keeping asset liability management (ALM) in focus, the Company monitored liquidity closely, observed RBI's commentaries, market dynamics and engaged in continuous dialogue with lenders to ensure a healthy ALM, resulting in availability of funds at the best rates throughout the year.

With the new RBI regulation making a level playing field for all entities practicing microfinance, we see great opportunity before us.

We are filled with optimism and energy to play a critical role in the financial inclusion agenda of the Country. While the challenge thrown by the pandemic was unprecedented and may never again occur in any of our lifetimes, what we are immensely proud of is the resilience shown by the Company.

Our employees continue to be the greatest strength of IDF FSPL. They have worked with extraordinary commitment during the challenging year. We express our gratitude to all our employees and their families for their sustained contribution and support during these times. We thank the Board for their guidance and support all through.

We would also like to thank our shareholders, bankers, rating agencies and business partners for their continued trust and patronage. We look forward to your encouragement as always!

Our Journey

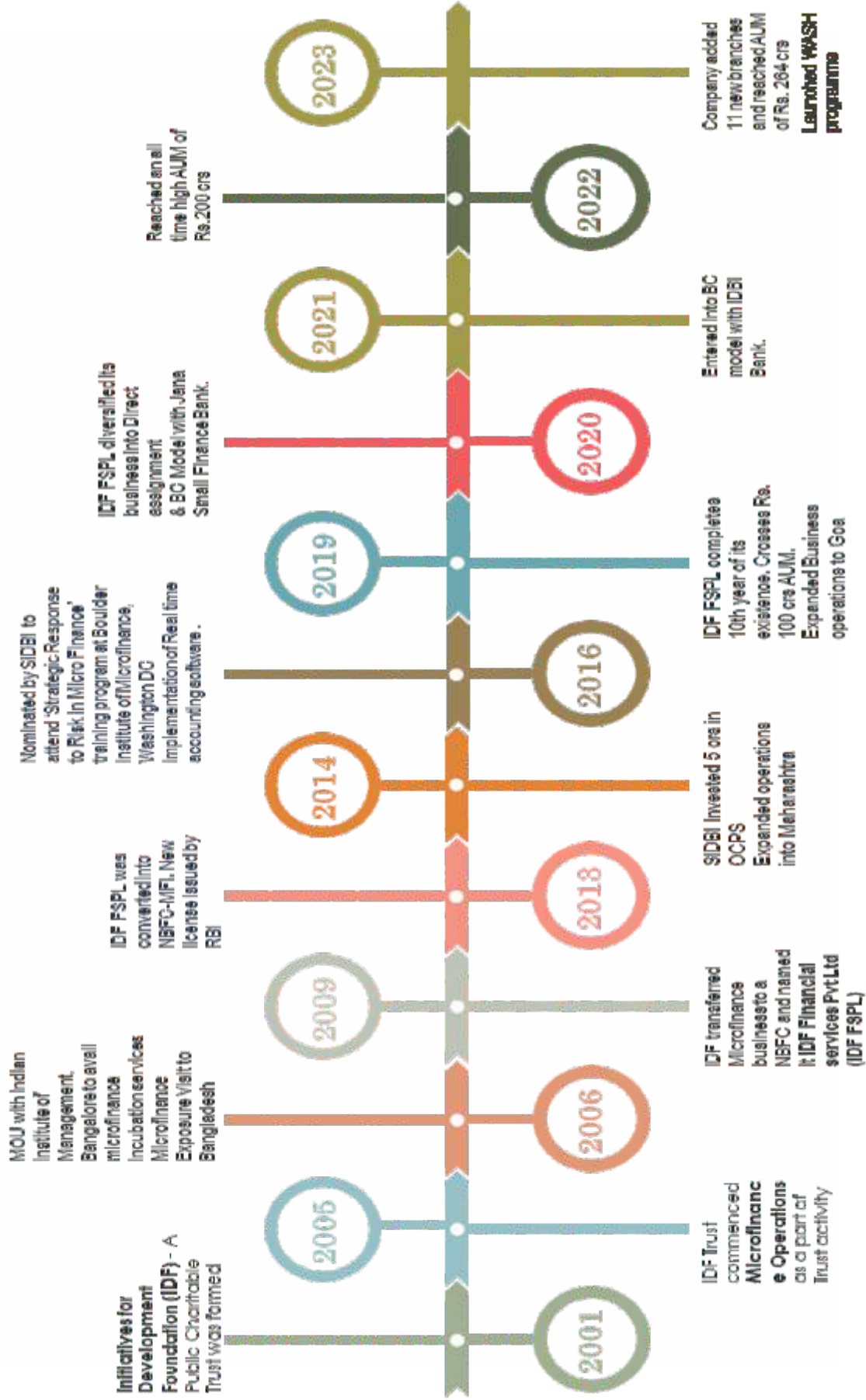


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IDF FSPL Overview

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



The Company started operations on April 1st, 2009, with its HQ in Bengaluru and is currently operating with 78 branches in Karnataka, Maharashtra & Goa.

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

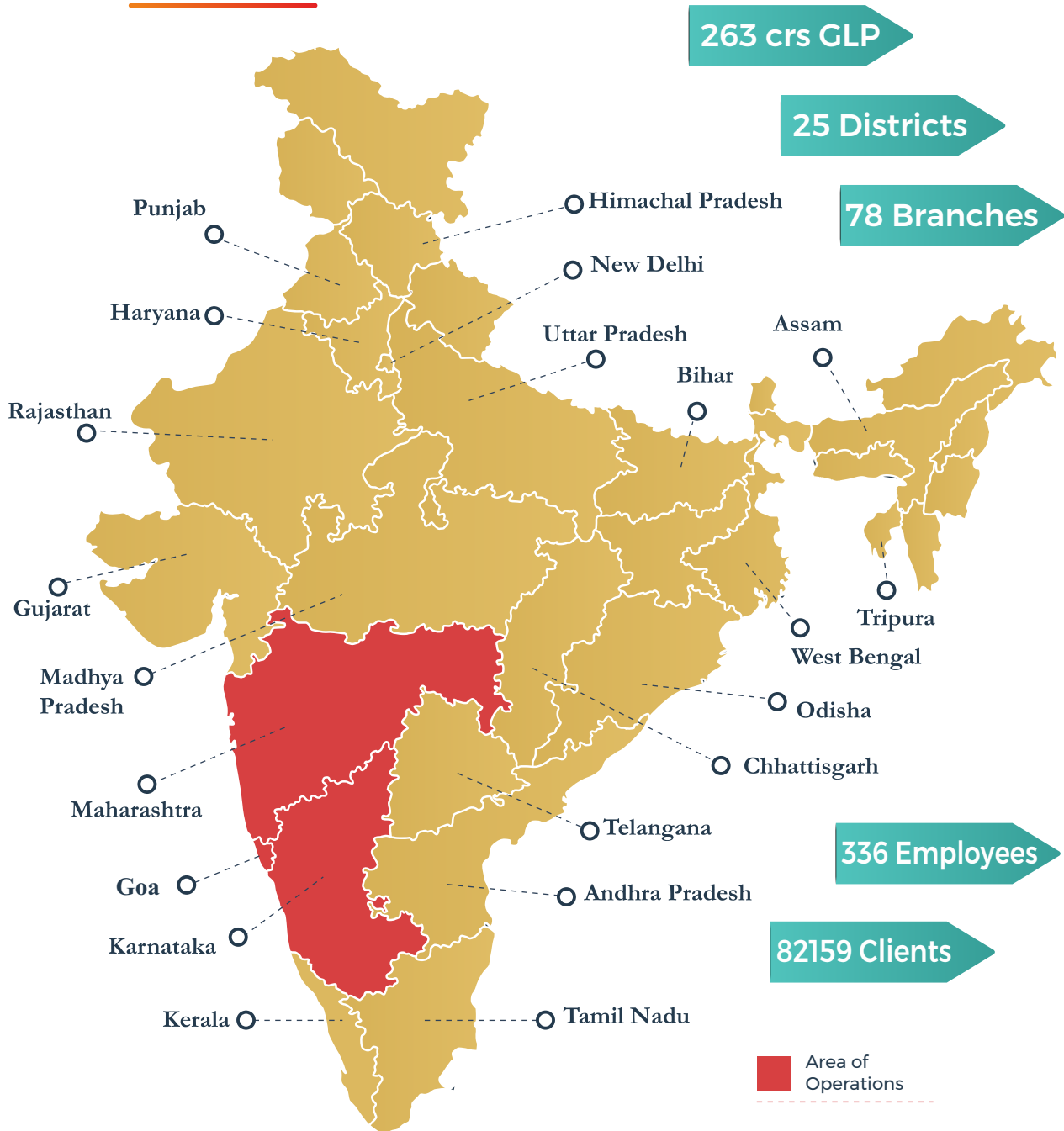
Our financial services are helping improve livelihoods, establish an identity, enhance self-image, and enabling our customers to be a part of decision-making at the household level.

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.

Area of Operations



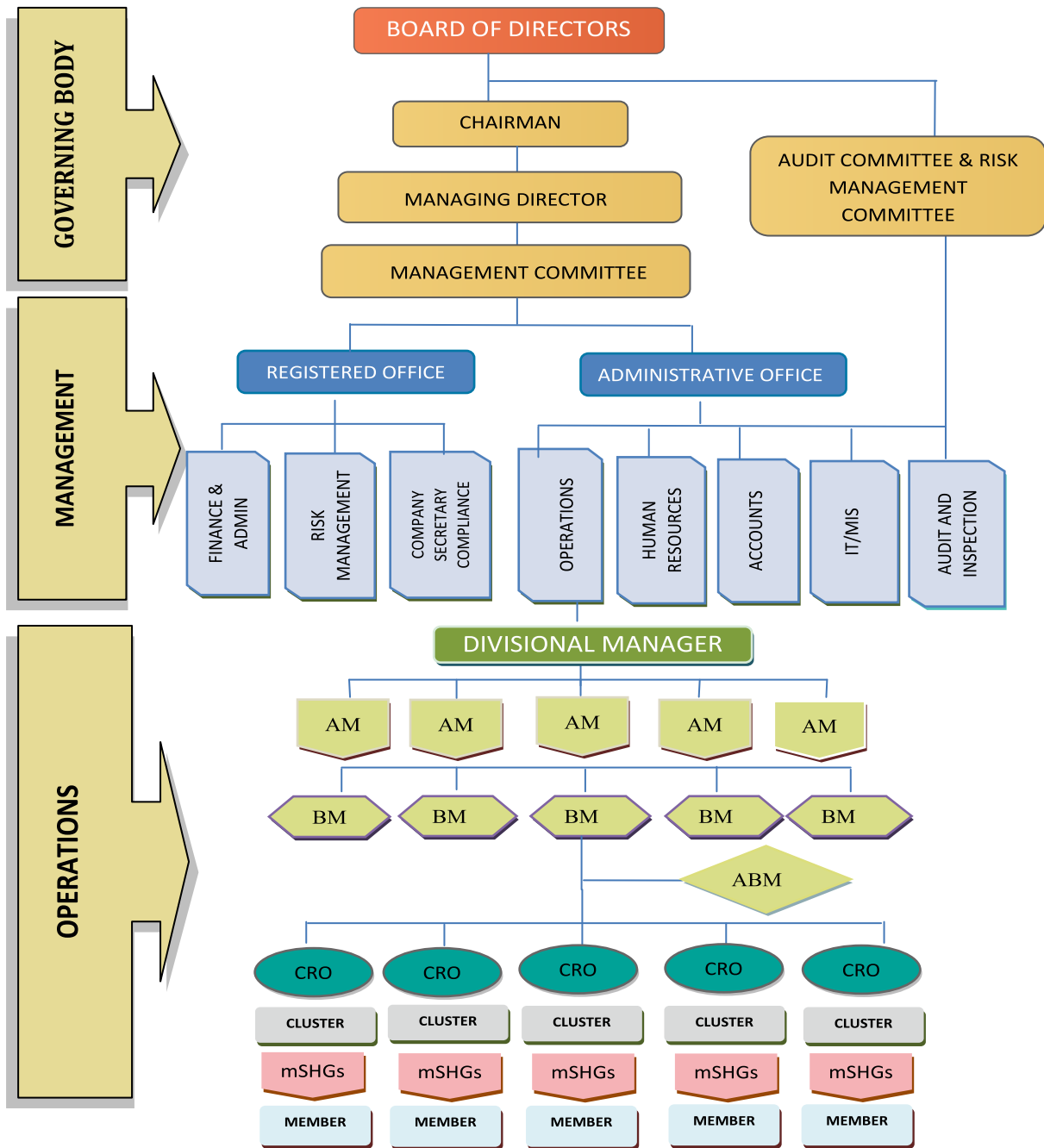
Operational Footprint

The Company has its registered office at Bangalore, and the administrative office at Dharwad. The operations are geographically aligned to cater to 25 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 1500-2000 clients. More than one area Office could exist in a district depending upon the volume of Business. Each Area office can sanction loans in its jurisdictional area.

The Company has 78 branches and a Staff Strength of 336. The total no of borrowers as at 31st March 2023 is 82159 with GLP of ₹ 263.75 Crs.. The Company has disbursed loans under (Owned + Managed Portfolio of 160.82 crs+ 68.37 Crs.) amounting of ₹ 229.19 Crs. during the year 2022-23.

Organisational Structure



AM Area Manager
BM Branch Manager
ABM Assistant Branch Manager
CRO Credit Officer
mSHG Micro Self Help Group

Our Products

Who We Serve

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

Client-assessment includes:

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



Household Income	• ₹ 3,00,000/-
Loan Amount	• ₹ 30,000 - ₹ 1,25,000
Tenure	• Between 12 months - 36 months
Loan security	• Collateral-free
Repayment	• Monthly

Group Loans

Products	Loan Size	Tenure	Rate of Interest	Processing Fee
Cycle I	₹ 30000 – ₹ 40000	12-24 Months	25%	1%
Cycle-II	₹ 40000 – ₹ 60000	24-36 Months	25%	1%
Cycle-III	₹ 60000 – ₹ 75000	24-36 Months	25%	1%
Cycle-IV & Above	₹ 75000 – ₹ 125000	24-36 Months	25%	1%

Individual Loans

Individual Loans (Abhyudaya)	Upto ₹ 1,25,000	24-36 Months	ROI: 25%	PF: 1%
Interim Loans	Loan: ₹ 5,000 to ₹ 20,000	24 Months	ROI: 25%	PF: 1%
Micro - Housing Loan (IDF Ashraya)	Upto ₹ 50,000	24-36 Months	ROI: 25%	PF: 1%
Dairy Loans	₹ 40,000 to ₹ 1,25,000	24-36 Months	ROI: 25%	PF: 1%

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

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.

- 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.
- Consumption loans for education, house repair, Water, Sanitation & Hygiene (WASH).

Work Process

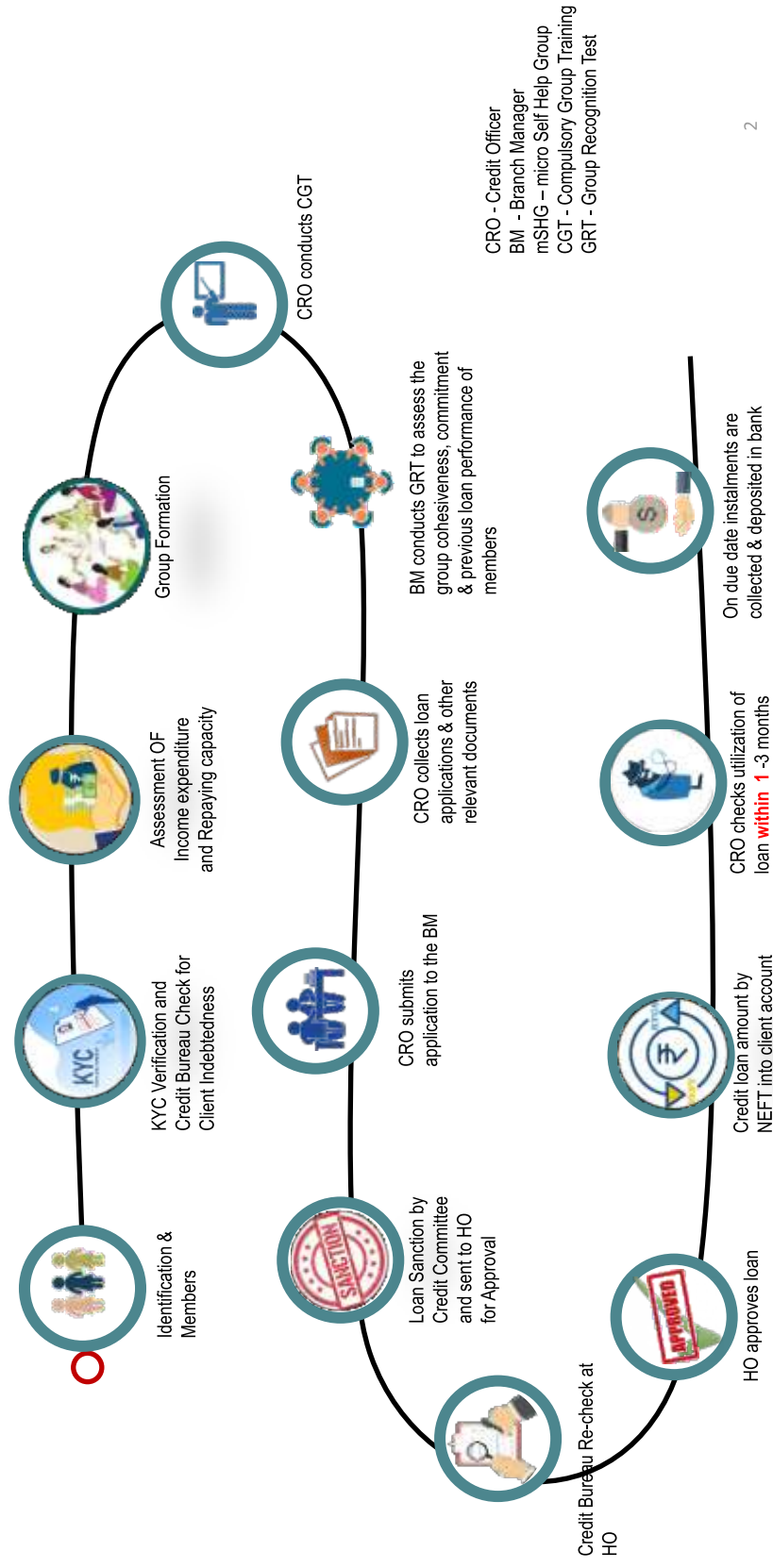
The Company has an omnibus loan product which is designed to take care of the multiple needs of the clients, be it working capital for business or creation of assets for livelihood or agriculture or any other product service, apart from meeting consumption.

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

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,

Household income of ₹ 300,000/- & below and EMI of all existing clean/collateral loans including proposed loan shall not exceed ₹ 12,500/-

LENDING METHODOLOGY





▶ Smt. Laxmamma

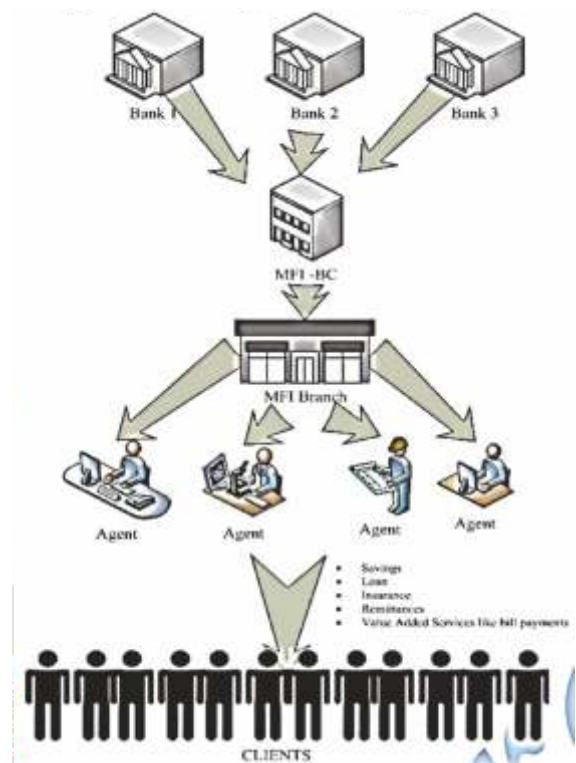
Smt. Lakshamma of Bhovipalya, Urukere village near Tumkur lost her husband who was a lorry driver at the early age of 25 years. The family had no other livelihood activity and widow Laxmamma took a challenge of maintaining her family and educating her two kids. Landless labour and third standard pass Laxmamma joined other women to work as labor on daily wages in a Papad making local firm. Even after working for many years, she was not able to meet the growing needs of her family. Then, she decided to start her own home industry - Papad making unit. She purchased small Pappad making machine by investing ₹ 27,000 with the financial assistance from IDF FSPL and started home industry in her small house. Years passed, IDF FSPL stood by her and helped her to stock required raw materials and expand her business. Now she makes 500-600 kgs of Papad every month and makes a profit of ₹ 30,000. Her graduate daughter is married and is well settled, while her son and daughter-in-law have joined her papad business. Now, the financially empowered Laxmamma has constructed house on a site allotted by the government out of the income earned from her industry and leading a respectable life with her children and grandchildren. Considering her prompt dealings and hardworking nature IDF FSPL has continued to finance her and the fourth cycle , Loan is being repaid promptly.

BC Operations

Business Correspondent Partners with IDBI Bank and Jana Small Finance Bank

As a business diversification plan, the company added one more BC partnership with IDBI Bank during the year. The total managed portfolio from two BC partnerships Jana Small Finance Bank and IDBI Bank has increased from ₹ 54.20 crores to ₹ 77.67 crores during the year. The BC business is adding good commission income to our balance sheet. The company has plans of expanding the partnership into other models such as Co-Lending and Assignment business.

At present, BC business with Jana SFB and IDBI is being implemented through our 25 branches in the state of Karnataka out of total 78 branches and the outstanding managed portfolio under BC business is ₹ 77.67 crores in 20951 accounts as at 31st March 2023. We are planning to reach a BC business of ₹ 120 crs by the end of FY 2024.



WASH (Water, Sanitation & Hygiene):

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



As there is good response in North and North-East Karnataka, we are proposing to expand and cover backward areas in the state with focus on Toilets and safe drinking water. The main focus under the programme is sanitation and safe drinking water facilities for our existing clients. The activities covered are Toilets, Renovation of Toilets, water storage/connection facilities, water filters etc. Till March 2023, 261 loans amounting to ₹ 84.65 lacs have been disbursed.

Beneficiaries of WASH Programme



▶ **Smt. Neelamma** of Muddebihal Branch, Vijayapur District availed Loan Amt ₹ 35000/- Construction of Toilet



◀ **Smt. Mahadevi Gothe** of Kolhar branch, Vijayapur District availed Loan Amt ₹ 35000/- Construction of Toilet



▶ **Smt Sunanda Badiger** of Kolhar branch, Vijayapur District availed Loan Amt ₹ 35000/- Construction of Toilet

▶ Board of **Directors**

Vivekanand N Salimath

Chairman

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

Naganagouda M Patil

Managing Director

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

T V Srikantha Shenoy

Director

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

Kasturi Dambal

Director

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

Gururaj M Deshpande

Director

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

Sahadev Gangappa

Director

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

Rudrayya Mallayya Kummur

Director

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

Audit Committee

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

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

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

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

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

Risk Management Committee

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

Mr. Sahadev Gangappa - Chairman
Mr. 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, accounts and treasury
- Human Resources
- Administration
- Statutory and legal compliance
- IT and MIS
- Social Performance Management
- Internal Audit
- Risk Management

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

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

► Finance Committee

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

The Committee following roles, responsibilities and powers:

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





► Smt. Anitabai

The family of Anitabai when married, was earning their livelihood from tailoring job work and daily wages of her husband in Tumkur city. Her husband, after gaining some experience in the local floor mill decided to have their own unit and IDF FSPL helped the family to start the one with initial financial assistance of ₹ 30,000. Over the years, out of the income earned and with the financial assistance from IDF FSPL, the family slowly expanded the business and now they have multi-grain floor mill unit with Ragi cleaning (Finger Millet), rice/wheat milling, chilly pounding, Dhaniya pounding, wet grinding machines, etc. Now, the fourth cycle loan of ₹ 75,000 is being promptly repaid. Both husband and wife are managing the business and earning an income of ₹ 40,000 per month which has helped the family to improve their standard of living. The family has renovated their existing old house, purchased a site and son is studying in an Engineering college.

Management **Team**



Adivappa B Magadum
Head- Administration & Finance



Basavaraj Alagawadi
Head - Accounts



Somashekar G Kolkar
Head -Disbursement



Chandrashekar Yellur
Head- Audit



Shambu C. Sangapur
Head- Information Technology



Raghavendra H. Harapanahalli
Head- Operations

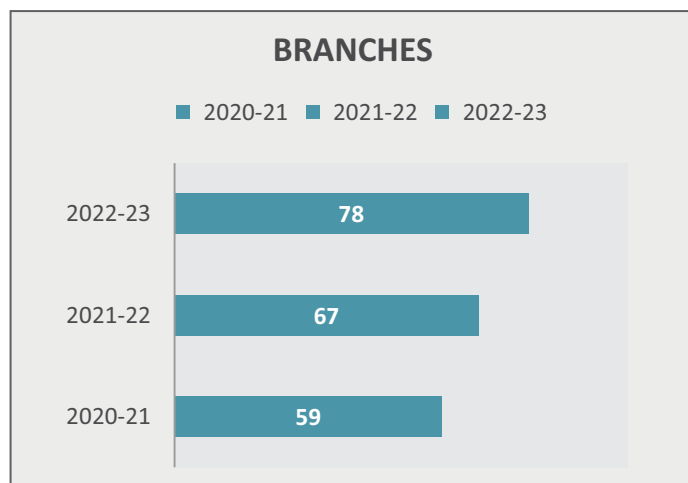
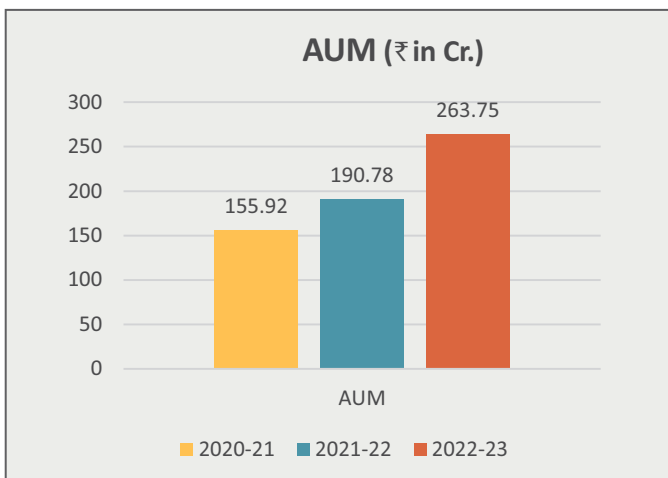
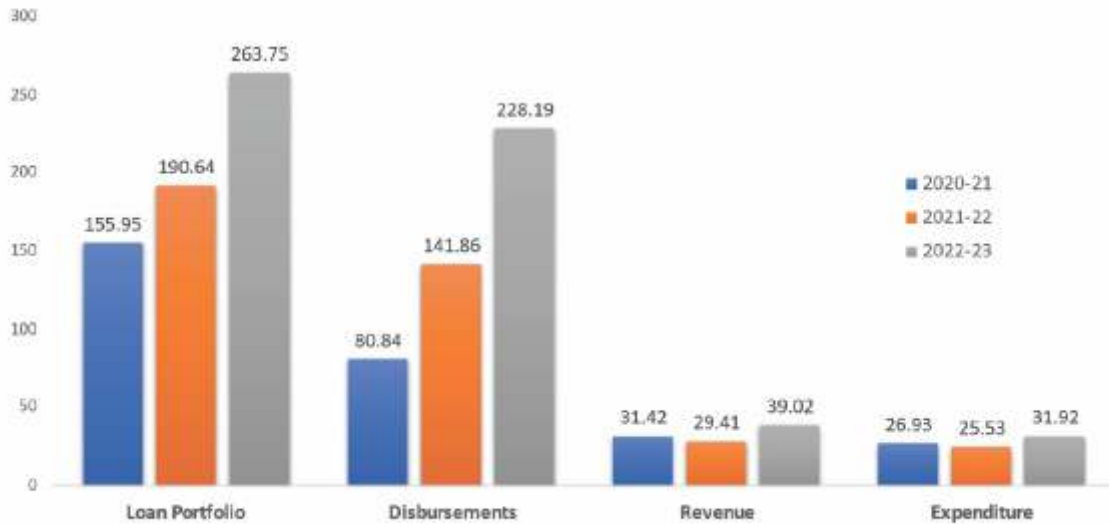


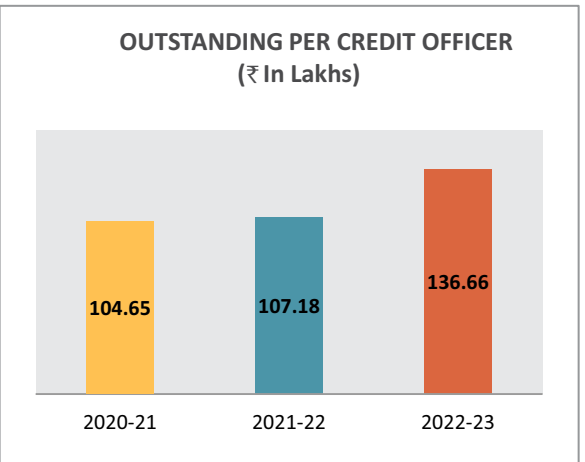
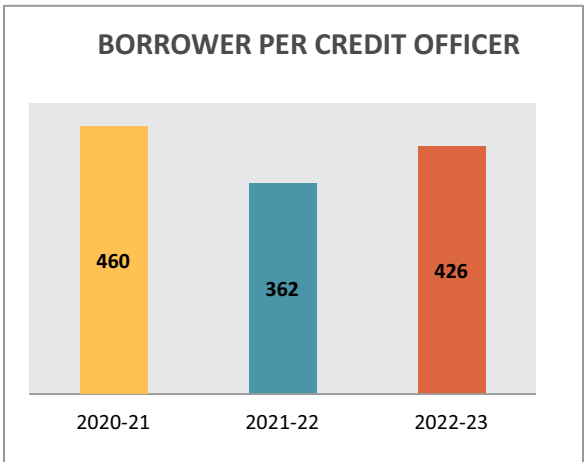
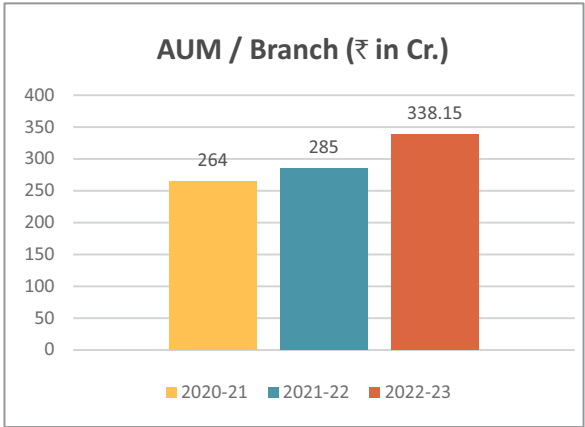
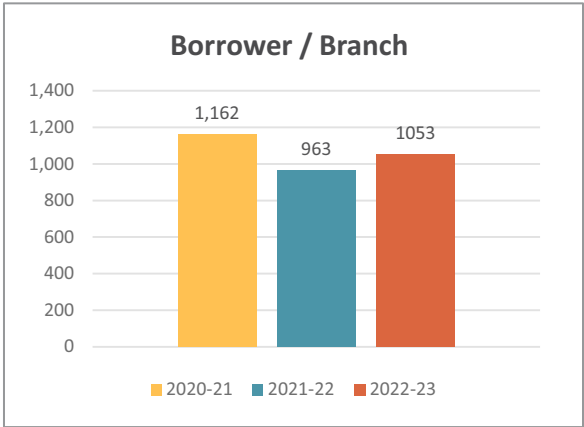
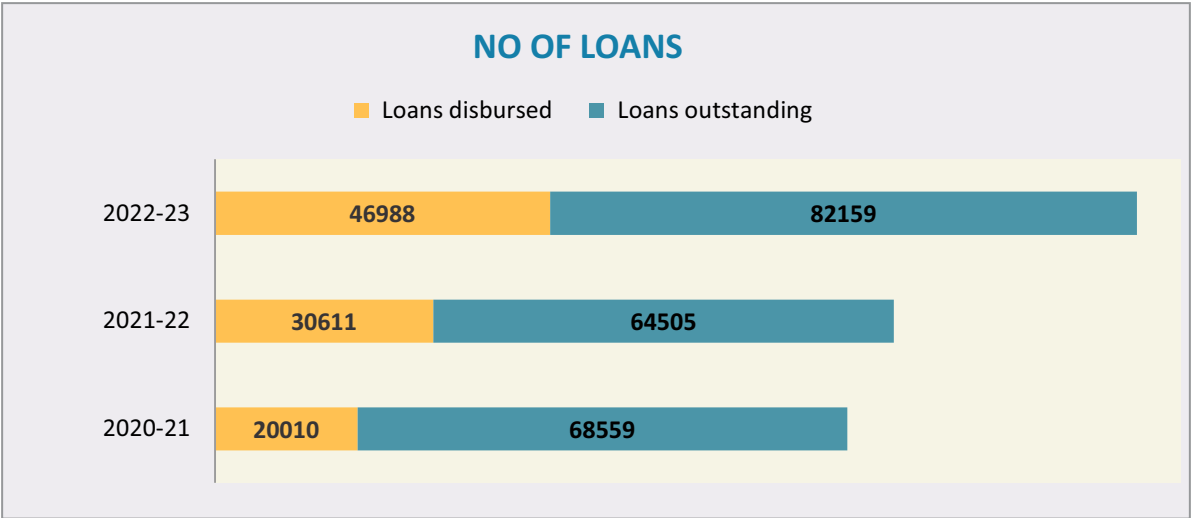
C.S Prashant Hegde
Company Secretary



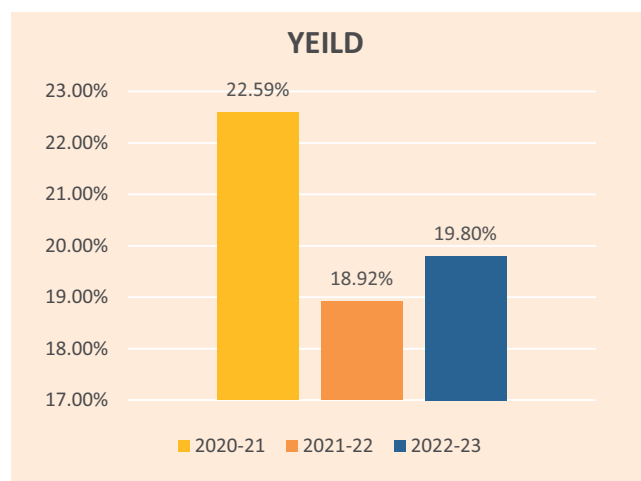
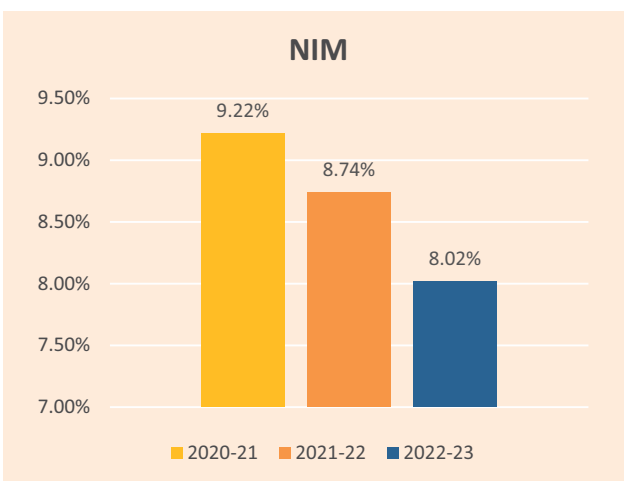
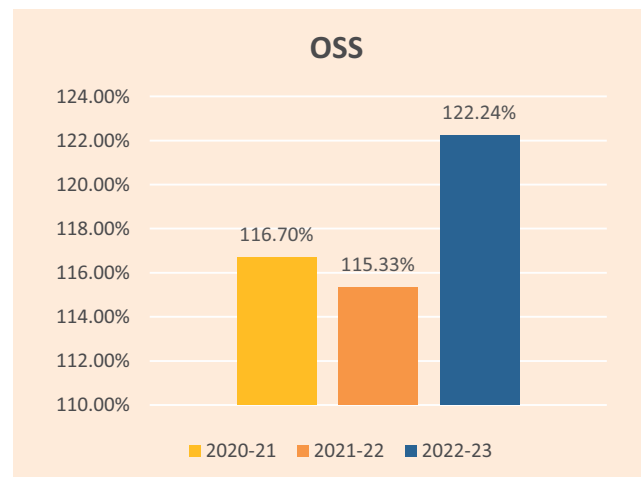
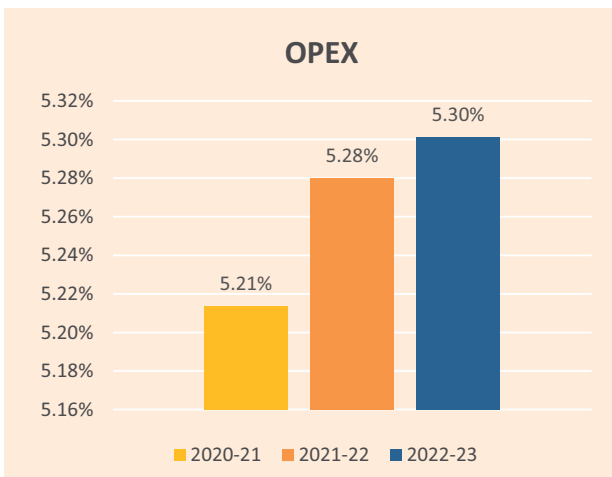
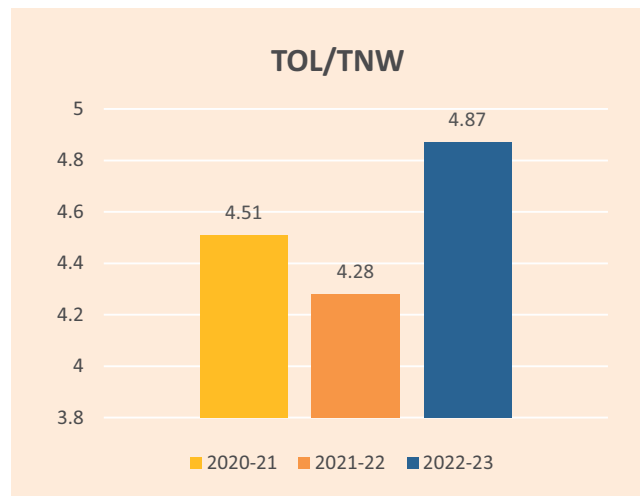
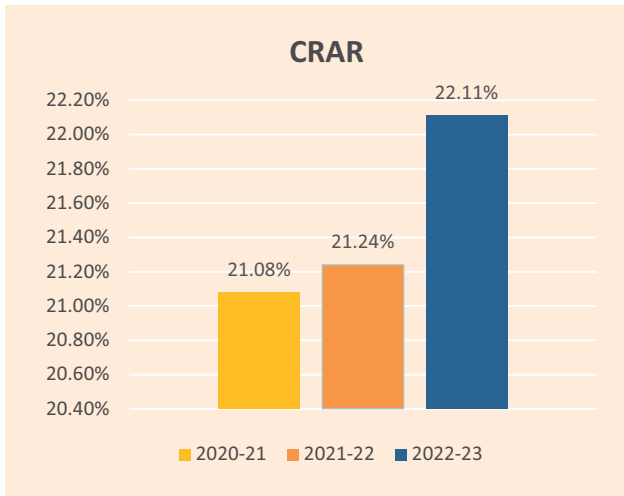
Shakarappa M Desai
Head- Operations
(Kalyan- Karnataka & Maharashtra)

Operational Highlights





Financial Highlights



Human Resource **Department**

Employees are integral part of company's mission; the company builds valuable workforce and workforce in turn builds the business. We at IDFFSPL, conceive that employee retention, talent acquisition and recognition is significant for an organization. We are committed in establishing a conducive work environment for our employees without



compromising on the business ethics and policies of our organization. The Company strives in providing opportunities to its employees to develop their leadership skills and professionalism.

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.

As on 31/March/2023, the no of employees was 336.

Compensation and Benefits

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

Training

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



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

▶ Internal Audit Department

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

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

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

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

The scope of internal audit department within IDFFSPL includes the operations, processes, governance, risk management, management controls over efficiency of operations, and safeguarding of assets.

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

Divisional office staff understand the discrepancies regarding documentation and processes, compliance of the audit observations are mandatory for each audit.

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

▶ Risk Department

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

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

Information Technology **Department**

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

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

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

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

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





► Smt. Jayamma

Goat rearing is another profitable Agri-allied activity in rural areas. Smt. Jayamma of Aralekatte village in Tumkur district started a small goat unit with 10+1 goats four years back with financial assistance of ₹ 30,000. Over the years she has expanded the unit to 20+2 goats and is now earning annual income of ₹ 1,00,000. The family has also diversified their activity into Dairy with two CB cows and have improved their standard of living by constructing a new house. IDF FSPL is continuously assisting the family for their livelihood and wellbeing. The present third loan cycle with ₹ 50,000 is being promptly repaid.

Management **Discussion and Analysis**

The Microfinance Landscape In 2022-23

The microfinance sector has shown significant performance during the last financial year. The overall growth suggests that the industry has come out of the Covid blues completely and is on a growth path. The new regulatory norms have created a level playing field and it is reflected in the growth of portfolio of NBFC and NBFC MFIs.

India's microfinance sector has reported 21 per cent year-on-year (YoY) growth in the financial year 2022-23 with the total portfolio across lenders standing at ₹ 3.51 lakh crore vis-a-vis ₹ 2.89 lakh crore as of FY22.

NBFC-MFIs topped the microfinance portfolio in FY23 with Rs 1.30 lakh crore portfolio size in comparison to Banks (₹ 1.20 lakh crore), SFBs (₹ 58,431 crore), NBFCs (₹ 29,664 crore) and not-for-profits (₹ 3,778 crore).

The loan account volume for the microfinance industry increased by 10 per cent to 13.63 crores in FY23 from 12.39 crores in FY22, while lender-wise figures show NBFCs registered the highest growth of 23 per cent followed by NBFC-MFIs (15 per cent), not-for-profits (6 per cent), banks (6 per cent), and SFBs (5 per cent) respectively.

In terms of loans disbursed by value, the amount increased by 26 per cent to ₹ 3.19 lakh crore in FY23 from ₹ 2.53 lakh crore in FY22. NBFC-MFIs led the disbursement table also with ₹ 1.24 lakh crore loans disbursed during FY23 followed by banks (₹ 1.16 lakh crore), SFBs (₹ 48.510 crore), NBFCs (₹ 27,331 crore) and not-for-profits (₹ 3,633 crore), according to the report from Sa-Dhan.

FY23 also recorded an improvement in the asset quality in the microfinance sector. The ratio of loans due across DPD (days past due) buckets dropped as of March 2023 compared to the corresponding quarter of FY22. Portfolio at risk (PAR) by over 30 days or loans due by more than 30 days improved to 2.16 per cent as of March 2023 from 5.27 per cent as on March 2022.

The microfinance industry had experienced a shift in market share, with NBFC-MFIs overtaking banks for the first time in four years. While banks held a dominant position during the Covid-19 period, the growth rate of NBFC-MFIs has now surpassed that of banks, resulting in NBFC-MFIs commanding a higher market share in the overall microfinance sector.

While the profitability is expected to improve further due to higher margins, reduced credit costs and improved collection efficiency, it is likely to remain lower than the pre-Covid level in 2023-24.

The collection efficiency of microfinanciers is expected to remain high, which will lead to improvement in overall asset quality. However, high inflation, interest rates and subsequent impact of Covid-19 are key monitorables

Operations of the Company

IDFFSPL has formed a considerable base in the past years, which helped it reach the top Assets Under Management (AUM). During the year, IDF FSPL had achieved multiple milestones of serving over 82159 clients, crossing ₹ 263.75 Crores AUM, branches under operations crossing 78, and gross income exceeding ₹ 39.03 Crores.

As on March 31, 2023, IDFFPSL operated 78 branches across 3 States with a presence in 25 districts, with client base of 82159 spread across three state and serviced by over 336 staff, majority of them in the field.

IDF FSPL continued to achieve higher business volumes through its multi-state operations. It has disbursed ₹ 229.19 Crores to 46,988 clients during the year when compared to ₹ 141.87 Crores to 30,611 clients in the previous year, a growth of 61.56% in value terms.

AUM stood at ₹ 263.75 Crores during the year as against ₹ 190.78 Crores, a growth of 38.25% over the previous year.

2.0 Financial Performance

IDFFSPL posted an excellent operational and financial performance during the year 2022-23.

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 ₹ 229.19 Crores during the year 2022-23. The disbursements have increased by 61.56% as compared to the previous year from ₹ 141.86 crs for FY 2021-22 to ₹ 229.19 Crs for FY 2022-23.
- The Company added 11 new branches and the number of branches increased by 13.56% from 67 branches in FY 2021-22 to 78 branches for FY 2022-23.
- The AUM increased by 38.25% from ₹ 190.78 crs in the previous year to ₹ 263.75 crs during the year.
- PAR above 90 days increased from 1.33% during March 2022 to 1.70% as on March 2023.
- PAR 30+ decreased to 2.07% from 2.16% last year.
- Managed portfolio has grown by 42.59% during current FY 2023.

2.2 Portfolio:

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

₹ in Lakh

Description	As on March 2022	As on March 2023
Total value of loans disbursed during period	14,186.45	22,918.95
Total number of loans disbursed to SHGs during period	30,611	46,988
Number of active borrowers	64,505	82,159
Average number of active borrowers	64,466	74,656
Value of loan outstanding	19,078.24	26,375.41
Average outstanding balance of loans	16,059.90	22,726.83
Value of payments in arrears	79.12	176.92
Value of outstanding balance of loans in arrears	180.99	316.24
Value loans written off during period	266.80	174.95
Average loan size per member	43,778	48,776
Average loan term (months)	12 to 24	24
Average number of loans officers during period	178	193

Your company operates in 25 districts of Karnataka, Maharashtra and Goa and the district wise breakup of loan details as on 31st March 2023 is as follows:

Sl. No.	State	Districts	₹ in Lakh			
			Disbursed	%	Amt Outstanding	%
1	Goa	North Goa	515.25	2.25%	528.46	2.00%
2	Goa	South Goa	188.15	0.82%	193.39	0.73%
3	Karnataka	Ballari	2435.71	10.63%	3,037.40	11.52%
4	Karnataka	Belgaum	4195.9	18.31%	4,355.30	16.51%
5	Karnataka	Chikkamagaluru	441.29	1.93%	646.06	2.45%
6	Karnataka	Chitradurga	333.75	1.46%	435.14	1.65%
7	Karnataka	Davanagere	480.44	2.10%	499.76	1.89%
8	Karnataka	Dharwad	866.9	3.78%	1,084.49	4.11%

9	Karnataka	Gadag	275.7	1.20%	256.26	0.97%
10	Karnataka	Haveri	1731.89	7.56%	1,780.27	6.75%
11	Karnataka	Kalburgi	253.7	1.11%	249.27	0.95%
12	Karnataka	Koppal	340.28	1.48%	400.92	1.52%
13	Karnataka	Raichur	1636.75	7.14%	1,694.59	6.42%
14	Karnataka	Shimoga	659.05	2.88%	801.17	3.04%
15	Karnataka	Tumkur	1454.73	6.35%	2,191.85	8.31%
16	Karnataka	Uttara Kannada	389.55	1.70%	422.19	1.60%
17	Karnataka	Vijayanagar	409.47	1.79%	511.94	1.94%
18	Karnataka	Vijayapura	2155.75	9.41%	1,993.62	7.56%
19	Karnataka	Yadgir	724.35	3.16%	698.03	2.65%
20	Karnataka	Bagalkot	-	-	-	-
21	Maharashtra	Kolhapur	241.4	1.05%	367.48	1.39%
22	Maharashtra	Latur	676.2	2.95%	756.80	2.87%
23	Maharashtra	Pune	169.76	0.74%	204.96	0.78%
24	Maharashtra	Sangli	61.1	0.27%	352.52	1.34%
25	Maharashtra	Solapur	2281.18	9.95%	2,913.55	11.05%
		Total	22,912.12	100.00%	26,375.41	100.00%

The portfolio is concentrated most in Belgaum district accounting for 16.51% and 11.52% in Bellary district followed by Solapur district at 11.05%, as these are geographically bigger districts with high population density.

The Company has added 11 new branches in the districts of Vijayapura (4 branches), Kalburgi (3 branches), Bagalkot (1 branches), Chitradurga (1 branches), Gadag (1 branches) & Haveri (1 branches) in Karnataka during 2022-23.

Operations are yet to commence in Bagalkot district.

2.3 Product-wise distribution

Product	2021-22			2022-23		
	Number of accounts	Amount in Lakh ₹	%	Number of accounts	Amount in Lakh ₹	%
I Cycle	22,851	5,316.32	27.87%	34,477	9,549.01	36.20%
II Cycle	14,488	3,781.77	19.82%	13,315	3,799.10	14.40%
III Cycle	4,333	1,422.68	7.46%	4,853	1,785.38	6.77%
IV Cycle onwards	3,504	1,222.73	6.41%	3,285	1,265.15	4.80%
Individual Loan	4,737	1,914.56	10.04%	5,278	2,208.98	8.38%
BC Business	14,592	5,420.17	28.41%	20,951	7,767.79	29.45%
Total	64,505	19,078.23	100%	82,159	26,375.41	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-22 (%)	Mar-23 (%)
1	Agri and agri-allied activities	42.94%	46.63%
2	Small business, trading, manufacturing, etc.	18.08%	15.90%
3	Service activities	5.37%	4.48%
4	Housing	3.31%	1.88%
5	Consumption	1.90%	1.34%
6	Wash Product	-	0.32%
7	BC Model (Agri. & Business)	28.41%	29.45%
	Total	100.00%	100.00%

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

2.5 Portfolio quality

No.	Type of Loans	Mar-22			Mar-23		
		No. of Borrowers	Value of Loans	% Loan Outstanding	No. of Borrowers	Value of Loans	% Loan Outstanding
1	Regular Loans	63072	18733.43	98.19%	80415	25937.29	98.34%
2	Less than 30 Days past due	308	50.34	0.26%	188	53.43	0.20%
3	Between 31-60 days past due	254	63.46	0.33%	176	45.92	0.17%
4	Between 61-90 days past due	204	50.02	0.27%	85	23.52	0.09%
5	Between 91-180 days past due	492	131.88	0.69%	376	105.09	0.40%
6	Between 181-365 days past due	175	49.10	0.26%	789	182.09	0.68%
7	>365 days past due	0	0	0.00%	130	29.06	0.12%
	Total	64,505	19,078.23	100.00%	82,159	26,375.40	100.00%

2.6 Portfolio yield, profitability and sustainability

The portfolio yield for the year 2022-23 was 19.80% which is higher when compared to 18.92% during 2021-22

The Company's Operational sustainability ratio was at 122.24% has increased than that of 115.33% during the previous year.

The profitability of the company has increased by 93.12% as compared to the previous year from Rs. 2.78 crs for FY 2021-22 to Rs. 5.37 crs for FY 2022-23.

3.0 Resource Mobilisation

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

The Company continues to follow the policy of diversification of funding sources. The Company has existing relationships with about 23 lenders across Banks, Financial Institutions, NBFCs, who have sanctioned a total of ₹ 147.50 Crs during the year.

The Company did not face any problems during the year with respect to its liquid funds. The cost of funds for IDF FSPL for FY 2022-23 was approximately 11.84%.

Lender's Profile	Amt in ₹ Lakhs	
	31-Mar-22	31-Mar-23
Secured Term Loan		
- From Banks		
Bank of Baroda	360.30	165.28
Bank of Maharashtra	711.47	271.83
Canara Bank	1,015.55	424.91
Dhanlaxmi Bank	300.00	756.93
ESAF Small Finance Bank	489.97	1,215.00
IDFC First Bank	972.21	1,110.12
Indian Overseas Bank	-	724.99
Jana Small Finance Bank	1,372.69	1,482.93
Karnataka Grameen Bank	456.44	1,123.93
Karnataka Vikas Grameen Bank	345.84	615.56
South Indian Bank	-	541.90
State Bank of India	1,999.94	2,221.73
UCO Bank	499.89	717.49
Union Bank of India	1,315.64	1,238.42
Sub Total	9,839.94	12,611.03
- From Financial Institutions/NBFC		
Friends of WWB, India	-	147.83
Habitat Micro build India Private Limited	96.12	400.00
Maanaveeya Development Fin. Pvt Ltd	-	833.32
Manappuram Finance Ltd	-	500.00
Nabkisan Finance Ltd	413.91	604.10
Nabsamruddhi Finance Limited	266.66	1,019.34
Profectus Capital Pvt Ltd	-	260.17
Small Industries Development Bank of India	1,360.00	921.50
Sub Total	2,136.69	4,686.26
Secured Cash Credit		
Canara Bank	411.10	342.53
Karnataka Vikas Grameen Bank	309.20	195.33
Sub Total	720.30	537.86
Unsecured Term Loan		
- From Financial Institutions/NBFC		
Maanaveeya Development Fin. Pvt Ltd	-	500.00
Sub Total	-	500.00
Grand Total	12,696.93	18,335.15

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.

Currently the debt funds sources comprise: Banks (71.71%), Financial Institutions/NBFC's (28.29%). Efforts will be made to diversify these funding sources. The 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

The company has received a Grading of MFI 2 (where MFI 1 is highest, and MFI 8 is lowest on an eight-point scale) by SMERA, an accredited credit rating agency during November 2022. The Grading is of the MFI's ability to conduct its operations in a scalable and sustainable manner.

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

Capital Adequacy

The Capital Adequacy Ratio of the company was 22.11% as on 31st March 2023 which is marginally higher than 21.24% as on 31st March 22.





► Smt. Manjula Kumar

The family of Smt. Manjula Kumar is into agriculture activity having small holding in Aralekatte village in Tumkur district. As the income from Agriculture was not enough to support the growing needs of the family, she and her husband decided to diversify their business into Poultry. Though the Poultry business ensures good returns it is bit risky also.

Hence, the family decided to go for Broiler Chicken under Contract Farming with Suguna Poultry firm. Under the contract farming system, the farmer needs to provide the shed, water, electricity, and labour while, Suguna Poultry will supply day old chicks, feed, medicines, and technical know-how apart from purchasing broilers after maturity at a pre-determined rate.

IDF FSPL helped the family with term loan of ₹ 50,000 to construct two poultry sheds for 3000 birds each four years back. With 6000 birds and five batches every year, the family is earning an income of ₹ 2,25,000 income every year, apart from valuable poultry manure which is used for their own farm.

Director's **Report**

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

1. Financial Summary

Particulars	As at the end of current reporting period 31 Mar 2023
Revenue from Operation	31,94,73,141
Other income	7,07,92,939
Expenses	31,92,71,366
Profit before taxation	7,09,94,714
Less: Provisions for Taxation	
Current Tax	1,87,83,617
Reversal of income tax provisions	0
Deferred tax	-14,65,108
Profit after Taxation	5,36,76,205

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

NA

4. Number of Meetings of the Board :

During the Financial year ended 31st March, 2023, 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. Directors' Responsibility Statement:

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:

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

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 ₹1,07,35,241 to statutory reserve, ₹1,75,00,000 to General Reserve.

12. Dividend:

Following dividend were paid:

Sr. No	Particulars	Dividend payable in ₹
1	Compulsorily Convertible Preference Shares	65,09,237
2	Optionally Convertible Preference Shares	6928482
	Total	1,34,37,719

There were no unclaimed or unpaid dividends in the Company in pursuence 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 spending of amount under provisions of Section 135 of the Companies Act, 2013 were not applicable in F.Y 2022-23.

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
4,20,00,000	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. Acknowledgments:

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.

29. There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016

For and on behalf of the board of directors



Vivekanand Nagayya Salimath
Director
(DIN: 00253109)



Naganagouda Marigouda Patil
Managing Director
(DIN: 01674210)



Date: 14.06.2023

Place: Bangalore





Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 2023**

To,
The Members,
IDF FINANCIAL SERVICES PRIVATE LIMITED

(CIN: U67910KA1994PTC016476)

GIRIJA" H NO 31/1, PATALAMMA TEMPLE STREET
SOUTH END CIRCLE
BASAVANAGUDI BANGALORE
KARNATAKA-560004

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

Secretarial Audit was conducted for the period from 01st April 2022 to 31st March 2023, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March 2023 ("Audit Period"), complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) RBI REGULATIONS Applicable to NBFC MFI - NON-DEPOSIT TAKING - NSI;
- 3) The Environment (Protection) Act, 1986
- 4) The Water (Prevention & Control of Pollution) Act, 1974
- 5) The Air (Prevention & Control of Pollution) Act, 1981





- 6) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,
- 7) Other Labour, employees and Industrial Laws to extent applicable to the Company.
- 8) As informed by the Company, no other law is applicable specifically to the Company.

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

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

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

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

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

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

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

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

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

I further report that during the audit period the Company has issued and allotted 4200000(Forty Two Lakhs), 9% cumulative optionally Convertible Preference shares.

Adarsha M.A.

CS Malali Ananthram Adarsha

ACS 61879 | CP No: 23994

UDIN: A061879E000745529

Date: 05th August 2023

Place: Bangalore



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



ANNEXURE-1

To,

The Members,

IDF FINANCIAL SERVICES PRIVATE LIMITED

(CIN: U67910KA1994PTC016476)

GIRIJA" H NO 31/1, PATALAMMA TEMPLE STREET

SOUTH END CIRCLE

BASAVANAGUDI BANGALORE

KARNATAKA-560004.

My Secretarial Audit Report for Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

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

Accordingly, we wish to state as under:

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





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

Adarsha M.A.



CS Malali Ananthram Adarsha
ACS 61879 | CP No: 23994
UDIN: A061879E000745529

Date: 05th August 2023
Place: Bangalore

ಪ್ರಸಿದ್ಧ ಲಕ್ಷ್ಮೀನಗರ ಸಾಧನಾ ಮಿಷನ್ ಪ್ರಸಕ್ತ ||
ಕರ್ನಾಟಕ ಪಾನಿಪೂರಿ ಮತ್ತು ಗೋಬಿ ಸೆಂಟರ್
Karnataka Panipouri & Gobi Centre



ಸ್ಮಾರ್ಟ್
ಬೀಕರ್ಸ್ ಲಾಟ್

HIVA
ಸ್ಟುಡಿಯೋ
STUDIO

ROOM FOR RENT
PHONE NO:
9886970176



ಪ್ರಸಿದ್ಧ ಲಕ್ಷ್ಮೀನಗರ ಸಾಧನಾ ಮಿಷನ್ ಪ್ರಸಕ್ತ ||
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Karnataka Panipouri & Gobi Centre





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 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our Opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2023 and its profit and its cash flows for the year ended on that date.

2. Basis for Opinion

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

6. Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.



- f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" issued under Clause (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: 14/06/2023

for CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS

F.R.No. 011274S



CA CHETAN PADAKI
PARTNER

Mem.No.216929

UDIN: 23216929BGXTUJ8641





"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, 2023:

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, 2023 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: 14/06/2023

for CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS

F.R.No. 011274S



CA CHETAN PADAKI
PARTNER

Mem.No.216929

UDIN: 23216929BGXTUJ8641





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

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Balance Sheet as at	Note no.	31-Mar-23	31-Mar-22
I. EQUITY AND LIABILITIES			
Share Holder's Fund			
(a) Share capital	2.01	27,30,37,150	23,10,37,150
(b) Reserves and surplus	2.02	10,56,36,509	6,99,02,825
		37,86,73,659	30,09,39,975
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	2.03	80,23,47,252	47,35,44,997
(b) Long-term provisions	2.06	3,86,86,157	4,24,94,521
		84,10,33,409	51,60,39,518
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings			
(A) Short-term borrowings	2.04	5,37,86,160	7,20,30,716
(b) Other current liabilities	2.05	98,91,75,594	74,27,18,770
(c) Short-term provisions	2.06	14,04,025	1,18,00,000
		1,04,43,65,779	82,65,49,486
Total Equity and Liability		2,26,40,72,847	1,64,35,28,979
II. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2.07	42,70,724	14,36,939
(b) Deferred Tax Asset (net)	2.08	54,82,131	40,17,023
(c) Long Term Loans and Advances	2.09	43,53,83,069	37,67,64,347
(d) Other Non-Current Assets	2.11	18,07,00,720	13,74,90,178
(i) Security Deposits	2.12	3,69,27,712	2,09,50,000
		66,27,64,356	54,06,58,487
Current assets			
(a) Financial Assets			
(i) Short-term loans and advances	2.09	1,44,75,77,210	1,01,30,53,720
(ii) Cash and cash equivalents	2.10	14,22,46,062	6,73,36,404
(b) Other current assets	2.11	1,14,85,219	2,24,80,368
		1,60,13,08,491	1,10,28,70,492
Total Assets		2,26,40,72,847	1,64,35,28,979
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



Chetan Padaki
CA. CHETAN PADAKI

PARTNER

Mem.No.216929

UDIN: 23216929BGXTUJ8641

for and on behalf of IDF Financial Services Private Limited

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

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

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

Date : 14.06.2023
Place: Bangalore

₹


Statement of Profit and Loss for the year ended	Note No.	31-Mar-23	31-Mar-22
Income			
Revenue from operations	2.13	31,94,73,141	25,03,55,323
Other Income	2.14	7,07,92,939	4,40,92,089
Total Income		39,02,66,080	29,44,47,412
Expenses			
Employee benefits expense	2.15	8,87,97,751	6,95,19,347
Finance costs	2.16	18,12,81,637	13,71,07,918
Depreciation and amortization expenses	2.07	11,56,941	8,65,579
Provisions and write-offs	2.17	1,74,95,049	2,66,79,691
Other expenses	2.18	3,05,39,988	2,11,44,141
Total expenses		31,92,71,366	25,53,16,676
Profit before tax		7,09,94,714	3,91,30,736
Tax expenses:			
- Current tax		1,87,83,617	98,42,667
- Reversal of Income tax provision- prior years		-	-
- Deferred tax (credit) / charge		(14,65,108)	14,88,570
		1,73,18,509	1,13,31,237
Profit after tax		5,36,76,205	2,77,99,499
Earning per equity share (EPS) [refer note 3.04]			
- Basic (face value of ₹10/- each)		4.96	2.57
- Diluted (face value of ₹10/-each)		1.97	1.21
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
UDIN: 23216929BGXTUJ8641

for and on behalf of IDF Financial Services Private Limited


Prashant Hegde
Company Secretary
Mem. No. ACS 56041


V.N. Salimath
Director
(DIN: 00253109)


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

Date : 14.06.2023
Place: Bangalore


Cash Flow Statement for the year ended		31-Mar-23	31-Mar-22
Cash flow from operating activities			
Profit before Tax		7,09,94,714	3,91,30,736
Add : Non cash expenditure / Non operating income			
Depreciation and amortisation expenses		11,56,941	8,65,579
Interest on term deposits		(1,42,22,859)	(1,09,87,769)
Loan provisions and write offs		(45,04,801)	
Dividend Received		-	(1,38,575)
Operating profit before working capital changes		5,34,23,995	2,88,69,971
Changes in working capital:			
(Decrease) / Increase in provisions		(1,42,04,339)	11,55,000
(Increase) / Decrease in Loans and advances		(49,31,42,212)	(8,72,40,465)
(Increase) / Decrease in other assets		(4,81,93,107)	2,50,84,461
(Decrease)/increase in other current liabilities		24,64,56,824	6,09,25,455
Cash generated from / (Used in) operating activities		(25,56,58,839)	2,87,94,422
Income tax paid (Net)		(1,87,83,617)	(98,42,667)
Net cash generated from / (Used in) operating activities	(A)	(27,44,42,456)	1,89,51,755
Cash flows from investing activities			
Purchase of property, plant and equipment		(39,90,726)	(8,48,565)
Interest on term deposits		1,42,22,859	1,09,87,769
Purchase of Investments			
Sale of Investments		-	5,00,000
Dividend Received		-	1,38,575
Net cash flow from / (Used in) investing activities	(B)	1,02,32,133	1,07,77,779
Cash flows from financing activities			
Proceeds from issue of Optionally Convertible 9% Cumulative Preference shares		4,20,00,000	-
Proceeds from Long-Term borrowings (Net)		32,88,02,255	(2,87,93,749)
Proceeds from Short-Term borrowings (Net)		(1,82,44,556)	2,19,20,464
Reversal from Bad Debt Reserve			(70,00,000)
Dividend Distribution tax paid		-	(8,53,263)
Dividend paid		(1,34,37,718)	(1,10,54,237)
Net cash flow from / (Used in) financing activities	(C)	33,91,19,981	(2,57,80,785)
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)		7,49,09,658	39,48,749
Cash and cash equivalents at the beginning of the year		6,73,36,404	6,33,87,655
Cash and cash equivalents at the end of the year [Refer note 2.10]		14,22,46,062	6,73,36,404
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. 011274S

CA. CHETAN PADAKI
PARTNER
Mem.No.216929
UDIN: 23216929BGXTUJ8641

for and on behalf of IDF Financial Services Private Limited


Prashant Hegde
Company Secretary
Mem. No. ACS 56041


V.N. Salimath
Director
(DIN: 00253109)


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

Date : 14.06.2023
Place: Bangalore

IDF FINANCIAL SERVICES PRIVATE LIMITED

Significant accounting policies and notes on accounts

Company overview:

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

1. Significant accounting policies

1.01 Basis of preparation of financial statements Use of estimates

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

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

1.02 Use of estimates

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

1.03 Revenue recognition

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

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

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

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

1.04 Cash Flow Statement

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

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

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

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

Intangible assets: No such Assets are existing in the Company.

1.06 Depreciation and amortisation

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

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

1.07 Borrowing Costs

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

1.08 Investments

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

1.09 Operating leases

No such Operating Assets are existing in the Company

1.10 Asset classification

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

1.11 Provision for Non-performing assets

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

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

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

Asset Classification	
Standard Assets	1,82,91,37,934
Non Performing Assets:	3,16,24,058
Sub-Standard Assets	
91 days - 180 days	36,20,504
> 180 days	1,27,48,161
Loss Assets	-
Misappropriated Accounts	-
Gross Loan Portfolio	1,86,07,61,992
Provisioning Norms:	
Provisioning of Higher of:	
a) 1% of the outstanding loan portfolio	1,86,07,620
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.	1,45,58,413
Actual Provisions already held	1,88,94,521
Additional Provision to be held during the current year	-
Additional Provision held	2,86,901
Reversal of excess provisions held	-
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 provision for the standard assets in respect of all accounts classified as standard even though it is not 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 ₹ 1,86,07,620/-.

1.12 Loans write-off policy

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

1.13 Employee benefits

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

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

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

1.14 Income Taxes

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

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

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

1.15 Earning per share

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

1.16 Provisions and contingent liabilities

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

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

1.17 Operating Cycle

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

1.18 Segment information

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

2. Notes on accounts

2.01 Share Capital

	31-Mar-23	31-Mar-22
Authorized		
1,20,00,000 [Previous year: 1,50,00,000] Equity shares of ₹ 10/- each	12,00,00,000	15,00,00,000
1,80,00,000 [Previous year: 1,50,00,000] Preference shares of ₹ 10/- each	18,00,00,000	15,00,00,000
Total	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
92,50,000 [Previous year: 50,50,000] 9% Cumulative Optionally Convertible Preference shares of ₹ 10/- each fully paid-up	9,25,00,000	5,05,00,000
Total	27,30,37,150	23,10,37,150

2.01.1 Reconciliation of shares

	31-Mar-23	31-Mar-23	31-Mar-22	31-Mar-22
	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	50,50,000	5,05,00,000
Add: issued during the year	42,00,000	4,20,00,000	-	-
Less: Redeemed during the year	-	-	-	-
Balance at the end of the year	92,50,000	9,25,00,000	50,50,000	5,05,00,000

2.01.2 Rights, preferences, restrictions of share capital

- 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.
- Compulsorily Convertible 9% Cumulative Preference Shares [CCPS]:** All CCPS which are convertible into equity after the completion of tenure i.e 15/12/2027. Preference share holders are not entitled to any voting rights except where the rights of the preference share holders are proposed to be affected. In such event, preference share holders will have the same right as the equity share holders in the meeting of the share holders for the agenda of the meeting affecting their rights only. Shares are cumulative in nature.
- 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
- The amount of dividends proposed to be distributed to CCPS and OCPS shareholders for the period under audit is at the rate of 9% on the subscribed capital. Arrears of fixed cumulative dividends on preference shares are NIL.

2.01.3 The details of shareholders as at Mar 31st, 2023 is set out below:

	31-Mar-23		31-Mar-22	
	No. of shares	%	No. of shares	%
Equity share capital				
IDF SHG Federation - Dharwad	63,02,167	58.24%	63,02,167	58.24%
IDF FSPL balaga welfare trust	9,02,147	8.34%	9,02,147	8.34%
Vivekanand. N. Salimath	6,50,833	6.01%	6,50,833	6.01%
Naganagouda M Patil	6,50,833	6.01%	6,50,833	6.01%
T V Srikantha Shenoy	6,23,875	5.77%	6,23,875	5.77%
Shrikant M Hebbal	6,23,875	5.77%	6,23,875	5.77%
Gururaj M Deshpande	7,01,173	6.48%	7,01,173	6.48%
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	32.43%	30,00,000	59.41%
Swavalambana Trust	11,00,000	11.89%	6,00,000	11.88%

Shares held by promoters at the end of the year				% Change during the year
S. No.	Promoter Name	No of Shares	% of total shares	
1	Vivekanand. N. Salimath	6,50,833	6.01%	-
2	Naganagouda M Patil	6,50,833	6.01%	-
3	T V Srikantha Shenoy	6,23,875	5.77%	-
4	Shrikant M Hebbal	6,23,875	5.77%	-
5	Gururaj M Deshpande	7,01,173	6.48%	-
	Total	32,50,589	30.04%	-

2.02 Reserves and Surplus

	31-Mar-23	31-Mar-22
Statutory reserve		
Opening balance	3,84,78,828	3,29,18,928
Additions during the year #	1,07,35,241	55,59,900
	4,92,14,069	3,84,78,828
General Reserve		
Opening balance	67,00,000	-
Transferred from Profit and Loss	1,75,00,000	67,00,000
	2,42,00,000	67,00,000
Other Reserves		
Bad Debt Reserve Fund		
Opening balance	50,00,000	-
Transferred from Profit and loss account	-	50,00,000
Less: Utilized D/Y	(45,04,803)	-
	4,95,197	50,00,000
Securities premium account		
Opening balance	7,76,700	7,76,700
Additions during the year	-	-
	7,76,700	7,76,700
	2,54,71,897	1,24,76,700
Surplus in the statement of Profit and Loss		
Opening balance	1,89,47,297	1,46,15,199
Add: Profit/(loss) for the year	5,36,76,205	2,77,99,498
Less: Transferred to statutory reserve#	(1,07,35,241)	(55,59,900)
Less: Transferred to General reserve	(1,75,00,000)	(10,00,000)
Less: Transferred to Bad Debt Reserve Fund	-	(50,00,000)
Less: Dividend Paid	(1,34,37,718)	(1,10,54,237)
Less: Dividend Tax paid	-	(8,53,263)
	3,09,50,543	1,89,47,297
	10,56,36,509	6,99,02,825

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-23	31-Mar-22
Secured		
- From banks		
Canara Bank	4,24,91,456	10,15,54,537
State Bank of India	22,21,73,094	19,99,94,401
Union Bank of India	12,38,42,287	13,15,63,642
Karnataka Vikas Grameen Bank	6,15,56,803	3,45,83,578
UCO Bank	7,17,49,275	4,99,88,810
IDFC First Bank	11,10,11,900	9,72,20,705
Karnataka Grameen Bank	11,23,93,245	4,56,43,630
Jana Small Finance Bank	14,82,92,527	13,72,68,566
ESAF Small Finance Bank	12,15,00,000	4,89,96,899
Bank of Baroda	1,65,28,655	3,60,29,753
Bank of Maharashtra	2,71,82,799	7,11,46,667
Dhanlaxmi Bank	7,56,93,341	2,99,99,772
South Indian Bank	5,41,89,766	-
IOB	7,24,98,835	-
	1,26,11,03,983	98,39,90,960
- From Financial Institutions/NBFC		
Nabkisan Finance Ltd	6,04,09,641	4,13,91,248
Nabsamruddhi Finance Limited	10,19,33,859	2,66,65,776
Maanaveeya Development & Fin. Pvt Ltd	13,33,32,000	-
Profectus Capital Private Limited	2,60,17,033	-
Habitat Microbuild India Private Limited	4,00,00,000	96,12,376
Small Industries Development Bank of India	9,21,50,000	13,60,00,000
FRIENDS OF WWB	1,47,82,609	-
MANAPPURAM FINANCE	5,00,00,000	-
	51,86,25,142	21,36,69,400
	1,77,97,29,125	1,19,76,60,360
Less: Current Maturities of Long Term Borrowings (refer note no 2.06)		
- From banks	74,79,01,496	58,66,36,321
- From Financial Institutions/NBFC	22,94,80,377	13,74,79,042
	97,73,81,873	72,41,15,363
Unsecured Loan from Financial institutions		
MAANAVEEYA SUB-DEBT	5,00,00,000	-
Long term borrowings	80,23,47,252	47,35,44,997

Note:

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

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

Name	Rate of Interest %	Date of Maturity	Sanction Amount	Tenure	Personal Guarantee
Bank of Baroda	10.55	30-09-2024	5,00,00,000	36 EMI	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Bank of Maharashtra	10.80	30-04-2024	10,00,00,000	12 Quarterly Instalments	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Canara Bank	9.35	30-09-2024	10,00,00,000	36 EMI	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Dhanlaxmi Bank Ltd	0.00	28-02-2025	5,00,00,000	12 Quarterly Instalments	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.00	27-03-2026	4,00,00,000		
ESAF Small Finance Bank	13.90	31-01-2024	5,00,00,000	24 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
ESAF Small Finance Bank	14.50	31-01-2025	10,00,00,000	24 EMIs	
Friends of WWB, India	15.50	31-03-2025	2,00,00,000	24 EMIs	-
Habitat Micro Build India Housing Pvt Ltd	14.50	02-04-2025	4,00,00,000	24 EMIs	1. Vivekanand M Salimath 2. T V Srinkantha Shenoy
IDFC First Bank	12.00	31-05-2023	5,00,00,000	24 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.50	22-07-2024	10,00,00,000	24 EMIs	
	12.50	31-10-2024	5,00,00,000	24 EMIs	
Indian Overseas Bank	12.75	31-10-2025	8,00,00,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
Jana Small Finance Bank	14.00	31-03-2024	14,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Jana Small Finance Bank	14.00	31-07-2024	5,00,00,000	36 EMIs	
Jana Small Finance Bank	13.50	03-10-2024	9,50,00,000	24 EMIs	
Karnataka Gramin Bank	12.50	24-03-2024	5,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.50	27-03-2026	10,00,00,000	36 EMIs	
Karnataka Vikas Grameena Bank	12.50	21-02-2024	4,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
	12.50	31-03-2026	10,00,000.00	36 EMIs	
Maanaveeya Development & Finance Pvt Ltd	14.75	17-12-2025	10,00,00,000	24 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
Maanaveeya Development & Finance Pvt Ltd	17.50	08-01-2027	5,00,00,000	5 years (2 Instalments)	
Manappuram Finance Ltd	14.25	31-03-2025	5,00,00,000	24 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
Nabkisan Finance Ltd	13.50	31-05-2023	10,00,00,000	12 quarterly instalments	-
Nabkisan Finance Ltd	12.50	31-07-2025	7,00,00,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
Nabsamrudhhi Finance Ltd	13.75	30-11-2023	5,00,00,000	36 EMIs	1. Vivekanand N Salimath 2. T V Srinkantha Shenoy 3. Naganagouda M Patil
Nabsamrudhhi Finance Ltd	14.10	31-12-2025	10,00,00,000	36 EMIs	
Profectus Capital Pvt Ltd	14.50	31-03-2024	3,50,00,000	18 EMIs	1. Vivekanand N Salimath 2. Naganagouda M Patil
Small Industries Development Bank of India	9.90	10-03-2025	8,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Small Industries Development Bank of India	13.00	10-04-2025	4,00,00,000	36 EMIs	
State Bank of India	12.30	27-11-2023	15,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
State Bank of India	9.00	31-03-2025	25,00,00,000	36 EMIs	
South Indian Bank	10.40	31-07-2025	7,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
UCO Bank	9.45	31-03-2026	10,00,00,000	16 equally quarter instalments	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Union Bank of India	10.30	30-09-2023	10,00,00,000	36 EMIs	1. Vivekanand M Salimath 2. Naganagouda M Patil 3. T V Srinkantha Shenoy
Union Bank of India	9.55	31-10-2024	10,00,00,000	36 EMIs	
Union Bank of India	10.30	31-08-2025	7,00,00,000	36 EMIs	

iii) Fixed Deposit Encumbered Details

Sl. No	Name of the Bank	Date of opening	Date of Maturity	ROI	Encumbered	Unencumbered	
1	SBI Bengaluru	29.12.2020	29.12.2023	5.3	82,69,375		SBI TL
2	SBI Bengaluru	23.04.2021	23.04.2024	5.3	7,24,208		SBI OD
3	SBI Bengaluru	23.03.2022	23.03.2024	5.3	1,33,68,756		
4	HABITAT	24.02.2023	24.03.2024	5	20,00,000		Habitat
5	Bank of India	19.02.2021	19.02.2024	5	10,90,307		BoI OD
6	Bank of Baroda	09.09.2021	09.09.2024		26,84,869		BoB TL
7	Bank of Maharashtra	21.04.2021	21.04.2024	5.30	55,29,992	-	Bank of M
8	Canara Bank Dharwad	25.02.2023	02.09.2024	4.25		31,48,454	
9	Canara Bank Dharwad	21.03.2023	21.03.2024	5.1	15,70,059		Canara B TL
10	Canara Bank Dharwad	21.12.2022	20.01.2026	4.9	53,45,451		NABSAMRUDHI
11	Canara Bank Dharwad	21.07.2022	21.07.2024	5.1	24,62,810		
12	Canara Bank Dharwad	06.10.2021	16.10.2024	5.2		17,66,110	
13	Canara Bank Dharwad	26.03.2021	26.09.2023	5.2		15,20,156	
14	Canara Bank Dharwad	13.12.2022	23.06.2023	5.25	15,23,805		
15	Canara Bank Dharwad	16.10.2022	26.10.2024	6.2		15,54,914	
16	Canara Bank Dharwad	05.11.2022	15.11.2023	5.35	15,51,405		
17	Canara Bank Dharwad	10.10.2021	18.04.2023	5.25		16,17,371	
18	Canara Bank Dharwad	17.01.2022	17.01.2024	5.4		15,23,020	
19	Canara Bank Dharwad	17.01.2022	17.01.2024	4.45		15,23,020	
20	Canara Bank Dharwad	17.01.2022	17.01.2024	5.25		15,23,020	
21	Canara Bank Dharwad	17.01.2022	17.01.2024	5.1		15,23,020	
22	Canara Bank Dharwad	14.01.2022	23.07.2023	5.1	65,53,648		Canara TL-964
23	Canara Bank Dharwad	28.10.2020	28.10.2023	5.1	56,25,839		NABSAMRUDHI
24	Canara Bank Dharwad	08.06.2022	08.06.2023	5.1	15,71,441		
25	Syndicate B Dharwad	01.10.2022	01.10.2023	5.1		40,60,518	
26	Syndicate B Dharwad	27.03.2022	27.03.2024	5.1		21,12,935	
27	Syndicate B Dharwad	09.05.2022	09.05.2023	5.1		19,70,085	
28	Syndicate B Dharwad	12.08.2022	12.08.2023	5.35	39,07,233		Syndicate B OD
29	ESAF Small Bank	26.09.2022	26.09.2023	5.2	10,58,737		
30	ESAF Small Bank	26.12.2022	26.12.2023	5.1	20,90,483		
31	ESAF Small Bank	26.01.2023	26.01.2024	5.2	20,77,102		
32	ESAF Small Bank	17.01.2023	17.01.2024	5.2	50,65,000		
33	KVG Bank Dharwad	31.12.2022	31.12.2023	5.1		8,91,270	
34	KVG Bank Dharwad	05.01.2023	05.01.2024			8,30,958	
35	KVG Bank Dharwad	30.04.2022	30.04.2023			8,55,605	
36	KVG Bank Dharwad	15.05.2022	15.05.2023			8,50,927	
37	KVG Bank Dharwad	05.06.2022	05.06.2023	5.5		8,51,698	
38	KVG Bank Dharwad	02.07.2022	02.07.2023	5.5		8,51,623	
39	KVG Bank Dharwad	27.04.2022	27.06.2025	5.5		60,23,357	
40	KVG Bank Dharwad	28.03.2022	28.03.2025	5.5		59,63,547	
41	KVG Bank Dharwad	29.03.2022	29.03.2024	5.5	11,84,998		KVG Bank TL 639
42	KVG Bank Dharwad	27.12.2022	27.12.2025	5.5		59,21,891	
43	KVG Bank Dharwad	01.06.2022	01.06.2023	5.5	18,93,764		NABKISAN

44	KVG Bank Dharwad	11.03.2023	11.03.2024	6.5	19,56,536		NABKISAN
45	KVG Bank Dharwad	11.03.2023	11.03.2024	5.8	19,56,536		NABKISAN
46	KVG Bank Dharwad	11.03.2023	11.03.2024	6.25	19,56,536		NABKISAN
47	KVG Bank Dharwad	11.03.2023	11.03.2024	4.5	19,56,536		NABKISAN
48	KVG Bank Dharwad	11.03.2023	11.03.2024	5.5	19,54,189		NABKISAN
49	KVG Bank Dharwad	01.03.2023	01.03.2024	5.5	33,11,112		KVG Bank TL 639
50	KVG Bank Dharwad	15.03.2023	30.03.2026	5.5	30,05,875		KVGBank TL
51	KVG Bank Dharwad	15.03.2023	30.03.2026	5.5	35,06,854		
52	KVG Bank Dharwad	15.03.2023	30.03.2026	5.5	35,06,854		
53	IOB Dharwad	17.11.2022	16.11.2023	5.5	5,26,500		IOB OD
54	IOB Dharwad	16.11.2022	16.11.2025	5.5	80,71,110		IOB TL
55	Union Bank Bengaluru	23.12.2022	23.12.2023	5.5	73,65,371		Union Bank
56	Union Bank Bengaluru	29.09.2022	29.09.2023	5.5	56,18,624		Union Bank
57	Union Bank Bengaluru	29.09.2022	29.09.2023	5.25	56,18,624		Union Bank
58	Union Bank Bengaluru	30.09.2021	01.10.2024	5.25	53,76,705		Union Bank
59	Union Bank Bengaluru	02.07.2022	02.10.2025	5.5	36,86,679		NABKISAN
60	UCOBank	13.06.2022	13.09.2025	5.5	62,95,995		
61	UCOBank	29.06.2022	29.06.2023	5.5	61,09,986		
62	Karnataka Grameen B	24.03.2021	23.03.2024	5.5	55,28,162		Karnataka Grameen Bank
63	Karnataka Grameen B	30.03.2023	30.03.2026	5.5	25,00,414		
64	Karnataka Grameen B	30.03.2023	30.03.2026	5.5	25,00,414		
65	Karnataka Grameen B	30.03.2023	30.03.2026	6.75	25,00,414		
66	Karnataka Grameen B	30.03.2023	30.03.2026	5.55	25,00,414		
67	JANA Finance FLDG	12.11.2022	12.12.2023	7.5	11,67,585		JANA BC
68	JANA Finance FLDG	08.02.2023	27.02.2025	7	42,62,320		JANA TL
69	JANA Finance FLDG	30.03.2021	19.04.2023	7	28,80,949		JANA BC
70	JANA Finance FLDG	09.10.2021	09.10.2023	7	95,13,634		JANA BC
71	JANA Finance FLDG	11.02.2022	12.03.2024	7	34,96,800		JANA BC
72	JANA Finance FLDG	30.06.2022	03.08.2024	7	23,62,532		BC model
73	JANA Finance FLDG	15.10.2022	14.10.2024		20,31,250		
74	JANA Finance FLDG	23.12.2022	22.12.2024		4,03,750		
75	JANA SFB	16.03.2023	06.04.2023			5,00,00,000	
76	JANA SFB	31.03.2023	18.04.2023			3,00,00,000	
77	Yes Bank FD	07.07.2022	07.07.2023			5,15,238	Yes Bank
78	Dhanalaxmi Bank	24.02.2022	25.02.2025		26,45,400		Dhanalaxmi B
79	Dhanalaxmi Bank	17.03.2023	17.03.2026		40,08,400		Dhanalaxmi B
80	SIDBI	29.04.2022	29.04.2025		42,44,366		SIDBI TL
81	South Indian Bank	28.07.2022	28.07.2025	5.75	73,42,832		South Indian B
82	IDBI FLDG, BNG	08.09.2022	08.09.2025		5,05,593		IDBI
83	IDBI FLDG, BNG	28.10.2022	02.11.2024		15,11,980		IDBI
84	IDBI FLDG, Dharwad	16.01.2023	16.07.2025		25,11,979		IDBI
85	IDBI FLDG, Dharwad	03.03.2023	26.03.2025		25,04,340		IDBI
86	Profectus Security Dep	29.09.2022	27.03.2024		17,50,000		Profectus
					21,76,03,432	12,73,98,738	

2.04 Short Term Borrowings

From Banks- Secured		
Cash Credit #	5,37,86,160	7,20,30,716
	5,37,86,160	7,20,30,716
Grand Total Borrowings	1,83,35,15,285	1,26,96,91,076

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 Other Current Liabilities

	31-Mar-23	31-Mar-22
Current Maturities of long-term borrowings [refer Note 2.03]	97,73,81,873	72,41,15,363
Interest accrued but not due on borrowings	42,74,395	37,84,076
Statutory Liabilities	23,32,556	36,69,131
Gratuity present value of obligation [refer note 3.05 below]	3,60,747	-
Statutory Audit Fees Payable	2,70,000	2,70,000
BC Loans collection A/c	1,14,972	88,843
Other Payables *	44,41,051	1,07,91,357
	98,91,75,594	74,27,18,770

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

2.06 Long-term/Short-term Provisions

	31-Mar-23		31-Mar-22	
	Long-Term	Short-Term	Long-Term	Short-Term
Provision for non-performing assets	1,88,94,521	-	1,88,94,521	-
Provision on loans-Covid-19	-	-	-	1,00,00,000
Provision for Contingent Expenses	-	14,04,025	-	18,00,000
Provision for Taxation	1,97,91,636	-	2,36,00,000	-
	3,86,86,157	14,04,025	4,24,94,521	1,18,00,000

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.

2.08 Deferred Tax Asset (net)

	31-Mar-23	31-Mar-22
Deferred tax asset arising on:		
Opening Balance	40,17,023	55,05,593
Depreciation and amortisation	5,65,850	-
Deferred tax liability arising on:	45,82,873	55,05,593
Provision on borrowing charges	-	-
Prepaid Processing Charges	(8,99,258)	14,88,570
Deferred tax Asset / (Liability) (net)	54,82,131	40,17,023

2.09 Long-term/Short-term Loans and advances

	31-Mar-23		31-Mar-22	
	Non-current	Current	Non-current	Current
Secured				
Considered good	40,54,50,564	1,42,36,87,370	34,81,03,166	99,96,04,679
Considered doubtful	77,34,218	2,38,89,840	46,49,762	1,34,49,041
	41,31,84,782	1,44,75,77,210	35,27,52,928	1,01,30,53,720
Unsecured, considered good				
Rent Advance	25,64,500	-	22,58,000	-
TDS Receivables	46,33,787	-	29,99,419	-
Advance tax	1,50,00,000	-	1,87,54,000	-
	2,21,98,287	-	2,40,11,419	-
	43,53,83,069	1,44,75,77,210	37,67,64,347	1,01,30,53,720

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

2.10 Cash and cash equivalents

	31-Mar-23	31-Mar-22
Balances with Banks		
- in current accounts	1,35,94,016	2,31,05,718
- in deposit account	12,73,98,738	4,31,14,049
- in Cash Credit account (Debit balance)	11,57,276	8,98,144
Other Bank Balances		
Deposits (Encumbered) with maturity more than 12 Months*	18,07,00,720	13,74,90,178
Less: Amounts disclosed as other non-current assets (refer note 2.11)	(18,07,00,720)	(13,74,90,178)
Stamps on hand	6,910	-
Cash on hand	89,122	2,18,493
	14,22,46,062	6,73,36,404

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

2.11 Other Non-Current / Current Assets

	31-Mar-23		31-Mar-22	
	Non-current	Current	Non-current	Current
Interest Receivable on Investments	-	-	-	73,18,573
Deposits-maturity more than 12 Months (refer note 2.10)	18,07,00,720	-	13,74,90,178	-
GST Receivable	-	6,28,848	-	51,47,538
Other receivables	-	1,31,222	-	83,010
Pre Paid Consultation Fees	-	-	-	1,11,111
Pre Paid Processing Charges	-	61,82,261	-	53,41,492
Gratuity plan asset	-	-	-	5,75,742
JANA-BC Commission Receivable on recovery	-	26,72,963	-	33,62,228
JANA-BC 1% Processing fees receivable on DB	-	5,37,472	-	5,40,674
IDBI-BC Commission Receivable on Recovery	-	13,32,453	-	-
	18,07,00,720	1,14,85,219	13,74,90,178	2,24,80,368

2.12 Security Deposits

	31-Mar-23	31-Mar-22
Security Deposits	25,000	25,000
Security Deposits with HABITAT	20,00,000	15,00,000
SECURITY DEPOSIT WITH PROPECTUS	17,50,000	-
IDBI FLDC	70,33,892	-
Security Deposits with JANA SFB FLDC	2,61,18,820	1,94,25,000
	3,69,27,712	2,09,50,000

2.13 Revenue from operations

	31-Mar-23	31-Mar-22
Interest Income	30,33,94,301	24,10,18,083
Processing charges on loans	1,60,78,840	93,37,240
	31,94,73,141	25,03,55,323

2.14 Other income

	31-Mar-23	31-Mar-22
Interest on term deposits	1,42,22,859	1,09,87,769
Dividend income	-	1,38,575
Recovery against loans written off	10,65,691	2,09,559
Miscellaneous	26,964	1,80,826
BC Income	5,54,77,425	3,25,75,360
	7,07,92,939	4,40,92,089

2.15 Employee benefit expenses

	31-Mar-23	31-Mar-22
Salaries, wages and bonus	8,46,12,222	6,59,40,567
Contributions to provident and other funds	31,45,814	29,73,771
Gratuity	10,06,609	5,72,806
Staff welfare and training expenses	33,106	32,203
	8,87,97,751	6,95,19,347

2.16 Finance costs

	31-Mar-23	31-Mar-22
Interest on borrowings	16,63,63,257	11,62,33,518
Bank charges	35,24,833	28,82,735
Processing Charges on Assigned Portfolio	-	24,79,097
Other Finance costs		
Loan processing fee on borrowings	94,61,731	1,27,22,976
Documentation and evaluation expenses	11,60,705	20,64,592
Loan Consultation Fees	7,71,111	7,25,000
	18,12,81,637	13,71,07,918

2.17 Provisions and write-offs

	31-Mar-23	31-Mar-22
Loans written-off	1,74,95,049	2,66,79,691
	1,74,95,049	2,66,79,691

2.18 Other operating expenses

	31-Mar-23	31-Mar-22
Rent (refer Note 3.09)	65,90,281	65,12,204
Travelling and conveyance	38,80,656	21,14,620
Communication Expenses	6,68,042	8,50,312
Office maintenance	25,66,270	20,27,203
Printing & stationary	20,30,818	10,23,818
Insurance	17,31,409	11,58,428
Remuneration to auditors (refer Note 2.19 below)	2,50,000	2,50,000
Concurrent Audit Fees	8,20,000	7,93,500
Repairs and maintenance	13,48,717	9,79,657
Meeting Expenses	3,55,974	1,92,228
Subscription Fees	2,01,820	4,13,950
Credit Burea Expenses	4,07,142	1,84,550
Legal Fees	1,00,000	16,500
Rates & Taxes	82,642	15,500
Miscellaneous Expenses	1,61,242	1,02,676
Other Consultancy /Professional Fees	63,04,309	45,08,995
GST Paid	30,40,666	-
	3,05,39,988	2,11,44,141

2.19 Auditor's Remunerations

	31-Mar-23	31-Mar-22
Statutory audit	2,50,000	2,50,000
	2,50,000	2,50,000

3. Supplementary information

3.01 Contingent Liabilities and Commitments

	31-Mar-23	31-Mar-22
Contingent liabilities- Compulsorily cumulative convertible preference shares dividend*	65,09,237	65,09,237
Commitments	Nil	Nil
*Working Note:		
Compulsorily Convertible 9% Cumulative Preference shares	65,09,237	65,09,237
Compulsorily Convertible 9% Cumulative Preference shares	-	-
Optionally Convertible 9% Cumulative Preference shares	-	-
	65,09,237	65,09,237

The company has declared and paid the dividend of ₹ 65,09,241/- on CCPS for the year 2021-22 and ₹ 69,28,477/- on OCPS as interim dividend for the year 2022-23.

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]

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	31-Mar-23	31-Mar-22
Tier I Capital	28,13,28,538	25,04,39,975
Tier II Capital	14,25,00,000	5,05,00,000
Total	42,38,28,538	30,09,39,975
Total Risk weighted assets		
(i) Adjusted value of funded risk assets i.e. on-balance sheet items	1,91,66,47,157	1,41,69,48,978
(ii) Adjusted value of non-funded and off-balance sheet items	-	-
Total risk weighted assets/ exposures	1,91,66,47,157	1,41,69,48,978
Capital to Risk-Assets Ratio [CRAR]		
Tier I Capital as a percentage of Total Risk weighted assets (%)	14.68%	17.67%
Tier II Capital as a percentage of total Risk weighted assets (%)	7.43%	3.56%
CRAR (%)	22.11%	21.24%

3.03.2 Loans classification as per RBI

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

Asset classification	Loan outstanding (without provisioning)				Provision	
	31-Mar-23		31-Mar-22		As on 31st Mar 2023	As on 31-March 2022
	No. of accounts	Amount	No. of accounts	Amount	Amount	Amount
Standard assets	59,913	1,82,91,37,934	49,246	1,34,77,07,845	-	-
Non Performing Assets	1,295	3,16,24,058	667	1,80,98,803	1,88,94,521	2,88,94,521
Total	61,208	1,86,07,61,992	49,913	1,36,58,06,648	1,88,94,521	2,88,94,521
Jana B C	18,310	65,13,60,187	14,592	54,20,17,380	-	-
IDBI BC	2,641	12,54,19,159	-	-	-	-
Total	82,159	2,63,75,41,338	64,505	1,90,78,24,028	-	-

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 1.70% for the period ending 31st Mar 2023 as compared to 1.33% of total loan portfolio for the year ending 31st March 2022.

3.03.3 Qualifying Assets

As of 31st March 2023 94.14% of net assets of (Total assets excluding cash balance with Banks and financial institutions, Government Securities and Money Market Instruments) are in the nature of "Qualifying Assets" as defined in Master Direction DNBR.PD.007/03.10.119/2016-17.

3.04 Earnings per share

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

	31-Mar-23	31-Mar-22
Net profit as per Statement of profit and loss	5,36,76,205	2,77,99,499
Less: Arrears of cumulative preference dividend	-	-
Less: Dividend distribution tax	-	-
Net profit as per Statement of profit and loss for Basic EPS	5,36,76,205	2,77,99,499
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	92,50,000	50,50,000
Weighted average number of shares considered for computation of diluted earnings per share	2,73,03,715	2,31,03,715
Earning per share:		
Basic	4.96	2.57
Diluted	1.97	1.20
Nominal value per share	10	10

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

3.05 Gratuity (As per AS 15, Employee Benefits)

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

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

Expense recognised in the statement of Profit and Loss Account

	31-Mar-23	31-Mar-22
Current service cost	10,64,676	7,78,603
Past service cost	-	-
Interest cost	3,80,805	3,35,368
Expected return on plan asset	(4,23,290)	(4,21,509)
Net actuarial (gain) / loss recognized in the year	(85,694)	(17,877)
Expenses recognisable in statement of Profit and Loss Account	9,36,497	6,74,585

The amount to be recognised in the Balance Sheet

	31-Mar-23	31-Mar-22
Present value of obligation at the end of the period	63,30,416	51,59,899
Fair value of plan assets as at the end of the period	59,69,669	57,35,641
Interest on fund		
Funded status / Difference	(3,60,747)	5,75,742
Excess of actual over estimated	-	-
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognisable in the balance sheet		
Benefits paid(Caim settled)		
Changes in present value of obligation	(3,60,747)	5,75,742

	31-Mar-23	31-Mar-22
Present value of obligation at the beginning of the period	51,59,899	44,71,569
Acquisition adjustment		-
Interest cost	3,80,801	3,35,368
Current service cost	10,64,676	7,78,603
Past service cost	-	-
Benefits paid	(1,59,727)	-
Actuarial (gain) / loss on obligation	(1,15,233)	(4,25,641)
Present value of obligation at the end of the period	63,30,416	51,59,899

Changes in the fair value of plan assets

	31-Mar-23	31-Mar-22
Fair value of plan assets at the beginning of the period	57,35,641	56,20,117
Acquisition adjustment	-	-
Expected return on plan assets	4,23,290	4,21,509
Contributions	4	1,01,779
LIC charges	-	-
Benefits paid	(1,59,727)	-
Actuarial (gain) / loss on plan assets	(29,539)	(4,07,764)
Fair value of plan assets at the end of the period	-	-
	59,69,669	57,35,641

The Major categories of Plan assets

	31-Mar-23	31-Mar-22
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-23	31-Mar-22
Discount Rate	7.38 PA	7.50 PA
Salary Growth Rate	7.00 PA	7.00 PA
Expected Rate of Return on Plan Assets	7.38 PA	7.50 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-23	31-Mar-22
Current Liability	1,41,469	1,11,889
Non-Current Liability	61,88,947	50,48,010
Net Liability	63,30,416	51,59,899

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

3.6 Ratios

Particulars	2022-23	2021-22	Numerator	Denominator
(a) Current Ratio	1.53	1.35	Current Assets	Current Liabilities
(b) Debt-Equity Ratio	4.84	4.22	Total Debt	Total Shareholder's Equity *
(c) Debt Service Coverage Ratio	1.40	1.29	Net operating Income	Debt Service
(d) Return on Equity Ratio	26.00%	16.94%	Net Income	Average Shareholder's Equity *
(e) Inventory Turnover Ratio	NA	NA	Cost of Goods Sold	Average Inventory
(f) Trade Receivable Turnover Ratio	NA	NA	Net Credit Sales	Average Account Receivables
(g) Trade Payables Turnover Ratio	NA	NA	Net Credit Purchases	Average Accounts Payable
(h) Net Capital Turnover Ratio	NA	NA	Working Capital	Turnover
(i) Net Profit Ratio	18.19%	13.29%	Net Profit	Revenue
(j) Return on Capital Employed	19.46%	19.02%	EBIT	Capital Employed
(k) Return on Investment	4.26%	5.49%	Net Return on Investment	Cost of Investment

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

3.7 Related party disclosures

3.7.1 Names of related parties and nature of relationship

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

3.7.2 Nature of transactions with related parties

Name of related party	Nature of transaction	Type	31-Mar-23	31-Mar-22
Mr. Vivekanand N Salimath	Remuneration	Payment	33,14,595	30,10,515
Mr. Naganagouda M Patil	Remuneration	Payment	33,14,595	30,10,515
Swavalambava Trust	Issue of Preference share capital	Receipt	50,00,000	60,00,000

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

3.08 Earnings and expenditure in foreign currency

	31-Mar-23	31-Mar-22
Earnings	Nil	Nil
Expenditure	Nil	Nil

3.9 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 ₹ 65,90,281/- have been charged to the Statement of Profit and Loss for the year ended 31-03-2023.

3.10 Rating

CRISIL RATINGS has assigned ratings for the Fund based - Long Term facilities availed by the company as BBB- (Pronounced as CRISIL Triple B Minus) Outlook:Stable as per letter dated 28.09.2022 : [Previous rating BBB- by BRICKWORK Rating is withdrawn (Pronounced as BWR Triple B Minus) Outlook:Stable].

3.11 Prior year comparatives

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

As per our report of even date

for and on behalf of IDF Financial Services Private Limited

for CHETAN PADAKI & ASSOCIATES
CHARTERED ACCOUNTANTS

F.R.No. 011274S



Chetan Padaki

CA. CHETAN PADAKI
PARTNER

Mem.No.216929

UDIN: 23216929BGXTUJ8641

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

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

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

Date : 14.06.2023

Place: Bangalore

IDF FINANCIAL SERVICES PRIVATE LIMITED

Notes to the financial statements as at March 31st, 2023

Note 2.07 : Property, Plant and Equipments

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on March 31st, 2022	Additions for the year	Deletions for the year	As on Mar 31st, 2023	Up to March 31st, 2022	Additions for the year	Deletions For the year	As on Mar 31st, 2023	As at March 31, 2022
A. Tangible Assets									
Computer and Accessories	85,85,621	7,43,599	-	93,29,220	78,40,140	6,55,981	-	8,33,099	7,45,481
Furniture and Fixtures	25,59,110	1,97,530	-	27,56,640	21,66,393	1,19,153	-	4,71,094	3,92,717
Vehicle	16,96,935	29,51,151	-	46,48,086	14,34,666	3,54,612	-	28,58,808	2,62,269
Office Equipment	30,17,678	98,445	-	31,16,123	29,81,205	27,195	-	1,07,723	36,473
Total [A]	1,58,59,344	39,90,725	-	1,98,50,069	1,44,22,404	11,56,941	-	42,70,724	14,36,940

Date : 14-06-2023

Place: Bengaluru



Meetings & Conference

IDF FSPL Team Karnataka State Financial Inclusion Conclave,
18th October 2022, The Chancery Hotel, Lavelle Road, Bangalore



Mr. V N Salimath at the panel discussion, at South India Conference on Financial Inclusion
22 February 2023, Hotel Rain Tree, Annasalai



Financial Partners



Operational Partners

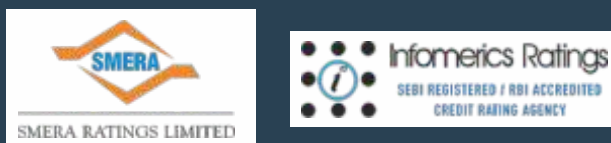
Technology



Credit Bureau



Ratings Partners



Statutory Auditors

M/s Chetan Padaki & Associates
Chartered Accountants



IDF Financial Services Private Limited

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

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