

CIN: U67910KA1994PTC016476
Registered Office
DIRECTOR'S REPORT

To
The Members,

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

1. FINANCIAL SUMMARY

(Amount in INR)

Particulars	As at the end of current reporting period 31 Mar 2023	As at the end of current reporting period 31 Mar 2022
Revenue from Operation	31,94,73,141	25,03,55,323
Other income	7,07,92,939	4,40,92,089
Expenses	31,92,71,366	25,53,16,676
Profit before taxation	7,09,94,714	3,91,30,736
Less: Provisions for Taxation		
Current Tax	1,87,83,617	98,42,667
Reversal of income tax provisions	0	0
Deferred tax	-14,65,108	14,88,570
Profit after Taxation	5,36,76,205	2,77,99,499

 Financials are displayed in www.idf-finance.in
2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is in the business of Micro Finance.

Key operational Highlights:

AUM:

Particulars	Mar-22	Mar-23	% Growth
Number of Branches	67	78	16.42%
Total Customers (mSHGs)	20,234	24,956	23.34%
No. of loans Disbursed (AUM)	30,611	46,988	53.50%
No. of loans Disbursed-BC	8,184	12,107	47.93%
Total Amount Disbursed (AUM)	14,186.45	22,918.95	61.56%
Total Amount Disbursed-BC	4,543.59	6,837.21	50.48%
No. of accounts Outstanding (AUM)	64,505	82,159	27.37%
No. of accounts Outstanding-BC	14,592	20,951	43.58%
Outstanding's Portfolio (AUM)	19,078.24	26,375.41	38.25%
Outstanding's Portfolio-BC	5,420.17	7,767.79	43.31%

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On Book:

Particulars	Mar-22	Mar-23	% Growth
No. of loans Disbursed	22,427	34,881	55.53%
Total Amount Disbursed	9,642.86	16,081.74	66.77%
No. of accounts Outstanding	49,913	61,208	22.63%
Outstanding's Portfolio	13,658.07	18,607.62	36.24%
Wash Portfolio accounts	-	261	
Wash Portfolio ₹	-	84.17	

3. 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.

Date of Board Meeting	Number of Directors attended
29/04/2022	4
01/07/2022	4
26/08/2022	7
13/12/2022	7
18/03/2023	5

Directors and their attendance:

Name of the Director	Number of meeting attended	Sitting fee given
V N Salimath	5	00
N M Patil	5	00
T V Srikanta Shenoy	5	00
R M Kummur	3	30,000
Sahadev G	2	20,000
Kasturi Dambal	3	15,000
G M Deshpande	4	00

4. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

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- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. DECLARATION BY INDEPENDENT DIRECTORS:

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

But as per the guidelines of SRO 1) R M Kummur and 2) Sahadev G was appointed as Independent directors.

6. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178:

The Provisions of Section 178(1) with respect to constitution of Nomination and Remuneration Committee are not applicable to the Company and 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.

7. AUDIT REPORT:

The Auditors' Report does not contain any qualifications, reservations and adverse remarks.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186:

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

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

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

10. TRANSFER TO RESERVE:

As per the extant guidelines of Reserve Bank of India for NBFCs, the Company has transferred Rs. 1,07,35,241 to statutory reserve and Rs. 1,75,00,000 to General Reserve.

11. DIVIDEND:

Following dividend were paid:

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Sr. No	Particulars	Dividend payable in Rs.
1	Compulsorily Convertible Preference Shares	65,09,237
2	Optionally Convertible Preference Shares	69,28,482
Total		1,34,37,719

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

In order to augment the capital requirements for supporting the growth of business of the Company that requires substantial resources, the Board of Directors did not recommend any dividend on Equity Shares for the Financial Year 2022-23

12. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF THE FINANCIAL YEAR:

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

13. RISK MANAGEMENT POLICY:

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

14. CORPORATE SOCIAL RESPONSIBILITY:

The spending of amount under provisions of Section 135 of the Companies Act, 2013 were not applicable in F.Y 2022-23.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

- Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- The Foreign exchange earnings and outgo for the financial year is Nil.

16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

17. DEPOSITS:

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

18. DIRECTORS AND KMP:

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

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19. PARTICULARS OF EMPLOYEES:

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

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:

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

21. STATUTORY AUDITORS:

M/s. 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.

22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE:

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

But as per the guidelines of SRO/RBI Audit Committee and Risk Committee is constituted.

23. SHARES:

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

Increase in Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan	Redemption
4,20,00,000 (OCPS)	Nil	Nil	Nil	Nil	Nil

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

25. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the workplace. The functioning of the Committees was carried out as per letter and spirit of the provisions of the Act.

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

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26. THERE IS NO APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

27. RBI GUIDELINES & SRO

The Company being an NBFC-MFI, is in compliance with the regulatory requirements as prescribed under the RBI Act, 1934, to carry on the business of an NBFC-MFI. Further, the Company, being a Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934, your Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without the prior approval of Reserve Bank of India. The Company is in compliance with the regulatory requirements of net owned funds ('NOF') as defined under Section 45-IA of the RBI Act, 1934, to carry on the business of an NBFC-MFI. The Company being a member of Sa-dhan, follows the Code of Conduct as prescribed by the SRO. The Company also complies with the standards and rules as prescribed by the above SRO from time to time.

28. SCALE-BASED REGULATION FOR NBFC

In October 2021, the Reserve Bank of India notified scale based regulation for NBFCs. Based on their size, activity, and risk exposures, NBFCs are categorized into the base, middle, upper, and top layers. The Scale Based Regulation Framework for Non-Banking Financial Companies is effective from October 01, 2022. The key highlights of the scale-based regulation for NBFCs are as under;

Enhanced Governance – RBI has amended and uniformed governance structure that will apply layer-wise.

- The governance over different layer will vary and depends on the meeting of thresholds by NBFCs
- Additional Disclosure Requirements for Upper and Middle Layer NBFCs are prescribed
- Constitution of Internal Committees and Assessments Since the asset size of your Company is of less than ₹1000 crore, considered as a base Layer as per the Regulatory Structure for NBFCs.

29. CAPITAL ADEQUACY

Your Company being a Systemically Important Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non- Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets.

As of March 31, 2023, the Company's total Capital to Risk Asset Ratio stood at 22.11.% out of which Tier I capital adequacy ratio was at 14.68 % and Tier II capital adequacy ratio was at 7.43 %. is well above the regulatory minimum of 15%.

30. MAJOR EVENTS THAT OCCURRED DURING THE YEAR

State of Company's Affairs

a) Segment-wise position of the business and its operations: The Company is primarily engaged in the business of financing which is considered to be the only reportable business

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segment as per Ind AS 108, Operating Segments. The Company operates in Republic of India and there are no other geographical segments.

b) Change in nature of the business: There was no change in the nature of the business of the Company for the entire year under review.

c) Key business developments: There were no key business developments during the period under review.

d) Change in the financial year: There was no change in the Financial Year of the Company in the entire year under review.

e) Capital expenditure programs: There were no capital expenditure programmes conducted during the year.

f) Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification: Nil

g) Developments, Acquisition, and Assignment of material Intellectual Property Rights: There were no Developments, Acquisitions and Assignments of material Intellectual Property Rights during the entire year under review.

h) Any other material event having an impact on the affairs of the Company: Nil

31. DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT

During the year, the Company has not revised its financial statements or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of judicial authority.

32. ISSUE OF NON-CONVERTIBLE DEBENTURES (NCDs):

NIL

33. AUTHORIZED SHARE CAPITAL:

The Authorized capital of the Company was reclassified as below:

Rs. 30,00,00,000 (Rupees Thirty Crore) divided into:

a) Equity shares of paid up value of Rs. 15,00,00,000 (Rs. Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakh only) shares of Rs.10/- each, carrying 1(One) vote for each share;

b) Preference shares of paid up value of Rs. 15,00,00,000 (Rs. Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakh only) shares of Rs.10/- each, without voting rights.

To,

Rs. 30,00,00,000 (Rupees Thirty Crore) divided into:

a) Equity shares of paid up value of Rs. 12,00,00,000 (Rs. Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakh only) shares of Rs.10/- each, carrying 1(One) vote for each share;

b) Preference shares of paid up value of Rs. 18,00,00,000 (Rs. Eighteen Crores only) divided into 1,80,00,000 (One Crore Eighty Lakh only) shares of Rs.10/- each, without voting rights

34. DETAILS OF EMPLOYEE STOCK OPTIONS:

The Company has not implemented any Employee Stock Option Scheme during the year.

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35. CREDIT RATING:

Your Directors draw the attention of the members to Note 3.10 to the Financial Statement which sets out credit rating disclosure.

36. A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR:

NA

37. PERFORMANCE EVALUATION OF BOARD, COMMITTEES, AND DIRECTORS:

NA

38. REPORTING OF FRAUDS BY AUDITORS

During the year under review, no fraud has been reported neither by the Statutory Auditor nor Secretarial Auditor to the Audit Committee, under Section 143(12) of the Companies Act, 2013 against the Company by its officer or employees

39. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has reappointed Adarsh M A, Practicing Company Secretary as Secretarial Auditor of the Company for the Financial Year 2022-23 to undertake the Secretarial Audit. The Report of the Secretarial Auditor for the year ended March 31, 2023, is annexed to the Directors' Report as Annexure. There are no disqualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report issued by Secretarial Auditors for the FY 2022-23

40. VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy or illegal activity occurring in the organization. To this effect, the Board has adopted a "Whistle Blower Policy", which is overseen by the Audit Committee. The policy inter alia provides a safeguard against victimization of the Whistle Blower. Employees and other stakeholders have direct access to the chairperson of the Audit Committee for lodging concerns if any, for review. The said policy has been posted on Company's website

41. ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on March 31, 2023, in Form No. MGT-7, will be available on the Company's website:

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42. ACKNOWLEDGEMENTS:

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

For and on behalf of the board of directors



VIVEKANAND NAGAYYA SALIMATH
Director
(DIN: 00253109)



NAGANAGOUDA MARIGOUDA PATIL
Managing Director
(DIN: 01674210)

Date: 14.06.2023

Place: Bangalore