(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

No:

Addressed to:

PLACEMENT MEMORANDUM

ANNAPURNA FINANCE PRIVATE LIMITED
A private limited company incorporated under the Companies Act, 1956
Date of Incorporation: April 30, 1986
Registered Office: Plot No 1215/1401, Khandagiri Bari, Near Jaydev Vatika, Khandagiri, Bhubaneswar, Odisha, 751030, India
Telephone No.: 0674-2386580
Website: www.annapurnafinance.in

Placement Memorandum for issue of Debentures on a private placement basis on
Dated: 21 September 2022

Issue of 950 (Nine Hundred and Fifty) Senior, unsecured, rated, listed, Redeemable, Transferable, Taxable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakhs only) each, aggregating up to Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores only) on a private placement basis (the "Issue"), by Annapurna Finance Private Limited (the "Company" or "Issuer") in one or more series/tranches at par comprising of:

a. **350 (Three Hundred and Fifty) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty-Five Crores Only) (Series I Debentures")**

b. **600 (Six Hundred) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) (Series II Debentures")**

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

S.no	Particulars	Relevant Disclosure
1.	**Corporate Identity Number of the Issuer**:	U65999OR1986PTC015931
2.	**Permanent Account Number of the Issuer**:	AABCG2782K
3.	**Date and place of Incorporation of the Issuer**:	Date: April 30, 1986 Place: Varanasi

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4.	**Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case** RBI):	B-04.00027
5.	**Registered Office address of the Issuer**:	Plot No 1215/1401, Khandagiri Bari, Opposite Jaydev Vatika, Khandagiri, Bhubaneswar, Odisha, 751030, India
6.	**Corporate Office address of the Issuer**:	Plot No 1215/1401, Khandagiri Bari, Opposite Jaydev Vatika, Khandagiri, Bhubaneswar, Odisha, 751030, India
7.	**Telephone No of the Issuer**:	0674-2386580
8.	**Details of Compliance officer of the Issuer**:	Name: Mr. Subrata Pradhan, Company Secretary Contact Details: 8280336010 Telephone Number: +91-674-2386580 Email address: subrat@ampl.net.in
9.	**Details of Company Secretary of the Issuer**:	Name: Mr. Subrata Pradhan, Company Secretary Telephone Number: 8280336010 Email address: subrat@ampl.net.in
10.	**Details of Chief Financial Officer of the Issuer**:	Name: Mr. Satyajit Das Telephone Number: 8280336001 Email address: satya@ampl.net.in
11.	**Details of Promoters of the Issuer:**	Name: Mr. Gobinda Chandra Pattanaik Telephone Number: 0674-2386580 Email address: md@ampl.net.in Name: Mr. Dibyajyoti Pattanaik Telephone No 0674-2386580 Email address: dj@ampl.net.in
12.	**Website address of the Issuer**:	www.annapurnafinance.in
13.	**Email address of the Issuer**:	subrat@ampl.net.in
14.	**Details of debenture trustee for the Issue:**	Name: Catalyst Trusteeship Limited Address: Windsor, 06th Floor Office No. 604, C.S.T Road, Kalina, Santacruz (East) Mumbai -400098 Logo:

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		CATALYST Believe in yourself... Trust us! Telephone Number: 022-49220555 Email address: ComplianceCTL-Mumbai@ctltrustee.com Contact person: Mr. Umesh Salvi
15.	**Details of credit rating agency for the Issue:**	Name: ICRA Ratings Limited Address: A-10 & A-11, 3rd Floor, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata - 700020. Logo ICRA : Telephone Number: 033-7150-1132 Email address: prateek.mittal@icraindia.com Contact person: Mr. Prateek Mittal
16.	**Date of placement memorandum / Placement Memorandum**	September 21, 2022
17.	**Type of placement memorandum / Placement Memorandum**	This Placement Memorandum is being issued in relation to the private placement basis of Debentures (which are being issued under the terms hereof in two series).
18.	**The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable**	Issue of 950 (Nine Hundred and Fifty) Senior, Unsecured, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakhs only) each, aggregating up to Rs. 95,00,00,000/- (Indian Rupees Ninety-Five Crores only) on a private placement basis (the "**Issue**") in one or more series/tranches at par comprising of: a. 350 (Three Hundred and Fifty) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty Five Crores Only) (Series I Debentures") **b.** 600 (Six Hundred) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) (Series II Debentures")

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19.	**The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf placement memorandum;**	Not applicable.
20.	**Details of Registrar to the Issue:**	Name: NSDL Database Management Limited Address: 4th Floor, Trade World, A Wing Kamala Mills Compound Lower Parel, Mumbai - 400 013, India Logo:  Telephone Number: 9833515383 (Mr Nilesh) Fax number: NA Website: www.ndml-nsdl.co.in Email address: info_ndml@nsdl.co.in
21.	**Issue Schedule**	Date of opening of the Issue: September 23, 2022 Date of closing of the Issue: September 23, 2022 Date of earliest closing of the Issue (if any): September 23, 2022 The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.
22.	**Credit Rating of the Issue**	The Debentures proposed to be issued by the Issuer have been rated by ICRA Ratings Limited ("**Rating Agency**" / "**ICRA**") The Rating Agency has vide its rating letter dated September 20, 2022 and rating rationale dated September 22,2022 assigned a rating of "ICRA A-" (pronounced as "ICRA A Minus") with 'stable' outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Placement Memorandum for the letter dated September 20, 2022 and rating rationale dated September 22, 2022 from the Rating Agency assigning the credit rating abovementioned and the press release by the Rating Agency in this respect.
23.	**All the ratings obtained for the private placement of Issue**	Please refer to S.no 22 above.
24.	**The name(s) of the stock exchanges where the securities are proposed to be listed**	The Debentures are proposed to be listed on the wholesale debt market of the BSE Limited ("**BSE**").

25.	**The details about eligible investors;**	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): A. Mutual Funds B. NBFCs C. Provident Funds and Pension Funds D. Corporates E. Banks F. Foreign Institutional Investors (FIIs) G. Qualified Foreign Investors (QFIs) H. Foreign Portfolio Investors (FPIs) I. Insurance Companies J. Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. **Note:** Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
26.	**Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee**	In respect of the Coupon Rate, the Coupon Payment Frequency, the Redemption Date and Redemption Amount in respect of the Debentures, please refer to Clause 5.37 (*Issue Details*) of this Placement Memorandum. The details of Debenture Trustee are provided under S. No. 14 above.
27.	**Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable**	Issue of 950 (Nine Hundred and Fifty) Senior, Unsecured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakhs only) each, aggregating up to Rs. 95,00,00,000/- (Indian Rupees Ninety-Five Crores only) on a private placement basis (the "**Issue**") in one or more series/tranches at par comprising of: a. 350 (Three Hundred and Fifty) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty-Five Crores Only) (Series I Debentures") **b.** 600 (Six Hundred) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) (Series II Debentures")
28.	**Details about underwriting of the**	Not applicable.

<table>
<tr><td></td><td>issue including the amount undertaken to be underwritten by the underwriters:</td><td></td></tr>
<tr><td>29.</td><td>Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable.</td><td>This Issue, offer and subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI and BSE under the EBP Guidelines (as defined below) by placing bids on the EBP Platform during the period of the Issue. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines (as defined below) are set out hereinbelow:
<table>
<tr><td>Details of size of the Issue including green shoe option, if any</td><td>Series I Rs. 35,00,00,000/- (Indian Rupees Thirty-Five Crores Only)
Series II Rs. 60,00,00,000/- (Indian Rupees Sixty Crores Only)</td></tr>
<tr><td>Bid opening and closing date</td><td>Bid opening date: September 23, 2022; and
Bid closing date: September 23 , 2022</td></tr>
<tr><td>Minimum Bid lot</td><td>10 (Ten) Debentures</td></tr>
<tr><td>Manner of bidding in the Issue</td><td>Closed Bidding</td></tr>
<tr><td>Manner of allotment in the Issue</td><td>The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.</td></tr>
<tr><td>Manner of settlement in the Issue</td><td>Pay-in of funds through ICCL and the account details are given in the Clause 8.9 (Issue Procedure) of this Placement Memorandum</td></tr>
<tr><td>Settlement cycle</td><td>T+2; where T refers to the date of bid opening date / issue opening date</td></tr>
</table>
Please also refer to Clause 8.9 (Issue Procedure) of this Placement Memorandum for the detailed process in respect of the subscription of an Issue.</td></tr>
</table>

Background
This Placement Memorandum is related to the Debentures to be issued by Annapurna Finance Private Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on November 23, 2021 and November 2, 2020 and the Board of Directors of the Issuer on December 23, 2021 read with the resolution passed by the Executive Committee of the Board of Directors on September 13, 2022 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated November 23, 2021 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow and raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs.2000,00,00,000/- (Rupees Two Thousand Crores only). The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s). This Issue does not form part of non-equity Tier-II / regulatory capital mentioned under Chapter V of the SEBI Debt Listing Regulations and the Issuer hereby confirms that Chapter V of the SEBI Debt Listing Regulations is not applicable to the present Issue. The face value of each Debenture being issued on private placement basis under this Issue is Rs._10,00,000/- (Indian Rupees Ten Lakhs Only).

Issuer's Absolute Responsibility
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects

and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule	
Issue Opening Date	September 23, 2022
Issue Closing Date	September 23, 2022
Pay In Date	September 26, 2022
Deemed Date of Allotment	September 26, 2022

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Applicable Law	Includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof
Application Form	The form used by the recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter, to apply for subscription to the Debentures, which is annexed to this Placement Memorandum and marked as **Annexure IV**.
Board/Board of Directors	The Board of Directors of the Issuer.
Business Day	Any day of the week (excluding Saturdays, Sundays and any other day which is a 'public holiday' for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are normally open for business in Mumbai, India and New York, United States of America and "**Business Days**" shall be construed accordingly.
CDSL	Central Depository Services (India) Limited
Client Loan	Each loan made by the Issuer as a lender, and "**Client Loans**" shall refer to the aggregate of such loans.
Crore	Ten Million
Debentures / NCDs	950 (Nine Hundred and Fifty) Unsubordinated Unsecured Rated Listed Redeemable Transferable Taxable Non-Convertible Debentures bearing a face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating to Rs. 95,00,00,000/- (Rupees Ninety-Five Crores Only) comprising of : a. 350 (Three Hundred and Fifty) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty Five Crores Only) (Series I Debentures") b. 600 (Six Hundred) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) (Series II Debentures")
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time.
Deemed Date of Allotment	September 26, 2022
Debenture Trustee	Catalyst Trusteeship Limited
Debenture Trustee Agreement	Shall mean the debenture trustee agreement executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	Shall mean the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.

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Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time.
Depositories	NSDL and CDSL.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Director(s)	Board of Director(s) of the Issuer.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any Payments in relation to the Debentures, whether for Coupon or for redemption on maturity or earlier (upon any event of default or upon the exercise of the Put Option or Call Option), prior to the scheduled Maturity Date or acceleration or otherwise.
EBP Guidelines	The guidelines issued by SEBI with respect to electronic book mechanism including under the terms of the SEBI Circular dated August 10, 2021 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613) and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time.
EFT	Electronic Fund Transfer.
Electronic Book Provider / EBP	shall have the meaning assigned to such term under the EBP Guidelines.
Eligible Investors	Shall have the meaning specified in S.no 25 of Part A (*Disclosures*) above.
Financial Indebtedness	any indebtedness for or in respect of: (i) monies borrowed; (ii) any amount availed of by acceptance of any credit facility; (iii) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease; (v) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis); (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (ix) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (x) any put option, guarantees, keep fit letter(s), letter of comfort, etc by whatever name called, which gives or may give rise to any financial obligation(s); (xi) any preference shares (excluding any compulsorily convertible preference shares); (xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (xi) above. (xiii) Notwithstanding the items in paragraphs (i) to (xii) above, all obligations of any person from time to time (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money.
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.

Final Settlement Date	shall mean the date on which the Payments to be made by the Company in relation to the Issue have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents.
GAAP	Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer.
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any ministry or department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body, and shall include, without limitation, a stock exchange and any regulatory body.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof;
ICCL	Indian Clearing Corporation Limited
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under applicable law thereon from time to time and applied on a consistent basis by the Issuer.
Information Utility	means the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
Issue	Private Placement of the Debentures.
Issue Closing Date	September 23, 2022
Issue Opening Date	September 23, 2022
Issuer/ Company	Annapurna Finance Private Limited
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.
Material Adverse Effect	Shall mean in the opinion of the Debenture Holder(s), with respect to the Company, the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could cause a material and adverse effect on: (i) the business, operations, property, condition (financial or otherwise) or prospects of the Company; or (ii) the ability of the Company to perform its obligations under the Transaction Documents and/or any other related document; or (iii) the validity or enforceability of, or the effectiveness of any of the Transaction Documents and/or any other related document (including the ability of any party to enforce any of its rights or remedies thereunder).
Maturity Date	Series I September 27, 2023, being 12 months and 1 day (Twelve Months One Day) months from the Deemed Date of Allotment, Series II September 26, 2024, being 24 months (Twenty Four months) from the Deemed Date of Allotment,
Net Assets	Net Assets shall mean the total assets on the balance sheet of the Issuer excluding any securitised assets and managed (non-owned) loan portfolio.
N.A.	Not Applicable.
NBFC	Non-banking financial company
NBFC Directions	RBI Master Direction dated September 1, 2016 bearing reference no. DNBR.PD. PD. 008/03.10.119/2016-17 on 'Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016'.
NBFC-MFI	Non-Banking Financial Company –Micro Finance Institution
NSDL	National Securities Depository Limited.

Obligations	Shall mean all obligations at any time due, owing or incurred by the Company to the Debenture Trustee and the Debenture Holder(s) in respect of the Debentures and shall include the obligation to redeem the Debentures in terms thereof by making the entire payment of the Redemption Amount in respect of the Debentures together with the Coupon accrued thereon, Default Interest, if any, accrued thereon, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Company in respect of the Debentures under the Transaction Documents.
PAN	Permanent Account Number.
Payments	All payments to be made by the Issuer in relation to the Issue including payment of Coupon, Redemption Amount, Default Interest (if any), remuneration of the Debenture Trustee, enforcement expenses and all fees, costs, charges, expenses and other monies.
Placement Memorandum	This document which sets out sets out the terms and conditions for the issue and offer of the Debentures by the Issuer on a private placement basis and contains the relevant information in this respect.
Private Placement Offer cum Application Letter	Shall mean the private placement offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and as annexed in SECTION 10: of this Placement Memorandum.
RBI	Reserve Bank of India.
Rating Agency	ICRA Ratings Limited, registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time.
Record Date	shall mean the date that occurs 7 (seven) calendar days prior to any Due Date on which any Payments are to be made to the Debenture Holder(s), provided that such date is a Friday. In case the date that occurs 7 (seven) calendar days prior to any Due Date is not a Friday, the Record Date (for the purposes of such Due Date) shall be deemed to be the date occurring on a Friday which is at least 7 (seven) calendar days prior to the relevant Due Date in accordance with the terms of the Debentures on the basis of which the determination of the Debenture Holders who shall be entitled to receive the amounts due on any Due Date shall be made.
Register of Debenture Holders	The register maintained by the Issuer containing the name(s) of the Debenture Holder(s), which register shall be maintained at the registered office of the Issuer.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being NSDL Database Management Limited.
ROC	Registrar of Companies.
Rs. / INR	Indian Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI read with the operational circular for issue and listing of non-convertible securities, securities debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021 issued by Securities and Exchange Board of India, each as amended from time to time.
Tax or Taxes	shall mean any and all present or future, direct or indirect, claims for tax, withholding tax, surcharge, levy, impost, duty, cess, statutory due or other charge of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turn-over, value addition, use, consumption, property, service, income, franchise, capital, occupation, license, excise, documents (such as stamp duties) and customs and other taxes, duties, assessments, or fees, however imposed, withheld, levied, or assessed by any Government;
TDS	Tax Deducted at Source.

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The Companies Act/ the Act	the provisions of the Companies Act, 2013, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended, modified or supplemented from time to time.
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents.
Transaction Documents	The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in SECTION 7:.
WDM	Wholesale Debt Market segment of BSE.
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(ss) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.

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SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and the applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to the Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter and the respective contents hereof respectively are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement Offer cum Application Letter shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all

information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter comes are required to inform themselves about and to observe any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The Company is having a valid certificate of registration issued by the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits/ discharge of liability by the Company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for

the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at New Delhi. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depositary participant. The Issuer will make the Allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

SECTION 3: RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter and reach their own views prior to making any investment decision.

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

(b) The secondary market for non-convertible securities may be illiquid.

The non-convertible securities may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the non-convertible securities, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

(c) Credit risk & rating downgrade risk

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the Rating Agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

(d) Changes in interest rates may affect the price of the Debentures.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(e) Tax considerations and Legal considerations

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(f) Accounting considerations

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(g) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.2 REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD:

As of date, the Issuer has not been refused in listing of any security during the last 3 (Three) years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.3 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

3.4 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.5 RISKS RELATED TO THE BUSINESS OF THE ISSUER

(a) ***Majority of the Issuer's loans are unsecured, and the clients of these unsecured loans are of the high risk category and if the Issuer is unable to control the level of non- performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.***

Majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high-risk category. There is uncertainty on the client's ability to fulfil its loan obligations as MFI clients typically do not have bank accounts or proper income proof verification so it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk such as on-boarding of only such clients who have bank accounts for the purpose of loan disbursements. All group lending loans are provided under the Grameen Model and based on the joint liability of the group.

As on June 30, 2022, the gross NPA was Rs. 535.84 CR on on-balance sheet portfolio of Rs. 5,423.75 CR and PAR90+ was Rs. 556.58 CR on a gross loan portfolio of Rs. 6,705.92 CR (including managed / securitized portfolio of Rs 1,282.18 Cr).

(b) ***The Company cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans, and also due to factors beyond its control, such as over-extended member credit that it is unaware of. If the Company is unable to manage its NPAs or adequately recover its loans, the results of its operations will be adversely affected.***

The current loan loss reserves of the Company may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Company may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The members are poor and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Company's clients live. Moreover, there is no precise method for predicting loan and credit losses, and the Company cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Company is unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

(c) ***Lending to small businesses poses unique risks not generally associated with other forms of lending in India, and, as a result, the Company may experience increased levels of NPAs and related provisions and write-off that negatively impact results of operations.***

The Company's core business is to provide loans to microfinance segments primarily in the rural and semi-urban areas. Any downturn in the area of activity by borrowers could adversely affect the ability of borrowers to make loan repayment on time and in turn negatively impact the Company's operation. Due to the precarious circumstances of borrowers and non-traditional lending practices the Company may, in the future experience increased level of non-performing loans and related provisions and write-offs that negatively impact its business and results of operations.

The Company has separated sales from credit risk department. This helps in better credit evaluation of the customer. The ability to repay the loan is taken care of by the internal credit evaluation and joint liability group structure.

(d) ***The Issuer's business operates through a large number of rural and semi urban branches and is exposed to operational risks including fraud.***

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it handles a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handles a large amount of cash through a high volume of small transactions taking place in its network, the Issuer is exposed to the risk of fraud or other misconduct by its employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities that the Issuer's business model requires. Given the high volume of transactions processed by the Issuer, certain instances of fraud and misconduct may go unnoticed before they are discovered and successfully rectified. Even when the Issuer discovers such instances of fraud or theft and pursue them to the full extent of the law or with its insurance carriers, there can be no assurance that the Issuer will recover any such amounts. In addition, the Issuer's dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

However, all the disbursements are directly transferred to the clients' bank accounts which helps to minimise the above-mentioned risks significantly.

To mitigate the above risk, the Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a MIS and Data Analytics system which is able to generate data analysis that can be used to monitor financial and operational performance.

(e) ***Loans due within two years account for almost all of the Issuer's interest income, and a significant reduction in short term loans may result in a corresponding decrease in its interest income***

All of the loans the Issuer issues are due within approximately two years of disbursement. The relatively short-term nature of the Issuer's loans means that the Issuer's long-term interest income stream is less certain than if a portion of its loans were for a longer term. In addition, the Issuer's customers may not obtain new loans from the Issuer upon maturity of their existing loans, particularly if competition increases. The potential instability of the Issuer's interest income could materially and adversely affect the Issuer's results of operations and financial position.

The loans given by the issuer are at fixed interest rate, and the tenor of the underlying asset are of two years which provides for stability to the portfolio and interest income, and has also smoothened operating expense.

(f) ***The Issuer is exposed to certain political, regulatory and concentration risks***

Due to the nature of its operations, the Company is exposed to political, regulatory and concentration risks. The Company believes a mitigant to this is to expand its geographical reach and may consequently expand its operations into other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Company is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Company's quality and reputation, it will be difficult for the Company to manage its business and growth. The Company depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Company's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Company's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Company's business is also dependent on its team of personnel who directly manage its relationships with its members. The Company's business and profits would suffer adversely if a substantial number of such personnel left the Company or became ineffective in servicing its members over a period of time. The Company's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Company may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Company to manage its business and growth and to meet key objectives.

(g) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(h) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

(i) ***The Issuer requires certain statutory and regulatory approvals for conducting its business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect operations***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012 and NBFC Directions) the Issuer is required to maintain its status as a NBFC- MFI in order to be eligible for categorization as priority sector advance for bank loans. See 'risk factor titled — Current Microfinance Industry Challenges' for details. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC-MFI. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, the Issuer may need additional approvals from regulators to introduce new insurance and other fee based products to its members. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-MFI that is subject to numerous

conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC Directions and fails to maintain the status of NBFC-MFI, it will not be eligible for priority sector loans from the Indian banking sector and may also attract penal provisions under the RBI Act, 1934 for non-compliance.

(j) ***The economic fallout from the spread of the COVID-19 virus may impact the Issuer's business prospects, financial condition, result of operations and credit risk***

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

The COVID-19 virus pandemic is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity and cashflows, and we have experienced and expect to continue to experience unpredictable reductions in demand for certain of our products and services. Further, since a good fraction of our borrowers are small transport road operators, the disruption due to COVID-19 virus will also have an impact on their business as well as repayment capacity of the loans taken from us.

However, the extent of negative financial impact cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures.

(k) ***Economic Risk in India:***

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.6 ANY OTHER RISK FACTORS

(a) Legality of Purchase

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the financial year ended 31st March 2022 are set out in **Annexure V** of this Placement Memorandum.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 5: REGULATORY DISCLOSURES

The Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchange

The following documents have been / shall be submitted to the BSE:

A. This Placement Memorandum;
B. Memorandum and Articles of Association of the Issuer;
C. Certified copy of necessary resolution(s) authorizing the borrowings, issuance of the Debentures and list of authorized signatories for the allotment of the Debentures;
D. Copy of last 3 (Three) years audited Annual Reports;
E. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
F. Certified copy of the resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on November 23, 2021, authorizing the issue/offer of non-convertible debentures by the Company;
G. Certified copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on November 2, 2020, authorizing the borrowing of the Company up to a limit of Rs. 5,500,00,00,000/- (Rupees Five Thousand and Five Hundred Crores only);
H. Certified copy of the resolution passed by the Board of Directors dated December 23, 2021 read with the resolution passed by the Executive Committee of the Board of Directors of the Company on September 13, 2022 authorizing the issuance of the Debentures and the list of authorized signatories; and
I. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

A copy of the following documents has been/shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;

B. Copy of last 3 (Three) years audited Annual Reports;

C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;

D. Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.

E. An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (two) calendar days of their specific request.

5.3 Details of Promoters of the Issuer:

S.no	Details of Promoter	Description	Description
1.	Name of promoter	GOBINDA CHANDRA PATTANAIK	DIBYAJYOTI PATTANAIK
2.	Date of Birth	23/06/1968	27/06/1977

3.	Age	54 Years	45 Years
4.	Personal Addresses	DAV School, Pallahat, Khordha Odisha-752056	Palla, Konark Nagar, Palatotopada, Khordha, Odisha-752056
5.	Education Qualifications	Master's in arts, Bachelor of Laws (LLB)	PGDBM (EDII)
6.	Experience in the business or employment	Business	Business
7.	Positions/posts held in the past by the promoter	NA	NA
8.	Directorships held by the promoter	NA	Holding Directorship in Annapurna SME Finance Pvt Ltd
9.	Other ventures of the promoter	NA	NA
10.	Special achievements	-	-
11.	Business and financial activities of the promoter	Engaged in the company as shareholder cum Managing Director Having in-depth understanding of finance and has more than two decade of experience in implementing various developmental and micro enterprise activities	Engaged in company as Shareholder cum Director Having experience in finance, microenterprise development and development sector consulting
12.	Photograph		
13.	Permanent Accountant Number	AJEPP2669K	AMUPP2199K

5.4 Details of specific entities in relation to the Issue:

S.no	Particulars	Details
1.	Debenture Trustee to the Issue	Name: Catalyst Trusteeship Limited Logo: CATALYST Believe in yourself... Trust us! Address: Windsor, 6th Floor, Offce No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, India Website: www.catalysttrustee.com

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

		Email address: ComplianceCTL-Mumbai@ctltrustee.com Telephone Number: 022-49220555 Contact Person: Mr. Umesh Salvi
2.	Credit Rating Agency for the Issue	Name: ICRA Limited Logo:  Address: A-10 & A-11, 3rd Floor, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata - 700020 Website: https://www.icra.in/ Email address: prateek.mittal@icraindia.com Telephone Number: 033-7150-1132 Contact Person: Mr. Prateek Mittal
3.	Registrar to the Issue	Name: NSDL Database Management Limited Logo:  Address: Trade World, A – Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400013, India Website: https://www.ndml.in/ Email address: info_ndml@nsdl.co.in Telephone Number: 022 4914 2591 Contact Person: Mr. Nilesh Bhandare, Manager
4.	Statutory Auditors	Name: B S R & Co. LLP, Chartered Accountants Logo:  Address: 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, NescoCenter, Western Express Highway, Goregaon (East), Mumbai - 400063 Website: NA Email address: smota@bsraffiliates.com Telephone Number: +91 22 6257 1000 Contact Person: Sameer Mota, Partner
5.	Legal Counsel	 **Verist Law** The Empire Business Centre, 414 Senapati Bapat Marg, Lower Parel, Mumbai 400013 Website: www.veristlaw.com Telephone: +91 2266 907 368

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

		Email: srishti.ojha@veristlaw.com
6.	Guarantor (if applicable)	Not applicable
7.	Arrangers, if any	Not applicable

5.5 About the Issuer: A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least the following information:

A. **Overview of the business of the Issuer**

Annapurna Finance Private Limited (AFPL) is a non-deposit accepting or taking NBFC micro-finance institution registered with the Reserve Bank of India. AFPL started as Mission Annapurna by People's Forum (the parent organisation) to carry out the microfinance activities of People's Forum. People's Forum has been in operations since 1994 and is engaged in wide array of developmental activities including microfinance, healthcare, women empowerment, agricultural and allied services training, microenterprise training programs etc for the poor section of the society. The Company's mission is "Establishment of a self -sustainable and economically empowered rural, tribal & sub-urban society". Mission Annapurna was subsequently converted to an NBFC in Financial Year (FY) 2008-09 after acquisition of an NBFC.

The organisation is jointly promoted by Mr Gobinda Chandra Pattanaik and Mr Dibyajyoti Pattanaik. Mr Gobinda Pattanaik, a development professional is the chief promoter. Mr. Gobinda Chandra Pattanaik started People's Forum ("PF") in 1988 which is one of the largest NGOs operating in Odisha.

AFPL has its head office in Bhubaneswar and operates in mainly rural areas with a good presence in semi urban areas and small presence in urban areas.

Industry Overview

Indian microfinance now has 70 million borrower accounts, by-far the largest in any country across the world. Over the last year Indian microfinance institutions that are organised as NBFC-MFIs and operating in remote rural areas of India have emerged as effective financial intermediaries offering an alternative to the inaccessible formal financial institutions. Most of them who received funding and growth capital from banks, have demonstrated commendable scale, sustainability and impact.

Many NBFC-MFIs have received a good quantum of capital in FY 2014 in the form of both debt and equity. Almost all NBFC-MFIs (less than INR 1000 crores of assets under management) have been consistent in their growth, maintaining excellent portfolio quality in FY 2015.

As a result of a crisis in the MFI industry on October 2010 in the southern state of Andhra Pradesh, the RBI set up a committee to study issues and concerns in the MFI sector, which provided the Malegam Committee Report. The Malegam Committee Report has made various operational and financial recommendations on the microfinance sector that may have negative implications on the operating and financial performance of MFIs including the Issuer. Some of the recommendations made include:

(a) Increase in regulatory restrictions on a NBFC-MFI (minimum net worth, establishing client protection codes, increase in information technology systems and corporate governance, maintenance of solvency and penalty on MFI for non-compliance);
(b) State level legislations to be enacted for regulation of MFIs; Maximum indebtedness of an individual borrower;
(c) Maximum annual income of a household qualifying for a loan from an NBFC-MFI;
(d) Maximum number of loans to an individual borrower;
(e) Restrictions on the end usage of the loan for income generating purposes; and
(f) Maximum interest rate and maximum margin over cost of funds, maximum processing fees.

Most of the recommendations made under the Malegam Committee Report in January 2011 have been accepted by RBI and the RBI has issued circular dated July 20, 2012 to banks stating that bank loans to micro finance sector will be eligible for categorization as priority sector advance if they meet the eligibility criteria's set out in the said circular and has created a new category of NBFCs called the Non-Banking Financial Company-Micro Finance Institution (the NBFC-MFIs). The directions issued by the

RBI on August 3, 2012 have been incorporated and now form part of the NBFC-MFI Directions. The NBFC-MFI Directions have been further modified on April 08, 2015

All non-deposit taking NBFCs (other than a company licensed under Section 25 of the Indian Company Act, 1956) that has not less than 75% of its total assets in the nature of ―microfinance Loans and has a minimum net owned funds of Rs. 5 Crores other than the ones registered in north eastern region of the country for which net owned fund requirement stands at Rs. 2 Crores. The existing NBFCs to be classified as NBFC-MFIs will be required to comply with the NBFC-MFI Directions w.e.f. April 01, 2012. Existing NBFCs with asset size of more than Rs. 100 Crores are required to maintain a minimum CRAR of 15% from Dec 2, 2011 onwards. Some of the key requirements of the NBFC-MFI Directions and subsequent modifications which the Issuer is required to comply with which will affect the business operations of the Issuer, which are:

i. All registered NBFCs intending to convert to NBFC-MFI must seek registration with immediate effect and in any case not later than October 31, 2012, subject to the condition that they shall maintain Net Owned Funds (NOF) at Rs.3 Crores by March 31, 2013 and at Rs.5 Crores by March 31, 2014, failing which they must ensure that lending to the Microfinance sector i.e. individuals, SHGs or JLGs which qualify for loans from MFIs, will be restricted to 10 per cent of the total assets.

ii. NBFC-MFIs are required to maintain not less than 85 per cent of their net assets as Qualifying Assets. In view of the problems being faced by NBFCs in complying with these criteria on account of their existing portfolio, it has been decided that only the assets originated on or after January 1, 2012 will have to comply with the Qualifying Assets criteria. As a special dispensation, the existing assets as on January 1, 2012 will be reckoned towards meeting both the Qualifying Assets criteria as well as the Total Net Assets criteria.

iii. Rate of interest on individual loans may exceed 26%, the maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent.

iv. Maintain margin cap of 10% for NBFC- MFIs with assets more than INR 100 Crores and 12% for NBFC-MFIs with assets less than INR 100 Crores

v. NBFC-MFIs are also required to ensure that the aggregate amount of loans given for income generation is not less than 50 per cent of the total loans extended.

vi. NBFI MFIs will have to ensure compliance with, among others, conditions relating to annual household income levels of upto Rs. 300,000/-, borrowing sources as well as percentage of qualifying assets and percentage of income generating assets

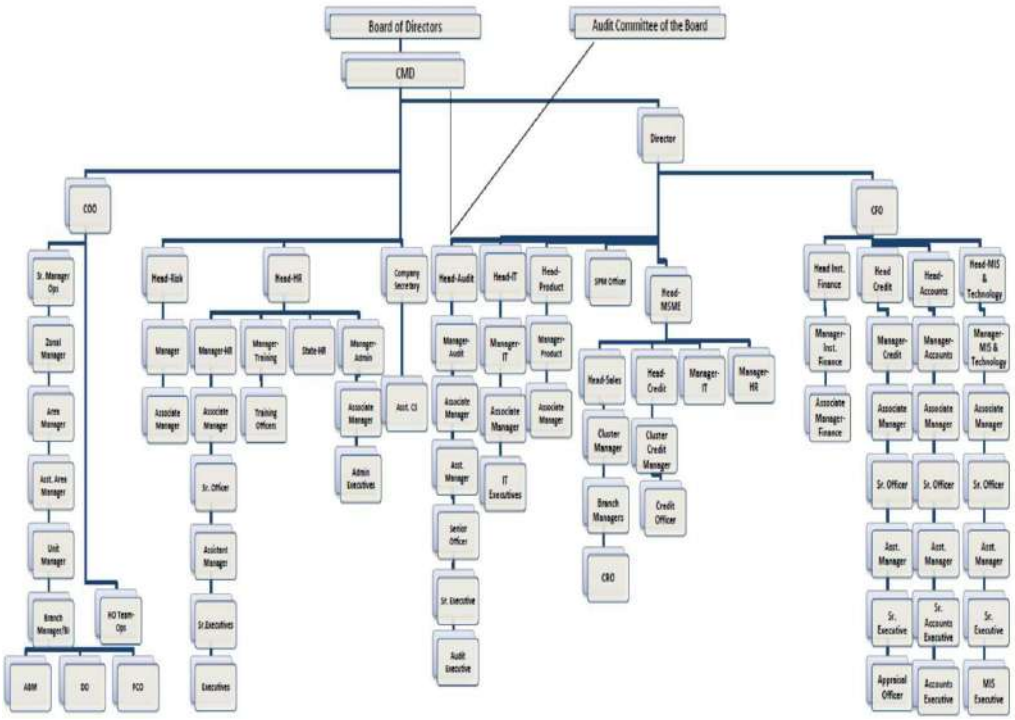
vii. Maintain fair practices in lending as stated in the NBFC-MFI Directions;

viii. Ensure that it has a code of conduct and systems are in place for supervision of field staff such that non- coercive methods for recovery are used;

ix. Ensure corporate governance norms are adopted and there is improvement in efficiency, information technologies etc.; and submit statutory auditors certificate with reference to the position of the company as at end of the financial year ended March 31, every year which should also indicate that the company fulfils all conditions stipulated to be classified as an NBFC-MFI.

B. **Corporate Structure of the Issuer:**

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



C. **Project cost and means of financing, in case of funding of new projects**

Not applicable.

5.6 Key Operational and Financial Parameters on a consolidated basis and standalone basis:

Particulars	**March 31, 2019**	**March 31, 2020**	**March 31, 2021 (Standalone)**	**March 31, 2022**	**June 30, 2022**
Balance Sheet					
Net Fixed assets	11.54	13.88	12.38	19.42	22.83
Current assets	2,467.08	3,028.27	3,648.63	5007.62	4795.55
Non-current assets	978.81	1,741.33	2,094.06	2153.56	2284.52
Total assets	**3,457.43**	**4,783.48**	**5,755.07**	**7180.61**	**7102.89**
Non-Current Liabilities (Including maturities of long-term borrowings and short-term borrowings)	**1,388.71**	**2,206.74**	**2,488.15**	**2986.29**	**2575.58**
Financial (borrowings, trade payables, and other financial liabilities)	1,387.61	2,193.26	2,481.98	2978.64	2575.58
Provisions	1.1	2.51	6.17	7.65	-
Deferred tax liabilities (net)	-	10.98	-	-	-
Other non-current liabilities	-	-	-	-	-
Current Liabilities (Including maturities of long-term borrowings)	**1,450.23**	**1,811.19**	**2,504.32**	**3400.44**	**3614.08**

Financial (borrowings, trade payables, and other financial liabilities)	1,447.03	1,803.73	2,495.47	3390.79	3595.83
Provisions	1.37	4.17	4.17	4.21	14.03
Current tax liabilities (net)	-	-	-	-	-
Other current liabilities	1.83	3.28	4.68	5.43	4.21
Equity (equity and other equity)	**618.49**	**765.55**	**762.6**	**793.89**	**913.23**
Total equity and liabilities	**3,457.43**	**4,783.48**	**5,755.07**	**7180.61**	**7102.89**
Total revenue	517.96	779.62	977.11	1152.77	326.37
From operations	510.47	775.5	974.85	1147.16	324.14
Other income	7.49	4.12	2.26	5.61	2.23
Total Expenses	423.52	679.71	975.44	1129.02	313.68
Total comprehensive income	77.96	144.49	-2.82	32.75	2.26
Profit / loss*	94.45	99.91	1.67	23.75	12.69
Other comprehensive income	15.45	61.6	-4.64	15.62	-7.61
Profit / loss after tax	62.5	82.89	1.82	17.13	9.87
Earnings per equity share: (a) basic; and (b) diluted	(a) 11.69 (b) 10.39	(a) 12.07 (b) 10.96	(a) 0.26 (b) 0.24	(a) 2.39 (b) 2.25	(a) 1.36 (b) 1.23
Continuing operations					
Discontinued operations					
Total Continuing and discontinued operations					
Net cash generated from operating activities	-1,143.40	-909.78	-802.09	-1190.58	
Net cash used in /generated from investing activities	-5.67	-9.7	-11.9	-11.05	
Net cash used in financing activities	1,338.75	1,159.79	975.07	1291.62	
Cash and cash equivalents	459.96	700.27	861.35	951.34	
Balance as per statement of cash flows	459.96	700.27	861.35	951.34	
Net worth	618.49	765.55	991.26	1431.82	1551.16
Cash and Cash Equivalents	459.96	700.27	861.35	951.34	638.79
Current Investments	-	-	-	-	-
Assets Under Management**	2,724.08	3,591.96	4,098.91	5328.65	5534.60
Off Balance Sheet Assets	291.39	503.97	784.9	1359.14	1282.18
Total Debts to Total assets	0.73	0.8	0.79	0.77	0.74
Debt Service Coverage Ratios	2.94	2.97	1.50	1.45	1.46
Interest Income	433.94	674.26	847.58	933.54	284.92
Interest Expense	216.99	356.34	507.72	560.07	152.78
Interest service coverage ratio	1.29	1.23	1.00	1.06	1.10
Provisioning & Write-offs	15.74	52.7	191.75	193.83	50.93
Bad debts to Account receivable ratio					
Gross NPA (%)	1.10%	1.27%	6.59%	8.01%	8.30%
Net NPA (%)	0.56%	0.81%	2.77%	2.33%	3.05%
Tier I Capital Adequacy Ratio (%)	22.31%	20.36%	21.94%	25.07%	26.06%
Tier II Capital Adequacy Ratio (%)	2.93%	6.38%	5.77%	4.71%	3.77%

5.7 Debt: Equity Ratio of the Company:

Before the Issue	3.40
After the Issue	3.46

5.8 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

None.

5.9 A brief history of Issuer since its incorporation giving details of its following activities:

A. **Details of Share Capital as on last quarter end, i.e., June 30, 2022**:

Share Capital	**Amount (in Rs.)**
Authorised Share Capital	
8,30,00,000 equity shares of Rs.10/- each	83,00,00,000.00
5,60,00,000 preference shares of Rs.10/-each	56,00,00,000.00
TOTAL	139,00,00,000.00
Issued and Subscribed Share Capital	
(7,28,95,160 Equity shares of Rs.10/- each)	72,89,51,600.00
(5,22,57,426 preference Shares of Rs.10/- each)	52,25,74,260.00
TOTAL	125,15,25,860.00
Paid Up Capital	
6,87,61,148 nos of Equity shares of Rs.10/- each	68,76,11,480.00
41,34,012 nos of Equity shares are partly paid i.e 0.09024 paid per shares	3,73,072.01
(5,22,57,426 preference Shares of Rs.10/- each)	52,25,74,260.00
Total	1,21,05,58,812.01

B. **Changes in its capital structure as on last quarter end i.e., June 30, 2022 for the last three years:**

Date of Change (AGM/EGM)	Authorised Capital in Rs.	**Particulars**
30.11.2009	5,00,00,000	Increase from Rs. 30,00,000
15.12.2010	8,00,00,000	Increase from Rs. 500,00,000
10.06.2012	18,00,00,000	Increase from Rs 800,00,000
13.01.2014	35,00,00,000	Increase from Rs 1800,00,000
28.09.2015	38,00,00,000	Increase from Rs 3500,00,000
08.02.2016	43,00,00,000	Increase from Rs 3800,00,000
16.06.2017	56,00,00,000	Increase from Rs 4300,00,000
04.05.2018	71,00,00,000	Increase from Rs 56,00,00,000
24.12.2018	86,00,00,000	Increase from Rs 71,00,00,000
15.03.2021	107,00,00,000	Increase from Rs 86,00,00,000
17.12.2021	139,00,00,000	Increase from Rs. 107,00,00,000

C. **Equity Share Capital History of the Company, for the last three years:**

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

						Cumulative Paid Up Capital			Remarks
Date of Allotment	**No. of Equity Shares**	**Face Value (in Rs)**	**Issue Price (in Rs)**	**Consideration (Cash, other than cash etc.)**	**Nature of Allotment**	**No of Equity Shares**	**Equity Share Capital (Rs in Crore)**	**Equity Share Premium (Rs. In Crore)**	
10.06.15	53,61,930	10	44.76	Conversion	Conversion	2,95,57,004	29.55	45.80	Nil
24.02.16	1,824,151	10	54.82	Cash	Private Placement	31,381,155	31.38	53.97	Nil
25.05.16	4,968,063	10	70.45	Cash	Private Placement	36,349,218	36.34	83.97	Nil
30.06.17	34,06,757	10	95.00	Cash	Private Placement	3,97,55,975	39.75	112.92	Nil
07.07.17	15,00,000	10	95.00	Cash	Private Placement	4,12,55,975	41.25	125.67	Nil
07.07.17	15,10,526	10	95.00	Cash	Private Placement	4,27,66,501	42.76	138.50	Nil
05.01.18	2,54,907	10	39.23	Conversion	Conversion	4,30,21,408	43.02	139.24	Nil
01.06.18	1,000	10	107.48	Cash	Private Placement	4,30,22,408	43.02	139.24	Nil
21.08.18	1,39,88,538	10	110.81	Conversion	Conversion	5,70,10,946	57.01	280.25	Nil
01.02.19	1,16,88,702	10	117.75	Cash	Private Placement	6,86,99,648	68.69	406.196	Nil
26.03.2021	100	10	117.75	Cash	Private Placement	68699748	**68.69**	406.197	Nil
31.03.2021	11000	10	41.00	Cash	Private Placement	68710748	**68.71**	406.23	Nil
31.03.2021	5200	10	49.00	Cash	Private Placement	68715948	**68.71**	406.25	Nil
02.08.2021	2200	10	41.00	Cash	Private Placement	687,19,948	68.72	406.34	Nil
02.08.2021	1800	10	49.00	Cash	Private Placement	687,19,948	68.72	406.34	Nil
23-12-2021	100	10	117.75	Cash	Private Placement	6,87,20,048	68.72	406.34	Nil

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

						Cumulative Paid Up Capital			Remarks
Date of Allotment	**No. of Equity Shares**	**Face Value (in Rs)**	**Issue Price (in Rs)**	**Consideration (Cash, other than cash etc.)**	**Nature of Allotment**	**No of Equity Shares**	**Equity Share Capital (Rs in Crore)**	**Equity Share Premium (Rs. In Crore)**	
23-12-2021	100	10	117.75	Cash	Private Placement	6,87,20,148	68.72	406.34	Nil
30-12-2021	21400	10	41.00	Cash	Private Placement	6,87,47,048	68.75	406.46	Nil
30-12-2021	5500	10	49.00	Cash	Private Placement	6,87,47,048	68.75	406.46	Nil
28-01-2022	5200	10	41.00	Cash	Private Placement	6,87,55,948	68.76	406.49	Nil
28-01-2022	3700	10	49.00	Cash	Private Placement	6,87,55,948	68.76	406.49	Nil
28-02-2022	12,40,203	10	110.81	Cash	Private Placement	6,99,96,151	68.77	418.96	Nil
28-02-2022	16,53,605	10	110.81	Cash	Private Placement	7,16,49,756	68.78	435.63	Nil
28-02-2022	6,20,102	10	110.81	Cash	Private Placement	7,22,69,858	68.79	441.88	Nil
28-02-2022	6,20,102	10	110.81	Cash	Private Placement	7,28,89,960	68.79	448.13	Nil
31-03-2022	2200	10	41.00	Cash	Private Placement	7,28,95,160	68.80	448.13	Nil
31-03-2022	3000	10	49.00	Cash	Private Placement	7,28,95,160	68.80	448.13	Nil

Notes, if any:

1. On November 30, 2016, RIF East 2 has transferred 58,00,000 equity shares to Women's World Banking Partners, LP.

2. On December 26, 2018, STCL, Samridhi Fund has transferred 40,59,404 equity shares to Oman India Joint Investment Fund.

3. On February 8, 2019, Incofin RIF East II has transferred 27,68,497 equity shares to Gobinda Chandra Pattanaik (4,67,612 Equity shares), Oiko credit (10,61,947 Equity shares) & Bamboo Financial Inclusion Fund II (12,38,938 Equity shares).

4. Equity shares issued on 28-02-2022 are partly paid-up shares up to a total of Re. 1 per share including premium.

5.10 Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year:

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

5.11 Details of any Reorganization or Reconstruction in the last 1 (one) year:

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

5.12 Details of the shareholding of the Company as on the latest quarter end, i.e., June 30, 2022

A. **Shareholding pattern of the Company as on last quarter end, i.e. June 30, 2022 as per the format specified under the listing regulations:**

Sr No	Name of Equity Shareholder/Particulars	Total No of Equity Shares	No. of shares in demat form	Total Shareholding as a % of total no of equity shares
1	Gobinda Chandra Pattanaik	80,00,546	Nil	10.98
2	Dibyajyoti Pattanaik	17,19,805	Nil	2.36
3	Belgian Investment Company for Developing Countries NV/SA	95,27,723	Nil	13.07
4	Micro Units Development and Refinance Agency (MUDRA)	12,54,907	12,54,907	1.72
5	SIDBI Venture Capital Ltd, STCL , A/c - Samridhi Fund	15,42,449	15,42,449	2.12
6	DCB Bank Ltd.	18,24,151	18,24,151	2.50
7	Oikocredit Ecumenical Development Cooperative Society U.A.	75,40,536	Nil	10.34
8	Women's World Banking Capital Partners, LP	58,00,000	Nil	7.96
9	Bamboo Financial Inclusions Fund II	46,45,695	Nil	6.37
10	Oman India Joint Investment Fund II	1,80,48,942	180,48,942	24.76
11	Asian Development Bank	1,16,88,702	116,88,702	16.03

12	Nuveen Global Impact Fund India S.à r.l	100	Nil	0.00015
13	Annapurna Employees Welfare Trust	61,200	Nil	0.08
14	Accion Gateway Fund LLC	100	Nil	0.00
15	ESF Holdings II	100	100	0.00
16	Mr. Sanjay Pattanaik	6,20,102	Nil	0.85
17	Mr. Satyajit Das	6,20,102	Nil	0.85
	Total	**7,28,95,160**	**68,79,84,552.01**	**100**

Notes: Details of shares pledged or encumbered by the promoters (if any): NIL

B. **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. June 30, 2022:**

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Percentage of Total Shareholding (%)	Number of shares held in Demat Form
1.	Oman India Joint Investment Fund II	18,048,942	24.76	18,048,942
2.	Asian Development Bank	11,688,702	16.03	11,688,702
3.	BIO	9,527,723	13.07	Nil
4.	Oikocredit Ecumenical Development Cooperative Society U.A.	7,540,536	10.34	Nil
5.	Mr. Gobinda Chandra Pattanaik	80,00,546	10.98	Nil
6.	Women's World Banking Capital Partners, LP	5,800,000	8.44	Nil
7.	Bamboo Financial Inclusions Fund II	4,645,695	6.76	Nil
8.	DCB Bank Ltd.	1,824,151	2.65	1,824,151
9.	Dibyajyoti Pattanaik	17,19,805	2.36	Nil
10.	SIDBI Venture Capital Ltd, STCL, A/c - Samridhi Fund	1,542,449	2.12	1,542,449

5.13 Following details regarding the directors of the Company*:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

A. **Details of the current directors of the Company:**

This table sets out the details regarding the Company's Board of Directors as on date of the Placement Memorandum:

S. No.	Name of the Directors	Designation	Age	Address	DIN	Date of appointment	Details of other directorship	Whether willful defaulter (Yes/No)
01	GOBINDA CHANDRA PATTANAIK	Managing Director	54	Palla, Pallatotapada, Khurdha, Odisha-752056	02716330	13-08-2009	Nil	No
02	DIBYAJYOTI PATTANAIK	Director	45	Palla, Konark Nagar, Pallatotapada, Khurdha, Odisha-752056	02764187	14.09.2009	Annapurna SME Finance Pvt Ltd	No
03	SEAN LESLIE NOSSEL	Independent director	51	444 Central Park West, Apt 15E, New York, USA - 10025	05327455	20/07/2012	Nil	No
04	KRISHNA KUMAR TIWARY	Independent director	49	A-36/51-E, KONIA ROAD, SAHDEVRAM MUKHIYA MARG,KAZZAKPURA, VARANASI-221001 (U.P)	02914614	13-02-2012	Save Solutions Private Limited New Habitat Housing Finance and Development Ltd	No
05	ASHOK RANJAN SAMAL	Independent director	66	Plot No.7, Aryabhoomi, Plot No.442/3998, Nandan Kanan Main Road, Patia, Bhubaneswar, Odisha - 751031	00918164	17/10/2016	ANNAPURNA SME FINANCE PRIVATE LIMITED	No
06	CHRISTINA STEFANIE JUHASZ	Nominee Director	54	122 E. 42nd St, 42nd Floor, New York, NY 10168	06451902	30/11/2016	Nil	No

07	Abhishek Agrawal	Nominee Director	42	C/o Flat No. 401, Sai Samman, Chembur East, Plot 28/29, Union Park, Near R K Studio, Mumbai, Maharastra - 400071	0676 0344	23-12-2021	• Saija Finance Private Limited • Sub-K Impact Finance Private Limited • Dvara Kshetriya Gramin Financial Services Pvt Ltd • IFMR Rural Channels and Services Private Ltd • Dvara Solutions Private Limited • Accion Technical Advisors India • Accion Impact Management India Private Ltd	No
08	RANGANATHAN VARADARAJAN DILIP KUMAR	Nominee Director	43	C-703, CTS-827, A/1C-1A, 7TH FLOOR, RAHEJA HEIGHTS, ARUN KUMAR VAIDYA RD, MALAD EAST, MUMBAI, 400097	0106 0651	25/06/2021	#As per list provided below	No
09	PRAKASH KUMAR	Nominee Director	43	4/A 004, Kalayani Apartment Building, Power House Colony, Bhubaneswar-751012		28-02-2020	Nil	No
10	SUNIT VASANT JOSHI	Nominee Director	66	B-206 YUTHIKA APARTMENTS VEERBHADRA NAGAR, NEAR GANRAJ MANGAL KARYALYA, BANER, PUNE CITY, PUNE-411045 MAHARASTRA	0296 2154	19-05-2020	Nil	No

11	Guillaume Martin Mvuyekure Accarain	Nominee Director	32	(1150) Rue Jean Wellens, 47 (Belgium)	0952 7231	18-04-2022	Nil	No
12	RADHIKA JAYANT SHROFF	Nominee Director	47	215 West 88th Street, Apt 2H, New york-10024	0921 0584	25-06-2021	Nil	No
13	VENKITESWARAN MECHERIM ADAM RAMAKRISHNAN	Nominee Director	61	Flat No. B2-703, LNT South City Apartments, Arekere Mico Layout, Bannerghata Road, Bangalore South, Bengaluru, Karnataka - 560076	0828 6433	25-09-2020	- Annapurna SME finance private limited Origo commodities india private limited Origo finance private limited	No
14	Pushkar Jauhari	Nominee Dirctor	46	Apt 404, Tower 4, Crescent Bay, Jerbai Wadia Road, Parel Bhoiwada, Mumbai, Maharastra-400012	0639 1650	27-05-2022	NA	No

#R.V Dilip Kumar Interest in Other Entities

- Natureland Organic Foods Private Limited
- INI Farms Private Limited
- RITE Water Solutions (India) Private limited
- Collateral Medical Private Limited
- E to E Transportation Infrastructure Private Limited
- ESAF Financial Holdings Private Limited
- Sonata Finance Private Limited
- RGVN (Northeast) Microfinance Limited
- Caspian Impact Investments Private limited
- Saggraha Management Services Private limited
- Online PSB Loans Limited
- Oriano Clean Energy Private Limited
- Janakalyan Financial Services Private limited

**Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any:* Nil

B. **Details of change in directors since last three years:**

Name	Designation	DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Mr. Sarath Naru	Alternate Director	00027469	-	14-Feb-17	-	Nil

Mrs. Milena LoayzaAmorin	Nominee Director	07925625	07-Sept-17	-	-	Nil
Mr. Sarath Naru	Alternate Director	00027469	07-Sept-17	-	-	Nil
Mr. Bernhard Jakob Eikenberg	Nominee Director	07933703	08-Sept-17	-	-	Nil
Mr. Bernhard Jakob Eikenberg	Nominee Director	07933703	-	01-Jun-2018	-	Nil
Mr. Satish Chavva	Nominee Director	03615175	01-Jun-2018	-	-	Nil
Mr. Satya Prakash Singh	Nominee Director	03168099	15-Jan-2019	-	-	Nil
Mr. Apurva Kumar	Nominee Director	08349501	01-Feb-2019	-	-	Nil
Mr. R. V. Dilip Kumar	Nominee Director	01060651	-	03-April-19	-	Nil
Mrs. Milena Loayza Amorin	Nominee Director	07925625	-	24-April-19	-	Nil
Mrs. Laetitia Counye	Nominee Director	06990144	-	24-April-19	-	Nil
Mr. Sarath Naru	Alternate Director	00027469	-	24-April-19	-	Nil
Mr. Sarath Naru	Alternate Director	00027469	05-Aug-2019	-	-	Nil
Mr. Satya Prakash Singh	Nominee Director	03168099	-	12 Sep-2019	-	Nil
Mr. RishiDwivedi	Nominee Director	08595325	24-Oct-2019	-	-	Nil
Mr. Rishi Dwivedi	Nominee Director	08595325	-	28-Feb-2020	-	Nil
Mr. Sarath Naru	Alternate Director	00027469	-	28-Feb-2020	-	Nil
Ms. Dhara Jitendra Mehta	Nominee Director	07410469	28-Feb-2020	-	-	Nil
Mr. Prakash Kumar	Nominee Director	06758416	28-Feb-2020	-	-	Nil
Mr. Apurva Kumar	Nominee Director	08349501	-	19-05-2020	-	Nil
Mr. Sunit Vasant Joshi	Nominee Director	02962154	19-05-2020	-	-	Nil
Mr. Florian Christoph Grohs	Nominee Director	05264322	-	25-09-2020	-	Nil
Mr. Venkiteswaran Mecherimadam Ramakrishnan	Nominee Director	08286433	25-09-2020	-	-	Nil
Ms. Dhara Jitendra Mehta	Nominee Director	07410469	-	25/06/2021	-	Nil
Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director	01060651	25/06/2021	-	-	Nil

Ms. Radhika Jayant Sharoff	Nominee Director	09210584	25/06/2021	-	-	Nil
Mr Satish Chavva	Nominee Director	03615175	-	03-03-2022	-	Nil
Mrs. Laetitia Counye	Nominee Director	06990144	-	18-04-2022	-	Nil
Mr. Guillaume Martin Mvuyekure Accarain	Nominee Director	09527231	18-04-2022	-	-	Nil
Mr Abhishek Agrawal	Nominee Director	06760344	23-12-2021	-	-	Nil
Mr. Pushkar Jauhari	Nominee Director	06391650	27-05-2022	-	-	Nil

5.14 Following details regarding the auditors of the Company:

A. **Details of the auditor of the Company:**

Name of the Auditor	Address	Auditor since	Remark
B S R & Co. LLP (KPMG)	14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063	August 31, 2021	External Auditor
B.S. Subudhi & Co	Second Floor, Plot No. 661/3404, Near New Kalika South Indian Hotel Jayadurga Nagar, Bhubaneswar – 751006	May, 2014	Internal Auditor

B. **Details of change in auditors since last three years:**

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
S. R. Batliboi & Associates LLP (Ernst & Young)	22 Camac Street, Kolkata700016	May, 2014	Aug 2021	-	As per RBI Guidelines

5.15 Details of the following liabilities of the Company, as at the latest quarter end i.e. June 30, 2022:

A. **Details of Outstanding Secured Loan Facilities**:

Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
Aditya Birla Finance TL 1	Term Loan	25.00	15.63	Monthly	5.00%
Allahabad Bank TL 1	Term Loan	25.00	7.65	Monthly	10.00%
Axis Bank TL 10.1	Term Loan	100.00	10.23	Monthly	5.00%
Axis Bank TL 10.2	Term Loan		3.41	Monthly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
Axis Bank TL 10.3	Term Loan		5.97	Monthly	5.00%
Axis Bank TL 10.4	Term Loan		1.99	Monthly	5.00%
Axis Bank TL 10.5	Term Loan		2.27	Monthly	5.00%
Axis Bank TL 10.6	Term Loan		6.82	Monthly	5.00%
Axis Bank TL 11.1	Term Loan	49.00	2.95	Monthly	5.00%
Axis Bank TL 11.2	Term Loan		8.86	Monthly	5.00%
Axis Bank TL 11.3	Term Loan		4.61	Monthly	5.00%
Axis Bank TL 11.4	Term Loan		13.84	Monthly	5.00%
Axis Bank TL 12	Term Loan	150.00	115.91	Monthly	5.00%
Bajaj Finance TL 3	Term Loan	30.00	22.50	Monthly	0.00%
Bandhan Bank TL 7.1	Term Loan	200.00	128.57	Quarterly	5.00%
Bandhan Bank TL 7.2	Term Loan		50.00	Quarterly	5.00%
Bank of Baroda TL 3.1	Term Loan	100.00	27.72	Monthly	10.00%
Bank of Baroda TL 3.2	Term Loan			Monthly	10.00%
Bank of Maharashtra TL 1.1	Term Loan	50.00	28.33	Monthly	5.00%
Bank of Maharashtra TL 1.2	Term Loan			Monthly	5.00%
Bank of Maharashtra TL 2	Term Loan	50.00	43.31	Monthly	2.50%
BNP Paribas TL 5	Term Loan	70.00	43.75	Quarterly	5.00%
Canara Bank TL-6	Term Loan	20.00	1.73	Quarterly	10.00%
Canara Bank TL-7.1 (CGSMFI)	Term Loan	50.00	37.50	Quarterly	5.00%
Canara Bank TL-7.2 (CGSMFI)	Term Loan			Quarterly	5.00%
Canara Bank TL-7.3 (CGSMFI)	Term Loan			Quarterly	5.00%
DBS TL 2	Term Loan	100.00	40.91	Monthly	5.00%
DCB TL -13	Term Loan	40.00	16.64	Monthly	2.50%
DCB TL -14.1	Term Loan	43.00	28.66	Monthly	2.50%
DCB TL -14.2	Term Loan			Monthly	2.50%
Doha Bank TL 2	Term Loan	30.00	22.50	Quarterly	5.00%
Equitas Small Finance Bank TL 2	Term Loan	37.00	9.25	Monthly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
Federal Bank TL 2	Term Loan	30.00	3.75	Quarterly	5.00%
Federal Bank TL 3	Term Loan	100.00	100.00	Monthly	5.00%
Hinduja Leyland Finance TL 2	Term Loan	35.00	9.96	Monthly	0.00%
HSBC Bank TL 3.1	Term Loan	50.00	13.54	Monthly	5.00%
HSBC Bank TL 3.2	Term Loan		14.58	Monthly	5.00%
HSBC Bank TL 4	Term Loan	50.00	31.25	Monthly	5.00%
HSBC Bank TL 5 (CGSMFI)	Term Loan	32.00	22.67	Monthly	5.00%
HSBC Bank TL 6	Term Loan	100.00	95.24	Monthly	5.00%
HSBC Bank TL 7.1	Term Loan	75.00	40.00	Monthly	5.00%
HSBC Bank TL 7.2	Term Loan		35.00	Monthly	5.00%
ICICI Bank TL 7.1	Term Loan	225.00	5.86	Monthly	5.00%
ICICI Bank TL 7.2	Term Loan		5.68	Monthly	5.00%
ICICI Bank TL 7.3	Term Loan		4.09	Monthly	5.00%
ICICI Bank TL 7.4	Term Loan		4.45	Monthly	5.00%
ICICI Bank TL 7.5	Term Loan		5.82	Monthly	5.00%
ICICI Bank TL 7.6	Term Loan		6.55	Monthly	5.00%
ICICI Bank TL 7.7	Term Loan		13.64	Monthly	5.00%
ICICI Bank TL 7.8	Term Loan		41.95	Monthly	5.00%
ICICI Bank TL 8.1	Term Loan	100.00	11.23	Monthly	5.00%
ICICI Bank TL 8.2	Term Loan		31.18	Monthly	5.00%
ICICI Bank TL 8.3	Term Loan		10.91	Monthly	5.00%
ICICI Bank TL 8.4	Term Loan		11.64	Monthly	5.00%
ICICI Bank TL 9	Term Loan	100.00	72.73	Monthly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
ICICI Bank TL 10	Term Loan	100.00	77.27	Monthly	5.00%
ICICI Bank TL 11.1	Term Loan	200.00	32.73	Monthly	5.00%
ICICI Bank TL 11.2	Term Loan		47.73	Monthly	5.00%
ICICI Bank TL 11.3	Term Loan		50.00	Monthly	5.00%
ICICI Bank TL 11.4	Term Loan		60.00	Monthly	5.00%
IDBI TL 8.1	Term Loan	75.00	5.22	Monthly	5.00%
IDBI TL 8.2	Term Loan		1.31	Monthly	5.00%
IDBI TL 9	Term Loan	100.00	95.83	Monthly	5.00%
IDFC Bank TL 2	Term Loan	110.00	26.19	Monthly	0.00%
IDFC Bank TL 3.1	Term Loan	100.00	21.43	Monthly	0.00%
IDFC Bank TL 3.2	Term Loan		75.00	Monthly	0.00%
Indian Bank TL 5	Term Loan	50.00	10.42	Monthly	10.00%
Indian Bank TL 6	Term Loan	75.00	72.73	Monthly	5.00%
Jana Small Finance Bank TL 1	Term Loan	25.00	5.71	Monthly	0.00%
Karnataka Bank TL 1.1	Term Loan	50.00	24.99	Quarterly	5.00%
Karnataka Bank TL 1.2	Term Loan			Quarterly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
Kookmin Bank TL 1.1	Term Loan	40.00	20.00	Quarterly	5.00%
Kookmin Bank TL 1.2	Term Loan		20.00	Quarterly	5.00%
Kotak Mahindra Bank TL 4.1	Term Loan	75.00	0.00	Monthly	5.00%
Kotak Mahindra Bank TL 4.2	Term Loan		2.08	Monthly	5.00%
Kotak Mahindra Bank TL 4.3	Term Loan		1.77	Monthly	5.00%
Kotak Mahindra Bank TL 5.1	Term Loan	75.00	5.62	Monthly	5.00%
Kotak Mahindra Bank TL 5.2	Term Loan		21.61	Monthly	5.00%
Kotak Mahindra Bank TL 5.3	Term Loan		11.54	Monthly	5.00%
Kotak Mahindra Bank TL 6.1	Term Loan	250.00	59.37	Monthly	5.00%
Kotak Mahindra Bank TL 6.2	Term Loan		41.62	Monthly	5.00%
Kotak Mahindra Bank TL 6.3	Term Loan		41.67	Monthly	5.00%
Kotak Mahindra Bank TL 6.4	Term Loan		21.75	Monthly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
Kotak Mahindra Bank TL 6.5	Term Loan		49.18	Monthly	5.00%
Mahindra & Mahindra TL 3.1	Term Loan	100.00	50.00	Monthly	0.00%
MAS TL- 18A	Term Loan	10.00	0.44	Monthly	0.00%
MAS TL- 18B	Term Loan		0.44	Monthly	0.00%
MAS TL- 18C	Term Loan		0.38	Monthly	0.00%
MAS TL- 19A	Term Loan	10.00	0.44	Monthly	0.00%
MAS TL- 19B	Term Loan		0.44	Monthly	0.00%
MAS TL- 19C	Term Loan		0.38	Monthly	0.00%
MAS TL- 20A	Term Loan	10.00	0.44	Monthly	0.00%
MAS TL- 20B	Term Loan		0.44	Monthly	0.00%
MAS TL- 20C	Term Loan		0.38	Monthly	0.00%
MAS TL- 21A	Term Loan	10.00	0.44	Monthly	0.00%
MAS TL- 21B	Term Loan		0.44	Monthly	0.00%
MAS TL- 21C	Term Loan		0.38	Monthly	0.00%
MAS TL- 22A	Term Loan	10.00	0.44	Monthly	0.00%
MAS TL- 22B	Term Loan		0.44	Monthly	0.00%
MAS TL- 22C	Term Loan		0.38	Monthly	0.00%
MAS TL- 23A	Term Loan	7.00	2.19	Monthly	0.00%
MAS TL- 23B	Term Loan		2.19	Monthly	0.00%
MAS TL- 24A	Term Loan	7.00	2.19	Monthly	0.00%
MAS TL- 24B	Term Loan		2.19	Monthly	0.00%
MAS TL- 25A	Term Loan	7.00	2.19	Monthly	0.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
MAS TL- 25B	Term Loan		2.19	Monthly	0.00%
MAS TL- 26A	Term Loan	7.00	2.19	Monthly	0.00%
MAS TL- 26B	Term Loan		2.19	Monthly	0.00%
MAS TL- 27A	Term Loan	7.00	2.19	Monthly	0.00%
MAS TL- 27B	Term Loan		2.19	Monthly	0.00%
MUDRA TL 6.1	Term Loan	200.00	100.00	Monthly	10.00%
NABARD TL 3	Term Loan	50.00	2.50	Half yearly	0.00%
NABARD TL 4	Term Loan	80.00	8.00	Half yearly	0.00%
NABARD TL 5	Term Loan	100.00	40.00	Half yearly	0.00%
NABARD TL 7.1	Term Loan	10.00	0.63	Quarterly	0.00%
NABARD TL 7.2	Term Loan		6.43	Quarterly	0.00%
NABARD TL 8	Term Loan	200.00	181.82	Quarterly	0.00%
Nabkisan TL 1	Term Loan	25.00	8.29	Quarterly	5.00%
Nabkisan TL 2.1	Term Loan	35.00	32.08	Quarterly	
Nabkisan TL 2.2	Term Loan		-	Quarterly	
OBC TL 6	Term Loan	30.00	2.24	Monthly	10.00%
Piramal TL 1.1	Term Loan	50.00	20.00	Monthly	
Piramal TL 1.2	Term Loan		30.00	Monthly	
Punjab and Sind Bank TL 2.1	Term Loan	30.00	20.73	Quarterly	10.00%
Punjab and Sind Bank TL 2.2	Term Loan			Quarterly	10.00%
Punjab and Sind Bank TL 2.3	Term Loan			Quarterly	10.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
RBL Bank (TL- 12.1)	Term Loan	160.00	75.00	Quarterly	5.00%
RBL Bank (TL- 12.2)	Term Loan		52.50	Quarterly	5.00%
SBI TL- 3.1	Term Loan	80.00	37.73	Quarterly	10.00%
SBI TL- 3.2	Term Loan			Quarterly	10.00%
SBI TL- 4	Term Loan	100.00	87.34	Quarterly	10.00%
SBM TL 2 (State Bank of Mauritius)	Term Loan	25.00	3.57	Monthly	5.00%
SBM TL 3.1 (State Bank of Mauritius)	Term Loan	25.00	6.25	Monthly	5.00%
SBM TL 3.2 (State Bank of Mauritius)	Term Loan		10.62	Monthly	5.00%
SBM TL 4.1 (State Bank of Mauritius)	Term Loan	35.00	13.75	Monthly	5.00%
SBM TL 4.2 (State Bank of Mauritius)	Term Loan		19.17	Monthly	5.00%
SBM TL 5.1 (State Bank of Mauritius)	Term Loan	15.00	5.00	Monthly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
SBM TL 5.2 (State Bank of Mauritius)	Term Loan		9.97	Monthly	5.00%
SIDBI TL 9.1	Term Loan	125.00	29.09	Monthly	5.00%
SIDBI TL 9.2	Term Loan			Monthly	5.00%
Standard Chartered TL 1.1	Term Loan	201.00	-	Quarterly	5.00%
UCO Bank - 7	Term Loan	25.00	5.77	Monthly	10.00%
UCO Bank - 8	Term Loan	25.00	9.01	Monthly	10.00%
UCO Bank - 9 (CGSMFI)	Term Loan	50.00	40.43	Monthly	0.00%
UCO Bank - 10	Term Loan	50.00	48.67	Monthly	10.00%
Union Bank TL 1	Term Loan	20.00	5.46	Quarterly	10.00%
Union Bank TL 2 (CGSMFI)	Term Loan	40.00	36.36	Quarterly	0.00%
United Bank of India TL 1.1	Term Loan	25.00	4.32	Monthly	10.00%
Utkarsh Small Finance Bank TL 1.1	Term Loan	25.00	2.50	Monthly	5.00%
Utkarsh Small Finance Bank TL 1.2	Term Loan		4.38	Monthly	5.00%
Woori Bank TL 2	Term Loan	40.00	7.27	Monthly	5.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
Woori Bank TL 3	Term Loan	36.00	17.14	Monthly	5.00%
Woori Bank TL 4	Term Loan	30.00	25.00	Monthly	5.00%
Yes Bank TL 5.1	Term Loan	65.00	9.38	Monthly	5.00%
Yes Bank TL 5.2	Term Loan		21.67	Monthly	5.00%
Water.Org_Water Credit Inv. Fund TL 1 (ECB)	ECB	17.00	17.00	Bullet Repayment	0.00%
Microvest 1.1 (ECB)	ECB	56.98	35.58	Bullet Repayment	0.00%
Microvest 1.2 (ECB)	ECB		21.39	Bullet Repayment	0.00%
OeEB (ECB) (Senior Secured)	ECB	126.90	126.90	Semi Annually	0.00%
Proparco (ECB)	ECB	113.37	97.17	Semi Annually	0.00%
ResponsAbility (ECB)	ECB	64.86	64.86	Bullet Repayment	0.00%
ResponsAbility 2 (ECB)	ECB	44.19	44.19	Bullet Repayment	0.00%
NCD-Asian Development Bank	NCD	69.50	34.75	Semi Annually	0.00%
NCD-Bandhan Bank 1 (TLTRO Scheme)	NCD	100.00	33.33	Semi Annually	0.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
NCD-Bank of Baroda 1 (TLTRO Scheme)	NCD	25.00	16.67	Annually	0.00%
NCD-Blue Orchard-4 (BOMF)	NCD	46.00	23.00	Bullet Repayment	0.00%
NCD-Blue Orchard-5 (BOMF)	NCD	100.00	50.00	Bullet Repayment	0.00%
NCD-Blue Orchard-6	NCD	100.00	100.00	Bullet Repayment	0.00%
NCD-Blue Orchard-7 (COVID-19 EFM MSME)	NCD	40.00	40.00	Bullet Repayment	0.00%
NCD-Blue Orchard-8 (MEF)	NCD	37.00	37.00	Bullet Repayment	0.00%
NCD-CDC 1	NCD	60.00	56.40	Part Redemption	0.00%
NCD-Global Access Fund LP 1 (Senior Debt)	NCD	7.50	7.50	Bullet Repayment	0.00%
NCD-Indian Bank 1 (TLTRO Scheme)	NCD	25.00	25.00	Bullet Repayment	0.00%
NCD-State Bank of India 1 (TLTRO Scheme)	NCD	100.00	100.00	Bullet Repayment	0.00%
NCD-Symboitics 4 (AAV SRL and Masala Investments 4)	NCD	73.00	73.00	Bullet Repayment	0.00%
NCD-Symboitics 6 (AAV SRL and Masala Investments 6)	NCD	46.88	46.88	Bullet Repayment	0.00%
NCD-Symboitics 8 (AAV SRL and Masala Investments 8)	NCD	49.99	49.99	Bullet Repayment	0.00%

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Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	Security
NCD-Symboitics 9 (AAV SRL and Masala Investments 9)	NCD	63.30	63.30	Bullet Repayment	0.00%
NCD-ResponsAbility 1	NCD	32.50	16.25	Part Redemption	0.00%
NCD-ResponsAbility 2 (Karvy)	NCD	30.00	15.00	Bullet Repayment	0.00%
NCD-ResponsAbility 4	NCD	70.00	70.00	Bullet Repayment	0.00%
NCD-Union Bank 1 (TLTRO Scheme)	NCD	15.00	15.00	Bullet Repayment	0.00%
NCD-Vivriti Capital 2	NCD	27.50	18.33	Annually	0.00%

B. **Details of Outstanding Unsecured Loan Facilities**:

Name of Lender	Type of Facility	Amount Sanctioned (in Rs Cr)	Principal Amount Outstanding (in Rs Cr)	Repayment Date / Schedule	
				Tenure (months)	Frequency
IDFC Bank (Capital First) Sub-Debt	Sub-Debt	25.00	25.00	66	Bullet Repayment
Finnfund (ECB)	ECB	117.30	73.31	60	Semi Annually
NCD-Global Access Fund LP 1 (Sub Debt)	Sub-Debt	44.90	44.90	72	Bullet Repayment
NCD-IFMR Capital (Sub Debt) 3	Sub-Debt	34.00	34.00	74	Bullet Repayment
NCD-IFMR Fimpact Investment Tier 2 Capital (Sub Debt) 2	Sub-Debt	25.00	25.00	72	Bullet Repayment
NCD-Karvy (Sub Debt)	Sub-Debt	30.00	30.00	84	Bullet Repayment
NCD-Symboitics 5 (AAV SRL and Masala Investments 5) (Sub Debt)	Sub-Debt	39.60	39.60	61	Bullet Repayment
NCD-Symboitics 7 (AAV SRL and Masala Investments 7) (Sub Debt)	Sub-Debt	71.25	71.25	85	Bullet Repayment
NCD-Triodos Investment Mgmt. 3 (Sub Debt)	Sub-Debt	34.00	34.00	61	Bullet Repayment
NCD-ResponsAbility 5(Unsecured)	Sub-Debt	30.00	30.00	72	Bullet Repayment
NCD-Northern Arc (Sub Debt)	Sub-Debt	15.00	15.00	66	Bullet Repayment
NCD-Vivriti Capital 1 (Sub Debt)	Sub-Debt	15.00	15.00	74	Bullet Repayment
Total		**481.05**	**437.06**		

C. **Details of Outstanding Non-Convertible Securities**:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Series of Non-Convertible Securities	Tenor / Period of Maturity (in months)	Coupon	Sanction Amount (in Rs Cr)	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
NCD-Asian Development Bank	60	9.68%	69.50	12-07-2019	12-07-2024	Unrated	Secured	110%
NCD-Bandhan Bank 1 (TLTRO Scheme)	34	12.75%	100.00	16-06-2020	16-04-2023	CRISIL (A-Stable)	Secured	100%
NCD-Bank of Baroda 1 (TLTRO Scheme)	36	11.50%	25.00	30-07-2020	30-07-2023	ICRA A-Stable & CARE A - Stable	Secured	110%
NCD-Blue Orchard-4 (BOMF)	72	12.11%	46.00	15-11-2018	15-11-2024	CRISIL (A-Stable)	Secured	105%
NCD-Blue Orchard-4 (MIFA)							Secured	
NCD-Blue Orchard-5 (BOMF)	48	11.85%	100.00	01-03-2019	01-03-2023	CRISIL (A-Stable)	Secured	105%
NCD-Blue Orchard-5 (MEF)				01-03-2019	01-03-2019		Secured	
NCD-Blue Orchard-6	60	11.95%	100.00	31-08-2020	31-08-2025	ICRA (A-Stable)	Secured	100%
NCD-Blue Orchard-7 (COVID-19 EFM MSME)	60	11.89%	40.00	09-07-2021	09-07-2026	CARE (A-Stable)	Secured	105%
NCD-Blue Orchard-8 (MEF)	60	11.85%	37.00	13-07-2021	13-07-2026	CARE (A-Stable)	Secured	105%
NCD-CDC 1	48	10.39%	60.00	30-03-2021	30-03-2025	CARE (A (CE))	Secured	110%
NCD-Global Access Fund LP 1 (Senior Debt)	72	11.50%	7.50	23-04-2021	23-04-2027	Unrated	Secured	100%
NCD-Global Access Fund LP 1 (Sub Debt)	72	12.30%	44.90	23-04-2021	23-04-2027	Unrated	Unsecured	0%
NCD-IFMR Capital (Sub Debt) 3	74	13.99%	34.00	24-03-2017	24-05-2023	ICRA (A-Stable)	Unsecured	0%
NCD-IFMR Fimpact Investment Tier 2 Capital (Sub Debt) 2	72	14.25%	25.00	29-09-2016	29-09-2022	ICRA (A-Stable)	Unsecured	0%
NCD-Indian Bank 1 (TLTRO Scheme)	36	11.75%	25.00	24-07-2020	24-07-2023	CARE (A-Stable)	Secured	115%
NCD-Karvy (Sub Debt)	84	12.87%	30.00	02-05-2019	02-05-2026	CRISIL (A-Stable)	Unsecured	0%
NCD-State Bank of India 1 (TLTRO Scheme)	33	11.60%	100.00	15-07-2020	15-04-2023	CRISIL (A-)	Secured	125%
NCD-Symboitics 4 (AAV SRL and Masala Investments 4)	60	12.20%	73.00	16-10-2019	16-10-2024	CRISIL (A-Stable)	Secured	100%
NCD-Symboitics 5 (AAV SRL and Masala Investments 5) (Sub Debt)	61	13.00%	39.60	24-03-2020	24-04-2025	CARE (A-Stable)	Unsecured	0%

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Series of Non-Convertible Securities	Tenor / Period of Maturity (in months)	Coupon	Sanction Amount (in Rs Cr)	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
NCD-Symboitics 6 (AAV SRL and Masala Investments 6)	60	12.25%	46.88	07-07-2020	07-07-2025	ICRA (A-Stable)	Secured	100%
NCD-Symboitics 7 (AAV SRL and Masala Investments 7) (Sub Debt)	85	12.29%	71.25	18-01-2021	18-02-2028	CARE (A-Stable)	Unsecured	0%
NCD-Symboitics 8 (AAV SRL and Masala Investments 8)	42	11.00%	49.99	24-09-2021	24-03-2025	CRISIL (A-Stable)	Secured	100%
NCD-Symboitics 9 (AAV SRL and Masala Investments 9)	60	11.30%	63.30	20-12-2021	20-12-2026	ICRA (A-Stable)	Secured	100%
NCD-Triodos Investment Mgmt. 3 (Sub Debt)	61	13.03%	34.00	31-03-2020	30-04-2025	CARE (A-Stable)	Unsecured	0%
NCD-Triple Jump 3 (TJ & RespA)(Unsecured)	72	12.11%	35.00	20-03-2019	20-03-2025	CRISIL (A-Stable)	Secured	110%
NCD-ResponsAbility 3 (TJ & RespA)(Unsecured)			35.00					
NCD-ResponsAbility 1	72	12.49%	32.50	30-08-2017	30-08-2023	ICRA (A-Stable)	Secured	110%
NCD-ResponsAbility 2 (Karvy)	84	12.50%	30.00	19-12-2018	19-12-2025	CRISIL (A-Stable)	Secured	110%
NCD-ResponsAbility 4	72	12.38%	70.00	22-09-2020	22-09-2026	CRISIL (A-Stable)	Secured	110%
NCD-ResponsAbility 5(Unsecured)	72	12.16%	30.00	24-12-2021	24-12-2027	CARE (A-Stable)	Unsecured	0%
NCD-Northern Arc (Sub Debt)	66	13.50%	15.00	27-03-2018	27-09-2023	ICRA (A-Stable)	Unsecured	0%
NCD-Union Bank 1 (TLTRO Scheme)	36	11.50%	15.00	26-06-2020	26-06-2023	CARE (A-Stable)	Secured	100%
NCD-Vivriti Capital 1 (Sub Debt)	74	14.50%	15.00	27-03-2020	27-05-2026	CARE (A-Stable)	Unsecured	0%
NCD-Vivriti Capital 2	36	12.00%	27.50	22-12-2020	22-12-2023	ICRA (A-Stable)	Secured	110%
Total			**1,526.92**					

5.16 List of top 10 holders of non-convertible securities in terms of value (in cumulative basis)

Sr. No.	Name of holders of non-convertible securities	Amount (in Rs Cr)	Percentage (%) of total non-convertible securities outstanding
1	NCD-Symboitics	344.02	25.05%
2	NCD-Blue Orchard	323.00	23.52%
3	NCD- ResponsAbility	151.25	11.01%
4	NCD-State Bank of India	100.00	7.28%

5	NCD-CDC	56.40	4.11%
6	NCD-Global Access Fund LP	52.40	3.82%
7	NCD- IFMR Capital/ Northern Arc	49.00	3.57%
8	NCD- KARVY (Sub-Debt)	45.00	3.28%
9	NCD Triple Jump	35.00	2.55%
10	NCD-Asian Development Bank	34.75	2.53%
	Total	**1190.82**	

5.17 Details of outstanding Commercial Paper as at the end of the last quarter in the following format:

Sr. No.	ISIN of Commercial Paper	Maturity Date	Amount outstanding
NIL	NIL.	NIL	NIL

5.18 Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

5.19 Details of any outstanding borrowing taken / debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not

NIL

5.20 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:

A. Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC

A. **Lending Policy: Should contain overview of origination, risk management, monitoring and collections:**

Origination :

The Company has proper system and mechanism in place to monitor and control evident risk prone events in the portfolio of the company. Credit/loan sanction process includes Branch Credit Committee verification, Annexure List preparation by Apprisal offices, approval of Credit having Nil Deviation , Proposal Escalation to HCC(HO Credit Committee), Finalization of Credit with final sanction notes to respective branches for loan disbursement.

Risk Management:

Company has a full fledged system of risk management involving Risk Identification, Risk Assessment and measurement, Risk Treatment and Monitoring and Risk reporting. Major risk includes Credit Risk, Liquidity, Market and Interest Rate Risk and Operational Risk. Mechanisms for identification and measurement of risk was done by way of opting various methods such as credit bureau checks, appraisal, sample audits and post approval checks like loan utilization checks, Portfolio concentration analysis tool, liquidity gaps measurement, risk control self-assessment, etc.

Company regularly monitors, review and report risk to the Board Risk Committees and providing risk exposure. Various tools are utilized towards identification of risk such as Stress testing, Risk control self-assessment(RCSA),etc.

Monitoring & Collection:

Company has proper system in place to ensure proper implementation of credit policy. Credit head is held responsible to monitor and report to senior management in context with the implementation of policy on field. Credit team consists of appraisal officers, managers, management associates and supporting credit analyst who are regularly involved in monitoring, supervision and implementation of credit policy in branches. Credit department strives for post credit supervision in line with the company policies. Also, in every state level Audit committee, credit representatives sit with respective states zonal managers & risk team to discuss each & every issues of their respective zones. Also, at field level, appraisal officers are instructed to make visits in the collection centres as per their schedule. Risk department too regularly engage in Portfolio review, inputs of the same discussed with Credit team to strategize credit calls in every states/zone.

B. **Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc.:**

Nil

C. **Classification of loans according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:**

Please refer to paragraph (J) below of this table below.

D. **Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time;**

Top 20 Borrowers	Outstanding as on Jun-22 (in Rs Cr)
Adhikar Micro Finance Pvt Ltd TL-1	2.07
Sai Sparsh Travels	0.25
K Velu	0.18
K Venkatesan	0.18
Shariful Ahmed	0.15
P Vairavel	0.15
Jalandhar Sao	0.15
V Manikandan	0.15
SUSHANTA KUMAR MAHAKUD	0.15
GOTHANDAM R	0.15
Avijit Kumar Sahu	0.15
SHIVA BAI	0.15
Periyannan Chinnamuthu	0.15
Mannu N	0.15
Kumar Birendra Mohanty	0.15
Ismail Gazi	0.15
Ajay Prasad	0.15
T Sengodan	0.15
Karan Singh	0.15
Badri Lal Jat	0.15
Total	**5.07**

E. **Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations:**

Please refer to paragraph (K) of this table below

B. Details of borrowings made by NBFC

(a) **A portfolio summary with regard to industries/ sectors to which borrowings have been made:**

Please refer to paragraph (J) in this table below including sub-paragraph (c) therein.

(b) **NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:**

Please refer to paragraph (K) of this table below.

(c) **Quantum and percentage of secured vis-à-vis unsecured borrowings made; and**

Particulars	Percentage (%)
Secured	91.71%
Unsecured	8.29%

Note- % of borrowings outstanding as on June 30, 2022

C. **Details of change in shareholding**

(a) Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:

Nil

D. Disclosure of Assets Under Management

(a) Segment wise breakup:

Please refer to sub-paragraph (c) of paragraph (J) in this table below.

(b) Type of Loans

Please refer to sub-paragraph (a) of paragraph (J) in this table below.

E. Details of borrowers

(a) Geographical location wise

Please refer to sub-paragraph (e) of paragraph (J) in this table below.

F. Details of Gross NPA

(a) Segment wise:

Please refer to sub-paragraph (c) of paragraph (K) in this table below.

G. Details of Assets and Liabilities

(a) Residual maturity profile wise into several bucket:

Please refer to paragraph (L) in this table below.

H. Additional details of loans made by housing finance company

Given that the Issuer is not a housing finance company, this is not applicable.

I. Disclosure of latest ALM statements to stock exchange

Given that the Issuer has not disclosed any ALM statements to the stock exchange, this will not be applicable.

J. Classification of loans according to

(a) Type of Loans:

Details of types of loans

Sl. No.	Types of loans	Mar 22	Jun 22
1	Secured	576.75	683.34
2	Unsecured	5,977.37	6,022.58
	Total assets under management (AUM)^^	6,553.42	6,705.92

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^^Issuer is also required to disclose off balance sheet items;*

(b) Denomination of loans outstanding by loan-to-value:

Details of LTV

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	51.79%
2	41-60%	34.36%
3	61-80%	12.01%
4	81-90%	1.15%
5	>90%	0.69%
	Total	100%

(c) Sector Exposure

Details of sectoral exposure

Sl. No.	Segment-wise break-up of AUM	Mar 22	Jun 22
1	**Retail**		
A	Mortgages (home loans and loans against property)	0.19%	0.09%
B	Gold loans	N.A.	N.A.
C	Vehicle finance	N.A.	N.A.
D	MFI	83.89%	82.95%
E	MSME	11.61%	13.39%
F	Capital market funding (loans against shares, margin funding)	N.A.	N.A.
G	Others	0.01%	0.01%
2	**Wholesale**		
A	Infrastructure	N.A.	N.A.
B	Real estate (including builder loans)	N.A.	N.A.
C	Promoter funding	N.A.	N.A.
D	Any other sector (as applicable)	N.A.	N.A.
E	Others	4.31%	3.55%

		Total	100.00%	100%

(d) Denomination of loans outstanding by ticket size*:

Details of outstanding loans category wise

Sl. No.	Ticket size (at the time of origination)	Mar 22	Jun 22
1	Upto Rs. 2 lakh	87.70%	86.93%
2	Rs. 2-5 lakh	5.37%	6.18%
3	Rs. 5 - 10 lakh	2.33%	2.89%
4	Rs. 10 - 25 lakh	0.30%	0.44%
5	Rs. 25 - 50 lakh	0.00%	0.00%
6	Rs. 50 lakh - 1 crore	0.00%	0.00%
7	Rs. 1 - 5 crore	0.00%	0.00%
8	Rs. 5 - 25 crore	0.00%	0.00%
9	Rs. 25 - 100 crore	0.00%	0.00%
10	>Rs. 100 crore	0.00%	0.00%
11	Inorganic	4.31%	3.55%
	Total	100.00%	100.00%

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

(e) Geographical classification of borrowers:

Top 5 states borrower wise

Sl. No.	Top 5 states	Percentage of AUM Mar-22	Percentage of AUM Jun-22
1	**Odisha**	26.28%	25.18%
2	**Madhya pradesh**	15.74%	16.01%
3	**Bihar**	11.98%	12.12%
4	**Maharashtra**	8.04%	8.07%
5	**Rajasthan**	5.90%	6.63%
	Total	**67.93%**	**68.00%**

K. Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations

(a) Movement of Gross NPA

Rs. crore

Movement of gross NPA*	Mar-22	Jun-22
Opening gross NPA	315.67	525.14
- Additions during the year	209.47	107.04
- Reductions during the year	-	75.61
Closing balance of gross NPA	525.14	556.68

**Please indicate the gross NPA recognition policy (Day's Past Due)*

GNPA reflects Portfolio at risk>90 days

(b) Movement of provisions for NPA

Rs. crore

Movement of provisions for NPA	Mar-22	Jun-22
Opening balance	183.04	372.38
- Provisions made during the year	189.34	44.66
- Write-off/ write-back of excess provisions	-	65.20
Closing balance	372.38	351.84

(c) Segment wise gross NPA

Sl. No.	Segment-wise gross NPA	Gross NPA (%)- Mar 22	Gross NPA (%)- Jun 22
1	**Retail**		
A	Mortgages (home loans and loans against property)	0.12%	0.04%
B	Gold loans	N.A.	N.A.
C	Vehicle finance	N.A.	N.A.
D	MFI	7.53%	7.71%
E	MSME	0.34%	0.44%
F	Capital market funding (loans against shares, margin funding)	N.A.	N.A.
G	Others	0.03%	0.08%
2	**Wholesale**		
A	Infrastructure	N.A.	N.A.
B	Real estate (including builder loans)	N.A.	N.A.
C	Promoter funding	N.A.	N.A.
D	Any other sector (as applicable)	N.A.	N.A.
E	Others	N.A.	0.03%
	Total	**8.01%**	**8.30%**
#Note- % of total portfolio			

L. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities

Category	Up to 30 / 31 days	>1 months – 2 months	>2 months – 3 months	>3 months – 6 months	>6 months – 1 year	>1 years – 3 years	>3 years – 5 years	> 5 years
Deposit	-	-	-	-	-	-	-	-
Deposit	-	-	-	-	-	-	-	117.56
Advances	302.05	304.55	313.06	836.26	1,826.48	1,666.79	129.18	-
Investments	250.40	50.36	54.30	160.71	232.38	24.27		52.15
Borrowings	240.03	272.06	300.71	701.20	1,366.94	1,943.30	474.85	-
FCA*	-	-	-	-	-	-	-	-

	**FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities;* #Investment reflects the amount of unpledged FD.

5.21 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 3 years including the current financial year:

Nil

5.22 Details of Promoters of the Company:

A. **Details of Promoter Holding in Company as on latest quarter end, i.e. March 31 2022:**

S. No	Name of Shareholders	Total No. of Equity shares	No. of shares held in Demat form	Total Shareholding as % of total no. of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	Mr. Gobinda Chandra Pattanaik	80,00,546	NIL	10.98	NIL	NIL
2	Mr. Dibyajyoti Pattanaik	17,19,805	NIL	2.36	NIL	NIL

5.23 A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft offer document or offer document or issue opening date, as applicable

The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.

Please refer to **Annexure V** of this Placement Memorandum wherein we have set out a columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years as on March 31, 2022 , March 31, 2021 and March 31, 2020 and unaudited limited review financial statements for the Quarter ended June 30, 2022 along with the Auditors report and the requisite schedules, footnotes, summary etc**.**

5.24 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

5.25 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company;

Nil

5.26 Details of default and non-payment of statutory dues

Nil

5.27 The name(s) of the debentures trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with copy of the consent letter from the debenture trustee.

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

5.28 The detailed press release of the Credit Rating Agencies along with rating rationale(s) adopted (not older than one year on the date of opening of the issue)

The Rating Agency has assigned a rating of "A-" (pronounced as "A Minus") with 'stable' outlook to the Debentures. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating letter from the Rating Agency, the rating rationale from the Rating Agency and the detailed press release is provided in **Annexure II** of this Placement Memorandum.

5.29 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not applicable.

5.30 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

A. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: Actual / Actual. Please also refer to the column on "*Business Day Convention*" under Section 5.37 (*Issue Details*) of this Placement Memorandum;

B. Procedure and time schedule for allotment and issue of securities: Please refer to the column on "*Issue Timing*" under Section 5.37 (*Issue Details*) of this Placement Memorandum; and

C. Cash flows emanating from the non-convertible securities shall be mentioned in the Placement Memorandum, by way of an illustration: The cashflows emanating from the Debentures, by way of an illustration, are set out under **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

5.31 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s):

The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has obtained the in-principle approval for the listing of the Debentures from BSE and the same is annexed in **Annexure VIII** of this Placement Memorandum. The Issuer shall also be creating the recovery expense fund as per the applicable SEBI regulations with BSE.

5.32 Other details:

A. **Creation of Debenture Redemption Reserve** ("**DRR**") – **relevant legislations and applicability:**

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

B. **Issue / instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines etc.):**

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the applicable RBI guidelines.

C. **Default in payment**: Please refer to the column on "*Default Interest Rate*" under Clause 5.37 (*Issue Details*) of this Placement Memorandum and Clause **Error! Reference source not found.** (*Consequences of Event of Default*) of SECTION 7: of the Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures

D. **Delay in listing**: Please refer to the column on "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" under Clause 5.37 (*Issue Details*) of this Placement Memorandum, setting out the consequences pursuant to any delay in listing of Debentures

E. **Delay in allotment of securities**: Any delay in allotment of securities from 2 (Two) Business Days from the Deemed Date of Allotment shall be an "*Event of Default*" under the terms of the Transaction Documents and the consequences set out under Clause **Error! Reference source not found.** (*Consequences of Event of Default*) of SECTION 7: of the Placement Memorandum shall trigger.

F. **Issue details**: Please refer to Clause 5.37 (*Issue Details*) of this Placement Memorandum

G. **Application process:**

The application process for the Issue is as provided in SECTION 8: of this Placement Memorandum.

H. **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any**:

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in SECTION 10: of this Placement Memorandum

I. **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project**:

Not applicable

5.33 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated December 23, 2021, read with the resolution of the Executive Committee of the Board of Directors of the Company dated September 13, 2022 authorizing the issue of Debentures offered under terms of this Placement Memorandum.
3	Shareholder Resolution dated November 23, 2021 authorizing the issue of non-convertible debentures by the Company.
4	Shareholder Resolution dated November 02, 2020 authorizing the borrowing limits of the Company.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated September 20, 2022, rating rationale from the rating agency dated September 20, 2022 along with the detailed press release.
7	Letter from Catalyst Trusteeship Limited dated September 17, 2022 giving its consent to act as Debenture Trustee.
8	Letter for Register and Transfer Agent.
9	Certified true copy of the certificate of incorporation of the Company.
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL and CDSL.
11	Copy of application made to BSE for grant of in-principle approval for listing of Debentures

5.34 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of up to Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores Only) by issue of Senior Unsecured Rated Listed Redeemable Transferable taxable Non-Convertible Debentures, on a private placement basis in one or more series/tranches at par comprising of:

a. 350 (Three Hundred and Fifty) senior, unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty Five Crores Only) (Series I Debentures")
b. 600 (Six Hundred) senior, unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) (Series II Debentures").

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.37 (*Issue Details*) of this Placement Memorandum.

5.35 Issue Size

The aggregate issue size for the Debentures is upto Rs. 95,00,00,000/- (Indian Rupees Ninety-Five Crores Only).

5.36 Utilization of the Issue Proceeds

The proceeds shall be used for the purpose as set out in the column of "*Details of the utilization of the Proceeds*" under Clause 5.37 (*Issue Details*) of this Placement Memorandum.

The Issuer undertakes that the proceeds of this Issue shall be used for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company/associates.

The Issue shall not be utilised towards acquisition financing: viz buyback of shares/securities, purchase of shares of other companies and/or promoter contribution towards the equity capital of a company or as a bridge loan

The Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 including *inter alia*:

1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: Commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles,

subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.

2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market.

5.37 Issue Details

Security Name (*Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year*)	Series I - 11.25% AFPL - 2023 Series II- 12.20% AFPL - 2024
Issuer	Annapurna Finance Private Limited
Type of Instrument	Non-Convertible Debentures A. 350 (Three Hundred and Fifty) senior, unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty Five Crores Only) ("**Series I Debentures**") B. 600 (Six Hundred) senior, unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) ("**Series II Debentures**")
Nature of Instrument (Secured or Unsecured)	Senior Unsecured Rated Listed Redeemable Transferable Non-Convertible Debentures
Seniority (Senior or subordinated)	Senior Unsecured.
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in S.no 25 of Part A (*Disclosures*) of this Placement Memorandum.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are to be listed on the WDM segment of the BSE within a maximum period of 4 (Four) working days from the date of closing of the Issue. In accordance with the SEBI Debt Listing Regulations, in case of delay by the Company in listing of the Debentures beyond 4 (Four) working days from the date of closing of the Issue, the Company shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 4 (Four) working days from the date of closing of the Issue till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

<table>
<tr><td>Rating of the Instrument</td><td>“ICRA A-” (pronounced as “ICRA A Minus”) with ‘stable’ outlook.</td></tr>
<tr><td>Issue Size</td><td>Rs. 95,00,00,000/- (Rupees Ninety Five Crores only) comprising of :
a. Rs. 35,00,00,000 (Indian Rupees Thirty-Five Crores Only) (Series I Debentures”)
b. Rs. 60,00,00,000 (Indian Rupees Sixty Crores Only) (Series II Debentures”)</td></tr>
<tr><td>Minimum subscription</td><td>10 (Ten) Debentures or INR. 1,00,00,000/- (Indian Rupees One Crore only) and in multiples of 1 (One)_ Debenture or INR 10,00,000 (Indian Rupees Ten Lakh only) thereafter</td></tr>
<tr><td>Option to retain oversubscription (Amount)</td><td>N.A.</td></tr>
<tr><td>Objects of the Issue/ Purpose for which there is requirement of funds</td><td>To augment the long-term resources of the company, & to meet working capital requirement</td></tr>
<tr><td>Details of the utilization of the Proceeds</td><td>100% (One Hundred Percent) of the issue proceeds will be to meet funding requirements of the Issuer for growing its microfinance portfolio.</td></tr>
<tr><td>Coupon Rate</td><td>a. Series I: 11.25% (Eleven Decimal Two Five per cent) per annum,
b. Series II: 12.20% (Twelve Decimal Two Zero per cent) per annum,</td></tr>
<tr><td>Step Down Coupon Rate</td><td>Not Applicable</td></tr>
<tr><td>Step Up</td><td>In the event the Credit Rating is downgraded from the rating of ICRA A-, the Coupon Rate or Effective Annualised Coupon Rate, as applicable shall be increased by 0.5% for every notch of rating downgrade, applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued interest, if any, of the Debentures. If the Issuer is rated by more than one rating agency, then the lowest of the ratings for term loans or senior debentures rating shall be considered.</td></tr>
<tr><td>Coupon Payment Frequency</td><td>Monthly</td></tr>
<tr><td>Coupon Payment Dates

(cumulative / non-cumulative, in case of dividend)</td><td>SERIES I

<table>
<tr><th>Interest Payment Date</th><th>Interest per Debenture (in INR)</th><th>Total Interest</th></tr>
<tr><td>31 October 2022</td><td>10,788</td><td>37,75,685</td></tr>
<tr><td>30 November 2022</td><td>8,476</td><td>29,66,610</td></tr>
<tr><td>02 January 2023</td><td>7,962</td><td>27,86,815</td></tr>
<tr><td>31 January 2023</td><td>7,166</td><td>25,08,134</td></tr>
<tr><td>28 February 2023</td><td>5,753</td><td>20,13,699</td></tr>
<tr><td>31 March 2023</td><td>5,574</td><td>19,50,771</td></tr>
<tr><td>01 May 2023</td><td>4,623</td><td>16,18,151</td></tr>
<tr><td>31 May 2023</td><td>3,981</td><td>13,93,408</td></tr>
<tr><td>30 June 2023</td><td>3,082</td><td>10,78,767</td></tr>
<tr><td>31 July 2023</td><td>2,389</td><td>8,36,045</td></tr>
<tr><td>31 August 2023</td><td>1,592</td><td>5,57,363</td></tr>
</table></td></tr>
</table>

27 September 2023	693	2,42,723

SERIES II

Interest Payment Date	Interest per Debenture (in INR)	Total Interest
26-Oct-22	10,027	60,16,438
26-Nov-22	10,362	62,16,986
26-Dec-22	10,027	60,16,438
26-Jan-23	9,066	54,39,863
26-Feb-23	9,066	54,39,863
26-Mar-23	8,189	49,13,425
26-Apr-23	7,771	46,62,740
26-May-23	7,521	45,12,329
26-Jun-23	7,771	46,62,740
26-Jul-23	6,267	37,60,274
26-Aug-23	6,476	38,85,616
26-Sep-23	6,476	38,85,616
26-Oct-23	5,014	30,08,219
26-Nov-23	5,181	31,08,493
26-Dec-23	5,014	30,08,219
26-Jan-24	3,878	23,26,644
26-Feb-24	3,875	23,25,000
26-Mar-24	3,625	21,75,000
26-Apr-24	2,583	15,50,000
26-May-24	2,500	15,00,000
26-Jun-24	2,583	15,50,000
26-Jul-24	1,250	7,50,000
26-Aug-24	1,292	7,75,000
26-Sep-24	1,292	7,75,000

Coupon Type (Fixed, floating or other structure)	Fixed Coupon rate.
Coupon Reset Date	Not Applicable

Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not Applicable
Day Count Basis (Actual / Actual)	Actual/Actual
Interest on Application Money	Interest at the rate of 11.25% (Eleven Decimal Two Five per cent) per annum for Series I: and Interest Rate of 12.20% (Twelve Decimal Two Zero per cent) per annum for Series II (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961) will be paid on Application Money to the Applicants from the date of realization of the cheques / drafts or credit through RTGS / NEFT / direct credit up to one day prior to the Deemed Date of Allotment each series of Debentures. This is applicable for all valid applications within 5 (five) Business Days from the Deemed Date of Allotment of each series of Debentures. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refund orders or through RTGS / NEFT / direct credit to the bank account of the Applicant as described in the Application Form.
Default Interest Rate	*Event of Default* If, at any time, there shall be a payment default or any other Event of Default, the Company agrees to pay an additional interest rate of 5% per annum above the applicable Interest Rate on the Outstanding Principal Amount from the date of the occurrence of the Payment Default or Event of Default until such Payment Default or Event of Default is cured *Delay in execution of Debenture Trust Deed* If not already executed, the Company shall execute the Debenture Trust Deed within the timelines prescribed by SEBI. In case of a delay in execution of Debenture Trust Deed, the Company will pay penal interest of at least 2% p.a. (two percent per annum) over the Coupon Rate till the execution of Debenture Trust Deed. *Step up Coupon:* In the event the Credit Rating is downgraded from the rating of ICRA A-, the Coupon Rate, as applicable shall be increased by 0.5% for every notch of rating downgrade, applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued interest, if any, of the Debentures. If the Issuer is rated by more than one rating agency, then the lowest of the ratings for term loans or senior debentures rating shall be considered.
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Early Redemption	Redemption of Debentures at the instance of the Company within 12 (Twelve) months from the Deemed Date of Allotment for each series of Debentures ("**Lock-in Period**") is not permitted. After the Lock-in Period, Company may by issuing at least 45 (Forty-Five) calendar days prior written notice to Debenture Trustee ("**Early Redemption Notice**") redeem the Debentures on any specified day prior to the Due Date on a pro rata basis with the prior written consent of the Debenture Trustee and payment of Early

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	Redemption Premium of 2% on the principal amount prepaid. PROVIDED HOWEVER, the Debenture Trustee shall not grant its consent for early redemption of Debentures without the prior written consent of the Majority Debenture Holders by resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in Clause 6 (*Provisions for the meetings of the Debenture Holders*) of Debenture Trust Deed. (a)
Tenor	Series I: 12 Months 1 Day (Twelve Months One Day). Series II: 24 Months (Twenty Four Months).
Redemption Date	Series I: September 27, 2023 being 12 Months 1 Day (Twelve Months One Day) Series II: September 26, 2024 being 24 Months (Twenty Four Months). from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations).
Redemption Amount	Each Debenture shall be redeemed at par
Redemption Premium/ Discount	N.A.
Issue Price	Rs. 10,00,000/- (Rs. Ten Lakhs Only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option Date	Not Applicable
Put Option Price	Not Applicable
Call Option Date	Not Applicable
Call Option Price	Not Applicable
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not Applicable
Face Value	Rs 10,00,000/- (Rs.Ten Lakhs Only) per Debenture
Minimum Application and in multiples of thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issue Timing	Issue Opening Date: September 23, 2022 Issue Closing Date: September 23, 2022 Date of earliest closing of the Issue, if any: September 23, 2022 Pay-in Dates: September 26, 2022 Deemed Date of Allotment: September 26, 2022 All documentation including, but not limited to, the Placement Memorandum, Board Resolution, Rating Letter, rating rationale along with the detailed press release and Appointment of Debenture Trustee to be completed 1 (One) business day prior to Issue Opening Date.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	The pay-in of subscription monies for the Debentures shall be made by way

<table>
<tr><td></td><td>of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below:

<table><tr><td>Name of Bank</td><td>HDFC BANK</td></tr><tr><td>IFSC Code</td><td>HDFC0000060</td></tr><tr><td>Account number</td><td>ICCLEB</td></tr><tr><td>Name of beneficiary</td><td>INDIAN CLEARING CORPORATION LIMITED</td></tr></table>
<table><tr><td>Name of Bank</td><td>ICICI Bank Ltd.</td></tr><tr><td>IFSC Code</td><td>ICIC0000106</td></tr><tr><td>Account number</td><td>ICCLEB</td></tr><tr><td>Name of beneficiary</td><td>INDIAN CLEARING CORPORATION LTD</td></tr></table>
<table><tr><td>Name of Bank</td><td>YES BANK</td></tr><tr><td>IFSC Code</td><td>YESB0CMSNOC</td></tr><tr><td>Account number</td><td>ICCLEB</td></tr><tr><td>Name of beneficiary</td><td>INDIAN CLEARING CORPORATION LTD</td></tr></table>
Cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer to the specified bank account of the Debenture Holder.</td></tr>
<tr><td>Depositories</td><td>NSDL and CDSL</td></tr>
<tr><td>Business Days</td><td>Means a day (other than a Saturday, Sunday or a ‘public holiday’ for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are open for business in Mumbai, India</td></tr>
<tr><td>Business Day Convention</td><td>In case any Coupon Payment Date or the due date for the performance of any event, falls on a day which is not a Business Day, the immediately succeeding Business Day shall be due date for the Coupon payment or the performance of the event.

If the Maturity Date (also being the last Coupon Payment Date and/or the Put Option Date and/or the Call Option Date), in respect of the Debentures falls on a day which is not a Business Day, all Payments to be made on the Maturity Date (including the accrued Coupon), shall be made on the immediately preceding Business Day.

It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.</td></tr>
<tr><td>Disclosure of Interest / Dividend / Redemption Dates</td><td>Please refer to the column on “Coupon Payment Dates” and “Interest Payment Dates” under this Clause 5.37 (Issue Details).</td></tr>
</table>

Record Date	shall mean the date that occurs 7 (seven) calendar days prior to any Due Date on which any Payments are to be made to the Debenture Holder(s), provided that such date is a Friday. In case the date that occurs 7 (seven) calendar days prior to any Due Date is not a Friday, the Record Date (for the purposes of such Due Date) shall be deemed to be the date occurring on a Friday which is at least 7 (seven) calendar days prior to the relevant Due Date in accordance with the terms of the Debentures on the basis of which the determination of the Debenture Holders who shall be entitled to receive the amounts due on any Due Date shall be made.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	As set out in Clause **Error! Reference source not found.** of this Placement Memorandum and as set out in detail under the Transaction Documents.
Description regarding Security (where applicable) including type of security (movable / immovable / tangible etc.), type of charge (pledge / hypothecation / mortgage etc.), date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document / Placement Memorandum.	Not Applicable as the Debentures are secured in nature.
Due diligence certificate issued by the Debenture Trustee	The due diligence certificate issued by the Debenture Trustee to BSE in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) is annexed hereto as **Annexure IX** of this Placement Memorandum.
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee.	Please refer to **Annexure VII** of this Placement Memorandum.
Transaction Documents	Shall be as set out in Clause 7.1 of this Placement Memorandum.
Conditions Precedent to Disbursement	On or prior to the payment of subscription monies by the Debenture Holder(s) proposing to subscribe to the Debentures: (a) The Company shall have submitted to the Debenture Trustee, a certified true copy of the constitutional documents of the Company (being the Memorandum of Association and Articles of Association) and the Certificate of Incorporation; (b) The Company shall have submitted to the Debenture Trustee, a certified true copy of the certificate of registration as a non-banking financial company;

	(c) The Company shall have submitted to the Debenture Trustee and the Debenture Holders: (i) a certified true copy of the resolution of the shareholders of the Company under section 42 of the Act, (ii) a certified true copy of the resolution of the shareholders of the Company under section 180(1)(c) of the Act; and (iii) a certified true copy of the resolution of the Board of Directors of the Company, under Section 179 of the Act authorizing the issue of Debentures as also execution and delivery of the Transaction Documents in that behalf. (d) Execution by the Company of the Debenture Trustee Agreement and the Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place; (e) The Company shall have submitted to the Debenture Trustee, the rating letter, rating rationale and detailed press release from the Rating Agency in relation to the Debentures; (f) The Company shall have obtained the consent from the Debenture Trustee to act as the debenture trustee in relation to the Debentures; (g) The Company shall have obtained the consent from the registrar and transfer agent to act as the registrar and transfer agent for the issue of Debentures. (h) The Company shall have submitted to the Debenture Trustee, a certificate signed by the director / company secretary of the Company, certifying that: (i) the Company and the directors of the Company have the necessary powers under the Memorandum of Association and Articles of Association of the Company to borrow monies pursuant to the present issuance of the Debentures; (ii) the borrowing of monies pursuant to the present issuance of Debentures will not cause any limit binding on the Company to be exceeded; (iii) No Material Adverse Effect has occurred in the Company and/or the business of the Company. (i) The Company shall have submitted to the Debenture Holders or the Debenture Trustee, all required documents for the purpose of satisfying its respective know your customer requirements; and (j) The Company shall have submitted to the Debenture Trustee, its audited account statements for the most recent financial year or financial half-year.

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Conditions Subsequent to Disbursement	The Company shall comply with the following conditions subsequent within the timelines stipulated herein below: (a) On or prior to the utilisation of the subscription monies by the Company in respect of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Company shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies; (b) Within 4 (Four) working days from the date of closing of the Issue, the Company shall list the Debentures on the BSE and obtain the listing approval from the BSE; (c) Within 1 (One) Business Day from the Deemed Date of Allotment, the Company shall provide to the Debenture Trustee, a certified true copy of the Board of Directors of the Company allotting the Debentures; and (d) Within 2 (Two) Business Days from the Deemed Date of Allotment, the Company shall ensure credit of dematerialised account(s) of the allottee(s) of the debentures with the number of debentures allotted.
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As mentioned in Clause **Error! Reference source not found.** of this Placement Memorandum.
Creation of recovery expense fund	a. Details and purpose of the recovery expense fund The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI circular dated October 22, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/207)
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	As set out in detail under Clause **Error! Reference source not found.** of this Placement Memorandum.
Provisions related to Cross Default Clause	The Company (i) defaults in any payment of any Financial Indebtedness beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Financial Indebtedness was created; (ii) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity; or (iii) any Financial Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Role and Responsibilities of Debenture Trustee	(a) To oversee and monitor the overall transaction for and on behalf of the Debenture Holders. (b) The Debenture Trustee shall on a half-yearly basis, obtain a certificate from the statutory auditor of the Company certifying compliance with the covenants of the Placement Memorandum in the manner as may be specified by SEBI from time to time along with the financial results of the Company in the manner and format as specified by SEBI. (c) The Debenture Trustee shall ensure the implementation of the conditions regarding debenture redemption reserve and recovery expense fund, as may be prescribed by SEBI from time to time. (d) The Debenture Trustee shall perform all such acts and duties as are set out in the other Transaction Documents. (e) The Debenture Trustee shall enter into any agreements for and on behalf of and for the benefit of the Debenture Holder(s). (f) The Debenture Trustee may, in relation to these presents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Company or by the Debenture Trustee or otherwise. Any such advice, opinion or information and any communication passing between the Debenture Trustee and their representative or attorney or a receiver appointed by them may be obtained or sent by letter, telegram, cablegram, telex or telephonic message. (g) The Debenture Trustee shall act only on the instructions of the Debenture Holder(s) and in accordance with the Debenture Trust Deed and the other Transaction Documents. (h) The Debenture Trustee shall be at liberty to accept a certificate signed by any one of the directors of the Company as to any act or matter prima facie within the knowledge of the Company as sufficient evidence thereof. (i) The Debenture Trustee shall be at liberty to keep the Debenture Trust Deed at their registered office or elsewhere or if the Debenture Trustee so decides with any banker or a company whose business includes undertaking the safe custody of documents or with an advocate or firm of solicitors and the Debenture Trustee may pay all sums required to be paid on account of or in respect of any such deposit. (j) Other than as expressly set out in the Transaction Documents, the Debenture Trustee shall not be bound to take any steps to ascertain whether any Event of Default has happened upon the happening of which the rights in respect of the Debentures becomes enforceable. (k) With a view to facilitating any dealing under any provisions of these presents, the Debenture Trustee shall have full power to consent (where such consent is required) to a specified transaction or class of transactions unconditionally. (l) The Debenture Trustee shall have full power, in consultation with the Debenture Holder(s), to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination bona fide made (whether or not the same shall relate

	wholly or partially to the acts or proceedings of the Debenture Trustee) shall be conclusive and binding upon all persons interested under these presents. (m) The Debenture Trustee shall not be liable for any default, omission or delay in performing or exercising any of the powers or trusts expressed in these presents or contained or in enforcing the covenants contained therein or in giving notice to any person or persons of the execution thereof or for any loss or injury which may be occasioned by reason thereof unless the Debenture Trustee shall have been previously requested by notice in writing to perform, exercise or do any of such steps as aforesaid by the Majority Debenture Holders or by a Special Resolution duly passed at a meeting of the Debenture Holder(s). (n) The Debenture Trustee shall perform all such duties and undertake such obligations as stipulated under the SEBI (Debenture Trustees) Regulations, 1993 (as amended from time to time). (o) The Debenture Trustee shall access the centralized database of corporate bonds/debentures maintained in accordance with the SEBI Debt Listing Regulations and verify the information regarding default history and other relevant information of the Company. In case of any discrepancy in the information of the Company, the Debenture Trustee shall notify the same to the BSE and update the correct information in the centralized database, within the timelines prescribed under Annex - XIV-C of Chapter XIV (Centralized Database for corporate bonds/ debentures) of the SEBI Operational Circular dated August 10, 2021 on "Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" (bearing reference number. SEBI/HO/DDHS/P/CIR/2021/613), as amended from time to time. (p) The Debenture Trustee shall have the right to rely on notices, communications, advertisement, website information of issuer and any other related party with respect to issue etc.,
Risk factors pertaining to the Issue	As mentioned in SECTION 3: of this Placement Memorandum.
Covenants	As mentioned in Clause **Error! Reference source not found.** of this Placement Memorandum.
Representation and warranties	As mentioned in Clause **Error! Reference source not found.** of this Placement Memorandum
Illustration of Bond Cashflows	Kindly refer to **Annexure VI** of this Placement Memorandum
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Mumbai.

Note:

1. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

2. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

3. The penal interest rates mentioned above as payable by the Issuer are independent of each other.

4. The Issuer shall provide granular disclosures in this Placement Memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

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SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide the SEBI Debt Listing Regulations:

A. **Name of the Bank declaring the entity as a Wilful Defaulter**: NIL

B. **The year in which the entity is declared as a Wilful Defaulter**: NIL

C. **Outstanding amount when the entity is declared as a Wilful Defaulter**: NIL

D. **Name of the entity declared as a Wilful Defaulter**: NIL

E. **Steps taken, if any, for the removal from the list of wilful defaulters**: NIL

F. **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions**: NIL

G. **Any other disclosure as specified by the Board**: NIL

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SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

A. Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");

B. Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("**Debenture Trust Deed**"); and

C. Such other documents as agreed between the Issuer and the Debenture Trustee.

The Debenture Trustee Agreement and the Debenture Trust Deed shall be executed prior to the Deemed Date of Allotment.

7.2 REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE COMPANY

A. Utilization of proceeds of the Debentures

The Company shall utilise the moneys received towards subscription of the Debentures for the Purpose and procure and furnish to the Debenture Trustee a certificate from the Company's statutory auditors in respect of the utilisation of funds raised by the issue of the Debentures at the end of each financial year till the funds have been fully utilised or the purpose for which these funds were intended has been achieved.;

B. Representations and Warranties

The Company makes the representations and warranties set out in this Clause to the Debenture Trustee for the benefit of the Debenture Holders on the date of this Deed and during the term of the Debentures.

(a) **STATUS**

(i) It is a company, duly incorporated, registered and validly existing under the Laws of India.

(ii) It is registered as a non-banking financial company with the RBI.

(iii) It and each of its subsidiaries (as defined under the Act) has the power to own their respective Assets and carry on their respective business as it is being conducted.

(b) **BINDING OBLIGATIONS**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

(c) **NON-CONFLICT WITH OTHER OBLIGATIONS**

The entry into and performance by it of, the transactions contemplated by the Transaction Documents do not and will not conflict:

(i) any Law or regulation applicable to it;

(ii) its Constitutional Documents

(iii) any agreement or instrument binding upon it or any of its Assets.

(d) **POWER AND AUTHORITY**

It has the power to issue the Debentures and to enter into, perform and deliver, and has taken all necessary authorisations its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

(e) **VALIDITY AND ADMISSIBILITY IN EVIDENCE**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;
(ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
(iii) for it to carry on its business, and which are material, have been obtained or effected and are in full force and effect.

(f) **NO DEFAULT**

No Event of Default or potential Event of Default has occurred and is continuing or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures. No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Company or any of its Assets or which might have a Material Adverse Effect.

(g) **PARI PASSU INTER SE RANKING**

The Debentures shall constitute direct and unconditional and Unsecured obligations of the Company. The claims of the Debenture Holders shall be superior to all the claims of equity investors/ lenders of Tier I Capital and Tier II Capital (including without limitation, any Subordinated Debt) and shall rank pari passu inter se and to all other lenders who have not expressly agreed to subordinate their claims to those of other lenders of the Company.

(h) **NO PROCEEDINGS PENDING**

Except as disclosed by the Company in its Disclosure Document(s), annual reports and financial statements, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which have been started or threatened against the Company, where such proceedings could result in or cause a Material Adverse Effect.

(i) **NO MISLEADING INFORMATION**

(A) All information provided by the Company to the Debenture Trustee/Debenture Holders for the purposes of this Issue is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(B) It has disclosed all information in the Disclosure Document(s) that is relevant for the Applicants to apply for subscription of the Debentures.

(j) **NO MATERIAL ADVERSE EFFECT**

(i) There has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of, any Governmental Authority been issued or outstanding or to the best of the Company's knowledge (after making due and careful enquiry), anticipated against the Company which would have a Material Adverse Effect on the Company, nor has any notice or other communication (official or otherwise) from any Governmental Authority been issued or outstanding or to the best of the Company's knowledge (after making due and careful enquiry), anticipated with respect to an alleged, actual or potential violation and/or failure to comply with any such applicable Law or requiring them to take or omit any action.
(ii) Neither the Company nor any Group Entity has violated, or breached any applicable Law (including, but not limited to, any Environmental and Social Requirements or Client Protection Laws) which has resulted in or could reasonably be expected to have a Material Adverse Effect.

(K) ASSETS

Except for the security interests and encumbrances created and recorded with the ROC updated from time to time, the Company has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's

length terms), all Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(l) **FINANCIAL STATEMENTS**

(i) Its financial statements most recently supplied to the Debenture Trustee were prepared in accordance with Indian GAAP consistently applied save to the extent expressly disclosed in such financial statements.

(ii) Its financial statements for the Previous Year supplied to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the relevant Financial Year save to the extent expressly disclosed in such financial statements.

(iii) It has disclosed all its borrowings from various banks and financial institutions in the Disclosure Document(s).

(m) **SOLVENCY**

(i) The Company is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it has not been deemed by a court to be unable to pay its debts for the purposes of applicable Law, nor will it become unable to pay its debts for the purposes of applicable Law as a consequence of entering into this Deed or any other Transaction Document.

(ii) The Company, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its Indebtedness.

(iii) The value of the Assets of the Company is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.

(iv) The Company has not taken any corporate action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.

(v) No insolvency or bankruptcy process has commenced under the (Indian) Insolvency and Bankruptcy Code, 2016 in respect of the Company.

(vi) No reference, enquiry or proceedings under corporate debt restructuring (CDR) mechanism or the strategic debt restructuring (SDR) mechanism of the RBI, and no steps have been taken by any lender in respect of any member of the Group, under the 'Scheme for Sustainable Structuring of Stressed Assets (S4A) issued by the RBI.

(n) **NO IMMUNITY**

The Company is not entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process.

(o) **LEGAL AND BENEFICIAL OWNERSHIP**

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN/FCRN/LLPIN/FLLPIN of the Company on the website http://www.mca.gov.in/MCA21/index.html under the heading "Index of Charges"), the Company has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(p) **COMPLIANCE WITH LAWS**

(i) The Company and its Group Entities have conducted and are conducting their respective businesses in all material respects in compliance with all applicable Laws including but not limited to Environmental and Social Requirements and Client Protection Laws.

(ii) With respect to all such Environmental and Social Requirements, the Company and each Group Entity (1) have been issued and will maintain all required consents and will take all reasonable steps in anticipation of known or expected future changes or obligations to the same, (2) have not received any complaint, order, directive, claim, citation, or notice by any Governmental Authority, and (3) have not received any complaint or claim from any person seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive relief.

(iii) The Company shall complete all necessary formalities including all filings with the relevant regulatory authorities, including but not limited to SEBI, the BSE and the ROC (if applicable) and obtain all consents and approvals required for the completion of the Issue.

(q) **ANTI-TERRORISM LAWS**

The Company and its affiliates are in compliance in all respects with all Anti-Terrorism Laws, and are adhering to all regulatory requirements pertaining to Anti-Terrorism /and Anti-Money Laundering.

(r) **NO CORRUPT PRACTICES**

(i) Neither the Company nor its Promoters or affiliates have indulged in any corrupt practices pertaining to the business such as misstatement, fraud, misappropriation, embezzlement of financial and other resources or gains unreported in the audited financial statements.

(ii) Neither the Company nor any Group Entity through its officers, directors or employees in such capacities or any person acting on behalf of the Company or any Group Entity have engaged in any Objectionable Practice.

(s) **TAXATION**

(i) The Company has duly and punctually paid and discharged all Taxes imposed upon it or its assets within the time period allowed without incurring penalties save to the extent that (A) payment is being contested in good faith, (B) the Company has maintained adequate reserves for those Taxes, and (C) payment can be lawfully withheld;

(ii) The Company is not overdue in the filing of any Tax returns.

(iii) No claims exceeding Tax Claims Amount are being or are reasonably likely to be asserted against the Company with respect to Taxes, where such claims could result in or cause a Material Adverse Effect.

(t) **DISCLOSURES IN DISCLOSURE DOCUMENT(S)**

The extent of disclosures made in the Disclosure Document(s) is consistent with disclosures permitted by Government Authorities in relation to the issue of securities made by the Company prior to the issue of the Debentures.

(u) **AUDIT**

The Company annual accounts are audited by an auditor from a reputable firm of independent chartered accountants.

(v) **GOOD BUSINESS STANDARD**

The Company in its business transactions with its shareholders, partners, managers, staff, affiliates or affiliates of such entities or persons keeps within normal, good and acceptable business standards, including transactions being on arm's length.

(w) **PROPER BOOK-KEEPING AND ACCOUNTING**

The Company has a proper, efficient and effective book-keeping and accounting system in place as well as adequate professional staff, including maintaining of accounts showing the loan drawings, payments, interest etc.

(x) **EMPLOYEES**

The Company is in compliance with all obligations under the applicable labour laws and other applicable Laws in relation to its employees.

(y) **COMPLIANCE WITH RBI/SEBI REGULATIONS AND THE ACT'S REQUIREMENTS**

The Debentures are being issued in compliance with the applicable regulations of the RBI/SEBI and the relevant provisions of the Act as applicable. Any provision in the Deed which is not in compliance with regulations of the RBI/SEBI and the relevant provisions of the Act can be amended by the Company and the Debenture Trustee by executing an amendment to the Deed and the Debenture Holders shall have no right to raise any objection thereto.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

C. AFFIRMATIVE COVENANTS

The Company agrees and undertakes to abide by and comply with all the covenants and undertakings set out in Schedule VII (Affirmative Covenants) all times until the Final Settlement Date.

D. NEGATIVE COVENANTS

Without the prior written consent of the Debenture Trustee the Company shall not take any action/ permit any action to be taken in relation to the items set out in Schedule XI (Negative Covenants). The Debenture Trustee reserves the right to take the consent of the Majority Debenture Holders prior to any such approval/rejection, if it deems necessary.

E. REGISTER OF DEBENTURE HOLDERS

A Register of Debenture Holders shall be maintained in accordance with Section 88 of the Companies Act and the Register of Debenture Holders/the Register of Beneficial Owners shall be closed 7 (seven) calendar days prior to any Due Date, provided that such date is a Friday. In case the date that occurs 7 (seven) calendar days prior to any Due Date is not a Friday, the Register of Debenture Holders/the Register of Beneficial Owners shall be closed (for the purposes of such Due Date) on the date occurring on a Friday which is at least 7 (seven) calendar days prior to the relevant Due DateA Register of Debenture Holders shall be maintained at the registered office of the Company or with their Registrar and the Register of Debenture Holders/ the Register of Beneficial Owners, shall be closed during the Register Closure Period, the Final Redemption Date or any other payment date by acceleration.

In case of dissolution/bankruptcy/insolvency/winding up of Debenture Holders, the debenture certificates shall be transmittable to the legal representative(s) / successor(s) or the liquidator as the case may be in accordance with the applicable provisions of Law on such terms as may be deemed appropriate by the Company.

F. FUTURE BORROWINGS

The Company shall be entitled to borrow or raise loans or create encumbrances or avail financial assistance in whatever form, and also issue promissory notes or debentures or other securities, without the consent of, or intimation to the Debenture Holders or the Debenture Trustee in this connection. However, no such borrowings will have the benefit of the security interest created over the Notwithstanding anything contained in this Clause, the Company shall continue to comply with the financial covenants set forth in Schedule IX (Financial Covenants).

G. COSTS

All reasonable expenses incurred by the Debenture Trustee prior to or following the occurrence of an Event of Default, including in connection with:

(b) collection of amounts due under the Transaction Documents; or
(c) engaging intermediaries; or
(d) all expenses in relation to issue of Debentures; or
(e) legal costs; or
(f) stamp duty on any Transaction Documents,

shall be payable by the Company and shall stand secured under the Transaction Documents.

H. DISCRETIONARY AUDIT

The Company agrees to the Debenture Trustee or any Person authorised by it and/or any Debenture Holder or any Person authorised by it conducting an audit on the review of collection standards, management, governance, internal systems and processes, and data integrity of the Company at any time on or prior to the Final Settlement Date. The scope of such audit shall inter alia cover visit to operational (field) areas of the Company as well as the head office and/or any regional or state level or other branch offices and discussions with employees of the Company. However, such audits shall be carried out only during the business hours of the Company and after giving a 15 (fifteen) days' notice to the Company. All costs with respect to the discretionary audit shall be borne by the Company

7.3 COVENANTS

AFFIRMATIVE COVENANTS

(a) ***Utilization of the issue proceeds***

The Issuer shall utilise the proceeds of this issue in accordance with applicable Laws and regulations and as provided in this Deed

(b) ***Notice of winding up or other legal process***

Company shall promptly inform the Debenture Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act or any other notice under any other statute relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company;

(c) ***Loss or damage by uncovered risks***

Company shall promptly inform the Debenture Trustee of any material loss or significant damage which the Company may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;

(d) ***Costs and expenses***

Company shall pay all costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Company before they are incurred and shall not include any foreign travel costs;

(e) ***Payment of Rents, etc.***

Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable and when required by the Debenture Trustee produce the receipts of such payment and also punctually pay and discharge all debts and obligations and liabilities which may have priority over the Debentures and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company under this Deed;

(f) ***Preserve corporate status; authorisations***

Company shall

(i) diligently preserve and maintain its corporate existence and status and all rights, contracts privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and comply with each and every term of the said franchises and concessions and all acts, authorizations, consents, permissions, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to its Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures are not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures might or would be hindered or delayed; and

(ii) conduct its business with due diligence and efficiency and in accordance with sound technical, managerial and financial standards and business practices with qualified and experienced management and personnel;

(iii) promptly obtain all consents and authorizations as maybe necessary for performing its obligations in relation to the issue of the Debentures;

(g) ***Pay stamp duty***

Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the applicable state laws and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Debenture Trustee on demand;

(h) ***Furnish information to trustee***

Company shall give to the Debenture Trustee or its nominee(s)/ agent(s) such information/copies of relevant extracts as they shall require as to all matters relating to the business of the Company or any part thereof and to investigate the affairs thereof and the Company shall allow the Debenture Trustee to make such examination and investigation as and when felt necessary and shall furnish him with all such information as they may require and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation;

(i) ***Grievance***

Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(j) ***Specific Information to be provided to the Debenture Trustee***

Company shall inform and provide the Debenture Trustee with applicable documents in respect of the following:

(i) notice of any Event of Default or potential Event of Default, each as listed in **Schedule XII** (*Events of Default*) of this Deed;

(ii) periodic review of the ratings obtained by the Company by the credit rating agencies and any revision in the rating as per the listing agreement entered into with the stock exchange (if the Debentures are listed);

(iii) details of any material litigation, arbitration or administrative proceedings, etc. including those that are required to be disclosed to the stock exchange under the listing agreement entered into with the stock (if the Debentures are listed);

(iv) any and all information required to be provided to the Debenture Holders under the listing agreement that may be entered into between the Company and the BSE; and

(v) the declaration or distribution of dividend;

(k) ***Comply with Investor Education and Protection Fund requirements***

Company shall comply with the provisions of the Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund (IEPF), if applicable to it;

(l) ***Further assurances***

Company shall

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;

(ii) furnish to the Debenture Trustee details of all grievances received from the Debenture Holders and the steps taken by the Company to redress the same. At the request of any Debenture Holder, the Debenture Trustee shall, by notice to the Company call upon the Company to take appropriate steps to redress such grievance and the Company shall comply with the instructions of the Debenture Trustee issued in this regard;

(iii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it to lawfully enter into and perform its obligations under this Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of this Deed;

(iv) comply with:

(A) all Laws, rules, regulations and guidelines (including but not limited to environmental, social and taxation related Laws), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following the provisions of the Issue and Listing of Structured Debt Securities Market Linked Debt Securities under Operational Circular, Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year) dated July 07, 2016, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, NCS Listing Regulation and (iv) the provisions of the listing agreement to be entered into by the Company with the BSE in relation to the Debentures;

(B) the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures;

(C) the provisions of the Act in relation to the issue of the Debentures;

(D) procure that the Debentures are rated and continued to be rated until the redemption of the Debentures; and

(E) The Company shall ensure that, at time of making any payment of interest or repayment of the principal amount of the Debentures in full or in part, the Company shall do so in the manner that is most tax efficient for the Debenture Holders (including withholding tax benefit) but without, in any way, requiring the Company to incur any additional costs, expenses or taxes and the Company shall avail of all the benefits available under any treaty applicable to the Company and/or the Debenture Holders.

(F) Permit visits and inspection of books of records, documents and accounts to Debenture Trustee as and when required by them.

(G) Comply with any monitoring and/or servicing requests from Debenture Trustee;

(H) The Issuer shall ensure compliance with RBI digital lending guidelines (as applicable from time to time) on a continuing basis till the Debentures maturity

(m) ***Security***

The Debentures are unsecured.

(n) ***Filings***

If the Debentures are listed, the Company shall file with the BSE such information as required under Chapter V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

(o) ***Amounts to be reimbursed to the Debenture Trustee***

Company shall, forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee for any costs incurred for enforcement of Transaction Documents ;

(p) ***Books of Account***

Company shall maintain proper books of account as required by the Act and therein make true and proper entries of all dealings and transactions of the business of the Company and keep such books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by Law, at other place or places where the books of account and documents of a similar nature may be kept. The Company will ensure that all entries relating to the business of the Company shall at all reasonable times be open for inspection of the Debenture Trustee and such person or persons as the Debenture Trustee shall, from time to time, in writing for the purpose, appoint.

(q) ***Material Adverse Effect***

Company shall promptly inform the Debenture Trustee in writing of the occurrence of any, or the occurrence of any event that is likely to have a, Material Adverse Effect, together with explanation of the reasons thereof;

(r) ***Insurance***

Company shall maintain insurances on and in relation to its business and assets with insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business and any other insurances as may be required by Law and ensure that all premiums are paid on time and other obligations of the Company under the insurance policies are duly complied with;

(s) ***Corporate Governance***

(i) the Company shall maintain the highest standards of corporate governance in accordance with the NBFC Master Directions;

(ii) the Company shall at all times comply with the NBFC Master Directions.

(iii) To ensure that at least 1(one independent director) is on the board of the Company.

(t) ***General***

(i) the Company shall perform all of its obligations under the terms of the Transactions Documents and maintain in full force and effect each of the Transaction Documents;

(ii) the Company shall promptly pay and discharge all its financial obligations and regularly make all payments due and payable by the Company, including but not limited to taxes and also such payment due and payable under or in respect of the Issue or any documents executed in connection there with;

(iii) the Company shall give the Debenture Trustee any information, relating to the business, property, affairs of the Company, that materially impacts the interests of the Debenture Holders;

(iv) the Company shall comply with the 'Guidelines on Fair Practices Code for Non-Banking Financial Companies' as prescribed by the RBI from time to time; and

(v) the Company shall at all times act and proceed in relation to its affairs and business in compliance with applicable Law.

(u) ***Access***

Company shall permit the Debenture Trustee (and the Debenture holders) and/or accountants or other professional advisers and contractors appointed by the Debenture Trustee access at all reasonable times and on reasonable notice of the Company to:

(i) check the management of the funds made available through subscription to the Debentures;

(ii) inspect and take copies and extracts from the books, accounts and records of the Company;

(iii) visit and inspect the premises of the Company; and

(iv) meet and discuss matters with senior management employees of the Company.

(v) ***Conditions Subsequent***

Company shall comply with the conditions stipulated in **Schedule XIII** (*Conditions Subsequent*).

(w) ***Financial Covenants***

Company shall comply with the financial covenants stipulated in **Schedule IX** (*Financials Covenants*).

(x) ***Issue Terms and Conditions***

At all times during the term of these presents comply with each of the Issue Terms and Conditions.

(y) ***Internal Controls***

Company shall maintain appropriate internal controls for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes.

(bb) ***Information to Debenture Trustee***

The Company shall promptly provide all assistance, documents and information to the Debenture Trustee as may be required by it to enable the Debenture Trustee to fulfill its obligations as may be required by SEBI from time to time.

FINANCIAL COVENANTS

The Company shall comply with each of the following financial covenants at all times until the redemption of all outstanding Debentures:

1. Maximum permissible ratio of sum of the Par > 90 and write-offs (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) to Gross Loan Portfolio shall be 15.00% (Fifteen Point Zero Zero percent) till December 31, 2022, 10.00% (Ten Point Zero Zero percent) till March 31, 2023, 8.00% (Eight Point Zero Zero percent) till June 30, 2023 and 5.00% (Five

Point Zero Zero percent) from July 1, 2023 onwards, write-offs would be calculated for trailing twelve months.

2. Maximum permissible ratio of Par > 90 net off Loan Loss Provisions (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) to Tangible Networth shall be 35.00% (Thirty Five Point Zero Zero percent) till September 30, 2022, 30.00% (Thirty Point Zero Zero percent) till December 31, 2022 and 25.00% (Twenty Five Point Zero Zero percent) till March 31, 2023 and 20.00% (Twenty Point Zero Zero percent) from April 1, 2023 onwards.

3. Minimum capital ratio of Tier I Capital and Tier II Capital to aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items shall not be less than 17.00% (Seventeen Point Zero Zero percent) or as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions, whichever is higher. For the purpose of calculation of minimum capital ratio: (i) first loss credit enhancements provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital without any ceiling. (ii) credit enhancements provided by the Company on loans originated on behalf of other institutions shall be reduced from Tier I Capital and Tier II Capital without any ceiling. The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital. (iii) It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI.

Portfolio at Risk greater than 90 days or PAR > 90 shall mean, in a district or a branch or on the Issuer's Gross Loan Portfolio at any point of time, as the case may be, the outstanding principal value of the Issuer's portfolio that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more and includes restructured loans.

Tangible Networth means, with respect to any person, the amount paid up on such person's issued equity share capital, compulsorily convertible instruments and any amount standing to the credit of its reserves, less equity or equity-like investments, goodwill, deferred tax assets and other intangible assets.

Gross Loan Portfolio means and includes the outstanding principal amounts of the loans originated by the Issuer on its own books, securitized portfolio as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the Issuer's own book.

Loan Loss Provisions means the outstanding provision in the balance sheet of the Company pertaining to on book and securitised book assets to provide for potential losses.

NBFC Master Directions means the master directions issued by the RBI on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 or Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as may be applicable for the Issuer (as amended or modified or restated from time to time).

"**Tier II Capital**" shall have the meaning given to it in the NBFC Master Directions.

"**Loan Loss Provisions**" means the outstanding provision in the balance sheet of the Issuer pertaining to on book and securitised book assets to provide for potential losses.

The Debenture Trustee shall be granted access to any additional information that it deems necessary to monitor and evaluate compliance with the aforementioned Financial Covenants.

The covenants and Financial Covenants can be tested at any time during the tenure of the Debentures.

REPORTING COVENANTS

Company shall provide or cause to be provided to the Debenture Trustee (and to the Debenture Holders if so requested), in form and substance reasonably satisfactory to the Debenture Trustee, each of the following items:

(a) Quarterly Reports

Within 45 (Forty five) calendar days after the end of each quarterly reporting period of the Company, the quarterly reporting required and in form and substance satisfactory to the Debenture Trustee and the Debenture Holders. Such reporting will include information detailing:

(i) financials, operations, portfolio growth and asset quality (including static portfolio cuts, collection efficiency and portfolio at risk data), funding in formats acceptable to the Investor;

(ii) the shareholding structure and composition of the board of directors in the Company;

(iii) if applicable, the financial and other returns filed by the Company with the RBI (including without limitation, the form NBS 7 filed with the RBI);

(iv) a compliance certificate regarding the financial covenants set forth in **Schedule IX** (*Financial Covenants*) in form and substance reasonably satisfactory to the Debenture Trustee and the Debenture Holders;

(iv) The Company shall furnish quarterly report to the Debenture Trustee containing the following particulars:

(a) Updated list of the names and addresses of the Debenture Holders.

(b) Details of the Interest due, but unpaid and reasons thereof.

(c) The number and nature of grievances received from the Debenture Holders and (A) resolved by the Company (B) unresolved by the Company and the reasons for the same.

(v) information on:

i. any changes in the accounting policy of the Company from that followed as on the Deemed Date of Allotment;

ii. All data required for covenant testing including restructured POS, TTM Write-off, borrowing profile sheet, CRAR, contingent liabilities.

iii. such other information, as may be required by the Debenture Trustee.

iv. Change in senior management officials (any CXO or equivalent)

v. List of Lenders and Loan / NCD profile

vi. Portfolio cuts including number of loans & PAR data in the agreed format

vii. Any other financial / operational data as may be required by the Debenture Holders.

(v) The Issuer shall provide the static pool analysis and vintage curve data of the Portfolio and Gross Loan Portfolio in the format as specified by the Debenture Trustee within 45 days from the end of the quarter. On a quarterly basis beginning from the end of the current financial quarter, the Issuer shall provide an updated version of the static pool analysis and vintage curve data of the Portfolio and Gross Loan Portfolio in the format prescribed by the Debenture Trustee.

(vi) The Issuer shall provide quarterly financial statements to the Debenture Trustee/ Debenture Holders as within 45 days from the end of each quarter. Further, the Issuer shall submit monthly financial statements as and when requested by the Debenture Holders.

(b) Annual Reports

As soon as available, and in any event within 120 (One Hundred and Twenty) calendar days after the end of each Financial Year of the Company, the annual reporting required and in form and substance satisfactory to the Debenture Trustee and the Debenture Holders. Such reporting will include information detailing:

a. The Issuer shall provide audited financial statements at the end of each financial year within 120 days from the end of each financial year.

b. certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed fiscal year, prepared in accordance with Indian GAAP including its balance sheet, income statement and statement of cash flow. All such information shall be complete and correct in all material respects and fairly represents the financial condition, results of operation and changes in cash flow of the Company as of the date thereof;

c. A certificate from the Director/CFO confirming that there is no or Event of Default;

d. Copy of Structural Liquidity Statement, CRAR, Qualifying asset certificate, Unhedged Foreign currency certificate, submitted to the RBI.; and

e. corporate social responsibility report

(c) Event Based Reports

(i) As soon as available and in any event within 5 (Five) Business Days of the occurrence of such event, the details of any change in the shareholding structure of the Company, in form and substance satisfactory to the Debenture Trustee and the Debenture Holders.

(ii) As soon as available and in any event within 5 (Five) Business Days of the occurrence of such event, the details of any change in board of directors and other senior management officials like Chief Executive Officer, Chief Financial Officer/Head of Finance and Treasury, Chief Risk Officer, Chief Operations Officer/Head of Business and the Head of Audit;

(iii) The Company shall provide/cause to be provided information to the Debenture Trustee (and to the Debenture Holders, if so requested) as soon as practicable, and in any event within 10 (ten)Business Days from the occurrence of such event:

(a) the Company obtains or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect;

(b) the Company obtains or reasonably should have obtained actual knowledge thereof, notice of any dispute, litigation, investigation or other proceeding affecting the Company or its property or operations, which, if adversely determined, could result in a Material Adverse Effect;

(c) the Company obtains actual knowledge thereof, notice of the occurrence of any Event of Default or potential Event of Default, specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;

(d) the Company alters its Constitutional Documents; and

(e) any notice of any application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed and affecting the title to the property of the Company.

(f) Any fraud amounting to more than 5% of Gross Loan Portfolio

(d) **Other Covenants**

a. The Issuer, shall provide details of a) operational information, b) portfolio cuts, c) monthly disbursements d) monthly DPD statement, e) changes in Board & management and f) changes in shareholding pattern on a quarterly basis in the format as specified by the Debenture Trustee.
b. Issuer shall forthwith provide written notice of any material event adversely impacting its business.
c. Issuer shall forthwith provide written notice of occurrence or likely occurrence of any Event of Default.
d. .
e. The Issuer shall provide details of transactions with related parties and balances outstanding on a quarterly basis in the format as specified by the Debenture Trustee/ Debenture Holders.
f. The Issuer shall provide the extract of the loan register covering details of all exposures of INR fifty lakhs or more, at the end of every quarter.
g. The Issuer shall provide information on structural liquidity in the format as may be specified by the Debenture Trustee/ Debenture Holders, at the end of every quarterly and as and when required by the Debenture Trustee/ Debenture Holders.
h. The Issuer shall share information about facilities sanctioned to it by other lenders including sanction letters from such other lenders every month.
i. The Issuer shall furnish a certificate issued by a chartered accountant auditor certifying the end use of the proceeds of the Debentures within 60 (sixty) days from the Deemed date of Allotment.

(e) Disclosures under listing regulations

The Company disclose all such information to the Debenture Trustee under applicable laws and shall file with the BSE all such information as required under Chapter V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Operating Circular and NCS Regulations.

NEGATIVE COVENANTS

The Company shall take the prior written permission from the Debenture Trustee/ Debenture Holders for the following

(a) ***Change of business***

Change the general nature of its business from that which is permitted by the RBI. The issuer shall not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of Majority Debenture Holders

(b) ***Change in Constitutional Documents***

Change or make any alteration to its Constitutional Documents, except increase in the authorised share capital of the Company.

(c) ***Change in Promoter/change in shareholding of key shareholder of the Promoters***

(i) Any change in the company's current shareholding structure, will require prior written consent of the Debenture Holders. Company shall procure and furnish the Debenture Trustee/ Debenture Holders with undertaking(s) issued by the Board of Directors to that effect as a condition precedent.

(ii) Until the Final Redemption Date, the Company will procure and ensure that the Promoter will not exit from or reduce its involvement from the management activities of the Company or cease to reman in the executive position of the Company as is subsisting on the date of execution of this Deed.

(iii) Any change in Promoter or control as defined under Companies Act, 2013 or ownership in Issuer due to new equity raise or acqusitiong of shares by new shareholders..

(iv) Any change in the current shareholding structure of Mr. Gobinda Chandra Pattanaik and Dibyajyoti Pattanaik, will require prior written consent of the Debenture Trustee/ Debenture Holders.

(d) ***Dividend***

Declare or pay any dividend or make any distributions on its share capital (other than dividends or distributions payable on shares of the Company), unless:

(i) the proposed payment or distribution is out of net income of the current Financial Year (excluding any amount resulting from the revaluation of any of the Company's assets);

(ii) no Event of Default has occurred and is then continuing, or could occur or is reasonably likely to occur, as a result of such payment or declaration of any dividend or distribution and after giving effect to any such action;

(iii) the Company is in compliance with the financial covenants set forth in **Schedule IX** (*Financial Covenants*); and

(iv) the company has paid or made satisfactory provision for the payment of the instalments of principal and interest due on the Debentures.

(e) ***Arrangement/ consolidation, etc.***

Undertake or permit any consolidation, restructuring, re-organisation, scheme of arrangement or compromise or effect any scheme of amalgamation or reconstruction with its creditors or shareholders provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Company defaulting in relation to any of its payment obligations in relation to the Debentures.

(f) ***Associates, Subsidiaries, and Joint Ventures***

Dispose of, acquire or incorporate any associates (as defined in the Act), subsidiary (as defined in the Act) or joint ventures.

(g) ***Merger/ Acquisition***

Undertake any merger, de-merger, acquisition, amalgamation without the prior written consent of the Majority Debenture Holders, any company, business or undertaking if the amount of the acquisition cost, whether paid by cash or otherwise, when aggregated with the aggregate acquisition cost of any other companies, business or undertaking acquired by it during that financial year which exceeds 10% of the net worth of the Company in a financial year.

(h) ***Joint Venture***

Without the prior written consent of the Majority Debenture Holders:

(i) acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or

(ii) transfer any assets or lend to or guarantee or indemnify or give security for the obligations of a joint venture (or agree to transfer, lend, guarantee, indemnify or give security for the obligations of a joint venture).

(i) ***Loans and Guarantees***

The Company shall not:

(i) extend a loan to any single individual or entity amounting to greater than 15% (fifteen percent) of its Net Worth; or

(ii) undertake to guarantee the liabilities of any individual or entity (unless the entity is a wholly owned subsidiary of the Company) amounting to greater than 15% (fifteen percent) of its Net Worth of the Company.

(j) ***Arm's length basis; No profit sharing arrangements***

The Company shall not, without the prior written consent of the Majority Debenture Holders:

(i) enter into any transaction with any person or enter into or continue business relations with its shareholders, employees, affiliate(s), holding company(ies), and/or subsidiary(ies) except on proper commercial terms negotiated on an arm's length basis;

(ii) enter into or establish any partnership, profit sharing, royalty agreement or other similar other arrangement whereby the Company's income or profits are, or might be, shared with any other person; or

(iii) enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.

(k) ***Immunity***

Claim any immunity or limitation of liability against any payment obligations arising towards the Debenture Holders.

(l) ***Auditor***

Change its auditor, except in the case of appointment of KPMG, PWC, Deloitte, Grant Thornton, or E&Y, without the prior written consent of the Majority Debenture Holders. The Company shall authorize its auditors to communicate directly with the Debenture Trustee and the Debenture Holders.

(m) ***Liabilities***

Incur, create, assume, or allow any Financial Indebtedness that ranks prior to the Debentures or subordinates the Debentures.

(n) ***Change of control***

Issue any additional shares or equity interests and shall not have its existing shares or equity interests transferred, sold, pledged or otherwise encumbered, if such action results in dilution of shareholding of the Promoter or key shareholders or change in Control of the Company (except for conversion of the preference shares) other than appointment of independent directors

The Company will not purchase or redeem any of its issued shares or reduce its share capital without the Debenture Trustees' prior written consent except for conversion of the preference shares;

Without the prior written consent of the Debenture Trustee/ Debenture Holders, the Issuer shall not make any material change in its management; cause or permit change in control (as defined under the under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011) of the Issuer; cause or permit acquisition of the ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the Issuer by any natural person(s), who, whether acting alone or together, or through one or more juridical person; enter into any compromise arrangement with its shareholders or creditors, pass a resolution

of voluntary winding up or implement any scheme for restructuring or reconstruction, consolidation, amalgamation, merger or other similar purposes or change its shareholding structure

(o) ***Disposal of Assets***

Sell, transfer, or otherwise dispose of in any manner whatsoever any material Assets of the Company, sell any business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the Debenture Trustee, other than any securitization/portfolio sale of assets undertaken by the Company in its Ordinary Course of Business.

The Issuer shall not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of the Debenture Trustee

(p) ***Management Control***

Any change in Management Control of the Company.

(q) ***Material compromise or Settlement***

Enter into material compromise or arrangement or settlement with any of its creditors (secured and unsecured) that would prejudicially affect the interest of the Debenture Holders.

(r) ***Anti-money laundering***

Permit any of the Debenture proceeds to be used to fund any form of violent political activity, terrorists or terrorist organizations, nor any money laundering process or scheme to disguise illegally obtained funds, nor any other criminal activity including arms sales, drug trafficking, robbery, fraud or racketeering.

(s) ***Related Party Transactions***

(t) Without prior written intimation to the Debenture Trustee, the Issuer shall not enter or perform any transactions (s) with a related party. Without prejudice to the foregoing the Company shall not without the prior written consent of the Debenture Trustee (i) enter into any transaction (s) whereby the overall outstanding amount owed to the Company under all transactions exceed 10.00% (ten point zero zero percent) of its net worth. (ii) whereby the overall expense incurred through such transactions during any financial year exceeds 10.00% (ten point zero zero) of its net profit or (iii) provide any guarantee for any indebtedness of a related party. The trustee shall be granted access to any additional information that it deems necessary to monitor and evaluate this covenant. For the purpose of this clause, the terms 'networth' and 'related party' shall respectively have the meaning ascribed to them in section 2(57) and 2 (76) of the Companies Act, 2013(And the Rules framed thereunder).

(u) ***Financial Year***

Company shall not change its financial year-end from 31st March (or such other date as may be approved by Majority Debenture Holders) without the prior written consent of the Debenture Trustee.

(v) ***Others***

Without prejudice to Clause (a) (*Change of business; Role of Promoter*) of this **Schedule XI** (*Negative Covenants*), permit sale/ transfer/ disposal of (i) equity shares of the Company, or (ii) instruments that are compulsorily and mandatorily convertible into equity shares of the Company, by the Promoter(s) and/ or (iii) permit the Promoter(s) to exit from management activities in relation to the Company, and/or (iv) any further issuance of equity shares or convertible instruments.

7.4 EVENTS OF DEFAULT AND REMEDIES

A. If one or more of the events specified in Schedule XII (Events of Default) occur(s), the Debenture Trustee may, in its discretion, that is, without requiring any consent or confirmation of the Company, and upon request in writing of Special Majority Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holders held in accordance with the provisions set out in Clause 6 (Provisions for the meetings of the Debenture Holders) hereto by a notice in writing to the Company initiate the following course of action:

a. require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents;
b. declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable;
c. appoint any independent agency to inspect and examine the working of the Company and give a report to Debenture Holders/ the Debenture Trustee. The Company shall give full co-operation and provide necessary assistance to such agency and bear all costs and expenses of the examination including the professional fees and travelling and other expenses;
d. to appoint a nominee director as per the SEBI (Debenture Trustee) Regulations, 1993 on the board of directors of the Company or to appoint an observer to all meetings of the board of directors of the Company,
e. take necessary action of entering into the Inter Creditor Agreement or take any other action as decided in the meeting of Debenture Holder(s) based on the decision of the Debenture Holder(s) with Special Majority, including the decision of formation of a committee of the Debenture Holder(s) to participate in the ICA or to enforce the Security or as may be decided in the meeting of Debenture Holder(s). Such a committee, if decided to be formed, may comprise of the designated members representing the interest of the ISIN level Debenture Holder(s) under the Debentures and be responsible to take decisions which shall be binding on the specific ISIN level Debenture Holder(s) relating to ICA matters or take any other action as may be decided by the Debenture Holder(s),from time to time. The Debenture Trustee(s) may in accordance with the decision of the Debenture Holder(s), sign the ICA and consider the resolution plan, if any, on behalf of the Debenture Holder(s)/ Beneficial Owners in accordance with the requirements under the extant RBI guidelines, SEBI circulars, guidelines and other Applicable Laws.
f. The Debenture Trustee after obtaining consent of Debenture Holder(s) for enforcement shall inform the designated stock exchange seeking release of the Recovery Expense Fund. The Debenture Trustee shall follow the procedure set out in by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund" issued by SEBI, as amended from time to time for utilization of the Recovery Expense Fund and be obligated to keep proper account of all expenses, costs including but not limited to legal expenses, hosting of meetings etc., incurred out of the Recovery Expense Fund towards enforcement of Transaction Documents. All expenses over and above those met from the Recovery Expense Fund incurred by the Beneficial Owners(s)/Trustee after an Event of Default has occurred.
g. take all such other action expressly permitted under this Deed or in the other Transaction Documents or permitted under the Law including invocation of guarantee (if applicable); and
h. exercise such other rights as the Debenture Trustee may deem fit under applicable Law to protect the interest of the Debenture Holders.

(a) ***Payment Defaults***

The Company does not pay on the Due Date any amount payable pursuant to this Deed and the Debentures (including but not limited to penal interest, if any) at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by administrative or technical error and payment is made within 3 (Three) calendar days of its Due Date.

(b) ***Insolvency / Inability to Pay Debts / Distress***

(i) The Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness.

(ii) The Company is (or deemed by Law or a court to be) insolvent or bankrupt or unable to pay its debts or stops or suspends payments of all its debts, makes a general assignment or an arrangement or composition with or for benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all the debts of the Company.

(iii) Any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets, or revenues of the Company and is not discharged or quashed or stayed within 15 (fifteen) days.

(c) ***Business***

The Company without obtaining the prior consent of the Special Majority Debenture Holders ceases to carry on its business or gives notice of its intention to do so.

(d) ***Misrepresentation***

Any representation or warranty made by the Company in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Company shall prove to have been incorrect, false or misleading in any material respect when made or deemed made.

(e) ***Material Adverse Change***

There shall have occurred a change in the business, operations, property, Assets, liabilities, condition (financial or otherwise) or prospects of the Company since the date hereof that has resulted in a Material Adverse Effect.

(f) ***Liquidation or Dissolution of the Company / Appointment of Receiver or Liquidator***

(i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(A) the suspension of payments, a moratorium of any Indebtedness, winding-up, dissolution, administration or re-organisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company or its Affiliate;

(B) a composition, compromise, assignment or arrangement with any creditor of the Company or its Affiliate;

(C) the appointment of a liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or its Affiliate; or

(D) the Company or its Affiliate, in respect of any reference or enquiry or proceedings commenced, before the National Companies Law Tribunal or under any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the RBI's circular no. DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on "Prudential Framework for Resolution of Stressed Assets" (as amended or modified or restated from time to time));

(E) the commencement of an insolvency resolution process under the (Indian) Insolvency and Bankruptcy Code, 2016 (to the extent applicable) or under any other applicable Law, in respect of the Company or its Affiliate; or

(F) enforcement of any security over any Assets of the Company or its Affiliate.

Any other event occurs or proceeding instituted under any applicable Law that would have an effect analogous to any of the events listed in sub-Clauses (A) to (F) above.

(ii) An order is made or an effective resolution passed for the winding up or dissolution, judicial management or administration of the Company, or the Company ceases to carry on all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organization, merger or consolidation on terms approved by Special Resolution of Debenture Holders.

(g) ***Cross Default***

The Company (i) defaults in any payment of any Financial Indebtedness beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Financial Indebtedness was created; (ii) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity; or (iii) any Financial Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.

(h) ***Creditors' Process***

(i) All or a material part of the undertaking, Assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or any Government Authority.

(ii) The Company does not inform the Debenture Trustee of one or more of the other creditors of the Company accelerating the payment obligations on the grounds of a material adverse change (howsoever described) or a material adverse effect (howsoever described) in the financial, operational or regulatory conditions governing the Company.

(iii) The Company has voluntarily or involuntarily becomes the subject of proceedings under any bankruptcy or insolvency laws and such proceedings have been admitted by a competent court or the Company is voluntarily or involuntarily dissolved.

(iv) The Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors.

(v) Any expropriation, attachment, garnishee, sequestration, distress or execution affects any Assets or part thereof.

(i) ***Judgments Defaults***

One or more judgments or decrees entered against the Company involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 5% (five percent) of the Total Assets of the Company PROVIDED THAT such judgments or decrees are either final and non-appealable or have not been vacated, discharged or stayed pending appeal for any period of 30 (thirty) consecutive calendar days.

(j) ***Transaction Documents***

(i) This Deed or any other Transaction Document in whole or in part, are terminated or cease to be effective or cease to be a legally valid, binding and enforceable obligation of the Company.

(ii) In the opinion of the Debenture Trustee, any of the Transaction Documents fails to provide the security interest, rights, title, remedies, power or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests do not have the priority contemplated under the Transaction Documents, or the security interest created thereunder become unlawful, invalid, or unenforceable.

(k) ***Unlawfulness***

It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Document are not or cease to be valid, binding or enforceable.

(l) ***Repudiation***

The Company repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.

(m) ***Information Covenants***

The failure to comply with any reasonably monitoring and/or servicing requests from Debenture Holders, including its monthly, quarterly, annual and event-based reporting requirements as required under the reporting covenants prescribed in **Schedule XI** (*Reporting Covenants*).

(n) ***Government Intervention***

(i) Any step is taken by Governmental Authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or (in the opinion of the Debenture Trustee) a material part of the assets of the Company which is material to the Company;

(ii) Any Governmental Authority having assumed custody or control of the business or operations of the Company or having taken any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on its business or operations thereof; or

(iii) The Company's organizational or legal status, or any license or franchise is revoked or suspended by any Governmental Authority or authority after the Company has exhausted all remedies and appeals relating thereto.

(o) ***Delisting***

If the Debentures are listed and any Debenture is subsequently delisted from any exchange on which it is listed without the prior written consent of the Debenture Trustee.

(p) ***Cessation***

The Company ceases or threatens to cease to carry on the main business it is currently engaged in.

(q) ***Alteration in Constitutional Documents***

The Company, without the previous consent in writing of the Debenture Trustee, makes or attempts to make any alteration in the provisions of its Constitutional Documents where (i) such change might in the opinion of the Debenture Trustee detrimentally affect the interests of the Debenture Holder(s) and (ii) the Company refuses or neglects to or is unable to rescind such alteration.

(r) ***Non-compliance with judicial order***

The Company fails to comply with or fulfil any judicial order passed against it provided however that such order shall not include any order against which appeal is available or for which an appeal is pending.

(s) ***Erosion of Net Worth***

The Debenture Holders' assessment from quarterly or annual financial reporting from the company, or at any time certified by an accountant of a firm or chartered accountant appointed by the Debenture Trustee (which the Debenture Trustee is entitled and hereby authorized to do so at any time), that the net worth (as defined in the Act) of the Company has eroded by 50% or more from March 31, 2022.

(t) ***Merger***

The rearrangement or consolidation or amalgamation with or merger with or into, or receiving of all or substantially all the assets or obligations of, another entity, or any action for reorganisation of capital without the prior written consent of the Debenture Trustee.

(u) ***Sale, disposal***

Sale, transfer, or other disposition of all or substantially all of the Company's Assets other than in the normal course of business of the Company.

(v) ***Third party***

A default or Event of Default occurs on account of a breach of representation or breach of an information covenant under the terms of any other agreement involving borrowed money or the extension of credit or any other Financial Indebtedness under which the Company may be obligated as a borrower or guarantor and pursuant to which the Company is called upon to and makes a prepayment to a 3rd party without the prior written consent of the Debenture Holder. Such consent shall not be unreasonably delayed or withheld by the Debenture Holders.

(w) ***Wilful default***

Any Promoters or directors or key management personnel of the Company is/are declared as wilful defaulter by any competent authority or accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery.

(x) ***Breach of Financial Covenants***

Any breach of financial covenants stipulated in **Schedule IX** (*Financial Covenants*) and such breach is not remedied (if capable of remedy) within the expiry of Cure Period for breach of Financial Covenants from the date of such breach unless waived by the Debenture Trustee (with the prior consent of the Majority Debenture Holders) by way of a written intimation.

(y) ***Rating downgrade***

If any rating of the Company from any rating agency and for any instrument gets downgraded to one notch below the current rating.

(z) ***Breach of Negative Covenants and Affirmative Covenants***

Any breach of negative covenants mentioned in **Schedule XI** (*Negative Covenants*) **Schedule VII** (*Affirmative Covenants*).

(aa) ***Breach of other terms of this Deed***

A breach by the Company of any of its obligations and covenants provided in terms of this Deed or other Transaction Documents (other than (a) to (aa) above) and such breach is not remedied (if capable of remedy) within the expiry of Cure Period for breach of Other Covenants or such other time period that may be prescribed by the Debenture Trustee (acting on the instructions of the Debenture Holders) for breach of Other Covenants from the date of such breach.

Capitalised terms used but not defined in this Section shall have the meaning assigned to such term in the Debenture Trust Deed.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered / intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders as set out below:

A. Creation of any security; and
B. Amendment to the terms and conditions of the Debentures or the Transaction Documents.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address, e-mail or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked “Private Placement of Debentures”.

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 5 (Five) Business Days after posting via certified or registered mail, return receipt requested; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business day delivery (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission; (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and

applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as investor on the said platform (as a one time exercise) and also complete the mandatory KYC verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores Only)
Bid opening and closing date	Bid opening date: September 23, 2022; and Bid closing date: September 23, 2022
Minimum Bid lot	10 (Ten) Debentures
Manner of bidding in the Issue	Closed Bidding
Manner of allotment in the Issue	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.
Manner of settlement in the Issue	Pay-in of funds through ICCL.
Settlement cycle	T+2, where T refers to the date of bid opening date / issue opening date

Process flow of settlement:

Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the Private Placement Offer Letter have been issued by the Issuer and who have submitted/shall submit the application form ("**Successful Bidders**"), shall make pay-in of subscription monies in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out below, on or before 10:30 a.m. on the Deemed Date of Allotment:

Name of Bank	HDFC BANK
IFSC Code	HDFC0000060
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED

Name of Bank	ICICI Bank Ltd.
IFSC Code	ICIC0000106
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

Name of Bank	YES BANK
IFSC Code	YESB0CMSNOC
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Beneficiary Name:	Annapurna Finance Private Limited
Bank Account No.	028405010760
SWIFT CODE:	ICICINBBCTS
IFSC CODE:	ICIC0000284
Bank Name	ICICI Bank Limited
Branch Address:	Nayapalli branch, Bhubaneswar

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

8.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). Subject to the EBP Guidelines, the Issuer reserves the right to change the Issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule..

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to potential investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

8.13 Payment Instructions

The pay-in of subscription monies in respect of the Debentures by the Successful Bidder shall be made in accordance with the procedure set out in Clause 8.9 above.

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

A. Mutual Funds
B. Non-banking financial companies
C. Provident Funds and Pension Funds
D. Corporates
E. Banks
F. Foreign Portfolio Investors (FPIs)
G. Foreign Institutional Investors (FIIs)
H. Qualified Foreign Investors (QFIs)
I. Insurance Companies

J. Investment holding companies of high net worth individuals

K. Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures

Without prejudice to the aforesaid, where the selection of the eligible investors is required to be done pursuant to bidding mechanism on the Electronic Platform called the "EBP Platform" under the EBP Guidelines or any other successive arrangement/platform mandated by SEBI, only those Persons Out of the aforesaid categories of investors, who are registered on the EBP Platform and are eligible to make bids for Debentures of the Company and to whom allocation is to be made by the Company pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the EBP Guidelines and the Electronic Book Providers shall be considered as "identified persons" for the purposes of Section 42(2) of the Companies Act, 2013 (as amended from time to time), to whom the Company shall make private placement of the Debentures and only such "identified persons" shall receive a direct communication from the Company with offer to subscribe to the Debentures and only such "identified persons" shall be entitled to subscribe to the Debentures.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Guidelines) specifically mapped by the Company on the EBP Platform are also eligible to bid/apply/invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures and the Company, is not in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Company required to check or confirm the same.

Hosting of the Placement Memorandum on the website of the BSE should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated under the SEBI Debt Listing Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

A. The applicant must have at least one beneficiary account with any of the DPs of NSDL and CDSL prior to making the application.

B. The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

C. Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

D. For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

E. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

F. If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

G. For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

H. The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

A. SEBI registration certificate
B. Resolution authorizing investment and containing operating instructions
C. Specimen signature of authorized signatories

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

A. Memorandum and Articles of Association or other constitutional documents
B. Certified true copy of the Resolution authorising investment
C. Certified true copy of the Power of Attorney to custodian
D. Specimen signatures of the authorised signatories
E. SEBI registration certificate (for Mutual Funds)
F. Copy of PAN card
G. Application Form (including EFT/RTGS details)

8.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.22 Succession

In the event of winding-up of the Debenture Holder (being a company), the Issuer will recognize the legal representative of the Debenture Holder(s) as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s) unless they obtains legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such other legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and/or an indemnity.

8.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.24 Effect of Holidays

In case any Coupon Payment Date falls on a day which is not a Business Day, the payment to be made on such Coupon Payment Date, as the case may be, shall be made on the immediately succeeding Business Day. When the Maturity Date (including the last Coupon Payment Date) and/or the Put Option Date and/or the Call Option Date, falls on a day which is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon and outstanding principal amount), shall be made on the immediately preceding Business Day. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

8.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agent of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

If any payments under this Issue is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed), including if the Company shall be required legally to make any payment for Tax from the sums payable under the Debenture Trust Deed, ("**Tax Deduction**"), the Company shall make such Tax Deduction, as may be necessary and shall simultaneously pay to the Debenture Holders, such additional amounts as may be necessary in order that the net amounts received by the Debenture

Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

8.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 1 (One) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within a maximum of 2 (Two) Business Days from the Deemed Date of Allotment or within such timelines as permissible under Applicable Law.

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is September 26, 2022 by which date the Investors would be intimated of allotment.

8.28 Record Date

The Record Date shall mean the date that occurs 7 (seven) calendar days prior to any Due Date on which any Payments are to be made to the Debenture Holder(s), provided that such date is a Friday. In case the date that occurs 7 (seven) calendar days prior to any Due Date is not a Friday, the Record Date (for the purposes of such Due Date) shall be deemed to be the date occurring on a Friday which is at least 7 (seven) calendar days prior to the relevant Due Date in accordance with the terms of the Debentures on the basis of which the determination of the Debenture Holders who shall be entitled to receive the amounts due on any Due Date shall be made.

8.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.30 Interest on Application Money

Interest shall be payable on all application monies received at the Coupon Rate of
Series I:11.25% (Eleven Decimal Point Two Five Percent) per annum
Series II: 12.20% (Twelve Decimal Two Zero per cent) per annum
net of Taxes from the date of realization of the application monies by the Issuer until the Deemed Date of Allotment and the same shall be paid to the relevant Investors within 7 (Seven) Business Days from the Deemed Date of Allotment.

8.31 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL and CDSL and accordingly the account of the Debenture Holder(s) with NSDL and CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may but is not bound to revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 9: UNDERTAKING

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 17 under SECTION 3:'General Risks'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the relevant stock exchange's website where the Debentures are listed.

For **Annapurna Finance Private Limited**

For Annapurna Finance Pvt. Ltd.

Kashi Nath Sahoo

Authorised Signatory

Authorised Signatory
Name: KASHI NATH SAHOO
Title: Asst. Company Secretary
Date: September 21, 2022

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 10: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to: _____
Serial No: 01

Date: September 21, 2022

FORM NO PAS-4
PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

Note: This Form No PAS-4 is prepared in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Issue of 950 (Nine Hundred Fifty) Senior, Unsecured, Rated, Unsubordinated, Listed, Redeemable, Taxable, Transferable Non-convertible Debentures of each having face value of Rs. 10,00,000/- (Indian Rupees Ten Lakhs only) , aggregating up to Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores) ("Debentures"), comprising of 350 (Three Hundred and Fifty) Rated, Listed, Senior, Unsubordinated, Unsecured, Redeemable, Taxable, Non-convertible debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakh) each, aggregating up to Rs. 35,00,00,000/- (Indian Rupees Thirty-Five Crore) ("Series I Debentures"), and 600 (six hundred) Rated, Listed, Senior, Unsubordinated, Unsecured, Redeemable, Taxable, Non-convertible debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakh) each, aggregating up to Rs. 60,00,00,000/- (Indian Rupees Sixty Crore) ("Series II Debentures") issued on a fully paid basis and on a private placement basis (the "Issue")

PART A

10.1 General Information:

A. **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Annapurna Finance Private Limited
Registered Office:	1215/1401, Khandagiri Bari, Opposite Jayadev Vatika, Khandagiri, Bhubaneswar - 751030, Odisha, India
Corporate Office:	1215/1401, Khandagiri Bari, Opposite Jayadev Vatika, Khandagiri, Bhubaneswar - 751030, Odisha, India
Telephone No.:	+91-674-2386580
Website:	www.annapurnafinance.in
Fax:	NA
Contact Person:	Mr. Subrata Pradhan
Email:	subrat@ampl.net.in

B. **Date of Incorporation of the Company:**

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

April 30, 1986

C. **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

The Company is a non-deposit taking Non-Banking Financial Company - Micro Finance Institution ("**NBFC-MFI**") registered with the Reserve Bank of India ("**RBI**") under the Reserve Bank of India Act, 1934, bearing registration number B-04.00027 dated October 22, 2013 and is engaged in the business of microfinance.

The main objects and primary objectives of the Company are to operate a sustainable microfinance institution that offer a wide variety of financial and non-financial products and services and access to capital, primarily to the poor and to small and medium entrepreneurs (i.e., individuals who, at the time of enrollment, are financially impoverished as a result of low income and lack of financial resources) in accordance with applicable laws.

Subsidiary details:

Annapurna has following subsidiary companies:

a) Annapurna SME Finance Private Limited

Annapurna has its head office in Bhubaneswar and operates in mainly rural areas with a good presence in semi-urban areas and small presence in urban areas. The Company is present mainly in the state of Odisha, Chhattisgarh, Madhya Pradesh, Assam, Maharashtra, Bihar, Meghalaya, Tripura, Jharkhand, Rajasthan, Punjab, West Bengal, Gujarat, Himachal Pradesh, Tamil Nadu, Karnataka, Uttarakhand, Haryana and Uttar Pradesh, operating through its 1007 branches, including its regional offices.

The Company has a wholly owned subsidiary Company named Annapurna SME Finance Private Limited (incorporated in FY 2020-21).

D. **Brief particulars of the management of the Company:**

Management Details			
Sl.No.	**Name**	**Designation**	**Description**
1.	Mr. Gobinda Chandra Pattanaik	Managing Director	Total Experience - 15 years Mr. Gobinda Pattanaik has in-depth understanding of microfinance and has more than two decades of experience in implementing various developmental and micro enterprise activities. He is well known in the social development sector for his thoughtful and innovative approaches. He has also played key role in setting up various community-based institutions and is an advisor to various District Administrations in the state of Odisha; besides being a member of various committees formed by the State Government of Odisha.
2.	Mr. Dibyajyoti Pattanaik	Director	Total Experience -15 years Mr. Pattanaik has over 15 years of experience in finance, micro-enterprise development and development sector consulting. He has worked with public and development sector institutions in various roles before joining Peoples' Forum as Program

			Head and CFO in 2007. He played a crucial role in the transformation of mission Annapurna to Annapurna Micro Finance Private Limited, which is now operating as an NBFC-MFI across 17 states of India. Mr. Pattanaik holds a Postgraduate in Management from Entrepreneurship Development Institute of India (EDII), Ahmedabad with specialisation in micro finance and micro enterprise management and a management certificate in finance from Boulder Institute of Management, USA. He has also attended the world renowned HBS-ACCION Program on Strategic Leadership in Inclusive Finance, from the Harvard Business School, Boston, USA.
3.	Mr. Sanjay Pattanaik	Chief Operating Officer	Total Experience-14 years Mr. Sanjay Pattanaik is a seasoned trainer in micro entrepreneurship. Along with being a trainer in the field of entrepreneurship, his expertise also lies in the areas of achievement motivation and soft skill development. His expertise has helped People's Forum in grooming SHGs, their development and leadership building. Apart from this, he has been a visiting faculty to several management institutions. He takes the overall responsibility of the Operations in AFPL.
4.	Mr. Satyajit Das	Chief Finance Manager	Total Experience -12 years Mr. Satyajit Das is involved in crafting the strategic decision making, innovating future growth opportunities of the Company, besides ensuring the funds flow cycle of Annapurna remains intact. His exceptional ability of sensing the opportunities of growth and expansion makes him the most sought after leader in Annapurna. His close and meticulous understanding of financial sector helps the company in securing many financial deals with leading FIs.

E. **Name, addresses, DIN and occupations of the directors**:

Sl. No.	Name of the Directors	Address	DIN	Occupation
1	Mr. Gobinda Chandra Pattanaik	Palla, Pallatotapada, Khurdha, Odisha-752056	02716330	Business
2	Mr. Dibyajyoti Pattanaik	Palla, Konark Nagar, Pallatotapada, Khurdha, Odisha-752056	02764187	Business

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3	Mr. Krishna Kumar Tiwary	A-36/51-E, Kajjakpura Konia Road, Varanasi- 221001, Uttar Pradesh	02914614	Practicing Chartered Accountant
4	Mr. Sean Leslie Nossel	444 Central Park West, Apt 15E, New York, USA - 10025	05327455	Professional
5	Mr. Ashok Ranjan Samal	House No.7, Aryabhoomi, Plot No.442/3998, Nandan Kanan Main Road, Patia, Bhubaneswar 751031	00918164	Retired Banker
6	Mr. Venkiteswaran Mecherimadam Ramakrishnan	Flat No. B2-703, LNT South City Apartments, Arekere Mico Layout, Bannerghata Road, Bangalore South, Bengaluru, Karnataka - 560076	08286433	Independent Consultant
7	Mr Sunit Vasant Joshi	B-206, Yuthika Apartments Veerbhadra nagar, Near Ganaraj Mangal Karyalaya Baner, Pune City, Pune, Maharashtra-411045	02962154	Retired Service Holder
8	Ms Christina Stefanie Juhasz	99, Reade St Apt 7W, New York, USA, 10013	06451902	Service holder
9	Mr. Prakash Kumar	Flat No 306, Arunima Palace, Sec-4, Vasundhara, Ghaziabad, U.P- 201012	06758416	Service holder
10	Mr. Ranganathan Varadarajan Dilip Kumar	C-703, CTS-827, A/1C-1A, 7th floor, Raheja heights Arun Kumar Vaidya Rd, Malad East, Mumbai Maharashtra India-400097	01060651	Banking professional
11	Ms. Radhika Jayant Shroff	215 West 88TH Street Apt 2H, New York USA-10024	09210584	Service Holder
12	Mr. Abhishek Agrawal	C/o Flat No. 401, Sai Samman, Chembur East, Plot 28/29, Union Park, Near R K Studio, Mumbai, Maharastra -400071	06760344	Service Holder
13	Mr. Guillaume Accarain	(1150) Rue Jean Wellens, 47 (Belgium)	09527231	Service Holder
14	Mr. Pushkar Jauhari	Apt 404, Tower 4,Crescent Bay, Jerbai Wadia Road, Parel Bhoiwada, Mumbai, Maharastra-400012	06391650	Employment

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to SECTION 3: of this Placement Memorandum.

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to SECTION 3: of this Placement Memorandum.

10.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: NIL
(ii) Debentures and interest thereon: NIL
(iii) Deposits and interest thereon: NIL
(iv) Loan from any bank or financial institution and interest thereon: NIL

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Mr. Subrata Pradhan
Designation: Company Secretary
Address: 1215/1401, Khandagiri Bari, Opposite Jayadev Vatika,

Khandagiri, Bhubaneswar - 751030, Odisha, India

Phone No.: +91-674-2386580
Email: subrat@ampl.net.in

10.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

NIL

10.7 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **CHAPTER A** below.
Date of passing of Board Resolution	Resolution of the Board of Directors of the Issuer dated December 23 , 2021 and the resolution passed by the Executive Committee of the Board of Directors of the Company dated September 13, 2022.Certified true copies of these resolutions have been annexed under **CHAPTER F** of this Private Placement Offer cum Application Letter.
Date of passing of resolution in [annual / extra-ordinary general meeting], authorizing the offer of securities	Shareholders resolutions under Section 42 of the Companies Act, 2013 dated November 23rd, 2021 and November 2nd , 2020 and under Section 180(1)(a) & Section 180(1)(c) of the Companies Act, 2013 Certified true copies of these resolutions have been annexed under **CHAPTER G** of this Private Placement Offer cum Application Letter.
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	Issue of 950 (Nine Hundred Fifty) Senior, Unsecured, Rated, Unsubordinated, Listed, Redeemable, Taxable, Transferable Non-convertible Debentures of each having face value of Rs. 10,00,000/- (Indian Rupees Ten Lakhs only) , aggregating up to Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores)("Debentures"), comprising of 350 (Three Hundred and Fifty) Rated, Listed, Senior, Unsubordinated, Unsecured, Redeemable, Taxable, Non-convertible debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakh) each, aggregating up to Rs. 35,00,00,000/- (Indian Rupees Thirty-Five Crore) ("Series I Debentures"), and 600 (Six Hundred) Rated, Listed, Senior, Unsubordinated, Unsecured, Redeemable, Taxable, Non-convertible debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakh) each, aggregating up to Rs. 60,00,00,000/- (Indian Rupees Sixty Crore) ("Series II Debentures") issued on a fully paid basis and on a private placement basis (the "Issue")
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable as the Debentures are being offered at face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Relevant date with reference to which the price has been arrived at	Not applicable as each Debenture is a non-convertible debt instrument which is being issued at a face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

[Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]	
The class or classes of persons to whom the allotment is proposed to be made	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): A. Mutual Funds B. NBFCs C. Provident Funds and Pension Funds D. Corporates E. Banks F. Foreign Institutional Investors (FIIs) G. Qualified Foreign Investors (QFIs) H. Foreign Portfolio Investors (FPIs) I. Insurance Companies J. Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.
Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]	Not applicable as the Debentures are non-convertible debt instruments.
The proposed time within which the allotment shall be completed	Issue Opening Date: September 23, 2022 Issue Closing Date: September 23, 2022 Pay-in Date: September 26, 2022 Deemed Date of Allotment: September 26, 2022
The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures]	Not applicable as the Debentures are non-convertible debt instruments.
The change in control, if any, in the company that would occur consequent to the private placement	Not applicable as the Debentures are non-convertible debt instruments.
The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price	Please refer to **CHAPTER C** of this Private Placement Offer cum Application Letter.
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

<table>
<tr><td>Amount, which the Company intends to raise by way of proposed offer of securities</td><td>Up to Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores Only)</td></tr>
<tr><td>Terms of raising of securities:</td><td>
<table>
<tr><td>Duration, if applicable:</td><td>1. Series I: 12 months 1 day from the Deemed Date of Allotment.
2. Series II: 24 months from the Deemed Date of Allotment</td></tr>
<tr><td>Rate of Interest or Coupon:</td><td>1. Series I: 11.25% per annum
2. Series II: 12.20% per annum

(net of withholding taxes applicable as on the date of the DTD) (fixed), payable monthly ("Interest Rate").

The proposed interest payment and redemption schedules are set out in Annexure I.</td></tr>
<tr><td>Mode of Payment</td><td>Cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer wherein the subscription amounts on the Debentures issued by the Issuer should be paid into Bank account number of the Issuer:</td></tr>
<tr><td>Mode of Repayment</td><td>cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer</td></tr>
</table>
</td></tr>
<tr><td>Proposed time schedule for which the Issue/Offer Letter is valid</td><td>Issue Opening Date: September 23, 2022
Issue Closing Date: September 23, 2022
Pay-in Date: September 26, 2022
Deemed Date of Allotment: September 26, 2022</td></tr>
<tr><td>Purpose and objects of the Issue/Offer</td><td>The Issuer shall utilize the proceeds of the Issue solely for meeting the Objects of the Issue as stated in the Information Memorandum. No part of the proceeds from the Issue will be used towards:

i. any capital market instrument such as equity and equity linked instruments or any other capital market related activities;
ii. any speculative purposes;
iii. investment in the real estate sector; or
iv. in contravention of any applicable law</td></tr>
<tr><td>Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects</td><td>N.A.</td></tr>
<tr><td>Principal terms of assets charged as security, if applicable</td><td>Not Applicable as the Debentures are unsecured in nature.</td></tr>
<tr><td>The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations</td><td>Nil</td></tr>
</table>

The pre-issue and post-issue shareholding pattern of the Company in the following format:

S. No.	Category	Pre-Issue		Post-Issue	
		No. of Shares held	% of share holding	No. of Shares held	% of share holding
A.	**Promoter's holding**				
1	**Indian**				
	Individual (Including Joint holding)	127,20,351	8.14	127,20,351	8.14
	Bodies Corporate	-	-	-	-
	Sub Total	127,20,351	8.14	127,20,351	8.14
2	**Foreign Promoter**	-	-	-	-
	Subtotal (A)	**127,20,351**	8.14	**127,20,351**	8.14
B.	**Non-Promoter's holding**				
1	**Institutional Investors**	11,11,30,831	91.80	11,11,30,831	91.80
2	**Non- Institution Investors**	-	-	-	-
	Private Bodies Corporate (Including Foreign Bodies)				
	Directors and Relatives	-	-	-	-
	Indian Public	-	-	-	-
	Others (Including NRIs)	13,01,404	0.06	13,01,404	0.06
	Subtotal (B)	**11,24,32,235**	**91.86**	**11,24,32,235**	**91.86**
	Grand Total (A) + (B)	**12,51,52,585**	**100.00**	**12,51,52,585**	**100.00**

10.8 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels): Other banking channels – RTGS/NEFT.

10.9 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	The directors, promoters or key managerial personnel do not have any financial or other material interest in the offer/ issue.
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately	There is no such litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter or director of the Company during the last 3 (three) years immediately preceding the year of the circulation of this PPOA.

<table>
<tr><td>preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed</td><td></td></tr>
<tr><td>Remuneration of directors (during the current year and last 3 (three) financial years)</td><td>
<table>
<tr><th>Name of the Director</th><th>Remuneration (in Rs)</th></tr>
<tr><td>2021-22</td><td></td></tr>
<tr><td>Mr. Gobinda Chandra Pattanaik</td><td>2.00 Crores</td></tr>
<tr><td>Mr. Dibyajyoti Pattanaik</td><td>1.01 Crores</td></tr>
<tr><td>2020 -21</td><td></td></tr>
<tr><td>Mr. Gobinda Chandra Pattanaik</td><td>1.53 Crores</td></tr>
<tr><td>Mr. Dibyajyoti Pattanaik</td><td>0.70 Crores</td></tr>
<tr><td>2019-20</td><td></td></tr>
<tr><td>Mr. Gobinda Chandra Pattanaik</td><td>1.38 Crores</td></tr>
<tr><td>Mr. Dibyajyoti Pattanaik</td><td>0.55 Crores</td></tr>
</table>

Sitting Fees –Non-Executive (Independent Directors)

<table>
<tr><th>Name of the Director</th><th>Sitting Fees (In Rs.)</th></tr>
<tr><td>2021-22</td><td></td></tr>
<tr><td>Mr. Krishna Kumar Tiwary</td><td>0.06 Cr</td></tr>
<tr><td>Mr. Sean Leslie Nossel</td><td>0.06 Cr</td></tr>
<tr><td>Mr. Ashok Ranjan Samal</td><td>0.08 Cr</td></tr>
<tr><td>2020 -21</td><td></td></tr>
<tr><td>Mr. Krishna Kumar Tiwary</td><td>0.08 Cr</td></tr>
<tr><td>Mr. Sean Leslie Nossel</td><td>0.06 Cr</td></tr>
<tr><td>Mr. Ashok Ranjan Samal</td><td>0.10 Cr</td></tr>
<tr><td>2019-20</td><td></td></tr>
<tr><td>Mr. Krishna Kumar Tiwary</td><td>0.03 Cr</td></tr>
<tr><td>Mr. Sean Leslie Nossel</td><td>0.03 Cr</td></tr>
<tr><td>Mr. Ashok Ranjan Samal</td><td>0.05 Cr</td></tr>
<tr><td></td><td></td></tr>
</table>
</td></tr>
<tr><td>Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided</td><td>Please refer to Chapter D of this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of</td><td>NIL</td></tr>
</table>

the said reservations or qualifications or adverse remark	
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries	NIL
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	Nil

10.10 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	**Share Capital** / **Rs.** **Authorised** 8,30,00,000 nos of equity shares of Rs.10/- each — 83,00,00,000.00 5,60,00,000 nos ofpreference shares of Rs.10/-each — 56,00,00,000.00 **TOTAL** — **139,00,00,000.00** **Issued, Subscribed Capital** 7,28,95,160 nos of Equity shares of Rs.10/- each — 72,89,51,600.00 5,22,57,426 nos of Preference Shares of Rs.10/- each — 52,25,74,260.00 **TOTAL** — **125,15,25,860.00** **Paid Up Capital** 6,87,61,148 nos of Equity shares of Rs.10/- each — 68,76,11,480.00 41,34,012 nos of Equity shares are partly paid i.e 0.09024 paid per shares — 3,73,072.01 5,22,57,426 nos of Preference Shares of Rs.10/- each — 52,25,74,260.00 **TOTAL** — **1,21,05,58,812.01**
Size of the Present Offer	Rs. 95,00,00,000/- (Rupees Ninety Five Crores Only)
Paid-up Capital: **a. After the offer:**	INR 1,21,05,58,812.01
b. After the conversion of Convertible Instruments (if applicable)	Not applicable as each Debenture is a non-convertible debt instrument which is being issued at face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture.
Share Premium Account: **a. Before the offer:**	INR 8,91,16,04,247.72

b. After the offer:	INR 8,91,16,04,247.72

Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case:

S.No	Date of allotment	Number of Equity Shares Allotted	Face Value of Shares	Price of allotment (including premium)	Form of Consideration	Cumulative Capital (Number of Shares)
1.	02.08.2021	2200 1800	10 10	41.00 49.00	Cash	687,19,948
2.	23.12.2021	100	10	107.75	Cash	687,20,048
3.	23.12.2021	100	10	107.75	Cash	687,20,148
4.	30.12.2021	21400 5500	10 10	41.00 49.00	Cash	687,47,048
5.	28.01.2022	5200 3700	10 10	41.00 49.00	Cash	687,55,948
6.	28.02.2022	12,40,203	10	110.81	Cash	699,96,151
7.	28.02.2022	16,53,605	10	110.81	Cash	716,49,756
8.	28.02.2022	6,20,102	10	110.81	Cash	722,69,858
9.	28.02.2022	6,20,102	10	110.81	Cash	728,89,960
10.	31.03.2022	2200 3000	10 10	41.00 49.00	Cash	728,95,160

Notes:

1. Equity shares issued on 28-02-2022 are partly paid-up shares up to a total of Re. 1 per share including premium.

S. No.	Date of Allotment/ Redemption	*Number of Preference Shares Allotted	Number of Preference Shares Redeemed	Face Value of Shares	Price of allotment (including premium)	Form of consideration	Cumulative Capital (Number of Shares)
01	26-03-2021	1,94,18,612	0	10	117.75	Cash	2,24,18,612
02	23-12-2021	1,93,01,192	0	10	117.75	Cash	4,17,19,804
03	27-12-2021	27,17,622	0	10	117.75	Cash	4,44,37,426
04	23-06-2022	78,20,000	0	10	150.00	Cash	5,22,57,426

*Kindly note the preference shares mentioned above are of different classes.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

<table>
<tr><td>Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.</td><td>Please refer to Chapter E of this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter</td><td><table>
<tr><th>FY</th><th>PBT (in Rs. Cr)</th><th>PAT (in Rs. Cr)</th></tr>
<tr><td>FY 2022 (Ind AS)</td><td>23.75</td><td>17.13</td></tr>
<tr><td>FY 2021 (Ind AS)</td><td>1.67</td><td>1.82</td></tr>
<tr><td>FY 2020 (Ind AS)</td><td>99.91</td><td>82.89</td></tr>
</table></td></tr>
<tr><td>Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)</td><td>The company has not declared any dividend on Equity Shares in last three years.<table>
<tr><th>Particulars</th><th>FY 2022</th><th>FY 2021</th><th>FY 2020 (Ind As)</th></tr>
<tr><td>Preference Dividend (In INR (In Thousand))</td><td>Yet to be declared</td><td>0.296</td><td>0.03</td></tr>
<tr><td>Interest Coverage Ratio</td><td>1.04</td><td>1.02</td><td>1.23</td></tr>
</table></td></tr>
<tr><td>A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter</td><td>Please refer CHAPTER A to this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter</td><td>Please refer CHAPTER B to this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company</td><td>In FY 2018-2019 the Company used Indian GAAP as its reporting format. However, from FY 2019-2020, onwards the Issuer has adopted IND AS, and the reserves and profits of the Issuer will be determined accordingly.</td></tr>
</table>

10.11 PART B (To be filed by the Applicant)

(i) Name:
(ii) Director name:
(iii) Complete Address including Flat / House Number, Street, Locality;
(iv) Phone number; if any:
(v) Email ID, if any
(vi) PAN Number: ; and
(vii) Bank Account details:
Bank Name:

_____

Signature

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Initial of the Officer of the Company designated to keep the record

For Annapurna Finance Pvt. Ltd.

Kushi Nath Sahoo

Authorised Signatory

Enclosed

Copy of Board Resolution
Copy of Shareholders Resolution
Copy of _____

Chapter A - A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter

Chapter B - Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter

Chapter C- The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price

Chapter D- Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided

Chapter E-Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.

Chapter F- Certified true copy of Board resolution and Executive Committee resolution

Chapter G-Certified true copy of shareholders' resolutions.

Optional Attachments, if any

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER A: FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE) AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER B: AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER C- THE NUMBER OF PERSONS TO WHOM ALLOTMENT ON PREFERENTIAL BASIS / PRIVATE PLACEMENT / RIGHTS ISSUE HAS ALREADY BEEN MADE DURING THE YEAR, IN TERMS OF SECURITIES AS WELL AS PRICE

S. No.	Number and type of security issued	Name of the Allottee	Type of issue	Issue Price (Price per security)	Nominal Value per security	Date of issue	Preferential basis/ private placement / rights issue
1.	12,40,203 Equity Shares	Mr Gobinda Chandra Pattanaik	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement
2.	16,53,605 Equity Shares	Mr Dibyajyoti Pattanaik	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement
3.	6,20,102 Equity Shares	Mr Sanjay Pattanaik	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement
4.	6,20,102 Equity Shares	Mr. Satyajit Das	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement
5.	78,20,000 Series A2 CCPS	SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A.	Preference Shares (Series A2 CCPS)	150.00	10	23rd May 2022	Private Placement
6.	500 Non Convertible Debentures	Triodos SICAV II - Triodos Microfinance Fund	Non Convertible Debentures (NCDs)	10,00,000	10,00,000	29th June 2022	Private Placement
7.	220 Non Convertible Debentures	MicroBuild I, B.V.	Non Convertible Debentures (NCDs)	10,00,000	10,00,000	7th July 2022	Private Placement

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER D- RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST 3 (THREE) FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE OF THIS OFFER LETTER INCLUDING WITH REGARD TO LOANS MADE OR, GUARANTEES GIVEN OR SECURITIES PROVIDED

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER E- DETAILS OF ALLOTMENTS MADE BY THE COMPANY IN THE LAST ONE YEAR PRIOR TO THE DATE OF THIS OFFER LETTER FOR CONSIDERATION OTHER THAN CASH AND DETAILS OF THE CONSIDERATION IN EACH CASE.

S. No.	Number and type of security issued	Name of the Allottee	Type of issue	Issue Price (Price per security)	Nominal Value per security	Date of issue	Preferential basis/ private placement/ rights issue	Consideration Type (Cash or Consideration other than Cash	Consideration
1.	12,40,203 Equity Shares	Mr Gobinda Chandra Pattanaik	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement	Cash	NA
2.	16,53,605 Equity Shares	Mr Dibyajyoti Pattanaik	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement	Cash	NA
3.	6,20,102 Equity Shares	Mr Sanjay Pattanaik	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement	Cash	NA
4.	6,20,102 Equity Shares	Mr. Satyajit Das	Equity Shares (Partially Paid Up)	110.81	10	28th February 2022	Private Placement	Cash	NA
5.	78,20,000 Series A2 CCPS	SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A.	Preference Shares (Series A2 CCPS)	150.00	10	23rd May 2022	Private Placement	Cash	NA
6.	500 Non Convertible Debentures	Triodos SICAV II - Triodos Microfinance Fund	Non Convertible Debentures (NCDs)	10,00,000	10,00,000	29th June 2022	Private Placement	Cash	NA
7.	220 Non Convertible Debentures	MicroBuild I, B.V.	Non Convertible Debentures (NCDs)	10,00,000	10,00,000	7th July 2022	Private Placement	Cash	NA

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER F- CERTIFIED TRUE COPY OF BOARD RESOLUTION AND EXECUTIVE COMMITTEE RESOLUTION.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER F- CERTIFIED TRUE COPY OF SHAREHOLDERS' RESOLUTIONS

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 11: DECLARATION BY THE DIRECTORS

Each of the directors of the Company hereby confirm and declare that:

A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;

B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;

C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Memorandum; and

D. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under SECTION 3: of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the resolution of the Board of Directors of the Company dated December 23, 2021 read with the resolution of the Executive Committee of the Board of Directors of the Company vide resolution number 03 dated September 13, 2022 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **Annapurna Finance Private Limited**

For Annapurna Finance Pvt. Ltd.

Director

Name: Dibyajyoti Pattanaik
Title: Director
Date: 21, September 2022

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE I: TERM SHEET

As per Clause 5.37 (*Issue Details*) of this Placement Memorandum.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE II: RATING LETTER, RATING RATIONALE AND DETAILED PRESS RELEASE FROM THE RATING AGENCY

Attached Separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IV: APPLICATION FORM

ANNAPURNA FINANCE PRIVATE LIMITED
A private limited company incorporated under the Companies Act, 1956
Date of Incorporation: April 30, 1986
Registered Office: Plot No 1215/1401, Khandagiri Bari, Near Jaydev Vatika, Khandagiri, Bhubaneswar, Odisha, 751030, India
Telephone No.: 0674-2386580
Website: www.annapurnafinance.in

DEBENTURE SERIES APPLICATION FORM SERIAL NO.	**1**								

ISSUE OF 950 (NINE HUNDRED AND FIFTY) SENIOR, UNSECURED, RATED, LISTED, REDEEMABLE, TRANSFERABLE, TAXABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 10,00,000/- (INDIAN RUPEES TEN LAKHS ONLY) EACH, AGGREGATING UP TO RS. 95,00,00,000/- (INDIAN RUPEES NINETY FIVE CRORES ONLY) ON A PRIVATE PLACEMENT BASIS (THE "ISSUE"), BY ANNAPURNA FINANCE PRIVATE LIMITED (THE "COMPANY" OR "ISSUER") IN ONE OR MORE SERIES/TRANCHES AT PAR COMPRISING OF:

a. **350 (THREE HUNDRED AND FIFTY) UNSECURED, UNSUBORDINATED, RATED, LISTED, TAXABLE, REDEEMABLE AND NON-CONVERTIBLE DEBENTURES EACH HAVING A FACE VALUE OF INR 10,00,000 (INDIAN RUPEES TEN LAKHS ONLY) AND OF THE AGGREGATE FACE VALUE OF 35,00,00,000 (INDIAN RUPEES THIRTY FIVE CRORES ONLY) (SERIES I DEBENTURES")**

b. **600 (SIX HUNDRED) UNSECURED, UNSUBORDINATED, RATED, LISTED, TAXABLE, REDEEMABLE AND NON-CONVERTIBLE DEBENTURES EACH HAVING A FACE VALUE OF INR 10,00,000 (INDIAN RUPEES TEN LAKHS ONLY) AND OF THE AGGREGATE FACE VALUE OF 60,00,00,000 (INDIAN RUPEES SIXTY CRORES ONLY) (SERIES II DEBENTURES")**

DEBENTURE SERIES APPLIED FOR:

Number of Debentures _____ In words _____

Amount Rs. _____/-_ in words Rupees _____
_____Crores only

DETAILS OF PAYMENT:

RTGS
No. _____ Drawn on_____

Funds transferred to Annapurna Finance Private Limited
Dated _____

Total Amount Enclosed
(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS) **SPECIMEN SIGNATURE**

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		**PHONE**		**FAX**	

APPLICANT'S PAN/GIR NO. AAICM0721B IT CIRCLE/WARD/DISTRICT ____

WE ARE ( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

We have read and understood the terms and conditions of the issue of Debentures including the Risk Factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these terms and conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	**NSDL and CDSL**
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account:	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

The Issuer understands and accepts that the Applicants' intention to subscribe to the Issue is subject to (i) the absence of material adverse changes in the availability of currency hedging accessible to it between the Issue Opening Date and the Pay-in Date and/or (ii) the hedging price being acceptable to the Applicants.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("**Transferee**"), we shall convey all the terms and conditions contained herein and in this Placement Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer and each such person harmless in respect of any claim by any Transferee.

Applicant's
Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

----------(TEAR HERE)----------

- ACKNOWLEDGMENT SLIP -

(To be filled in by Applicant) **SERIAL NO.**	**1**								

Received from _____

Address_____

_____

Cheque/Draft/UTR # _____ Drawn on _____ for Rs. _____ on account of application of _____ Debenture

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

Attached Separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	Annapurna Finance Private Limited
Face Value (per security)	Rs. 10,00,000/- (Rupees Ten Lakhs only)
Issue Date / Date of Allotment	Issue Opening Date: September 23, 2022 Deemed Date of Allotment: September 26, 2022
Maturity Date	Series I: September 27, 2023 Series II: September 26, 2024
Coupon Rate	Series I: 11.25% (Eleven Decimal Two Five per cent) per annum Series II: 12.20% (Twelve Decimal Two Zero per cent) per annum
Frequency of the Coupon Payment with specified dates	Coupon payable Monthly
Day Count Convention	Actual / Actual

Series I:

Period (Months)	Interest/Principal Payment Dates	Principal	Interest	Total Cashflows
1	31-Oct-22	2,91,66,667	37,75,685	3,29,42,352
2	30-Nov-22	2,91,66,667	29,66,610	3,21,33,276
3	31-Dec-22	2,91,66,667	27,86,815	3,19,53,482
4	31-Jan-23	2,91,66,667	25,08,134	3,16,74,800
5	28-Feb-23	2,91,66,667	20,13,699	3,11,80,365
6	31-Mar-23	2,91,66,667	19,50,771	3,11,17,437
7	30-Apr-23	2,91,66,667	16,18,151	3,07,84,817
8	31-May-23	2,91,66,667	13,93,408	3,05,60,074
9	30-Jun-23	2,91,66,667	10,78,767	3,02,45,434
10	31-Jul-23	2,91,66,667	8,36,045	3,00,02,711
11	31-Aug-23	2,91,66,667	5,57,363	2,97,24,030
12	27-Sep-23	2,91,66,667	2,42,723	2,94,09,389

Series II:

Period (Months)	Interest/Principal Payment Dates	Principal	Interest	Total Cashflows
1	26-Oct-22	-	60,16,438	60,16,438
2	26-Nov-22	-	62,16,986	62,16,986
3	26-Dec-22	7,50,00,000	60,16,438	8,10,16,438
4	26-Jan-23	-	54,39,863	54,39,863
5	26-Feb-23	-	54,39,863	54,39,863
6	26-Mar-23	7,50,00,000	49,13,425	7,99,13,425
7	26-Apr-23	-	46,62,740	46,62,740
8	26-May-23	-	45,12,329	45,12,329
9	26-Jun-23	7,50,00,000	46,62,740	7,96,62,740
10	26-Jul-23	-	37,60,274	37,60,274
11	26-Aug-23	-	38,85,616	38,85,616
12	26-Sep-23	7,50,00,000	38,85,616	7,88,85,616
13	26-Oct-23	-	30,08,219	30,08,219
14	26-Nov-23	-	31,08,493	31,08,493
15	26-Dec-23	7,50,00,000	30,08,219	7,80,08,219
16	26-Jan-24	-	23,26,644	23,26,644
17	26-Feb-24	-	23,25,000	23,25,000

18	26-Mar-24	7,50,00,000	21,75,000	7,71,75,000
19	26-Apr-24	-	15,50,000	15,50,000
20	26-May-24	-	15,00,000	15,00,000
21	26-Jun-24	7,50,00,000	15,50,000	7,65,50,000
22	26-Jul-24	-	7,50,000	7,50,000
23	26-Aug-24	-	7,75,000	7,75,000
24	26-Sep-24	7,50,00,000	7,75,000	7,57,75,000

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VII: TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VIII: IN-PRINCIPLE APPROVAL RECEIVED FROM BSE

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IX: DUE DILIGENCE CERTIFICATE BY DEBENTURE TRUSTEE

Attached separately

CHAPTER D- RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST 3 (THREE) FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE OF THIS OFFER LETTER INCLUDING WITH REGARD TO LOANS MADE OR, GUARANTEES GIVEN OR SECURITIES PROVIDED

Annapurna Finance Private Limited
Notes to the standalone financial statements for the year ended March 31, 2022

Note 36: Related party transactions

Name of the related parties (as per Ind AS 24) (Refer Note (a) below)

Relationship	Name of the party
(i) Key management personnel	Mr. Gobinda Chandra Pattanaik - Managing Director Mr. Dibyajyoti Pattanaik - Director Ms. Christina Stefanie Juhasz - Nominee Director Ms. Laetitia Counye - Nominee Director Mr. Ranganathan Garadarajan Dilip Kumar - Nominee Director (with effect from June 25, 2021) Mr. Prakash Kumar - Nominee Director Mr. Sunit Vasant Joshi - Nominee Director Mr. Venkiteswaran Mecheimadam Ramakrishnan - Nominee Director Ms. Radhika Jayant Sharoff - Nominee Director (with effect from June 25, 2021) Mr. Abhishek Agarwal - Nominee Director (with effect from December 23, 2021) Mr. Satish Chava - Nominee Director (till March 03, 2022) Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Joint Investment Fund II
(iii) Subsidiary company	Annapurna SME Finance Private Limited (incorporated on December 18, 2020)
(iv) Trust	Annapurna Employees Welfare Trust (the 'Trust')

Related Party transactions during the year:

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	200	153
Mr. Dibyajyoti Pattanaik	101	70
	301	**223**
Sitting fees paid		
Mr. Ashok Ranjan Samal	8	10
Mr.K.K. Tiwary	6	8
Mr. Sean Leslie Nossel	6	6
	20	**24**
(ii) Subsidiary company		
Investment in Annapurna SME Finance Private Limited	500	500
	500	**500**
(iii) The Trust		
Loan to the Trust	76	11
Equity shares of the Company held by the Trust	72	16

Note:
a) Related parties have been identified on the basis of the declaration received by the Company and other records available.
b) The above remuneration to the key managerial personnel constitute the short term employee benefits and above does not include the provisions made towards post employment gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 36: Related Party Transactions

Name of the Related Parties (as per Ind AS 24)

Relationship	Name of the party
(i) Key Management Personnel	Mr. Gobinda Chandra Pattanaik- Managing Director Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das - Chief Financial Officer Mr. Subrat Pradhan- Company Secretary Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Joint Investment Fund II
(iii) Subsidiary Company	Annapurna SME Finance Private Limited (incorporated on December 18, 2020)

Related Party transactions during the year:

(in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	153	138
Mr. Dibyajyoti Pattanaik	70	55
Mr. Satyajit Das	62	49
Mr. Subrat Pradhan	18	15
	303	**257**
Expenses on employee stock option plan		
Mr. Subrat Pradhan	2	4
	2	**4**
Sitting Fees Paid		
Mr. Ashok Ranjan Samal	10	5
Mr.K.K. Tiwary	8	3
Mr. Sean Leslie Nossel	6	3
	24	**11**
(ii) Subsidiary Company		
Investment in Annapurna SME Finance Private Limited	500	-
	500	**-**

Note:
a) Related parties have been identified on the basis of the declaration received by the management and other records available.
b) The above remuneration to the key managerial personnel consitute the short term employee benefits and above does not include the provisions made towards post employement gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 36: Related Party Transactions

Name of the Related Parties (as per Ind AS 24)

Relationship	Name of the party
(i) Key Management Personnel	Mr. Gobinda Chandra Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das (w.e.f. 19th June 2018)- Chief Financial Officer Mr. Subrat Pradhan- Company Secretary Mr. Ashok Ranjan Samal- Independent Director Mr.K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel- Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Investment Fund

Related Party transactions during the year:

(in Rs. Lakhs)

Particulars	For the year ended March 31. 2020	For the year ended March 31. 2019
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	138	107
Mr. Dibyajyoti Pattanaik	55	45
Mr. Satyajit Das (w.e.f 19th June 2018)	49	33
Mr. Subrat Pradhan	15	15
	257	**200**
Sitting Fees Paid		
Mr. Ashok Ranjan Samal	5	4
Mr.K.K. Tiwary	3	2
Mr. Sean Leslie Nossel	3	3
	11	**9**
(il) Enterprise having significant influence over the Company		
Investment in Equity shares	-	1,805
[Nil during 2019-20, 1,80,48,942 shares during 2018-19]	-	**1,805**

Note:
a) Related parties have been identified on the basis of the declaration received by the management and other records available.
b) The above remuneration to the key managerial personnel consitute the short term employee benefits and above does not include the provisions made towards post employement gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

ANNAPURNA FINANCE
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CIN : U65999OR1986PTC015931

EXTRACTS OF THE RESOLUTIONS PASSED AT THE MEETING OF THE EXECUTIVE COMMITTEE ("COMMITTEE") OF THE BOARD OF DIRECTORS OF ANNAPURNA FINANCE PRIVATE LIMITED ("COMPANY") HELD ON SEPTEMBER 13, 2022 AT THE REGISTERED OFFICE OF THE COMPANY AT 3:30 PM.

"RESOLVED THAT pursuant to the resolution of the board of directors of the Company passed in its meeting held on December 23, 2021 and the provisions of Sections 42, 71, 179 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"), including any statutory modifications or re-enactments thereof for the time being in force, the Foreign Exchange Management Act, 1999 (as amended from time to time), rules, regulations, guidelines, notifications, clarifications and circulars, if any, prescribed by the Government of India, all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India ("RBI"),the Securities and Exchange Board of India ("SEBI"), including the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation 2021, or any other regulatory authority, whether in India or abroad, and in accordance with the provisions of Memorandum of Association and the Articles of Association of the Company and subject to approvals, consents, sanctions, permissions as may be required from any appropriate statutory and regulatory authorities, the approval of the Committee be and is hereby accorded for:

1. Series I: Unsecured Listed Non-Convertible Debenture of INR 35 Crores through private placement:

1.1. the offer, issue and allotment and finalising the terms and conditions in relation to the offer, issue and allotment of 350 (Three hundred and fifty) rated, listed, unsecured, Unsubordinated, redeemable, taxable, transferable, non-convertible debentures denominated in Indian Rupees ("INR") each having face value of Rs. 10,00,000 and an aggregate face value of up to INR 35,00,00,000 (Indian Rupees Thirty Five Crore) or such other amount as may be determined ("Non-Convertible Debentures") on a Private Placement basis, in one or more tranches, at an interest rate of 11.25% (Eleven decimal two five percent) fixed per annum or such other interest rate as may be agreed, payable monthly or at such other interest periods as may be agreed, and for a period of up to 12 months or such other period as may be agreed, subject to deduction of taxes at source in accordance with applicable law, on a private placement basis "Series I Debentures") to Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund being the identified persons for the purposes of Section 42 of the Act) (collectively, the "Investors") to meet the funding requirements of the Company for growing its microfinance portfolio with the terms agreed with the Investors, and such other purposes as may be agreed with the Investors; and

2. Series II: Unsecured Listed Non-Convertible Debenture of INR 60 Crores through private placement:

2.1. the offer, issue and allotment and finalising the terms and conditions in relation to the offer, issue and allotment of 600 (Six hundred) rated, listed, unsecured, Unsubordinated redeemable, taxable, transferable, non-convertible debentures denominated in Indian Rupees ("INR") each having face value of Rs. 10,00,000 and an aggregate face value of up to INR 60,00,00,000 (Indian Rupees Sixty Crore) or such other amount as may be determined ("Non-Convertible Debentures") on a Private Placement basis, in one or more tranches, at an interest rate of 12.20% (Twelve Decimal Two Zero per cent) fixed per annum or such other interest rate as may be agreed, payable monthly or at such other interest periods as may be agreed, and for a period of up

For Annapurna Finance Pvt. Ltd.

Ekbrata Pradhan

Company Secretary

to 24 months or such other period as may be agreed, subject to deduction of taxes at source in accordance with applicable law, on a private placement basis ("Series II Debentures") to Northern Arc Capital Limited & Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund being the identified persons for the purposes of Section 42 of the Act) (collectively, the "Investors") to meet the funding requirements of the Company for growing its microfinance portfolio with the terms agreed with the Investors, and such other purposes as may be agreed with the Investors;

"**RESOLVED FURTHER THAT** pursuant to Section 42(2) of the Companies Act, 2013, the Committee hereby identifies the following as Investors:

1. For Series I: Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund as Series I Debenture Holders;
2. For Series II: Northern Arc Capital Limited & Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund as Series II Debenture Holders;

as an identified person, to whom the Company can make private placement of the Debentures."

"**RESOLVED FURTHER THAT** Mr. Subrata Pradhan, the Company Secretary of the Company and Mr. Kashi Nath Sahoo, Asst. Company Secretary of the Company (collectively, the "**Authorised Persons**") be and are hereby severally authorised to do such acts, deeds and things as they deem necessary or desirable in connection with the issue, offer and allotment of the Debentures, including, without limitation the following:

(a) seeking, if required, any approval, consent or waiver from any/all concerned governmental and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures;

(b) executing the term sheet;

(c) negotiating, approving and deciding the terms of the issue of the Debentures and all other related matters;

(d) if so required, seeking the listing of the Debentures on any stock exchange, and taking all actions that may be necessary in connection with obtaining such listing and obtaining the in-principal approval from the stock exchange in relation to listing of Debentures;

(e) issuing the Debentures through the electronic book mechanism process pursuant to the guidelines and circulars issued by the SEBI in this respect, and taking all such action and steps as may be required for the purposes of complying with relevant guidelines, including making all relevant disclosures to the "electronic book provider";

(f) creating and maintaining a recovery expense fund with the relevant Stock Exchanges in accordance with the requirements of the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on "*Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"*" read with SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022 setting out "*Revised format of security cover certificate, monitoring and revision in timelines* issued by SEBI;

(g) providing such information or documents to the debenture trustee in accordance with the requirements of the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on "*Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)*" issued by SEBI;

(h) approving the debt disclosure document/information memorandum / placement memorandum and the private placement offer cum application letter (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;

For Annapurna Finance Pvt. Ltd.

Subrata Madhan

Company Secretary

(i) finalizing the terms and conditions of the appointment of an arranger (if so required), a debenture trustee, a registrar and transfer agent, a credit rating agency, legal counsel, the depositories and such other intermediaries as may be required including their successors and their agents;

(j) finalising the terms of the the issue, offer and allotment of the Debentures;

(k) determine the date of opening and closing of the Debenture Issue and the period for which the aforesaid issue will remain open;

(l) entering into arrangements with the depositories in connection with issue of the Debentures in dematerialised form;

(m) finalizing the date of allocation and the deemed date of allotment of the Debentures, credit to the demat account of the Investors;

(n) negotiating, executing, filing and delivering any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the issue, offer and allotment of the Debentures and dealing with regulatory authorities in connection with the issue, offer and allotment of the Debentures including but not limited to the RBI, SEBI (if so required), the jurisdictional registrar of companies, or any depositories, and such other authorities as may be required;

(o) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to the issue, offer and allotment of the Debentures;

(p) to execute all documents, file forms with, make applications to the jurisdictional registrar of companies, the Ministry of Corporate Affairs or any depository;

(q) sign and/or dispatch all documents and notices to be signed and/or dispatched by the Company under or in connection with the Transaction Documents;

(r) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalise, sign, execute, ratify, amend, supplement and / or issue the following, including any amendments, modifications, supplements, restatements or novations thereto (now or in the future):

  (i) the debt disclosure document/information memorandum / placement memorandum and the private placement offer cum application letter for the issue, offer and allotment of the Debentures (collectively, the "**Disclosure Documents**");

  (ii) the debenture trust deed, the debenture trustee agreement, and any other document in relation thereto (collectively, the "**Transaction Documents**");

  (iii) any other documents required for the purposes of the issue, offer and allotment of the Debentures and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and

  (iv) any other document designated as a Transaction Document by the debenture trustee/holders of the Debentures;

(s) do all acts necessary for the issue, offer and allotment of the Debentures in accordance with the terms set out in the placement memorandum and the Transaction Documents; and

(t) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates in relation the issue, offer and allotment of the Debentures and the transactions contemplated thereby, and to give such directions as it deems fit or as may be necessary or desirable with regard to the issue, offer and allotment of the Debentures."

For Annapurna Finance Pvt. Ltd.

Subrata Madhan

Company Secretary

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to take all necessary steps to sign and submit the necessary forms with the jurisdictional registrar of companies, the Ministry of Corporate Affairs, or any depositories, information utilities and other relevant governmental authorities."

"RESOLVED FURTHER THAT the Committee, pursuant to the authority granted under the resolution of the board of directors of the Company passed in its meeting held on December 23, 2021, hereby approves and ratifies all such acts, deeds and things taken by the Company till date for the purpose of the issue, offer and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to record the name of the holders of the Debentures in the register of debenture holders and to undertake such other acts, deeds and things as may be required to give effect to the issuance and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to pay all stamp duty required to be paid for the issue, offer and allotment of the Debentures in accordance with the laws of India, including through any intermediaries such as the stock exchanges, clearing corporations or any depositories that may be authorised in this regard, and procure the stamped documents from the relevant governmental authorities."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to approve and finalise, sign, execute and deliver the Transaction Documents and such other agreements, deeds, undertakings, indemnity and documents as may be required, or any of them in connection with the Debentures to be issued by the Company."

"RESOLVED FURTHER THAT the Authorised Persons be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or any governmental authority competent in that behalf."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to delegate the powers as may be deemed necessary to do such acts and execute such documents as may be required in connection with any of the matters relating to the issue of the Debentures."

"RESOLVED FURTHER THAT the copies of the foregoing resolutions certified to be true copies by any Director or the Company Secretary of the Company be furnished to such persons as may be deemed necessary."

CERTIFIED TO BE TRUE

FOR ANNAPURNA FINANCE PRIVATE LIMITED
For Annapurna Finance Pvt. Ltd.

Subrata Pradhan
Company Secretary

Subrata Pradhan
Company Secretary
M.No.: 27932

EXTRACTS OF RESOLUTIONS PASSED AT MEETING OF THE BOARD OF DIRECTORS OF M/s. ANNAPURNA FINANCE PRIVATE LIMITED HELD ON 23RD DECEMBER 2021 AT 5.00 P.M. (IST) AT ITS REGISTERED OFFICE AT- PLOT NO 1215/1401, KHANDAGIRI BARI, KHANDAGIRI, BHUBANESWAR-751030 THROUGH VIDEO CONFERENCE MODE

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modifications or re-enactments thereof for the time being in force (the "**Act**"), the Foreign Exchange Management Act, 1999, as amended, rules, regulations, guidelines, notifications, clarifications and circulars, if any, prescribed by the Government of India, all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India ("**RBI**"), the Securities and Exchange Board of India ("**SEBI**"), including the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, or any other regulatory authority, whether in India or abroad, and in accordance with the Memorandum of Association and the Articles of Association of the Company and the listing agreements entered into with the stock exchanges (the "**Stock Exchanges**") where the securities of the Company may be listed and subject to such approvals, consents, permissions and sanctions as might be required from any regulatory authority, and subject to approvals, consents, sanctions, permissions as may be necessary from all appropriate statutory and regulatory authorities, and subject to such conditions and modifications as may be prescribed by the respective statutory and/or regulatory authorities while granting such approvals, consents, sanctions, permissions and subject to such conditions or modifications which may be agreed to by the Board, the approval of the Board be and is hereby accorded for (a) offer, issue and allotment of non-convertible debentures [(i) subordinated, (ii) listed or unlisted, (iii) senior secured, (iv) senior unsecured, (v) unsecured, (vi) any others(as may be determined)] and which may or may not be rated (as may be determined), of such face value as may be determined upto the aggregate amount of INR 350,00,00,000 (Indian Rupees Three Hundred Fifty Crores) ("**Debentures**"), in one or more tranches/issues ("**Tranches/Issues**"), at such interest rate as may be determined, payable at such frequency as may be determined, and for such maturity (subject to applicable law) as may be determined subject to deduction of taxes at source in accordance with applicable law, with or without gross up, on a private placement basis to eligible investors ("**Investors**") for raising debt for the ongoing business purposes of the Company, and (b) securing the amounts to be raised pursuant to the issue of Debentures or any Tranche/Issue together with all interest and other charges thereon to be secured (up to such limits and security cover as may be agreed) by one or more of the following (i) hypothecation of loans (and/or other assets), and/or (ii) charge over specified immovable property of the Company, and/or (iii) such other security or contractual comfort as may be required in terms of the issuance of the Debentures or any Tranche/Issue (the "**Security**")."

"**RESOLVED FURTHER THAT** the Board here by authorises the "Executive Committee" ("**Committee**") of the board of directors to consider the particular terms of each Tranche/Issue and to more effectively

For Annapurna Finance Pvt. Ltd.

Director

For Annapurna Finance Pvt. Ltd.

Company Secretary

implement any of the resolutions of the board of directors contained herein. The Committee may, within the overall ambit of this resolution of the Board (a) consider and approve any terms or modifications thereof for any Tranche/Issue, (b) direct any officers of the Company to do such things and to take such actions as the Company is entitled to do or take (as the case may be) in terms of this resolution, and (c) to generally do or to take any other action, deed, or things, as may be necessary to remove any difficulties or impediments in the effective implementation of this resolution."

"RESOLVED FURTHER THAT Mr. Subrata Pradhan, company secretary and Mr. Kashi Nath Sahoo, Assistant Company Secretary or such other persons as may be authorised by the Board or the Committee (collectively, the "**Authorised Officers**") be and are hereby severally authorised to do such acts, deeds and things as they deem necessary or desirable in connection with the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures, including, without limitation the following:

(a) to do all such acts, deeds and things as the Authorised Officers may deem necessary or desirable in connection with the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures;
(b) seeking, if required, any approval, consent or waiver from any/all concerned governmental and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures;
(c) execute the term sheet in relation to the Debentures or any Tranche/Issue of the Debentures;
(d) negotiating, approving and deciding the terms of the issue of Debenturesor any Tranche/Issue of the Debenturesand all other related matters;
(e) if required by the holders of the Debentures or any Tranche/Issue of the Debentures (the "**Debenture Holders**"), seeking the listing of any of the Debentures or any Tranche/Issue of the Debentures on any Stock Exchange, submitting the listing application and taking all actions that may be necessary in connection with obtaining such listing;
(f) approving the debt disclosure document/information memorandum/private placement offer cum application letter (as may be required) (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
(g) finalising the terms and conditions of the appointment of an arranger (if so required), a debenture trustee, a registrar and transfer agent, a credit rating agency, legal counsel, a depository and such other intermediaries as may be required including their successors and their agents;
(h) entering into arrangements with the depository in connection with issue of Debentures or any Tranche/Issue of the Debentures in dematerialised form;
(i) creating and perfecting the Security as required in accordance with the terms of the Transaction Documents (as defined below) in relation to the issue, offer and allotment of the Debenturesor any Tranche/Issue of the Debentures;
(j) finalising the date of allocation and deemed date of allotment of the Debentures or any Tranche/Issue of the Debentures;

For Annapurna Finance Pvt. Ltd.

Director

For Annapurna Finance Pvt. Ltd.

Subrata Pradhan

Company Secretary

(k) negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures and deal with regulatory authorities in connection with the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures including but not limited to the RBI, SEBI (if so required), any Stock Exchange (if so required), the registrar of companies, the sub-registrar of assurances, Central Registry of Securitisation Asset Reconstruction and Security Interest and such other relevant governmental authorities as may be required;

(l) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to the issue, offer and allotment of the Debenturesor any Tranche/Issue of the Debentures;

(m) to execute all documents, file forms with, make applications with any Stock Exchange (if so required), the registrar of companies, the sub-registrar of assurances, Central Registry of Securitisation Asset Reconstruction and Security Interest or any depository;

(n) sign and/or dispatch all documents and notices to be signed and/or dispatched by the Company under or in connection with the Transaction Documents;

(o) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalise, sign, execute, ratify, amend, supplement and / or issue the following, including any amendments, modifications, supplements, restatements or novations thereto (now or in the future):

  (i) debt disclosure document/information memorandum/private placement offer cum application letter for the issue, offer and allotment of the Debenturesor any Tranche/Issue of the Debentures (as may be required) (the "**Disclosure Documents**");

  (ii) debenture certificate for the Debentures or any Tranche/Issue of the Debentures;

  (iii) debenture trust deed, debenture trustee agreement, deed of hypothecation and any other documents required for the creation of security interest over the Company's movable and immovable properties and assets or the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures (including any powers of attorney in connection thereto) and any other document in relation thereto (collectively, the "**Transaction Documents**");

  (iv) any other documents required for the purposes of the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and

  (v) any other document designated as a Transaction Document by the debenture trustee/Debenture Holders.

(p) do all acts necessary for the issue, offer and allotment of the Debentures or any Tranche/Issue of the Debentures in accordance with the terms set out in the Disclosure Documents and the Transaction Documents; and

For Annapurna Finance Pvt. Ltd.

Director

For Annapurna Finance Pvt. Ltd.

Company Secretary

(q) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates in relation to (a) to (p) above, and to give such directions as it deems fit or as may be necessary or desirable with regard to the issue, offer and allotment of the Debenturesor any Tranche/Issue of the Debentures."

"**RESOLVED FURTHER THAT** the Authorised Officers be and are hereby severally authorised to take all necessary steps relating to the creation, perfection and registration of charges and also to sign and submit the necessary forms with the registrar of companies, the sub-registrar of assurances, Central Registry of Securitisation Asset Reconstruction and Security Interest and other relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Authorised Officers be and are hereby severally authorised to record the name of Debenture Holdersin the register of debenture holders and to undertake such other acts, deeds and acts as may be required to give effect to the issuance and allotment of the Debentures or any Tranche/Issue of the Debenturesand the listing of the Debenturesor any Tranche/Issue of the Debentures if and as and when required by the Debenture Holders."

"**RESOLVED FURTHER THAT** the Authorised Officers be and are hereby severally authorised to pay all stamp duty required to be paid for the issue, offer and allotment of the Debenturesor any Tranche/Issue of the Debentures in accordance with the laws of India and procure the stamped documents from the relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Authorised Officers be and are hereby severally authorised to approve and finalise, sign, execute and deliver documents in relation to the issue, offer and allotment of the Debenturesor any Tranche/Issue of the Debentures as set out in this resolution and such other agreements, deeds, undertakings, indemnity and documents as may be required, or any of them in connection with the Debentures or any Tranche/Issue of the Debentures to be issued by the Company."

"**RESOLVED FURTHER THAT** the Authorised Officers be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or any governmental authority competent in that behalf."

"**RESOLVED FURTHER THAT** the common seal of the Company be affixed to the stamped engrossments of such documents as may be required to be executed under the common seal of the Company in the presence of any director(s) of the Company and/or any Authorised Person and/or the Company Secretary of the Company and/or any one or more of them who shall sign/ countersign the same in token thereof in accordance with the Articles of Association of the Company."

"**RESOLVED FURTHER THAT** the copies of the foregoing resolutions certified to be true copies by the Director and the Company Secretary of the Company be furnished to such persons as may be deemed necessary."

--//CERTIFIED TRUE COPY//--

For Annapurna Finance Pvt. Ltd.
For Annapurna Finance Pvt. Ltd.

Dibyajyoti Pattanaik Director
(Director)

For Annapurna Finance Pvt. Ltd.
For Annapurna Finance Pvt. Ltd.

Subrata Pradhan Company Secretary
(Company Secretary)

ANNAPURNA
FINANCE
GROWING TOGETHER
CIN : U65999OR1986PTC015931

CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED BY THE SHAREHOLDERS OF ANNAPURNA FINANCE PRIVATE LIMITED ("COMPANY") AT EXTRA-ORDINARY GENERAL MEETING HELD AT ITS REGISTERED OFFICE AT PLOT NO.1215/1401, KHANDAGIRI BARI, KHANDAGIRI, BHUBANESWAR, ODISHA ON 23RD DAY OF NOVEMBER, 2021 AT 4:15 P.M.(IST)

Type of Resolution: Special Resolution

ISSUANCE OF NON-CONVERTIBLE DEBENTURE IN TERMS OF SECTION 42 OF THE COMPANIES ACT, 2013:

"RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, including any modification, amendment, substitution or re-enactment thereof, for the time being in force and pursuant to the provisions of the memorandum of association and the articles of association of the Company, the approval and consent of the members of the Company, be and is hereby accorded to the board of directors of the Company (the **"Board"**) to issue, and to make offer(s) and/or invitation(s) to eligible persons to subscribe to, non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined) (including market linked debentures)) (**"NCDs"**), on a private placement basis,, in one or more series/tranches on such terms and conditions as may be determined by the Board, for a period of one year from the date of passing of this resolution, provided that the aggregate amount of NCDs offered/proposed to be offered at any time during the period shall not exceed Rs. 2000,00,00,000/- (Rupees Two Thousand Crores Only).

"RESOLVED FURTHER THAT the Board be and is hereby authorized to arrange, settle and determine the terms and conditions (including without limitation, interest, repayment, security or otherwise) as it may think fit of such NCDs, and to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolution."

-//CERTIFIED TRUE COPY//-

For Annapurna Finance Pvt. Ltd.
For Annapurna Finance Pvt. Ltd.
Subrata Pradhan
Company Secretary

Subrata Pradhan
Company Secretary
M.No.:27932

ANNAPURNA
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GROWING TOGETHER
CIN : U65999OR1986PTC015931

EXTRACTS OF MINUTES OF THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF M/S ANNAPURNA FINANCE PRIVATE LIMITED HELD AT THE REGISTERED OFFICE OF THE COMPANY AT 1215/1401, KHANDAGIRI BARI, INFRONT OF JAYADEV VATIKA, KHANDAGIRI, BHUBANESWAR, ODISHA- 751030 ON 2ND NOVEMBER 2020 (MONDAY) AT 3.30 P.M. (IST).

Type of Resolution: Special Resolution

BORROWING POWERS OF THE BOARD IN TERMS OF SECTION 180(1)(c) OF THE COMPANIES ACT, 2013

"**RESOLVED THAT** consent of the members be and is hereby accorded pursuant to section 180(1)(c) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the company to raise or borrow from time to time such sum or sums as they may deem appropriate for the purposes of the company notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from company's bankers in the ordinary course of business) will exceed the paid-up capital and free reserves of the company not set apart for any specific purpose, provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed Rs. 5500,00,00,000/- (Rupees Five Thousand Five Hundred Crores Only) at any time.

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution."

CREATION OF CHARGE / MORTGAGE ETC. ON COMPANY'S MOVABLE OR IMMOVABLE PROPERTIES IN TERMS OF SECTION 180(1)(a) OF THE COMPANIES ACT, 2013.

"**RESOLVED THAT** consent of the members be and is hereby accorded pursuant to section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company to pledge, mortgage and/or to create charge in all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed Rs. 5500,00,00,000/- (Rupees Five Thousand Five Hundred Crores Only) at any time.

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution."

-// CERTIFIED COPY//-

For Annapurna Finance Pvt Ltd.
For Annapurna Finance Pvt. Ltd.

Subrata Pradhan
Company Secretary

Subrata Pradhan
(Company Secretary)
M.No.: 27932

NORTHERN ARC

Privileged and confidential

INDICATIVE TERM SHEET

The terms and conditions given below are indicative only and are not exhaustive and subject to change.

PARTIES INVOLVED IN THE ISSUE		
Issuer / Company	Annapurna Finance Private Limited ("AFPL")	
Debenture Trustee	Catalyst Trusteeship Limited	
Subscriber(s)	Series I: Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund	Series II: Northern Arc Capital Limited & Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund
Depository	NSDL and CDSL	
Registrar and transfer agent	NSDL Database Management Limited	
Rating Agency	ICRA Limited	
Legal Counsel	Verist Law	
Guarantor(s)	Not Applicable	
Credit Enhancer(s)	Not Applicable	
Other obligor(s)	Not Applicable	
DETAILS OF THE INSTRUMENT		
Type of instrument	Non-convertible debentures	
Nature of instrument	Rated, Listed, Unsubordinated, Unsecured, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" or "Debentures")	
Ranking	Unsubordinated	
Security requirements	Not Applicable	
Listing requirements	To be listed in the Wholesale Debt Market segment of BSE within 4 Business Days from the Deemed Date of Allotment / date of request from the Debenture Trustee.	
Rating	ICRA A-	
ISSUE DETAILS		
Mode of Issue	Private Placement	
Form of issue	Debentures will be issued in dematerialized form.	
Issue size	Series I: INR. 35,00,00,000/- (Indian Rupees Thirty Five Crores only)	Series II: INR. 60,00,00,000/- (Indian Rupees Sixty Crores only) of which: • Northern Arc Capital Limited: Rs. 35,00,00,000/- (Indian

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		Rupees Thirty Five Crores Only) • Northern Arc Money Market Alpha Trust with Northern Arc Money Market Alpha Fund: Rs. 25,00,00,000/- (Indian Rupees Twenty Five Crores Only)
Tenor	Series I: 12 Months 1 Day (Twelve Months One Day). Principal repayment to be made on monthly basis as per Annexure 1.	Series II: 24 Months (Twenty Four Months). Principal repayment to be made on quarterly basis as per Annexure 1.
Face value	INR. 10,00,000/- (Indian Rupees Ten lakhs only)	
Issue price	Debentures will be issued at par	
Issue Schedule	Issue Opening Date: September 23, 2022 Issue Payin Date: September 26, 2022 Issue Closing Date: September 23, 2022 Deemed Date of Allotment: September 26, 2022	
Objects of the issue	To augment the long-term resources of the company, & to meet working capital requirement	
Utilization of issue proceeds	The Issuer shall utilize the proceeds of the Issue solely for meeting the Objects of the Issue as stated in the Information Memorandum. No part of the proceeds from the Issue will be used towards: i. any capital market instrument such as equity and equity linked instruments or any other capital market related activities; ii. any speculative purposes; iii. investment in the real estate sector; or iv. in contravention of any applicable law	
Processing Fee	Not Applicable	
REDMPTION		
Redemption Amount	Each Debenture shall be redeemed at par.	
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in **Schedule 1** (*Redemption Schedule*) hereto and shall be fully redeemed by the Final Redemption Date.	
Final Redemption Date	Series I: September 27, 2023	Series II: September 26, 2024
Early Redemption	Early redemption shall not be allowed within 12 months from Deemed Date of Allotment ("Lock-in Period") by Debenture Holders or Issuer. In case of early redemption of the Debentures at the instance of the Issuer after the Lock-in Period, on any date other than the Final Redemption Date and not arising due to an Event of Default, the Issuer	

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	shall pay an Early Redemption Premium. Early Redemption Premium will have to be paid over and above the Coupon Rate. Early Redemption shall be subject to the consent of the Majority Debenture Holders. The Issuer shall give the Debenture Trustee and the Debenture Holders a written notice at least 45 (Fifteen) days prior to the date of early redemption where consent of Debenture Holders shall be sought.	
Early Redemption Premium	[2]% (Two percent) on the principal amount prepaid.	
Put Option Date	Not Applicable	
Put Notification Time	Not Applicable	
Call Option Date	Not Applicable	
Call Notification Time	Not Applicable	
COUPON PAYMENT		
Coupon Type	Fixed	
Coupon Rate	Series I: 11.25% (Eleven Decimal Two Five per cent) per annum payable at such frequency as set out below against the heading 'Coupon Payment Frequency' and on such dates as set out below against the heading 'Coupon Payment Dates'.	Series II: 12.20% (Twelve Decimal Two Zero per cent) per annum payable at such frequency as set out below against the heading 'Coupon Payment Frequency' and on such dates as set out below against the heading 'Coupon Payment Dates'.
Coupon Payment Frequency	Series I: Monthly	Series II: Monthly
Coupon Payment Dates	As mentioned in Schedule 1	
Step-up Coupon	In the event the Credit Rating is downgraded from the rating of ICRA A-, the Coupon Rate or Effective Annualised Coupon Rate, as applicable shall be increased by 0.5% for every notch of rating downgrade, applicable from the date of such downgrade until such event is cured, on the outstanding principal amount and accrued interest, if any, of the Debentures. If the Issuer is rated by more than one rating agency, then the lowest of the ratings for term loans or senior debentures rating shall be considered.	
Step-down Coupon	Not applicable.	
Default interest	Coupon Rate plus 2.0% (Two Percent) per annum	
CONVENTIONS		
Day Count Basis	Actual/Actual	
Business Day	Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Mumbai & Chennai;	

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Date Convention	(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day; (b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of instalment shall be made on the immediately preceding Business Day; and (c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.
THIRD PARTY OBLIGATIONS	
Guarantor(s)	Not applicable.
Credit Enhancer(s)	Not applicable.
Other Obligor(s)	Not applicable.
SECURITY CREATION	
Hypothecation	Not Applicable
Pledge	Not Applicable
Mortgage	Not Applicable
OTHER COVENANTS	
Debenture Redemption Reserve	If so applicable for the Issue, the Issuer shall create debenture redemption reserve in accordance with the Companies Act, 2013 (and Rules thereunder) and in terms thereof earmark an amount not less than 15% of the amount maturing during the year ending on the 31st day of March of the next year by way of investment and deposits in specified securities on or before the 30th day of April in each year.
Related Party Transactions	Without prior written intimation to the Debenture Trustee, the Issuer shall not enter or perform any transactions (s) with a related party. Without prejudice to the foregoing the Company shall not without the prior written consent of the Debenture Trustee (i) enter into any transaction (s) whereby the overall outstanding amount owed to the Company under all transactions exceed 10.00% (ten point zero zero percent) of its net worth. (ii) whereby the overall expense incurred through such transactions during any financial year exceeds 10.00% (ten point zero zero) of its net profit or (iii) provide any guarantee for any indebtedness of a related party. The trustee shall be granted access to any additional information that it deems necessary to monitor and evaluate this covenant. For the purpose of this clause, the terms 'networth' and 'related party' shall respectively have the meaning ascribed to them in section 2(57) and 2 (76) of the Companies Act, 2013(And the Rules framed thereunder).

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Affirmative Covenants	(a) To utilise the proceeds of this issue in accordance with applicable laws and regulations (b) To ensure that at least 1-2 Independent Director are on the Board of the Company (c) To promptly inform notice of winding up / other legal proceedings (d) To promptly inform Material Adverse Effect (e) To provide the Debenture Holders with access to management meetings for periodical portfolio monitoring (f) To comply with corporate governance, fair practices code prescribed by RBI And as set out in greater detail in the Debenture Trust Deed
Negative Covenants	The Issuer shall not without the prior written permission of the majority Debenture Holders and Debenture Trustee, do or undertake to do any of the following: • Promoters of the company cease to remain in the executive position of the company. • Mergers and Acquisitions, restructuring, amalgamation without approval of Majority Debenture Holders over and above 10% of the Net worth of the Issuer in a financial year • The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Issuer defaulting in relation to any of its payment obligations in relation to the Debentures. • The Issuer will not purchase or redeem any of its issued shares, or reduce its share capital without the majority Debenture Holders' prior written consent, except for conversion of preference shares; • Issuer shall not without the prior written consent of the Lender effect any change in its Memorandum of Association and Article of Association, except for increase in authorised share capital. • Unless mandated by law, Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders) without prior consent of the Debenture Trustee • Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the majority debenture holder

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- The Company agrees to declare dividends only out of the profits relating to that financial year and after making all due and necessary provisions, and provided further that there have been no defaults in repayments under the Debentures. In all other cases, prior written consent of the Lender shall be obtained before declaring dividends.
- The issuer shall not undertake any new major business outside financial services or any diversification of its business outside financial services, without approval of majority NCD holders
- Any change in promoters, control (as defined under Companies Act, 2013.) or ownership (acquisition of shares by any new shareholder)
- Loans exceeding 15% of networth to any single party and/or guarantees on behalf of third parties
- Restructuring of any borrowing arrangements
- The Issuer shall not, without the prior written consent of the Lender, redeem, purchase, buyback, defease, retire, return or repay any of its equity share capital or resolve to do so.
- The Issuer shall not dispose of its assets or compromise with any of its creditors without the prior written consent of the Lender, except in the ordinary course of and pursuant to the reasonable requirements of the Issuer's business and upon fair and reasonable terms.
- The Issuer shall not without the prior written consent of the Lender enter into or perform any transaction other than in its ordinary course of business.
  For the purpose of this clause, ordinary course of business' shall mean activities which are carried out by the Borrower in line with its Memorandum and Articles of Association and will generally fulfill the following conditions: • It is normal for the particular business • It is as per customs and practices of its business and of the Borrower. • It involves the usual allocation of resources considering the size and volume of the transaction.• It is necessary, normal and usual from the perspective of the Borrower and its line of business. • It is at arms length
- The Issuer shall not, without prior written consent by the Lender:
  A) Enter into any transaction(s) (including but not limited to loans or advances and investment by way of share capital) other than in its ordinary course of business.
  B) Provide any guarantee.
- Without the prior written consent of the Lender, the Issuer shall not make any material change in its management; cause or permit change in control (as defined under the under the SEBI (Substantial Acquisition of Shares and

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	Takeovers) Regulations, 2011) of the Issuer; cause or permit acquisition of the ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the Issuer by any natural person(s), who, whether acting alone or together, or through one or more juridical person; enter into any compromise arrangement with its shareholders or creditors, pass a resolution of voluntary winding up or implement any scheme for restructuring or reconstruction, consolidation, amalgamation, merger or other similar purposes or change its shareholding structure And as set out in greater detail in the Debenture Trust Deed.
Restrictions on Dilution of Stake by Key Shareholders	Any change in the current shareholding structure of Mr. Gobinda Chandra Pattanaik and Dibyajyoti Pattanaik, will require prior written consent of the lender.
Events of Default	Following Events would be construed as Events of Default - 1. Non-payment of any of the dues under this Issuance, with a grace period of 3 (Three) calendar days in case of delays due to technical reasons; 2. Default or trigger of event of default on any other indebtedness (cross default) 3. Misrepresentation or misleading information in any of the Transaction Documents 4. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company; 5. Event of Insolvency, winding up, liquidation 6. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company; 7. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Assets or any part thereof; 8. Creditors' processes initiated against the company 9. Repudiation of Transaction Documents 10. Cessation of business 11. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter

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funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer

12. The Company has taken or suffered to be taken any action for reduction of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders;
13. Promoters of the Company being declared wilful defaulter.
14. The promoter/s and/or the directors of the Company are convicted of criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;
15. Erosion of 50% or more of the Company's net worth starting September 30,2022
16. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalized, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;
17. Occurrence of a Material Adverse Effect (defined below) as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.
18. Change in management control without prior written consent from the majority Debenture Trustee. Any new equity raising which results in change in the existing shareholding pattern and related change in board composition would be communicated to Debenture Holders and consent would be sought. If there is no response within 7 calendar days, it will be deemed as consent given by Debenture Holders.
19. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;
20. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days
21. Breach of the following covenants:
    a) Affirmative Covenants – (i) Preserve corporate status; authorizations, (ii) Payment of Stamp Duty, (iii) Handling Investor grievances, (iv) Compliance with Investor

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	Education and Protection Fund requirements, (v) Regulatory Filings, (vi) Regulatory requirements in case of a Foreign Investor, (vii) Maintenance of Books of Account and (viii) Corporate Governance; Where such breach is not cured within 30 (thirty) calendar days. b) Negative Covenants - (i) Change of business, (ii) Change of Managing Director and (iii) Dividend distribution in case of default. c) Financial Covenants where such breach is not cured within 60 (Sixty) calendar days. Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following: (a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents, (b) Declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable immediately 'Material Adverse Effect' shall mean the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer where net worth erodes by more than 10%; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
Reporting Covenants	(a) **QUARTERLY REPORTS** - within 45 (Forty-five) calendar days after the end of each calendar quarter: (i) Information on financials, operations, portfolio growth & asset quality (static portfolio cuts, collection efficiency and PAR), funding in formats agreeable to the Debenture Holders (ii) List of Board of Directors (iii) Shareholding Pattern

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(iv) Financial covenant compliance certificate issued by management

(v) Information on:

- New products introduced, or change in existing product features
- New business correspondent relationships or discontinuance of existing relationships
- Geographical expansion to any new state
- Material changes to the IT / MIS systems
- Change in credit bureaus used
- Revision in the Business Plan
- Changes in the Accounting Policy
- Any fraud amounting to more than 5% of GLP

(b) ANNUAL REPORTS – within 120 days after the end of each fiscal year

(i) Audited financials
(ii) A certificate from the Director/CFO confirming that there is no or Event of Default;
(iii) Copy of Structural Liquidity Statement, CRAR, Qualifying asset certificate, Unhedged Foreign currency certificate, submitted to the RBI; and
(iv) corporate social responsibility report

(c) EVENT BASED REPORTS – within 5 business days after event occurring

(i) Change in Board of Directors
(ii) Change in the shareholding structure
(iii) Change in the Senior Management officials (any CXO, or equivalent)
(iv) Change in statutory auditors
(v) Board approval of annual business plan
(vi) Any fraud amounting to more than 1% of Gross Loan Portfolio
(vii) Changes in accounting policy
(viii) Change in credit bureaus used
(ix) Change in the Constitutional Documents of the Company;
(x) Material Adverse Effect.
(xi) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.
(xii) Winding up proceedings
(xiii) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.
Any prepayment or notice of any prepayment of any Indebtedness of the Issuer

(d) OTHER COVENANTS

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	(i) Borrower shall provide details of a) operational information, b) portfolio cuts, c) monthly disbursements d) monthly dpd statement, e) changes in Board & management and f) changes in shareholding pattern on a quarterly basis in the format as specified by the Lender. (ii) The Issuer shall provide details of transactions with related parties and balances outstanding on a quarterly basis in the format as specified by the Lender. (iii) Borrower shall provide the static pool analysis and vintage curve data of the Portfolio and Gross Loan Portfolio in the format as specified by the Lender within 45 days from the end of the quarter. On a quarterly basis beginning from the end of the current financial quarter, the Borrower shall provide an updated version of the static pool analysis and vintage curve data of the Portfolio and Gross Loan Portfolio in the format prescribed by the Lender. (iv) The Issuer shall provide the extract of the loan register covering details of all exposures of INR fifty lakhs or more, at the end of every quarter. (v) The Issuer shall provide information on structural liquidity in the format as may be specified by the Lender, at the end of every quarterly and as and when required by the Lender. (vi) The Issuer shall share information about facilities sanctioned to it by other lenders including sanction letters from such other lenders every month. (vii) Borrower shall provide quarterly financial statements to the Lender as within 45 days from the end of each quarter. Further, the Borrower shall submit monthly financial statements as and when requested by the Lender. (viii) Borrower shall provide audited financial statements at the end of each financial year within 90 days from the end of each financial year. (ix) Borrower shall forthwith provide written notice of any material event adversely impacting its business. (x) Borrower shall forthwith provide written notice of occurrence or likely occurrence of any Event of Default. (xi) The Issuer shall furnish a certificate issued by a chartered accountant certifying the end use of the proceeds of the Debentures within 60 (Sixty) days from the deemed date of allotment. (xii) The Issuer shall be required to pay a penalty of INR 6,000/- for each day of delay in the event of non-adherence to the above reporting undertaking on a timely basis.
Financial Covenants	1. Maximum permissible ratio of sum of the Par > 90 and write-offs (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) to Gross Loan Portfolio shall be 15.00% (Fifteen Point Zero Zero percent) till December 31, 2022, 10.00% (Ten Point Zero Zero percent) till

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March 31, 2023, 8.00% (Eight Point Zero Zero percent) till June 30, 2023 and 5.00% (Five Point Zero Zero percent) from July 1, 2023 onwards, write-offs would be calculated for trailing twelve months.

2. Maximum permissible ratio of Par > 90 net off Loan Loss Provisions (on the Company's entire portfolio including receivables sold or discounted on a non-recourse basis) to Tangible Networth shall be 35.00% (Thirty Five Point Zero Zero percent) till September 30, 2022, 30.00% (Thirty Point Zero Zero percent) till December 31, 2022 and 25.00% (Twenty Five Point Zero Zero percent) till March 31, 2023 and 20.00% (Twenty Point Zero Zero percent) from April 1, 2023 onwards.
3. Minimum capital ratio of Tier I Capital and Tier II Capital to aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items shall not be less than 17.00% (Seventeen Point Zero Zero percent) or as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions, whichever is higher.For the purpose of calculation of minimum capital ratio: (i) first loss credit enhancements provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital without any ceiling. (ii) credit enhancements provided by the Company on loans originated on behalf of other institutions shall be reduced from Tier I Capital and Tier II Capital without any ceiling. The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital. (iii) It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI.

Portfolio at Risk greater than 90 days or PAR > 90 shall mean, in a district or a branch or on the Issuer's Gross Loan Portfolio at any point of time, as the case may be, the outstanding principal value of the Issuer's portfolio that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more and includes restructured loans.

Tangible Networth means, with respect to any person, the amount paid up on such person's issued equity share capital, compulsorily convertible instruments and any amount standing to the credit of its reserves, less equity or equity-like investments, goodwill, deferred tax assets and other intangible assets.

Gross Loan Portfolio means and includes the outstanding principal amounts of the loans originated by the Issuer on its own books, securitized portfolio as well as loans originated on behalf of other

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	entities by entering into partnership agreements but not included on the Issuer's own book. Loan Loss Provisions means the outstanding provision in the balance sheet of the Company pertaining to on book and securitised book assets to provide for potential losses. NBFC Master Directions means the master directions issued by the RBI on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 or Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as may be applicable for the Issuer (as amended or modified or restated from time to time). Tier I Capital shall have the meaning given to it in the NBFC Master Directions. Tier II Capital shall have the meaning given to it in the NBFC Master Directions. Loan Loss Provisions means the outstanding provision in the balance sheet of the Borrower pertaining to on book and securitised book assets to provide for potential losses. The Lender shall be granted access to any additional information that it deems necessary to monitor and evaluate compliance with the aforementioned Financial Covenants. The Covenants and Financial Covenants can be tested at any time during the tenure of the Facility. Financial Covenants are defined in more detail in the Debenture Trust Deed.
Transaction documents	Debenture Trust Deed, Disclosure Documents, Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures. Disclosure Documents means collectively, (a) the debt disclosure document to be issued by the Issuer in terms of regulations of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (if applicable); and (b) private placement offer letter to be issued by the Issuer in terms of section 42 (*Offer or invitation for subscription of securities on private placement*) of the Companies Act, 2013.

ANNAPURNA FINANCE PVT. LTD. INDIA

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	Resolutions means collectively, (a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013; (b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013; (c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder; (d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.
Other Costs & Conditions	The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Chennai.

ANNAPURNA FINANCE PVT. LTD. INDIA

For Annapurna Finance Pvt. Ltd.

Kashi Nath Sahoo

Authorised Signatory

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Schedule 1

Redemption Schedule

Series I

Redemption Instalments	Redemption Date	Interest per Debenture (in INR)	Amount to be redeemed per Debenture (in INR)
1	31-Oct-22	10,788	83,333.33
2	30-Nov-22	8,476	83,333.33
3	31-Dec-22	7,962	83,333.33
4	31-Jan-23	7,166	83,333.33
5	28-Feb-23	5,753	83,333.33
6	31-Mar-23	5,574	83,333.33
7	30-Apr-23	4,623	83,333.33
8	31-May-23	3,981	83,333.33
9	30-Jun-23	3,082	83,333.33
10	31-Jul-23	2,389	83,333.33
11	31-Aug-23	1,592	83,333.33
12	27-Sep-23	693	83,333.33

Series II

Redemption Instalments	Redemption Date	Interest per Debenture (in INR)	Amount to be redeemed per Debenture (in INR)
1	26-Oct-22	10,027	-
2	26-Nov-22	10,362	-
3	26-Dec-22	10,027	1,25,000
4	26-Jan-23	9,066	-
5	26-Feb-23	9,066	-
6	26-Mar-23	8,189	1,25,000
7	26-Apr-23	7,771	-
8	26-May-23	7,521	-
9	26-Jun-23	7,771	1,25,000
10	26-Jul-23	6,267	-
11	26-Aug-23	6,476	-
12	26-Sep-23	6,476	1,25,000
13	26-Oct-23	5,014	-
14	26-Nov-23	5,181	-
15	26-Dec-23	5,014	1,25,000
16	26-Jan-24	3,878	-

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17	26-Feb-24	3,875	-
18	26-Mar-24	3,625	1,25,000
19	26-Apr-24	2,583	-
20	26-May-24	2,500	-
21	26-Jun-24	2,583	1,25,000
22	26-Jul-24	1,250	-
23	26-Aug-24	1,292	-
24	26-Sep-24	1,292	1,25,000

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ICRA

ICRA Limited

Ref: ICRA/Annapurna Finance Private Limited/20092022/1

Date: September 20, 2022

Mr. Satyajit Das
Chief Finance Officer
Annapurna Finance Private Limited
HIG – 97, Dharmavihar,
Khandagiri Square
Bhubaneshwar – 751 030

Dear Sir,

Re: ICRA Credit Rating for the Rs. 95 crore Non-Convertible Debenture (NCD) Programme of Annapurna Finance Private Limited

Please refer to the Rating Agreement/Statement of Work dated September 16, 2022, executed between ICRA Limited ("ICRA") and your company for carrying out the rating of the aforesaid NCD Programme. The Rating Committee of ICRA, after due consideration, has assigned a **[ICRA]A-** (pronounced as ICRA A minus) rating to the captioned NCD Programme. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The outlook on the long-term rating is Stable.

In any of your publicity material or other document wherever you are using the above assigned rating, it should be stated as **[ICRA]A-(Stable)**. We would request if you can provide your acceptance on the above Rating(s) by sending an email or signed attached acknowledgement to us latest by September 27, 2022, as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned rating by the aforesaid date, the rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed by the Securities and Exchange Board of India (SEBI) vide SEBI circular dated June 30, 2017

Any intimation by you about the above rating to any banker/lending agency/government authorities/stock exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

ANNAPURNA FINANCE PVT. LTD. INDIA

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ICRA

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,
For ICRA Limited

ABHISHEK DAFRIA Digitally signed by ABHISHEK DAFRIA
Date: 2022.09.20 15:05:11 +05'30'

ANNAPURNA FINANCE PVT. LTD. INDIA

Abhishek Dafria
Vice President & Group Head – Structured Finance Ratings
abhishek.dafria@icraindia.com

ICRA

Acknowledgement

(To be signed and returned to ICRA Limited)

Please refer to your rating communication letter dated September 20, 2022, I hereby unconditionally accept and acknowledge the assigned rating.

We confirm that the undersigned is legally authorized to accept the rating on behalf of Annapurna Finance Private Limited.

For Annapurna Finance Private Limited

For Annapurna Finance Pvt. Ltd.

Company Secretary

Name: SUBRATA PRADHAN

Designation: COMPANY SECRETARY

Date: September 20, 2022

***Note**: Please return a copy of the above communication along with the acknowledgement to ICRA Limited at A-10 & A-11, 3rd Floor, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata – 700020 or prateek.mittal@icraindia.com*

September 22, 2022

Annapurna Finance Private Limited: Ratings assigned

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures	-	95.00	[ICRA]A- (Stable); assigned
Principal protected market linked debenture	-	35.00	PP-MLD [ICRA]A- (Stable); assigned
Non-convertible debentures	22.00	22.00	[ICRA]A- (Stable); outstanding
Non-convertible debentures	510.30	510.30	[ICRA]A- (Stable); outstanding
Subordinated debt	59.00	59.00	[ICRA]A- (Stable); outstanding
Long-term bank facilities – Fund-based term loan	1,100.00	1,100.00	[ICRA]A- (Stable); outstanding
Total	**1,691.30**	**1,821.30**	

**Instrument details are provided in Annexure I*

Rationale

The ratings factor in Annapurna Finance Private Limited's (AFPL) established track record of more than a decade in microfinance lending, its experienced management team and good systems and processes. The company has been able to scale up its portfolio consistently (5-year CAGR[1] of 40%) despite the disruptions caused by the Covid-19 pandemic and it reported assets under management (AUM) of Rs. 6,706 crore as on June 30, 2022 (Rs. 6,553 crore as on March 31, 2022; Rs. 4,793 crore as on March 31, 2021). The increase in the scale of operations has been aided by the good systems and processes installed by the management and timely fund-raising, both equity and debt.

AFPL has a diversified borrowing profile comprising funding relationships with more than 60 lenders as on June 30, 2022 and a good mix of private sector banks, public sector banks, non-banking financial companies (NBFCs) and financial institutions (FIs). The borrowing profile comprised term loans from banks (43%), non-convertible debentures (16%), term loans from NBFCs/FIs (including external commercial borrowings; 16%), subordinated debt (5%) and the securitised/assigned portfolio (20%) as on June 30, 2022. The company raised Rs. 259 crore through compulsorily convertible preference shares (CCPS) and Rs. 150 crore through compulsorily convertible debentures (CCDs) in FY2022, and Rs. 117 crore through CCPS in Q1 FY2023, which helped improve its capitalisation profile while supporting its growth plans. Consequently, the gearing (managed), adjusted for CCPS and CCDs, declined to 4.2 times as on June 30, 2022 (4.8 times as on March 31, 2022) from 5.5 times as on March 31, 2021. In ICRA's opinion, AFPL would require regular equity infusions to support the envisaged growth over the medium term, while maintaining a prudent capitalisation profile.

The ratings are constrained by the deterioration in the asset quality and profitability amid the pandemic. The gross non-performing assets (NPAs) increased to 10.0% as on March 31, 2022 from 7.3% as on March 31, 2021 and remained elevated at 9.8% as on June 30, 2022. As AFPL has created adequate provisions on such assets, the net NPAs were lower at 3.6% as on June 30, 2022 (2.9% as on March 31, 2022; 3.0% as on March 31, 2021). The 90+dpd[2] was reported at 8.3% as on June 30, 2022 (8.0% as on March 31, 2022) compared to 6.6% as on March 31, 2021. In addition, it had an outstanding standard restructured

[1] *Compound annual growth rate*
[2] *Days past due*

portfolio of 6% of its AUM as on June 30, 2022, a part of which was under moratorium. Going forward, the company's ability to arrest further slippages and recover from its delinquent customers would remain a monitorable.

The profitability indicators remained subdued in FY2022 and Q1 FY2023, given the deterioration in the asset quality and the elevated credit costs. The company reported a net profit of Rs. 17 crore in FY2022 (Rs. 10 crore in Q1 FY2023), translating into a return of 0.2% on average managed assets (AMA) and 1.4% on average net worth, compared to Rs. 2 crore, 0.0% and 0.2%, respectively, in FY2021.

The ratings also factor in the risks associated with the unsecured nature of microfinance loans, the marginal borrower profile, which is susceptible to income shocks, and the political and operational risks inherent in the microfinance business. Further, there is scope for improvement in the geographical diversification of operations.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that AFPL will continue to benefit from its experienced management team, good systems and processes and diversified borrowing profile, while expanding its scale of operations and improving its profitability from the recent lows.

Key rating drivers and their description

Credit strengths

Established track record of operations – Promoted by People's Forum (PF), a society registered in Odisha, AFPL is one of the largest NBFC-microfinance institutions (NBFC-MFIs) in India by AUM. It has an established track record of more than two decades, including microfinance lending through PF, in the microfinance space. The company has been able to scale up its portfolio consistently (5-year CAGR of 40%) despite the disruptions caused by the pandemic and it reported an AUM of Rs. 6,706 crore as on June 30, 2022 (Rs. 6,553 crore as on March 31, 2022; Rs. 4,793 crore as on March 31, 2021). As on June 30, 2022, it was present in 360 districts across 20 states through a network of 1,076 branches while catering to more than 23 lakh borrowers. Apart from microfinance, the company has a small micro, small and medium enterprise (MSME) loan portfolio (13% as on June 30, 2022).

Experienced management team; good systems and processes – AFPL's management team comprises seasoned professionals with adequate domain experience and expertise. The company has good systems and processes, which have enabled it to sustainably increase its scale of operations over the years. Apart from a loan origination team, AFPL has a separate credit team and a risk management team. The entire disbursement process is cashless, and the company is increasingly focusing on promoting cashless collections from borrowers. It has started lending under the revised regulatory framework from Q1 FY2023.

Diversified borrowing profile – The company has a diversified borrowing profile comprising funding relationships with more than 60 lenders as on June 30, 2022 and a good mix of private sector banks, public sector banks, NBFCs and FIs. The borrowing profile comprised term loans from banks (43%), non-convertible debentures (16%), term loans from NBFCs/FIs (including external commercial borrowings; 16%), subordinated debt (5%) and the securitised/assigned portfolio (20%) as on June 30, 2022. AFPL raised Rs. 3,485 crore of borrowings (on-balance sheet) in FY2022 followed by Rs. 466 crore in Q1 FY2023 and continues to maintain a healthy pipeline of funds to support its growth plans.

Credit challenges

Ability to control credit costs and improve profitability, given the deterioration in the asset quality – The gross NPAs increased to 10.0% as on March 31, 2022 from 7.3% as on March 31, 2021 and remained elevated at 9.8% as on June 30, 2022. As AFPL has created adequate provisions on such assets, the net NPAs were lower at 3.6% as on June 30, 2022 (2.9% as on March 31, 2022; 3.0% as on March 31, 2021). The 90+dpd was reported at 8.3% as on June 30, 2022 (8.0% as on March 31, 2022) compared to 6.6% as on March 31, 2021. In addition, it had an outstanding standard restructured portfolio of 6% of its AUM as on June 30, 2022, a part of which was under moratorium. Going forward, the company's ability to arrest further slippages and recover from its delinquent customers would remain a monitorable.

The profitability indicators remained subdued in FY2022 and Q1 FY2023, given the deterioration in the asset quality and the elevated credit costs. The company reported a net profit of Rs. 17 crore in FY2022 (Rs. 10 crore in Q1 FY2023), translating into a return of 0.2% on AMA and 1.4% on average net worth, compared to Rs. 2 crore, 0.0% and 0.2%, respectively, in FY2021. AFPL's ability to control its credit costs and improve its profitability will be important from a credit perspective.

Ability to maintain prudent capitalisation profile – AFPL has a strong investor base, which has helped it scale up its operations while maintaining adequate capitalisation. The company raised Rs. 259 crore through CCPS and Rs. 150 crore through CCDs in FY2022, and Rs. 117 crore through CCPS in Q1 FY2023, which helped improve its capitalisation profile while supporting its growth plans. Consequently, the gearing (managed), adjusted for CCPS and CCDs, declined to 4.2 times as on June 30, 2022 (4.8 times as on March 31, 2022) from 5.5 times as on March 31, 2021. The capital adequacy ratio remained comfortable at 29.8% as on June 30, 2022 (29.8% as on March 31, 2022; 27.7% as on March 31, 2021). In ICRA's opinion, AFPL would require regular equity infusions to support the envisaged growth over the medium term, while maintaining a prudent capitalisation profile.

Ability to improve geographical diversification of operations – As on June 30, 2022, AFPL had a presence in 360 districts across 20 states through a network of 1,076 branches. It has been actively reducing the share of its AUM in Odisha over the years, though Odisha's share remained high at 25% as on June 30, 2022 (26% as on March 31, 2022; 31% as on March 31, 2021; 37% as on March 31, 2020). The top 3 states comprised 53% of the microfinance portfolio as on June 30, 2022 (54% as on March 31, 2022; 59% as on March 31, 2021; 61% as on March 31, 2020). There is scope for district-level diversification of the portfolio as well. Going forward, the company's ability to further diversify its operations geographically, as its scales up, will remain important from a credit perspective.

Ability to manage political, communal and other risks, given the marginal borrower profile – Microfinance remains susceptible to the risks associated with unsecured lending to marginal borrowers with limited ability to absorb income shocks and the rising borrower leverage levels owing to an increase in multiple lending in the areas of operations. Further, political and operational risks associated with microfinance may result in high volatility in the asset quality indicators. The microfinance industry is prone to socio-political, climatic and operational risks, which could negatively impact AFPL's operations. AFPL's ability to onboard borrowers with a good credit history, recruit and retain employees and improve the geographical diversity of its operations would be key for managing high growth rates.

Liquidity position: Adequate

As on June 30, 2022, the company had a free cash and bank balance and liquid investments of Rs. 1,204 crore, and scheduled inflows from advances of Rs. 1,756 crore against scheduled debt repayments of Rs. 1,514 crore during July 01, 2022 to December 31, 2022. Factoring in the expected collections from advances, the liquidity profile is adequate for meeting the debt obligations in a timely manner. As per the asset-liability management (ALM) profile as on June 30, 2022, AFPL had no cumulative mismatches for at least one year, even under a stressed scenario with the collection efficiency assumed at 80%. However, given the company's growth plans, it would require additional funding to support the envisaged disbursements.

Rating sensitivities

Positive factors – ICRA could revise the outlook or upgrade the ratings if there is an improvement in AFPL's asset quality and profitability indicators with a return on average managed assets (RoMA) of more than 2.5% while maintaining a prudent capitalisation profile with a managed gearing of less than 5 times on a sustained basis.

Negative factors – Pressure on the ratings could arise if the company witnesses further deterioration in the asset quality, which could affect the profitability. Weakening of the capitalisation profile with a managed gearing of more than 6 times or a stretched liquidity position could also exert pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

AFPL, formerly known as Annapurna Microfinance Private Limited (AMPL), is promoted by People's Forum (PF), a society registered in Odisha. PF has been engaged in various socio-economic development programmes, including microfinance, since 1990. In November 2009, PF acquired an NBFC, Gwalior Finance and Leasing Company Private Limited, which was renamed AMPL in February 2010.

The company provides microcredit for mostly income-generating activities to women borrowers using the group lending model. It also offers other products such as home and home improvement loans, consumer durable loans, corporate loans, etc. As on June 30, 2022, AFPL was catering to more than 23 lakh borrowers through a network of 1,076 branches spread across 360 districts in 20 states while managing a portfolio of Rs. 6,706 crore.

Key financial indicators (audited)

Annapurna Finance Private Limited	FY2021	FY2022	Q1 FY2023
As per	**Ind-AS**	**Ind-AS**	**Ind-AS**
Total income	977	1,153	326
Profit after tax	2	17	10
Net worth (including CCD & CCPS)	991	1,454	1,579
Gross loan portfolio	4,793	6,553	6,706
Total managed assets	6,754	8,983	8,814
Return on average managed assets	0.0%	0.2%	0.4%
Return on average net worth	0.2%	1.4%	2.6%
Managed gearing (times)	5.5	4.8	4.2
Gross NPA	7.3%	10.0%	9.8%
Net NPA	3.0%	2.9%	3.6%
Solvency (Net NPA/Net worth)	11.9%	11.0%	12.3%
CRAR	27.7%	29.8%	29.8%

Total managed assets = (Total assets + impairment allowance + assigned portfolio); Managed gearing = (On-book borrowings + securitised/assigned loan assets)/(Net worth); Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years								
		Type	Amount Rated (Rs. crore)	Amount outstanding as of Jun-30-2022* (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021						Date & Rating in FY2020
					Sep-22-2022	Jul-22-2022	Dec-16-2021	Aug-05-2021	Dec-21-2020	Nov-16-2020	Aug-19-2020	Aug-04-2020	Jul-27-2020	May-22-2020	Sep-16-2019
1	Fund-based term loan	Long term	1,100.00	1,091.00	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
2	Non-convertible debentures	Long term	510.30	310.18	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
3	Non-convertible debentures	Long term	22.00	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	-	-	-	-	-	-	-	-	-
4	Subordinated debt	Long term	59.00	59.00	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
5	Non-convertible debentures	Long term	95.00	-	[ICRA]A-(Stable)	-	-	-	-	-	-	-	-	-	-
6	Principal protected market linked debenture	Long term	35.00	-	PP-MLD [ICRA]A-(Stable)	-	-	-	-	-	-	-	-	-	-

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Principal protected market linked debentures	Complex
Non-convertible debentures	Very Simple
Subordinated debt	Simple
Fund-based term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	Mar-2017 to Dec-2021	NA	Mar-22 to Nov-2024	1,100.00	[ICRA]A- (Stable)
INE515Q08044	Subordinated debt	Sep-29-2016	14.25%	Sep-29-2022	25.00	[ICRA]A- (Stable)
INE515Q08051	Subordinated debt	Mar-24-2017	13.99%	May-15-2023	34.00	[ICRA]A- (Stable)
INE515Q07384	Non-convertible debentures	Aug-30-2017	11.81%	Aug-30-2023	32.50	[ICRA]A- (Stable)
INE515Q08069	Non-convertible debentures	Mar-27-2018	13.50%	Sep-27-2023	15.00	[ICRA]A- (Stable)
INE515Q07319	Non-convertible debentures	Jul-07-2020	12.25%	Jul-07-2025	46.88	[ICRA]A- (Stable)
INE515Q07350	Non-convertible debentures	Jul-30-2020	11.50%	Jul-28-2023	25.00	[ICRA]A- (Stable)
INE515Q07368	Non-convertible debentures*	Aug-06-2020	11.50%	Feb-07-2022	100.00	[ICRA]A- (Stable)
INE515Q07392	Non-convertible debentures	Aug-31-2020	11.30%	Aug-29-2025	100.00	[ICRA]A- (Stable)
INE515Q07442	Non-convertible debentures*	Nov-17-2020	10.25%	May-18-2022	100.00	[ICRA]A- (Stable)
INE515Q07475	Non-convertible debentures	Dec-22-2020	12.00%	Dec-18-2023	27.50	[ICRA]A- (Stable)
INE515Q07558	Non-convertible debentures	Dec-20-2021	11.30%	Dec-20-2026	63.30	[ICRA]A- (Stable)
-	Non-convertible debentures – Yet to be issued	-	-	-	0.12	[ICRA]A- (Stable)
-	Non-convertible debentures – Yet to be issued	-	-	-	22.00	[ICRA]A- (Stable)
-	Non-convertible debentures – Yet to be issued	-	-	-	95.00	[ICRA]A- (Stable)
-	Principal protected market linked debenture – Yet to be issued	-	-	-	35.00	[ICRA]A- (Stable)

**Instrument matured; Source: Company*

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

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+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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Branches



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CATALYST
Believe in yourself... Trust us!

CL/MUM/22-23/DEB/695

17-September-2022

Annapurna Finance Private Limited
Plot No 1215/1401, Khandagiri Bari,
Infront of Jayadev Vatika,
PS/PO- Khandagiri, Bhubaneswar
Khordha – 751 030.

Dear Sir /Madam,

Consent to act as Trustee for Rated, Listed, Unsubordinated, Unsecured, Redeemable, Taxable, Non-Convertible Debentures aggregating upto INR 95 Cr to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for Rated, Listed, Unsubordinated, Unsecured, Redeemable, Taxable, Non-Convertible Debentures aggregating upto INR 95 Cr to be issued by your Company. In this connection, we are agreeable to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

We hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993 and company agreeing / undertaking to comply with the provisions of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation 2021, SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and rules thereunder and other applicable laws as amended from time to time.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,

For Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED
D. C. Tamankar
Authorised Signatory

Authorised Signatory

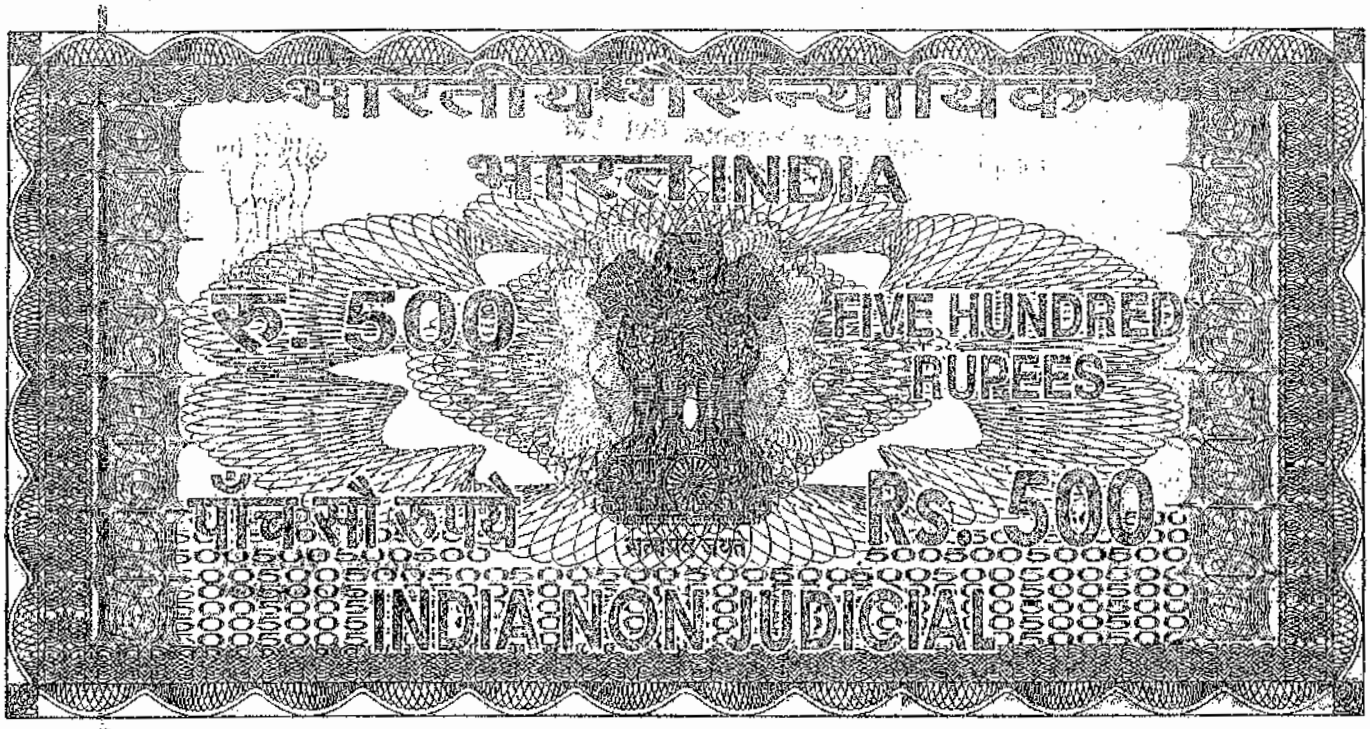
For Annapurna Finance Private Limited
For Annapurna Finance Pvt. Ltd.
Kashi Nath Sahoo

Authorised Signatory

Authorised Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

ANNEXURE VII- TERMS AND CONDITIONS OF DTA



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"This stamp paper forms an integral part of the Debenture Trustee Agreement dated September 19, 2022, entered into between Annapurna Finance Private Limited and Catalyst Trusteeship Limited."

DEBENTURE TRUSTEE AGREEMENT

This debenture trustee agreement ("**Agreement**") is made at Bhubaneswar on September 19, 2022 by and between:

ANNAPURNA FINANCE PRIVATE LIMITED ("AFPL"), a private limited company incorporated under the Companies Act, 1956 and validly existing under the Companies Act, 2013 having Corporate Identification Number "CIN" **U65999OR1986PTC015931** and registered as a non-banking financial company-microfinance institution with the Reserve Bank of India, and acting for the purposes of these presents through its registered office at 1215/1401, Khandagiri Bari, In front of Jayadev Vatika, Khandagiri, Bhubaneswar- 751030 Odisha, India, (hereinafter referred to as the "**Company**", which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of ONE PART;

AND

CATALYST TRUSTEESHIP LIMITED, a company incorporated under the Companies Act, 1956 with CIN U74999PN1997PLC110262 and having its registered office at GDA House, Plot No. 85, Bhusari Colony, Paud Road, Pune - 411 038 and acting through its office at Windsor, 6th Floor, Office No-604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, India (hereinafter called the "**Debenture Trustee**" which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and assigns).

(The Company and the Debenture Trustee are hereinafter collectively referred to as the "**Parties**" and individually as a "**Party**")

BACKGROUND:

A. The Company, pursuant to the authority granted by the resolution of its board of directors passed at its meeting held on December 23, 2021 and special resolution passed by the shareholders of the Company u/s 180(1)(c) dated November 2, 2020, and special resolution passed by the shareholder of the Company for issuance of Non-Convertible Debenture in terms of section 42 dated November 23, 2021 and resolution passed by the Executive Committee of Board of Directors at its meeting held on September 13, 2022 proposes to Issue of 950 (Nine Hundred and Fifty) Senior, unsecured, rated, listed, Redeemable, Transferable, Taxable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Indian Rupees Ten Lakhs only) each, aggregating up to Rs. 95,00,00,000/- (Indian Rupees Ninety Five Crores only) on a private placement basis (the "Issue"), by company in one or more series/tranches at par comprising of:

   a. 350 (Three Hundred and Fifty) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 35,00,00,000 (Indian Rupees Thirty Five Crores Only) ("**Series I Debentures**") and

   b. 600 (Six Hundred) unsecured, unsubordinated, rated, listed, taxable, redeemable and non-convertible debentures each having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs Only) and of the aggregate face value of 60,00,00,000 (Indian Rupees Sixty Crores Only) ("**Series II Debentures**")

   in accordance with the provisions of the Companies Act, 2013, Securities Exchange Board of India (Debenture Trustees) Regulations, 1993 ("Debenture Trustee Regulations"), as amended from time to time. Series I Debentures and Series II Debentures are collectively referred to as **"Debentures"**

B. In terms of the Deed (as defined below) the Debentures may be listed on the wholesale debt market segment of the Bombay Stock Exchange in accordance with the Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities Regulations, 2021 ("**Non-Convertible Securities Listing**

Regulations"), as amended from time to time and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time

C. The Company is desirous of appointing a debenture trustee for the benefit of the holders of the Debentures from time to time (hereinafter referred to as the "Debenture Holder(s)");

D. The Debenture Trustee is registered with the Securities Exchange Board of India as a debenture trustee under the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (as amended from time to time);

E. The Company has approached the Debenture Trustee to act as the debenture trustee for the Debenture Holder(s) and the Debenture Trustee has vide its letter dated September 17, 2022 (bearing reference number CL/MUM/22-23/DEB/696 (hereinafter referred to as the "Debenture Trustee Consent Letter"), agreed to act as the debenture trustee for the benefit of the Debenture Holder(s);

F. At the request of the Company, the Debenture Trustee has agreed to act as the debenture trustee under this Agreement for the benefit of the Debenture Holder(s) on the terms and conditions agreed upon and hereinafter set out.

G. The detailed terms and conditions in relation to the rights, duties and obligations of the Debenture Trustee and the terms and conditions of the Debentures, shall be more specifically set out in the debenture trust deed ("**Deed**") to be entered into by the Company and the Debenture Trustee and the information memorandum to be issued by the Company and circulated to potential investors ("**Information Memorandum**").

H. The Parties have agreed to enter into this Agreement to record the terms of appointment of the Debenture Trustee.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

OPERATIVE TERMS:

1. **DEFINITIONS**

Unless otherwise defined herein, capitalised terms defined and references construed in the Deed shall have the same meaning and construction when used in this Agreement. In this Agreement, the following terms have the following meanings:

"**Debenture Holders**" has the meaning ascribed to it in Recital C above;

"**Deed**" has the meaning ascribed to it in Recital G above;

"**Debenture Trustee Regulations**" has the meaning ascribed to it in Recital A above;

"**Debentures**" has the meaning ascribed to it in Recital A above;

"**Non-Convertible Securities Listing Regulations**" has the meaning ascribed to it in Recital A above;

"**Information Memorandum**" has the meaning ascribed to it in Recital G above; and

"**SEBI**" has the meaning ascribed to it in Recital B above.

2. **APPOINTMENT OF TRUSTEE, ROLES AND RESPONSIBILITIES**

a. The Company hereby appoints Catalyst Trusteeship Limited as the debenture trustee on behalf of and for the benefit of the Debenture Holders for the Debentures to be issued by the Company and the Debenture Trustee hereby agrees to act as debenture trustee for the benefit of the Debenture Holders.

b. The Company shall pay to the Debenture Trustee so long as they hold the office of the Debenture Trustee, remuneration for their services in accordance with the Consent Letter bearing ref no: CL/MUM/22-23/DEB/696 dated September 17, 2022, in addition to all legal, traveling and other costs, charges and expenses (with prior intimation to the Company) which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Deed. The remuneration of the Debenture Trustee shall be as per the Offer letter No. CL/MUM/22-23/DEB/696dated September 17, 2022 as may be amended/modified from time to time

c. The Company shall comply with, and furnish such information on a regular basis as is required under, the provisions of the Debenture Trustees Regulations, Non-Convertible Securities Listing Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956, the Companies Act, 2013, and other applicable laws.

d. The Company undertakes to promptly furnish all and any information as may be applicable and required by the Debenture Trustee from time to time in terms of the Act and the Deed on a regular basis.

e. This Agreement is entered into in compliance with the provisions of Regulation 13 of the Debenture Trustees Regulations, Non-Convertible Securities Listing Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956, the Companies Act, 2013, and other applicable laws, and shall be effective on and from the date first hereinabove written and shall be in force till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

f. The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Debenture Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents. Apart from the Debenture Trustee fees, the Company shall, from time to time, make payment to/ reimburse the Debenture Trustee in respect of all reasonable expenses and out-of-pocket costs incurred by the Debenture Trustee. The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

g. All other the rights and obligations of the Debenture Trustee including the terms of appointment of the Debenture Trustee shall be as set out in the Deed entered or to be entered into between the Company and the Debenture Trustee.

h. Further, the Company shall execute the Debenture Trust deed in Form SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014 or as near thereto as possible in favour of the Debenture Trustees within a period of four days from the deemed date of allotment of the issue in terms of clause 18(5) of The Companies (Share Capital and Debentures) Rules, 2014. Such trust deed shall consist of two parts:

    a. Part A containing statutory/standard information pertaining to the debt issue;
    b. Part B containing details specific to the particular debt issue.

i. **Documents required to be submitted prior to or simultaneously with execution of this Agreement:**

The terms of this Agreement shall be effective only upon the submission by the Company of the requisite information and documents to the satisfaction of the Debenture Trustee for carrying out the requisite due diligence as required in terms of the Applicable Laws which is undertaken by the Company to be submitted simultaneously with or prior to the execution of this Agreement.

j. Terms of carrying out due diligence:

i. The Company shall ensure that it provides and help to procure all information, representations, confirmations and disclosures as may be required by the Debenture Trustee to carry out the

requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws; and

ii. All costs, charges, fees and expenses that are associated with and incurred, towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

k. The Company shall pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and such any other expenses like advertisement, notices, letters to debenture holders, and additional professional fees/expenses that would be incurred in case of default of payment. The remuneration of the Debenture Trustee shall be as decided mutually between both the parties.

l. Arrears of instalments of annual service charges, if any, and/ or delay in reimbursement of cost, charges and expenses shall carry interest at the rate of 16% (Sixteen percent) per annum or applicable interest rate under MSME Act, whichever is higher, from the date of bill till the date of actual payment which shall be payable on the footing of compound interest with quarterly rests.

m. The Company shall inter-alia furnish/shall have furnished to the Debenture Trustee the following documents: -

i. Memorandum and Articles of Association of the Company;

ii. Prospectus / Information Memorandum / Disclosure Document / Private Placement Memorandum;

Statutory auditor certificate, on a quarterly/half yearly basis as required under the regulationgiving the value of book debt and receivables, including compliance with the covenants of the offer document

iii. Agreement with the Registrar to issue the Debentures;

iv. Letters from Rating Agencies about ratings;

v. A return of allotment filed with the registrar of companies (Form No-PAS 3) within 15 (fifteen) days from the date of filing with the registrar of companies;

vi. A complete record of private placement offers made by the Company (Form No-PAS 5) within 30 (thirty) days from the date of filing with the registrar of companies

vii. Necessary corporate authorisations including the board resolution and/or shareholder resolution for allotment of Debentures;

viii. Proof of Credit / Dispatch of Debenture Certificates;

ix. Copy of last 3 (three) years' Audited Annual Reports;

x. Copy of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (Profit & Loss statement, Balance Sheet and Cash Flow statement) and auditor qualifications, if any;

xi. Debenture Trust Deed;

xii. This Agreement;

xiii. ROC Certificate;

xiv. Transaction Documents;

xv. Confirmation/Proofs of payment of interest and principal made to the Debenture Holders on due dates;

xvi. Statutory Auditors' Certificate for utilization of funds/issue proceeds from the Debentures;

xvii. Periodical Reports on quarterly basis;

xviii. Beneficiary Position Reports;

xix. Details of the depository with whom the Debentures are held in dematerialised form;

xx. Offer letter issued by the Company pursuant to the provisions of the Act;

xxi. Such other documents as may be reasonably required by the Debenture Trustee

xxii. Details of the recovery expenses fund created by the Company in terms of the Regulation 15 (1) (h) of the SEBI (Debenture Trustee) Regulation, 2020 and SEBI circular dated 22.10.2020 in the manner as may be specified by the SEBI from time to time;

xxiii. Information to be submitted to the Stock Exchanges as required by the SEBI Debt Listing agreement and SEBI (Listing Obligations and Discloser Requirement) Regulation 2015 as amended from time to time, within the timelines as mentioned in the Regulation;

xxiv. In principle approval for listing of NCDs from Stock Exchange;

xxv. Acknowledgement of filing the Information Memorandum with the Stock Exchange(s);

xxvi. Trading permission from the Stock Exchange; and

xxvii. Such other documents as may be reasonably required by the Debenture Trustee.

n. **Information Accuracy and Storage:**

i. The Company declares that the information and data furnished by the Company to the Debenture Trustee is true and correct;

ii. The Company confirms that the requisite disclosures made in the Disclosure Documents are true and correct;

iii. All disclosures made in the Disclosure Documents ; and

iv. The Company undertakes and acknowledges that the Debenture Trustee and any other authorised agency may use, process the information and data disclosed to the Debenture Trustee in the manner as deemed fit by them in relation to the purpose of the due diligence to be undertaken in relation to the issuance of the Debentures.

o. The Company agrees and confirms that the purpose of the issue is not for providing loan to or acquisitions of shares of any person who is a part of the same group or who is under the same management.

p. The Company confirms that all necessary disclosures will be made in the Information Memorandum/Disclosure document including but not limited to statutory and other regulatory disclosures.

q. The Trustees, "ipso facto" do not have the obligations of a borrower or a Principal Debtor or a Guarantor as to the monies paid/invested by investors for the debentures/Bonds.

r. The Company hereby declares and confirms that it has given an undertaking in the offer document that the assets on which the charge is created is free from encumbrances and if assets are already charged to secure the debt, the permissions or consent to create pari passu charge on the assets of the Issuer will be obtained from existing creditors.

s. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the Securities Exchange Board of India ("SEBI") from accessing the securities market or dealing in securities. The Company hereby further declares and confirms that, as on the date of this Agreement, and the date of filing the Offer

Document/Information Memorandum, it is an 'eligible issuer' in accordance with Regulation 5 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulation, 2021.

t. The Company hereby agree & undertake to comply with the stamp duty regulations

u. All other the rights and obligations of the Debenture Trustee including the terms of appointment of the Debenture Trustee shall be as set out in the Deed entered or to be entered into between the Company and the Debenture Trustee.

v. The Company shall provide all assistance to the Debenture Trustee, as may be required by it, to carry out the necessary due diligence and monitor the asset cover in the manner as may be specified by SEBI from time to time. In this regard, in accordance with the SEBI Circulars bearing reference numbers (i)SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 (Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities) and dated October 13, 2020; (ii)SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 (Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund") and dated October 22, 2020; (iii) SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 (Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)) and dated November 3, 2020 read with circular no: SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022 setting out "*Revised format of security cover certificate, monitoring and revision in timelines)*; (iv) SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 (Monitoring and Disclosures by Debenture Trustee(s)) and dated November 12, 2020 and (V) SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2021/618 (Security and Covenant Monitoring' using Distributed Ledger Technology) and dated August 13, 2021 and (vi) Circular No.SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106 *(Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence*) dated August 4, 2022 and such other circular as may be prescribed by SEBI from time to time and as applicable to Listed debt issuances".

w. **The Company further confirms that:**

i. All covenants proposed to be included in the Debenture Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) and the Deed of Amendment are disclosed in offer document or private placement memorandum/ information memorandum; and

ii. Terms and conditions of this Agreement including fees charged by the Debenture Trustee and process of due diligence carried out by Debenture Trustee shall be disclosed under the Disclosure Documents.

3. MISCELLANEOUS

3.1 Governing Law

This Agreement and the rights and obligations of the Parties hereunder shall be governed by and construed as per laws in India, without reference to its conflict of law principles.

3.2 Jurisdiction

(a) The Company agrees that the courts and tribunals at Location of Dispute Resolution shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

(b) The Company irrevocably waives any objection now or in future, to the laying of the venue of any Proceedings in the courts and tribunals at Location of Dispute Resolution and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agree that

a judgment in any Proceedings brought in the courts and tribunals at Location of Dispute Resolution shall be conclusive and binding upon them and may be enforced in the courts of any other jurisdiction, (subject to the laws of such jurisdiction) by a suit upon such judgment, a certified copy of which shall be conclusive evidence of such judgment, or in any other manner provided by law.

(c) Nothing contained in this Clause 3, shall limit any right of the Trustee to take Proceedings in any other court or tribunal of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Company irrevocably waives any objection it may have now or in the future to the laying of the venue of any Proceedings and any claim that any such Proceedings have been brought in an inconvenient forum.

(d) The Company hereby consents generally in respect of any Proceedings arising out of or in connection with the Agreement to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

(e) The Company irrevocably agrees that, should any party take any proceedings anywhere (whether for an injunction, specific performance, damages or otherwise in connection with the Agreement), no immunity (to the extent that they may at any time exist, whether on the grounds of sovereignty or otherwise) from those proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of their assets or from execution of judgment shall be claimed by them or with respect to their assets, any such immunity being irrevocably waived. The Company irrevocably agrees that it and its assets are, and shall be, subject to such proceedings, attachment or execution in respect of its obligations.

3.3 **Counterparts**

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

3.4 **Effective Date**

This Agreement shall be effective on and from the date first hereinabove written and shall be in force till all outstanding amounts in respect of the Debentures have been fully paid to the Debenture Holders.

[*Intentionally left blank; signature page follows*]

SIGNATURE PAGE

IN WITNESS WHEREOF the Debenture Trustee and the Company have caused these presents and the duplicate thereof to be executed by their authorised official on the day, month and year first above written as hereinbefore appearing.

SIGNED AND DELIVERED BY
ANNAPURNA FINANCE PRIVATE LIMITED the within named Company
by the hand of its authorized official

KASHI NATH SAHOO

For Annapurna Finance Pvt. Ltd.

Kashi Nath Sahoo

Authorised Signatory

SIGNED AND DELIVERED BY
CATALYST TRUSTEESHIP LIMITED
the within named Debenture Trustee
by the hand of its authorized official

For CATALYST TRUSTEESHIP LIMITED

Authorised Signatory

CTL/22-23/3327

(Annexure A)

DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM
(Applicable for Secured and Unsecured Issuances)

To,

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001

Dear Sir / Madam,

SUB.: ISSUE OF 950 (NINE HUNDRED AND FIFTY) SENIOR, UNSECURED, RATED, LISTED, REDEEMABLE, TRANSFERABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 10,00,000/- (INDIAN RUPEES TEN LAKHS ONLY) EACH, AGGREGATING UP TO RS. 95,00,00,000/- (INDIAN RUPEES NINETY FIVE CRORES ONLY) ON A PRIVATE PLACEMENT BASIS BY ANNAPURNA FINANCE PRIVATE LIMITED (SERIES I AND SERIES II).

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued – **Not Applicable**.
b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies) – **Not Applicable**.
c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities - **Not Applicable**.
d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement – **Not Applicable.**
e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application – **Not Applicable**.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Place: Mumbai
Date: September 19, 2022

For Catalyst Trusteeship Limited

CATALYST TRUSTEESHIP LIMITED

For CATALYST TRUSTEESHIP LIMITED
Authorised Signatory

Authorised Signatory

A COLUMNAR REPRESENTATION OF THE AUDITED FINANCIAL STATEMENTS (I.E. PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) BOTH ON A STANDALONE AND CONSOLIDATED BASIS FOR A PERIOD OF THREE COMPLETED YEARS WHICH SHALL NOT BE MORE THAN SIX MONTHS OLD FROM THE DATE OF THE DRAFT OFFER DOCUMENT OR OFFER DOCUMENT OR ISSUE OPENING DATE, AS APPLICABLE

BALANCE SHEET

(INR in Lakhs)

	Particulars	June 30, 2022 (Unaudited)	March 31, 2022 (Audited) (Consolidated)	March 31, 2022 (Audited) (Standalone)	March 31, 2021 (Audited) (Consolidated)	March 31, 2021 (Audited) (Standalone)	March 31, 2020 (Audited)
I	**ASSETS**						
1	Financial assets						
(a)	Cash and cash equivalents	63,879	95,151	95,134	86,635	86,135	70,027
(b)	Bank balance other than cash and cash equivalents	92,238	95,387	94,889	82,181	82,181	41,784
(c)	Derivative Assets	2,295	1,355	1,355			
(d)	Trade Receivables	4	5	5	37	37	47
(e)	Loans and Advances	5,10,924	4,88,816	4,88,816	3,86,716	3,86,716	3,53,427
(f)	Investment	500		500		500	-
(g)	Other financial assets	27,774	26,116	26,193	14,560	14,560	9,243
	Total financial assets	**6,97,615**	**7,06,831**	**7,06,892**	**5,70,129**	**5,70,129**	**4,74,528**
2	Non-financial assets						
(a)	Current tax assets (net)	2,753	2,248	2,251	125	125	1,704
(b)	Deferred tax assets (net)	5,198	4,810	4,810	2,778	2,778	-
(c)	Dta hedging					-	-
(d)	Property, plant and equipment	2,155	1,787	1,787	1,139	1,139	1,175
(e)	Intangible assets	128	156	156	99	99	213
(f)	Right-of-use assets	-	-	-	39	39	99
(g)	Other non-financial assets	2,439	2,165	2,165	1,198	1,198	629
	Total non- financial assets	**12,673**	**11,166**	**11,169**	**5,378**	**5,378**	**3,820**
	Total assets	**7,10,289**	**7,17,997**	**7,18,061**	**5,75,507**	**5,75,507**	**4,78,348**
II	**LIABILITIES AND EQUITY**						
	Liabilities						
1	Financial liabilities						
(a)	Derivative Liabilities	682	475	475	-	-	-
(b)	Payables						
	Trade Payables						
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
	- Total outstanding dues of creditors other than micro	31	291	291	227	227	336

	enterprises and small enterprises						
(c)	Debt securities	1,75,910	1,85,677	1,85,677	1,73,854	1,73,854	64,179
(d)	Borrowings (other than debt securities)	3,89,699	4,02,413	4,02,413	2,82,307	2,82,307	3,00,782
(e)	Subordinated liabilities	33,625	33,150	33,150	32,275	32,275	25,776
(f)	Lease liabilities	-	-	-	36	36	85
(g)	Other financial liabilities	17,195	14,939	14,936	9,046	9,046	8,541
	Total financial liabilities	**6,17,142**	**6,36,945**	**6,36,943**	**4,97,745**	**4,97,745**	**3,99,699**
2	Non-financial liabilities						
(a)	Provisions	1,403	1,186	1,186	1,034	1,034	668
(b)	Current Tax liability	-	-	-	-	-	-
(c)	Deferred Tax liabilities (net)	-	-	-	-	-	1,098
(d)	Other non-financial liabilities	421	543	543	468	468	328
	Total non- financial liabilities	**1,824**	**1,729**	**1,729**	**1,502**	**1,502**	**2,094**
	Total liabilities	**6,18,966**	**6,38,675**	**6,38,672**	**4,99,247**	**4,99,247**	**4,01,793**
	Equity						
	Equity share capital	6,880	6,874	6,880	6,872	6,872	6,870
	Instruments entirely equity in nature	1,082	300	300	300	300	300
	OCI hedging	-	-	-		-	-
	Other equity	83,361	72,149	72,209	69,088	69,088	69,385
	Total Equity	**91,323**	**79,323**	**79,389**	**76,260**	**76,260**	**76,555**
	Total liabilities and equity	**7,10,289**	**7,17,997**	**7,18,061**	**5,75,507**	**5,75,507**	**4,78,348**

PROFIT & LOSS STATEMENT

(INR in Lakhs)

	Particulars	**June 30, 2022 (Unaudited)**	**March 31, 2022 (Audited) (Consolidated)**	**March 31, 2022 (Audited) (Standalone)**	**March 31, 2021 (Audited) (Consolidated)**	**March 31, 2021 (Audited) (Standalone)**	**March 31, 2020 (Audited)**
	Revenue from operations						
	Interest income	30,133	99,156	99,144	90,709	90,709	71,086
	Fees and commission income	15	94	94	271	271	682
	Net gain on fair value changes	181	314	314	-	-	-
	Net gain on assignment transactions	2,085	15,164	15,164	6,363	6,363	5,664
	Other operating revenue	-	-	-	-	-	-
	Bad Debt Recovery	-	-	-	142	142	118
(I)	**Total revenue from operations**	**32,414**	**1,14,728**	**1,14,716**	**97,485**	**97,485**	**77,550**

(II)	Other income	223	561	561	226	226	412
(III)	**Total income (I + II)**	**32,637**	**1,15,289**	**1,15,277**	**97,711**	**97,711**	**77,962**
	Expenses						
	Finance costs	15,455	56,356	56,356	51,105	51,105	37,737
	Impairment of financial assets	5,093	19,383	19,383	19,175	19,175	5,270
	Employee benefit expenses	8,471	28,798	28,798	20,599	20,599	17,727
	Depreciation & amortisation expenses	255	1,106	1,106	893	893	874
	Other expenses	2,094	7,261	7,259	5,772	5,772	6,363
(IV)	**Total Expenses**	**31,368**	**1,12,904**	**1,12,902**	**97,544**	**97,544**	**67,971**
(V)	**Profit before tax (III-IV)**	**1,269**	**2,385**	**2,375**	**167**	**167**	**9,991**
(VI)	Tax expense:						
	Current tax	413	3,223	3,220	3,705	3,705	3,060
	Tax for prior year		-	-		-	-533
	Deferred tax charge/ (credit)	-131	-2,557	-2,558	-3,720	-3,720	-825
		282	**666**	**662**	**-15**	**-15**	**1,702**
(VII)	**Profit for the year (V-VI)**	**987**	**1,719**	**1,712**	**182**	**182**	**8,289**
	Other comprehensive income						
	(i) Items that will not be reclassified to profit or loss						
	-Remeasurements of post-employment benefit obligation	20	40	40	15	15	-54
	(ii) Income tax related to items that will not be reclassified to profit or loss	-5	-10	-10	-4	-4	13
	Sub-Total	**15**	**30**	**30**	**11**	**11**	**-41**
	(i) Items that will be reclassified to profit or loss						
	fair value of loans measured at fair value through other comprehensive income	-1,037	2,047	2,047	-635	-635	8,287
	(ii) Income tax related to items that will not be reclassified to profit or loss	261	-515	-515	160	160	-2,086
	Sub-Total	**-776**	**1,532**	**1,532**	**-475**	**-475**	**6,201**
(VIII)	**Other comprehensive income (A+B)**	**-762**	**1,562**	**1,562**	**-464**	**-464**	**6,160**
(IX)	**Total comprehensive income for the period (VII+VIII)**	**225**	**3,281**	**3,274**	**-282**	**-282**	**14,449**

CASH FLOW STATEMENT

(INR in Lakhs)

Particulars	March 31, 2022 (Audited) (Consolidated)	March 31, 2022 (Audited) (Standalone)	March 31, 2021 (Audited) (Consolidated)	March 31, 2021 (Audited) (Standalone)	March 31, 2020 (Audited)
Cash flow from operating activities					
Profit before tax	**2,385**	**2,375**	**167**	**167**	**9,991**
Adjustments for:					
Depreciation and amortisation expenses on property, plant and equipment, intangible assets and right of use assets	1,106	1,106	893	893	874
Impairment of financial instruments	19,383	19,383	19,175	19,175	5,270
Provision for insurance claim receivable and others	272	272	167	167	457
Profit on sale of current investments	-314	-314	-	-	-87
Liability no longer required written back	-	-	-	-	-
Profit on sale of property, plant & equipment	-10	-10	-	-	-
Net gain on derecognition of financial instruments	-15,164	-15,164	-6,363	-6,363	-1
Gain on derecognition of Loans designated at FVOCI	-	-	-	-	-5,664
Share based payments to employees	33	33	126	126	263
Interest income	-99,156	-99,144	-	-	-
Finance cost	56,356	56,356	-	-	-
Operating profit before working capital changes	**-35,109**	**-35,107**	**14,165**	**14,165**	**11,103**
Movements in working capital:					
Decrease in other financial and non financial assets	2,292	2,292	319	319	2,509
Increase in bank balance other than cash and cash equivalents (net)	-12,708	-12,708	-40,397	-40,397	-21,354
Decrease / (Increase) in Derivative assets	-	-	-	-	-
Decrease / (Increase) in trade receivables	32	32	10	10	-13
Increase in loans and advances	-1,19,474	-1,19,474	-53,099	-53,099	-80,408
(Decrease) / increase in Derivative liabilites	-	-	-	-	-
Increase in other financial and non financial liabilities	5,923	5,914	645	645	224
Increase in provisions	152	152	381	381	421
(Decrease) / increase in trade payables	64	64	-109	-109	17
Cash (used) in operations	**-1,58,828**	**-1,58,834**	**-78,085**	**-78,085**	**-87,501**
Interest received	97,144	97,136	-	-	-
Finance cost paid	-52,013	-52,013	-	-	-
Income tax paid (net of refunds)	-5,349	-5,346	-2,124	-2,124	-3,477
Net cash flows used in operating activities (A)	**-1,19,046**	**-1,19,056**	**-80,209**	**-80,209**	**-90,978**

Cash flow from Investing activities					
Purchase of property, plant and equipment	-1,109	-1,109	-542	-542	-834
Proceeds from sale of property, plant and equipment	34	34	-	-	4
Purchase of Intangible assets	-344	-344	-149	-149	-227
Purchase of current investments (net)	-2,28,100	-2,28,100	-	-	-28,200
Profit on sale of current investments	2,28,414	2,28,414	-		28,287
Investment in equity instruments of subsidiary	-	-	-	-500	-
Investment in fixed deposits with maturity of more than 3 months	-495	-	-	0	0
Net cash flows used in investing activities (B)	**-1,600**	**-1,105**	**-690**	**-1,190**	**-970**
Cash flow from financing activities					
Proceeds from issuance of equity share capital (including premium)	38	38	7	7	-
Proceeds from debt securities	22,779	22,779	1,09,675	1,09,675	2,123
Repayment of debt securities	-12,312	-12,312	-	-	-
Repayment of lease liabilities	-81	-81	-57	-57	-89
Interest accretion on lease liabilities	-	-	-	-	13
Proceeds from Borrowings (other than debt securities)	3,21,344	3,21,344	-18,476	-18,476	1,02,078
Repayment of Borrowings (other than debt securities)	-2,03,095	-2,03,095	-	-	-
Proceeds from Subordinated liabilities	4,490	4,490	6,499	6,499	11,854
Repayment of Subordinated liabilities	-3,814	-3,814	-	-	-
Share issue expenses	-187	-187	-141	-141	-
Net cash flows from financing activities (C)	**1,29,162**	**1,29,162**	**97,507**	**97,507**	**1,15,979**
Net increase in cash and cash equivalents (A+B+C)	**8,516**	**9,000**	**16,608**	**16,108**	**24,031**
Cash and cash equivalents at the beginning of the year	86,635	86,135	70,027	70,027	45,996
Cash and cash equivalents at the end of the year	**95,151**	**95,135**	**86,635**	**86,135**	**70,027**
Components of cash and cash equivalents at the end of the year					
Balances with banks:					
on current accounts	37,963	37,950	42,475	41,975	24,439
deposit with original maturity of less than three months	56,687	56,687	44,013	44,013	45,391
Cash on hand	501	497	147	147	197
Total cash and cash equivalents at the end of the year	**95,151**	**95,134**	**86,635**	**86,135**	**70,027**

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai - 400 063, India

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Limited Review Report on unaudited financial results of Annapurna Finance Private Limited for the quarter ended 30 June 2022 pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Annapurna Finance Private Limited

1. We have reviewed the accompanying statement of unaudited financial results of Annapurna Finance Private Limited (the 'Company') for the quarter ended 30 June 2022 (the 'Statement').

   Attention is drawn to the fact that the figures for the corresponding quarter ended 30 June 2021, as reported in these unaudited financial results have been approved by the Company's Board of Directors but have not been subjected to review since the requirement of submission of quarterly standalone financial results has become mandatory with effect from quarters ended on or after 30 September 2021.

2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulation'). Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Attention is drawn to the fact that the figures for the three months ended 31 March 2022 as reported in these unaudited financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. As more fully described in Note 4 to the Statement, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

   Our conclusion is not modified in respect of the above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

SAMEER HIRACHAND MOTA
Digitally signed by SAMEER HIRACHAND MOTA
Date: 2022.08.10 14:21:53 +05'30'

Sameer Mota
Partner
Membership Number: 109928
UDIN: 22109928AORSXJ7189

Mumbai
10 August 2022

ANNAPURNA FINANCE PRIVATE LIMITED

Registered Office:- Plot No. 1215/1401, Khandagiri Bari, Infront of Jaydev Vatika, Bhubaneswar - 751030

CIN: U65999OR1986PTC015931

Statement of standalone financial results for the quarter ended June 30, 2022

(INR in Lakhs except for EPS)

Sr. No.	Particulars	Quarter ended			Year ended
		30.06.2022 (Unaudited)	31.03.2022 (Audited) (Refer note 7)	30.06.2021 (Unaudited)	31.03.2022 (Audited)
1	**INCOME**				
	(a) Revenue from operations				
	Interest income	30,133	26,533	22,538	99,144
	Fees and commission income	15	12	24	94
	Net gain on fair value changes	181	169	-	314
	Net gain on assignment transactions	2,085	9,745	679	15,164
	Total revenue from operations	**32,414**	**36,459**	**23,241**	**1,14,716**
	(b) Other income	223	87	62	561
	Total income	**32,637**	**36,546**	**23,303**	**1,15,277**
2	**EXPENSES**				
	(a) Finance costs	15,455	15,115	13,220	56,356
	(b) Impairment on financial instruments	5,093	9,071	1,739	19,383
	(c) Employee benefit expenses	8,471	8,530	6,214	28,798
	(d) Depreciation, amortization and impairment	255	355	178	1,106
	(e) Other expenses	2,094	2,008	1,402	7,259
	Total expenses	**31,368**	**35,079**	**22,753**	**1,12,902**
3	**Profit before exceptional items and tax (1-2)**	**1,269**	**1,467**	**550**	**2,375**
4	**Exceptional items**	-	-	-	-
5	**Profit before tax (3-4)**	**1,269**	**1,467**	**550**	**2,375**
6	**Tax expense**				
	(a) Current tax	413	699	795	3,220
	(b) Short / (excess) provision for tax relating to prior years	-	-	-	-
	Net current tax expense	413	699	795	3,220
	(c) Deferred tax credit	(131)	(118)	(656)	(2,558)
	Total tax expense	**282**	**581**	**139**	**662**
7	**Profit for the quarter / year from continuing operation (5-6)**	**987**	**886**	**411**	**1,713**
8	Profit / (loss) from discontinued operations	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-
10	**Profit / (loss) from discontinued operations (after tax) (8-9)**	-	-	-	-
11	**Profit for the quarter / year (7+10)**	**987**	**886**	**411**	**1,713**
12	**Other Comprehensive Income (OCI)**				
	(a) (i) Items that will not be reclassified to profit or loss				
	- Re-measurement of the defined benefit liabilities	20	28	(4)	40
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(5)	(7)	1	(10)
	Sub-total (a)	15	21	(3)	30
	(b) (i) Items that will be reclassified to profit or loss				
	- Fair value of loans and advances and cash flow hedges through other comprehensive income	(1,037)	156	(2,677)	2,047
	(ii) Income tax relating to items that will be reclassified to profit or loss	261	(39)	674	(515)
	Sub-total (b)	**(776)**	**117**	**(2,003)**	**1,532**
	Other comprehensive income / (loss) (a+b)	**(761)**	**138**	**(2,006)**	**1,562**
13	**Total comprehensive income / (loss) for the quarter / year (11+12)**	**226**	**1,024**	**(1,595)**	**3,275**
14	**Earnings per share (of Rs. 10/- each) (not annualised for interim periods)**				
	(a) Basic (in INR)	1.36	1.23	0.57	2.39
	(b) Diluted (in INR)	1.23	1.16	0.54	2.25

Notes

1 The standalone financial results of Annapurna Finance Private Limited (the 'Company') together with the results for the comparative reporting periods have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards ('IND AS') 34 'Interim Financial Reporting' as prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance /clarification /directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued / applicable.

2 The Company is a Non-Banking Finance Company registered with RBI as a Non Deposit taking - Systemically Important - Micro Finance Institution.

3 The above standalone financial results for the quarter ended June 30, 2022 have been reviewed by the Audit Committee and have been approved and taken on record by the board of directors at its meeting held on August 10, 2022. The statutory auditors of the Company have carried out limited review of the aforesaid results.

4 The outbreak of COVID-19 pandemic has affected several countries across the world, including India, resulting in significant volatility in financial market and significant decrease in global and Indian economy. The government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors. While the situation had improved significantly and there had been an all-round recovery in economic activity, the situation will have to closely monitored till the pandemic is finally put to rest. Management will continue to closely monitor the material changes in macro-economic factors impacting the operations of the Company. The Company has incorporated estimates, assumptions, judgements specific to the impact of Covid-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of financial results.

5 During the quarter ended June 30, 2022, the Company has issued compulsory convertible preference shares amounting to INR 117.30 crores.

6 The Company is in the process of obtaining lender consents / waivers for certain loan covenant breaches that are existing as on June 30, 2022. The Company has performed an assessment of its liquidity position, taking into account the impact of the loan covenant breaches, current liquid funds held and expected inflows from various sources of borrowings. Based on the foregoing assessment, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

7 The Standalone financial results includes the results for the quarter ended March 31, 2022 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the nine months ended of the previous financial year which were subject to limited review by the statutory auditors of the Company.

8 The Company is primarily engaged in the business of financing and there are no separate reportable operating segments identified as per the Ind AS 108 - Segment Reporting.

9 **RATIOS**

Particulars	As at 30.06.2022	As at 31.03.2022	As at 30.06.2021
(a) Debt Equity Ratio	6.56	7.83	5.57
(b) Current ratio	1.33	1.45	1.56
(c) Long term debt to working capital	2.16	2.09	1.45
(d) Current liability ratio	0.58	0.53	0.51
(e) Total debts to total assets	0.84	0.87	0.78
(f) Gross non performing asset (Stage - 3) (GNPA)	9.77%	10.03%	7.37%
(g) Net non performing asset (Stage - 3) (NNPA)	3.59%	2.86%	3.12%
(h) Provision coverage ratio (PCR)	65.08%	71.49%	60.26%
(i) Capital risk adequacy ratio (CRAR)	29.82%	29.78%	27.95%
(j) Liquidity coverage ratio (LCR)	525.17%	483.70%	200.60%

Particulars	Quarter ended			Year ended
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
(a) Net profit margin	3.03%	2.42%	1.77%	1.49%
(b) Operating margin	NA	NA	NA	NA

10 The secured listed Non-Convertible Debentures of the Company are fully secured by first pari passu charge by way of registered mortgage on the Company's land situated at Chennai, receivables of the Company arising out of loans and advances as book debts, and any other security as identified by the Company and acceptable to the debenture trustee. The minimum security of 100% for the Non-Convertible Debentures outstanding has been maintained.

Particulars	As at 30.06.2022	As at 31.03.2022
(a) Asset Cover Ratio (listed secured debt securities)	107%	107%
(b) Asset Cover Ratio (unsecured debt)	392%	351%

Date: August 10, 2022
Place: Goa

For Annapurna Finance Pvt. Ltd.

DIBYAJYOTI PATTANAIK
Digitally signed by DIBYAJYOTI PATTANAIK
Date: 2022.08.10 13:51:58 +05'30'

Dibyajyoti Pattanaik
(Director)
DIN:02764187

B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Annapurna Finance Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditor on separate financial statements of subsidiaries audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Key Audit Matters *(Continued)*

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers Charge: INR 19,383 lakhs for year ended 31 March 2022 Provision: INR 44,461 lakhs as at 31 March 2022	
Refer to the accounting policies in "Note 3 (xv) (A) (III) to the Consolidated Financial Statements: Impairment of financial assets", "Note 3.1 to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates and judgments" and "Note 8 to the Consolidated Financial Statements: Loans and Advances"	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: **Testing of design and operating effectiveness of controls:** Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of ECL. Testing the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in computation of ECL. *Key aspects of our controls testing involved the following:* • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over evaluation, implementation and model monitoring in line with Reserve Bank of India guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing controls over authorisation and computation of post model adjustments i.e. management overlays.

Key audit matter	How the matter was addressed in our audit
Impairment of loaus to customers *(Continued)*	
• Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments - Adjustments to the model-driven ECL results are recorded to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 9% of ECL balances as at 31 March 2022. These adjustments are inherently uncertain and significant judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Group's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the consolidated financial statements, we have considered this as a key audit matter.	• Testing key controls operating over the information technology system in relation to loan impairment including system access and change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the Group's Ind AS 109 impairment methodologies and assumptions used (including management overlays). • Evaluating the relevance of inputs used in the model for computation of ECL. • Testing the Group's considerations of the impact of the current economic environment due to COVID-19 on ECL determination. **Test of details:** Key aspects of our testing included: • Testing samples over key inputs, data and assumptions impacting ECL computations to assess the completeness, accuracy and relevance of data, economic forecasts, weights, and model assumptions applied. • Testing model computations through re-performance, where applicable. • Testing post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the adjustments by challenging key assumptions, inspecting the methodology and tracing a sample of the data used back to source data.
Key audit matter	**How the matter was addressed in our audit**
Information technology	
Information Technology (IT) systems and controls The Holding Company's key financial accounting and reporting processes are dependent on the automated controls in the information systems.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Evaluating the design and implementation and operating effectiveness of the scoped-in IT systems.

Key audit matter	How the matter was addressed in our audit
Information technology *(Continued)*	
There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated. Further, during the year, one of the loan origination systems where MSME loans are recorded has been migrated to a new system.	• Testing a sample of key controls operating over the information technology in relation to financial accounting and reporting systems. • Testing the design and operating effectiveness of a sample of key controls over user access management. Access management includes granting access rights, access right modification, removal of user rights and preventative controls designed to enforce segregation of duties. • Reperforming procedures to determine the operating effectiveness of application controls over financial and reporting systems. • Testing change management control for information technology application / General IT controls which were changed during the year. • Assessing other areas including password policies, system configurations, controls over changes to applications, privileged access to applications and operating system or databases is restricted to authorized personnel. • Evaluating the program development for the new system implemented during the audit period, to determine adequate information technology controls have been established.
Key audit matter	**How the matter was addressed in our audit**
First year audit transition	
A first-year audit engagement involves zero basing of key audit considerations like understanding of company specific risks, controls, policies and processes in order to develop an audit strategy and audit plan. This includes understanding the Group specific risks, controls, policies and processes in order to establish an audit strategy and audit plan. We have to perform initial audit procedures to obtain sufficient evidence regarding opening balances and selection and consistent application of accounting policies as per SA 510. Accordingly, it bas been considered as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Preparing a detailed transition plan to enable us to analyse the strategy, risks, internal control measures and their impact on the Group's accounting policies. • Holding audit planning meetings to understand about the Group and its processes. • Reading presentations to the board and audit committee presentation for year ended 31 March 2021 by the predecessor auditors. • Understanding the Group's significant accounting policies by reading audited financial statements for the year ended 31 March 2021.

Key audit matter	How the matter was addressed in our audit
First year audit transition *(Continued)*	
	• Performing initial audit procedures to obtain sufficient evidence regarding opening balances and selection and consistent application of accounting policies as per SA 510. Based upon the knowledge gained through these procedures, we planned our risk assessment and determined the scope and coverage for the audit.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Director's / Trustee's Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act. The respective Management and Board of Directors of the companies/ Trustees of the Trust included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company/Trust and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies / Trustees of the Trust included in the Group are responsible for assessing the ability of each company / Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors / Trustees of the Trust either intends to liquidate the Company / Trust or to cease operations, or has no realistic alternative but to do so.

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Management's and Board of Director's / Trustee's Responsibilities for the Consolidated Financial Statements *(Continued)*

The respective Board of Directors of the companies / Trustees of the Trust included in the Group are responsible for overseeing the financial reporting process of each company/ Trust.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a 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 consolidated 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 consolidated 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 control 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 Group has adequate internal financial controls with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs.511.93 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of Rs.12.05 lakhs and net cash flows (before consolidation adjustments) amounting to Rs.7.71 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on 30 June 2021.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Report on Other Legal and Regulatory Requirements *(Continued)*

2 (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a) There were no pending litigations as at 31 March 2022 which would impact the consolidated financial position of the Group.

b) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts.

c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2022.

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Report on Other Legal and Regulatory Requirements *(Continued)*

d) (i) Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Holding Company and its subsidiary company incorporated in India have neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of a subsidiary company incorporated in India which was not audited by us, the provisions of Section 197 of the Act are not applicable to the Holding Company and its subsidiary company incorporated in India since none of these companies is a public company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022



Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGTA6758

Bhubaneshwar
27 May 2022

B S R & Co. LLP

Annapurna Finance Private Limited

Annexure A to the Iudependent Auditor's Report on thc consolidated Financial Statemcnts

(Referred to in paragraph 1 under 'Rcport on Other Legal and Regulatory Requiremcnts' section of our report of even date)

We report that:

xxi In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the auditor in the Companies (Auditor's Report) Order, 2020 report of the company incorporated in India and included in the consolidated financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGTA6758

Bhubaneshwar
27 May 2022

Annexure B to the Independent Auditor's report on the consolidated financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of Annapurna Finance Private Limited (hereinafter referred to as the "Holding Company") and a company incorporated in India under the Companies Act, 2013 (the "Act") which is its subsidiary company (the Holding company and its subsidiary together referred as the "Group"), as of that date.

In our opinion, the Group, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included

Annexure B to the Independent Auditor's report on the consolidated financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022 ***(Continued)***

Auditor's Responsibility ***(Continued)***

obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

Meaning of Internal Financial controls with Reference to the Consolidated Financial Statements

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure B to the Independent Auditor's report on the consolidated financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022 ***(Continued)***

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGTA6758

Bhubaneshwar
27 May 2022

Annapurna Finance Private Limited
Consolidated balance sheet as at March 31, 2022

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	95,151	86,635
(b) Bank balance other than (a) above	5	95,387	82,181
(c) Derivative financial instruments	6	1,355	-
(d) Receivables			
(i)Trade receivables	7	5	37
(ii)Other receivables		-	-
(e) Loans	8	4,88,816	3,86,716
(f) Other financial assets	9.1	26,117	14,560
Subtotal - financial assets (A)		**7,06,831**	**5,70,129**
(2) Non-financial assets			
(a) Current tax assets (net)	10.1	2,248	125
(b) Deferred tax assets (net)	10.2	4,810	2,778
(c) Property, plant and equipment	11	1,787	1,178
(d) Intangible assets	12	156	99
(e) Other non-financial assets	9.2	2,165	1,198
Subtotal - non- financial assets (B)		**11,166**	**5,378**
Total assets (A+B)		**7,17,997**	**5,75,507**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	6	475	-
(b) Payables			
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	14	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		291	227
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	15	1,85,677	1,73,854
(d) Borrowings (other than debt securities)	16	4,02,413	2,82,307
(e) Subordinated liabilities	17	33,150	32,275
(f) Other financial liabilities	17.1	14,939	9,082
Subtotal - financial liabilities (A)		**6,36,945**	**4,97,745**
(2) Non-financial liabilities			
(a) Provisions	18	1,186	1,034
(b) Other non-financial liabilities	17.2	543	468
Total non- financial liabilities (B)		**1,729**	**1,502**
Total liabilities		**6,38,674**	**4,99,247**
(3) Equity			
(a) Equity share capital	19	6,874	6,872
(b) Instruments entirely equity in nature	20	300	300
(c) Other equity	21	72,149	69,088
Subtotal - equity (C)		**79,323**	**76,260**
Total liabilities and equity (A+B+C)		**7,17,997**	**5,75,507**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Consolidated statement of profit and loss for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	Notes	For the year March 31, 2022	For the year March 31, 2021
Revenue from operations			
(i) Interest income	22	99,156	90,709
(ii) Fees and commission income	23.1	94	271
(iii) Net gain on fair value changes	23.2	314	-
(iv) Net gain on assignment transactions	23.3	15,164	6,363
(I) Total revenue from operations		**1,14,728**	**97,343**
(II) Other income	24	561	368
(III) Total income (I + II)		**1,15,289**	**97,711**
Expenses			
Finance costs	25	56,356	51,105
Impairment of financial instruments	26	19,383	19,175
Employee benefits expenses	27	28,798	20,599
Depreciation, amortisation and impairment	28	1,106	893
Other expenses	29	7,261	5,772
(IV) Total expenses		**1,12,904**	**97,544**
(V) Profit before tax (III-IV)		2,385	167
(VI) Tax expense:			
(a) Current tax		3,223	3,705
(b) Short / (excess) provision for tax related to prior years	10.3	-	-
Net current tax expenses		**3,223**	**3,705**
Deferred tax expense / (credit)		(2,557)	(3,720)
Total tax expense		**666**	**(15)**
(VII) Profit for the year (V-VI)		1,719	182
(VIII) Other comprehensive income (OCI)			
A Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liabilities	33.3	40	15
Income tax relating to items that will not be reclassified to profit or loss	10.3	(10)	(4)
Subtotal (A)		**30**	**11**
B Items that will be reclassified to profit or loss			
Fair value of loans and advances and cash flow hedges through other comprehensive income		2,047	(635)
Income tax relating to items that will be reclassified to profit or loss	10.3	(515)	160
Subtotal (B)		**1,532**	**(475)**
Other Comprehensive Income (A+B)		**1,562**	**(464)**
(IX) Total comprehensive income for the year (comprising profit/retained earnings) and other comprehensive income for the year (VII)+(VIII)		**3,281**	**(282)**
(X) Earnings per equity share (face value of ₹10 each)			
Basic (Rs.)	30	2.40	0.26
Diluted (Rs.)		2.26	0.24

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Statement of consolidated cash flow for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Profit before tax	**2,385**	**167**
Adjustments for:		
Depreciation, amortization and impairment	1,106	893
Impairment on financial instruments	19,383	19,175
Provision for insurance claim receivable and others	272	167
Profit on sale of current investments	(314)	-
Profit on sale of property, plant and equipment	(10)	-
Net gain on derecognition of financial instruments	(15,164)	(6,363)
Share based payments to employees	33	126
Interest income	(99,156)	(90,709)
Finance cost	56,356	51,105
Operating loss before working capital changes	**(35,109)**	**(25,439)**
Movements in working capital:		
Decrease in other financial and non financial assets	2,292	319
Increase in bank balance other than cash and cash equivalents	(12,708)	(40,397)
Decrease in trade receivables	32	10
Increase in loans	(1,19,474)	(50,569)
Increase in other financial and non financial liabilities	5,923	645
Increase in provisions	152	385
Increase/ (decrease) in trade payables	64	(109)
Cash used in operations	**(1,58,828)**	**(1,15,155)**
Interest received	97,144	84,876
Finance cost paid	(52,013)	(43,734)
Income tax paid (net of refunds)	(5,349)	(2,122)
Net cash flows used in operating activities (A)	**(1,19,046)**	**(76,135)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,109)	(542)
Proceeds from sale of property, plant and equipment	34	-
Purchase of intangible assets	(344)	(149)
Purchase of current investments	(2,28,100)	-
Proceeds from sale of current investments	2,28,414	-
Investment in fixed deposits with maturity of more than 3 months	(495)	-
Net cash flows used in investing activities (B)	**(1,600)**	**(1,191)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	38	7
Proceeds from debt securities	22,779	1,19,820
Repayment of debt securities	(12,312)	(12,239)
Repayment of lease liabilities	(81)	(57)
Proceeds from borrowings (other than debt securities)	3,21,344	1,55,667
Repayment of borrowings (other than debt securities)	(2,03,095)	(1,75,868)
Proceeds of subordinated liabilities	4,490	7,125
Repayment of subordinated liabilities	(3,814)	(880)
Share issue expenses	(187)	(141)
Net cash flows generated from financing activities (C)	**1,29,162**	**93,434**
Net increase in cash and cash equivalents (A+B+C)	8,516	16,108
Cash and cash equivalents at the beginning of the year	86,635	70,027
Cash and cash equivalents at the end of the year	**95,151**	**86,635**
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	37,963	42,475
deposit with original maturity of less than three months	56,687	44,013
Cash on hand	501	147
Total cash and cash equivalents at the end of the year	**95,151**	**86,635**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
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CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
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Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Statement of consolidated changes in Equity for the year ended March 31, 2022

a. Equity share capital

Current reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2021	Changes in equity share capital during April 01, 2021 to March 31, 2022	Balance at the end of March 31, 2022
6,872	-	-	2	6,874

Previous reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2020	Changes in equity share capital during April 01, 2020 to March 31, 2021	Balance at the end of March 31, 2021
6,870	-	-	2	6,872

b. Other equity

(In Rs. Lakhs)

Reserves and surplus	Statutory reserve (as required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained earnings	Other items of comprehensive income (fair valuation on portfolio & cashflow hedges)	Total
Balance as at April 1, 2020	**4,169**	**40,217**	**1,169**	**16,063**	**7,767**	**69,385**
Profit for the year	-	-	-	182	-	182
Other comprehensive income	-	-	-	11	(475)	(464)
Total comprehensive income for the year	-	-	-	**193**	**(475)**	**(282)**
Transfer to/from retained earnings	36	-	-	(36)	-	-
Share Issue / debenture issues expenses	-	(141)	-	-	-	(141)
Amortization of vesting expenses of employee stock option plan	-	-	126	-	-	126
Balance as at March 31, 2021	**4,205**	**40,076**	**1,295**	**16,220**	**7,292**	**69,088**
Profit for the year	-	-	-	1,719		1,719
Other comprehensive income	-	-	-	30	1,532	1,562
	-	-	-	**1,749**	**1,532**	**3,281**
Transfer to/from retained earnings	344			(344)		-
Share Issue / debenture issues expenses	-	(187)	-	-	-	(187)
Amortisation of vesting expenses of employee stock option plan	-	(66)	33	-	-	(33)
ESOP excercised		30	(30)	-	-	-
Balance as at March 31, 2022	**4,549**	**39,853**	**1,298**	**17,625**	**8,824**	**72,149**

The accompanying notes are an integral part of the financial statements.

As per our report of even data

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
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Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2022

1 Corporate information

Annapurna Finance Private Limited .(the 'Holding Company' or 'Parent Company') is a private company incorporated in India. The Holding Company was registered as a non-deposit taking Non-Banking Financial Company ("NBFC-ND") with the Reserve Bank of India ("RBI") and was classified as a Non-Banking Financial Company – Micro Finance Institution ("NBFC-MFI") with effect from October 22, 2013.

The Holding Company's registered office is at Bhubaneshwar, Odisha, India. Its debentures are listed on recognised stock exchange in India.

The Holding Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group ('JLG').

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2022 (the 'financial statements') and authorized for issue on May 27, 2022.

These consolidated audited financial statements of the Annapurna Finance Private Limited (the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act 2013 (the 'Act'). The financial statements has been prepared on going concern basis. These consolidated audited financial statements include financial statements of the following subsidiaries.

Name of the entity	% of share holding and voting power of the Holding Company	Consolidated as
Annapurna SME Finance Private Limited	99.96%	Subsidiary
Annapurna Employee Welfare Trust	100.00%	Subsidiary

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements of the Group have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 (the 'Act') and the other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These consolidated audited financial statements of the Group have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Act. The financial statements has been prepared on going concern basis. These consolidated audited financial statements include financial statements of the following subsidiaries.

Name of the entity	% of share holding and voting power of the Holding Company	Consolidated as
Annapurna SME Finance Private Limited	99.96%	Subsidiary
Annapurna Employee Welfare Trust	100.00%	Subsidiary

Refer note 42 for additional information as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as subsidiaries.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest Lakh, except when otherwise indicated.

2.2 Basis of consolidation

The Holding Company is able to exercise the control over the operating decision of the investee company, resulting in variable returns to the Holding Company and accordingly, the same are classified as investment in subsidiary and line by line consolidation is carried out under the principles of consolidation.

The consolidated financial statements incorporate the financial statements of the Group from the date control is gained until the date on which control ceases. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

Intra- group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value at the end of each reporting period as explained in the accounting policies below.

2.4 Presentation of financial statements

The financial statements of the Group are presented as per Schedule III (Division III) of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The statement of cash flows has been presented using indirect method as per the requirements of Ind AS 7 statement of cash flows.

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INDIA

3 **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of these financial statements and reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates is revised and future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes:

a) Note 3 (xv)- Business model assessment for classification and measurement of financial assets
b) Note 3 (xv) - Impairment allowences of financial assets based on the expected credit loss model
c) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment and intangible assets.
d) Note 3(xi) and 33 - Measurement of assets and obligations of defined benefit employee plans.
e) Note 3(iv) and 10 - Recoverability and recognition of deferred tax assets.
f) Note 3(xii) - Measurement of provisions and contingencies.
g) Note 3(xvii) and 39 - Fair value measurement of financial instruments.
h) Note (xv)- Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments

i) Note (ix)- Determination of lease term where Group is a lessee

(ii) Revenue recognition

Revenue from operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the effective interest rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.

The EIR in case of a financial asset is computed
- the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- by considering all the contractual terms of the financial instrument in estimating the cash flows.
- including all fees/service charges and incentives paid and received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(b) Dividend income

Dividend income is recognised in the statement of profit or loss on the date
- when the Group's right to receive the payment is established,
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of dividend can be reliably measured

(c) Net gain on assignment transactions

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

(d) Fees and commission income

Fees and commissions which do not form part of the effective interest rete calculation are recognised when the Group satisfies the performance obligation over time and are accrued as and when they are due.

Other income

Other income are recognised when the Group satisfies the performance obligation over time and are accrued as and when they are due.

(iii) Foreign currency

These financial statements are presented in Indian rupees, which is the functional currency of the Group.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.
Exchange differences are recognised in the statement of profit and loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs.

(iv) Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit & loss except when they relate to items that are recognised outside the statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the statement of profit and loss.

Current income taxes are determined based on respective taxable income of Group and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current and deferred tax assets and liabilities on a net basis.

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INDIA

(v) Cash and cash equivalents

Cash and cash equivalents, comprise cash in hand, cash at bank and deposits with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

(vi) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potentiel equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

(vii) Property, plant and equipment (PPE) and intangible assets

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes purchase price, non-refundable taxes and levies and other directly attributable costs of bringing the assets to its location and working condition for its intended use.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Group in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the statement of profit and loss during the period in which they are incurred.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

(viii) Depreciation and amortisation

Depreciation

Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of asset	Useful life (years)
Furniture and fittings	10
Office equipment's	5
Vehicles	8
Computers	3

Amortisation

Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted prospectively.

(ix) Leases :

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3(x) Impairment of non-financial assets.

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Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(x) Impairment of non financial assets

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

(xi) Employee benefits

(A) Short term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include salaries and performance incentives/ bonuses which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

(B) Post employment/ retirement benefit plans

(1) Defined contribution plans

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Group has no obligation, other than the contribution payable to the respective funds. The Group recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

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(2) Defined benefit plans
(a) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.
The Group have an obligation towards gratuity, post employment/ retirement defined benefit plan covering eligible employees. The benefit is in the form of lump sum payments to eligible employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days' to 30 days' basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The liability determined basis actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability.

The interest income/ (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income/ (expense) on the net defined benefit liability is recognised in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences
The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit or loss.

b) Employee stock option plan
The employee stock option scheme provides for the grant of options to acquire equity shares of the Group to its eligible employees are measured at fair value of the equity instruments at the grant date. The period of vesting and period of exercise are as specified within the respective schemes. The fair value at the grant date of the equity settled share based payment options granted to the employees is recognized as an employee benefit expenses with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. At the end of each reporting period, the Group revives its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to share based options outstanding account. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Also, the employee stock option granted to the eligible employees of the subsidiary companies are accounted in accordance with the guidelines of Ind AS 102 – share based payments.

(xii) Provisions and contingent liabilities
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group.

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.
Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

(xiii) Dividend (including dividend distribution tax)
Any dividend declared or paid by the Group is based on the profits available for distribution as reported in the financial statements. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Group may pay dividend out of accumulated profits of previous years transferred to statement of profit and loss. However, in the absence of accumulated profits a Group may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable.
Pursuant to Finance Act, 2020, any dividend declared, distributed or paid on or after April 01, 2020 was taxable in the hands of the shareholders and the Group was not required to pay dividend distribution tax on above dividend payments.

(xiv) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).
The power to assess the financial performance and position of the Group and make strategic decisions is vested in the Board of Directors Committee who has been identified as the CODM.

(xv) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

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(A) Financial assets

Initial recognition and measurement
All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Classification and subsequent measurement
For the purposes of initial recognition, financial assets are classified in the following categories :-
a. at amortised cost, or
b. at fair value through other comprehensive income (FVOCI), or
c. at fair value through profit or loss (FVTPL)

The above classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flow.

(I) Debt instruments
Initial classification of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

(a) At amortised cost:
A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans arising from financing activities and investments.

(b) At FVTOCI:
A debt instrument is classified at FVTOCI, if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Group recognises interest income, impairment losses and reversals in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(c) At FVTPL:
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.
In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(II) Equity instruments/ investments
Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Group has irrevocable option to present in OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

(III) Impairment of financial assets
The Group applies the expected credit loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for
- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial assets (lifetime ECL), unless there had been no significant increase in credit risk of a default occurring since origination or initial recognition, in which case, the impairment allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL (both life time and 12 months) are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group believes that the all loans disbursed (MFI and MSME loans) in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio (segregated at MFI and MSME loans) are treated as separate groups for the purpose of expected credit loss computation.

The impairment methodology applies depends on whether there has been significant increase in credit risk. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

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The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Group has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial assets. The Group categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit impaired assets, i.e. more than 90 days past due or cases where the Group suspects fraud and legal proceedings are initiated.

Definition of default
The Group considers a financial asset to be in 'default' and therefore stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in stage 1, a 12-month PD is required. For stage 2 assets a lifetime PD is required while stage 3 assets are considered to have a 100% PD. PD estimation process is done based on historical internal data available with the Group.

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

Forward looking information
While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like gross domestic product (GDP), consumer price index (CPI), unemployment rate (UER), credit growth with the estimate of PD determined by the Group based on its internal data. While the internal estimates of PD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.
Based on the consideration of external actual and forecast information, the Group forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all the categories of financial assets raquires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of financial statements. The Group regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

The amount of ECL (or reversal) at the reporting date is recognised as an impairment loss/ (gain) in the statement of profit and loss.

ECL on debt instruments measured at amortised cost

The ECLs for debt instruments measured at amortised cost is reduced from the gross carrying amount of these financial assets in the balance sheet.

ECL on debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the gross carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Write-off
The gross carrying amount of a financial assets is written- off (either partially or fully) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries against such financial assets are credited to the statement of profit and loss.

(IV) Derecognition of financial assets
The Group de-recognises a financial asset when the contractuel rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises an associated liability as collateralised borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the esset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI, and accumulated in equity is recognised in the statement of profit and loss.

(B) Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments, issued by the Group, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(I) Financial liabilities
Initial recognition and measurement
All financial liabilities are recognised initially at fair value. However, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss.

The Group's financial liabilities majorly comprise of trade and other payables, loans and borrowings, including bank overdrafts and cash credit facility and derivative financial instruments.

Subsequent measurement
All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at fair value through profit or loss (FVTPL).

(a) At FVTPL:
Financial liabilities includes derivative financial instruments entered into by the Group that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

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(b) At amortised cost:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

Derecognition of financial liabilities:
The Group de-recognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in statement of profit and loss.

Modification/ renegotiation that do not result in derecognition
Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the statement of profit and loss. Any subsequent changes in the estimation of the future cash flows of financial liability is recognised under finance cost in the statement of profit or loss with the corresponding adjustment to the carrying amount of the financial liability.

(II) Equity instrument
An equity instrument is any contract that evidences residual interests in the assets of the Group after deducting all of its liabilities.
Incremental costs incurred which are directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the procoeds.

(xvi) Derivatives and hedging activities
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk end foreign exchange rate risk, including cross currency interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument (Refer sub note (a) below), in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

Embedded derivatives
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principel and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

(a) Hedge accounting
The Group designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as "cash flow hedges").

The Group documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated end qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(xvii) Fair value measurement
A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
Level 2: inputs other then quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Group can access at measurement date

(xviii) Offsetting financial instruments
Financial assets and financial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the Group intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	497	147
Balances with banks	37,967	42,475
Fixed deposit with maturity of less than 3 months	56,687	44,013
Total	**95,151**	**86,635**

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposit with remaining maturity of more than 3 months		
Fixed deposit with banks (security against bank guarantee)	31,755	25,717
Other term deposits	60,919	53,837
Interest accrued on fixed deposits*	2,713	2,627
Total	**95,387**	**82,181**

(*) Includes interest accrued of Rs. 1,369 lakhs (March 31, 2021: Rs. 98 lakhs) on fixed deposits marked as lien towards term loans availed from banks, as cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 6: Derivative financial instruments

(In Rs. Lakhs)

	As at March 31, 2022				As at March 31, 2021			
Part I	Notional Amounts	Fair value-assets	Notional Amounts	Fair value-liabilities	Notional Amounts	Fair value-assets	Notional Amounts	Fair value-liabilities
(i)Currency derivatives:								
Cross currency swaps	12,613	704	10,873	322	-	-	-	-
Subtotal (i)	12,613	704	10,873	322	-	-	-	-
(ii)Interest rate derivatives	-	-	-	-	-	-	-	-
(iii)Credit derivatives	-	-	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-	-	-
(v) Other								
Cross currency interest rate swaps	18,521	651	9,708	153	-	-	-	-
Total Derivatives financial instruments	31,134	1,355	20,581	475	-	-	-	-
PART II								
Included in above are derivatives held for hedging and risk management as follows								
(i)Fair value hedging	-	-	-	-	-	-	-	-
(ii) Cashflow hedging								
Cross currency interest rate swaps	18,521	651	9,708	153	-	-	-	-
Cross currency swaps	12,613	704	10,873	322	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-	-	-
Total derivatives financial instruments	31,134	1,355	20,581	475	-	-	-	-

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 7: Trade receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Receivables considered good- unsecured	5	37
Total	5	37

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

Ageing of trade receivables as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(i) Undisputed trade receivables considered good	5	-	-	-	-	5
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

Ageing of trade receivables as at March 31, 2021

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(I) Undisputed trade receivables considered good	37	-	-	-	-	37
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

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Note 8: Loans
Considered good unless stated otherwise

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At fair value Through other comprehensive income	Total	Amortised cost	At fair value Through other comprehensive income	Total
i) Term loans						
Considered good	80,670	3,98,918	4,79,588	97,859	2,81,980	3,79,839
Credit impaired	14,843	38,434	53,277	213	29,839	30,052
Total term loans	95,513	4,37,352	5,32,865	98,072	3,11,819	4,09,891
ii) Staff loan	412	-	412	372	-	372
Total (A) - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less: Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total (A) - Net	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716
Term loans						
i) Secured by tangible assets (refer note below)	2,670	31,151	33,821	23,925	-	23,925
ii) Unsecured	92,843	4,06,201	4,99,044	74,147	3,11,819	3,85,966
Sub-total - Term loans	**95,513**	**4,37,352**	**5,32,865**	**98,072**	**3,11,819**	**4,09,891**
Staff loan						
-Unsecured	412	-	412	372	-	372
Sub-total - Staff loan	**412**	-	**412**	**372**	-	**372**
Total (B) - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less : Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total (B) - Net	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716
Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	95,925	4,37,352	5,33,277	98,444	3,11,819	4,10,263
Total - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less: Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total - Net	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716
Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-
Total (C)	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716

Note
The Company covers/secures the credit list associated with the loans given to customer by creating a charge/ hypothecation/ security on the assets as mentioned in the loan agreements with customers.

Reconciliation of impairment allowance

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At fair value Through other comprehensive income	Total	Amortised cost	At fair value Through other comprehensive income	Total
Opening provision	4,700	18,847	23,547	1,793	4,260	6,053
Add: Impairment provision created during the year (Refer note 26)	3,297	16,086	19,383	4,588	14,587	19,175
Less: Receivable by guarantee scheme/ CGTMSE disclosed under other financial assets	-	1,643	1,643	-	-	-
Less: Loan portfolio (own) written off during the year	-	-	-	(817)	-	(817)
Less-: EIS receivable on assignment transaction written off during the year	-	-	-	(760)	-	(760)
Less-: Provision for managed portfolio disclosed under 'provisions' (refer note 18)	-	-112	(112)	(104)	-	(104)
Less: Recovery made during the year	-	-	-	-	-	-
Closing provision	7,997	36,464	44,461	4,700	18,847	23,547

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Note 8A

Gross carrying value of assets as at March 31, 2022

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	4,67,835	11,755	-	4,79,590
Non performing assets	-	-	53,275	53,275
Total	**4,67,835**	**11,755**	**53,275**	**5,32,865**

Steps taken for recovering overdues balances

To reduce the exposure and increasing collection in the stage - III assets, a cross-department team is deployed in the branches to monitor and follow up with the higher DPD customers. To maximise collection efforts, regular reminders are sent to customers via SMS/ Tele-calling and by visiting customer premises and creating awareness of the consequences of defaults.

Gross carrying value of assets as at March 31, 2021

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,41,161	38,678	-	3,79,839
Non performing assets	-	-	30,052	30,052
Total	**3,41,161**	**38,678**	**30,052**	**4,09,891**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**
Add: New assets originated during the year (net of collections)	1,22,974	-	-	1,22,974
Less: assets written off during the year	-	-	-	-
Movement between stages				
Transfer from stage 1	(19,862)	12,047	7,815	-
Transfer from stage 2	23,517	(38,971)	15,454	-
Transfer from stage 3	46	1	(47)	-
Gross carrying value of assets as at March 31, 2022	**4,67,836**	**11,755**	**53,274**	**5,32,865**

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2021	**749**	**4,494**	**18,304**	**23,547**
Provision created / (reversed) during the year	3,734	(1,536)	18,250	**20,448**
Stage 3 asset are in the scope of IND AS 109 but not covered under current income recognition ,asset classification and provisioning (IRACP) norms	(1)	(217)	684	**466**
Assets written off during the year	-	-	-	-
ECL allowance as at March 31, 2022	**4,482**	**2,741**	**37,238**	**44,461**

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(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2020	**3,51,510**	**2,800**	**4,886**	**3,59,196**
Add: New assets originated during the year (net of collections)	51,512			51,512
Less: assets written off during the year	-	(453)	(364)	(817)
Movement between stages				
Transfer from stage 1	(61,929)	38,423	23,506	-
Transfer from stage 2	67	(2,092)	2,025	-
Transfer from stage 3	1	-	(1)	-
Gross carrying value of assets as at March 31, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2020	3,970	231	1,852	6,053
Provision created / (reversed) during the year	(3,221)	4,716	16,816	18,311
Assets written off during the year	-	(453)	(364)	(817)
ECL allowance as at March 31, 2021	**749**	**4,494**	**18,304**	**23,547**

Sensitivity analysis on ECL

Reasonably possible changes at the reporting date to the relevant macroeconomic assumptions, holding other assumptions constant, would have affected the defined ECL provisions by the amounts shown below:

(In Rs. Lakhs)

Scenario	Conditions	ECL provision as per model	+/- from normal case
Extreme scenario	100% probability of high stress 0% probability of low stress 0% probability of normal situation	41,143	865
Low stress scenario	0% probability of high stress* 0% probability of low stress 100% probability of a normal situation	39,845	(433)

**High stress condition is when the company is expecting 15% increase from the projected values of macroeconomic parameters such a s unemployment rate and in consumer price index.*

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Note 9.1: Other financial assets
(at amortised cost)
(Unsecured, considered good unless stated otherwise)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	342	271
Retained interest on assets assigned	13,509	4,668
Interest accrued on loans designated at FVOCI	7,866	4,182
Fixed deposit with financial institutions*	1,513	1,889
Insurance claim receivable	826	930
Ex-gratia claim receivable#	-	2,213
Receivable from financial guarantees$	1,643	-
Other financial assets- others**	418	407
Total	**26,117**	**14,560**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.
**includes EIS receivable and advances recoverable in cash
#The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme (the 'Scheme') for grant of ex-gratia payment being difference between compounded interest and simple interest for six months period from March 1, 2020 to August 31, 2020 to eligible borrowers as per the Scheme. The management has credited the differential interest in the borrower accounts in line with the requirement of the Scheme.

$The Group has availed the benefits of credit guarantee fund trust for micro and small enterprises (CGTMSE) scheme and Assam microfinance incentives and relief scheme 2021 to secure credit default.

Note 9.2:Other non- financial assets
(Unsecured, considered good unless stated otherwise)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	1,308	608
Capital advance	183	100
Other Advances *	674	490
Total	**2,165**	**1,198**

*includes advances to vendor

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Note 10.1:
Current tax assets (net)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provision)	2,248	125

Note 10.2: Deferred tax assets/ liabilities (net)
Effects of deferred tax assets and deferred tax liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets:		
Impairment loss allowance on loan portfolio	10,697	5,935
Difference of written down value property, plant and equipment	352	271
Provision for defined benefit obligation and leave encashment	288	230
Difference of lease liabilities and right of use asset	(7)	1
Impact due to amortization of processing fees income	143	(54)
Provision for irrecoverable advances	4	
Fair value loss on debt securities	49	
Deferred tax liabilities:		
Upfront recognition of gain on direct assignment transactions	(3,238)	(985)
Impact due to amortization of processing fees expenses	(395)	(51)
Fair value gain on loans	(3,083)	(2,569)
Deferred tax relating to origination and reversal of temporary differences (net of liabilities)	**4,810**	**2,778**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 10.3: Income tax expense

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Income tax expense in the statement of profit and loss consists of:		
Current income tax:		
Income tax	3,223	3,705
Deferred tax	(2,557)	(3,720)
Income tax expense reported in respect of current year	**666**	**(15)**
Tax in respect of earlier years	-	
Total income tax expense reported in the statement of profit or loss	**666**	**(15)**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/ (losses) on defined benefit plans	10	(4)
Deferred tax arising on fair value gain/ (losses) on loan portfolio	515	(160)
Total	525	(164)

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Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	2,365	167
At India's statutory income tax rate of 25.17%	600	42
Change in tax rates	-	-
Income not subject to tax		
Others		210
Non-deductible expenses		
Expenditure on CSR	40	84
Interest on preference share capital	306	(89)
Additional tax allowances	(282)	(262)
Income tax expense reported in the statement of profit or loss	**665**	**(15)**
Income tax adjustment in respect of current income tax of prior years	-	-
Total income tax expense reported in the statement of profit or loss	**665**	**(15)**

The effective income tax rate for March 31, 2022 is 27.92% (March 31, 2021: (8.98%)).

Movement in deferred tax balances for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	Net balance April 1, 2021	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2022	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	271	81	-	-	352	352	-
Provision for defined benefit obligation and leave encashment	230	68	(10)	-	288	298	(10)
Impairment loss allowance on loan portfolio	5,935	4,762	-	-	10,697	10,697	-
Impact of amortisation of expense, offered to tax on upfront basis	(51)	(344)	-	-	(395)	(395)	-
Impact of amortisation of processing fee income, offered to tax on upfront basis	(54)	197	-	-	143	-	143
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(985)	(2,253)	-	-	(3,238)		(3,238)
Fair value gain on loans	(2,569)		(515)	-	(3,083)	-	(3,083)
Difference of lease liabilities and right of use asset	1	(8)	-		(7)		(7)
Fair value loss on CCPS	-	49	-	-	49	49	
Provision for irrecoverable advances	-	4	-	-	4	4	-
Net deferred tax assets / (liabilities)	2,778	2,557	(525)	-	4,810	11,006	(6,195)

Movement in deferred tax balances for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance April 1, 2020	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2021	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	193	78	-	-	271	271	-
Provision for defined benefit obligation and leave encashment	168	66	(4)	-	230	230	-
Impairment loss allowance on loan portfolio	1,272	4,663	-	-	5,935	5,935	-
Impact of amortisation of expense, offered to tax on upfront basis	(78)	27	-	-	(51)	-	(51)
Impact of amortisation of processing fee income, offered to tax on upfront basis	160	(214)	-	-	(54)	-	(54)
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(295)	(689)	-	-	(985)	-	(985)
Fair value gain on loans	(2,729)	-	160	-	(2,569)	-	(2,569)
Difference of lease liabilities and right of use asset	2	(1)	-		1	1	-
Other items	210	(210)	-	-	-	-	-
Net deferred tax assets / (liabilities)	(1,098)	3,720	156	-	2,778	6,437	(3,659)

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Note 11: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land (refer note)	Office equipment	Furniture and fixtures	Vehicles	Computers	Right of use assets under leases	Total
Cost:							
As at April 01, 2020	14	1,003	743	154	1,015	153	3,082
Additions	-	125	159	-	257	14	556
Disposals*	-	-	-	-	-	(21)	(21)
As at March 31, 2021	14	1,128	902	154	1,272	146	3,617
Additions		535	141	89	344	352	1,461
Disposals*				(24)		(10)	(34)
As at March 31, 2022	14	1,663	1,043	219	1,616	489	5,044
Accumulated depreciation:							
As at April 01, 2020	-	584	338	89	743	54	1,807
Depreciation charge for the year	-	210	121	20	227	53	631
Disposal	-	-	-	-	-	-	-
As at March 31, 2021	-	794	459	109	970	107	2,439
Depreciation charge for the year		292	132	24	304	67	819
Disposal							
As at March 31, 2022	-	1,086	591	133	1,274	174	3,257
Net book value:							
As at March 31, 2021	14	334	443	45	302	39	1,178
As at March 31, 2022	14	579	452	86	342	314	1,787

The details of property, plant and equipment hypothecated against borrowings are presented in Note 15.
*includes adjustments for security deposits in right of use assets.

Note: Title deeds (TD) of immovable property not held in the name of the Group

Details of immovable property not held in the Group's name (other than lease where the Group is lessee)

Relevant line item in balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	TD holder- promoter, director or relative of P/D or employee of P/D	Property held since	Reason for not being held in the name of the Company
NA						

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Note 12: Intangible assets

(In Rs. Lakhs)

Particulars	Computer software
Deemed cost:	
As at April 01, 2020	**661**
Additions	149
Disposals	-
As at March 31, 2021	**810**
Additions	**345**
Disposals	-
As at March 31, 2022	**1,155**
Accumulated amortisation:	
As at April 01, 2020	**448**
Amortisation charge for the year	263
Disposal	-
As at March 31, 2021	**711**
Amortisation charge for the year	**288**
Disposal	-
As at March 31, 2022	**999**
Net book value:	
As at March 31, 2021	**99**
As at March 31, 2022	**156**

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Note 13: Leases (where the Group is lessee)

As a lessee:

The Group has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 and 5 years.

The Group also has certain leases with lease terms of 12 months or less and leases with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	39	99
Adjustment due to change in lease agreement and security deposit reclassification	(10)	(21)
Additions during the year	352	14
Depreciation expense	(67)	(53)
Closing balance	314	39

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	36	85
Adjustment due to change in lease agreement	-	(14)
Additions during the year	352	14
Accretion of interest	16	8
Payments	(81)	(57)
Closing balance	323	36

The effective interest rate for lease liabilities is from 10.88% to 13.01% with maturity between 2017 and 2031.

The following are the amounts recognised in the statement of profit or loss:

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on lease liabilities (refer note 25)	16	8
Expense relating to short-term leases and other low value assets leases (included in other expenses) (refer note 29)	2,150	1,672
Total amount recognised in the statement of profit and loss	2,166	1,680

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Note 14: Trade payables:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	291	227
Total	291	227

Trade payables ageing schedule as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	-	285	6	-	-	291
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2021

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	-	227	-	-	-	227
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Note 14.1 Dues to the micro enterprises and small enterprises:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	-	-

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Note 15: Debt securities

(In Rs. Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	At amortised cost	At fair value through profit & loss	Total	At amortised cost	At fair value through profit & loss	Total
Redeemable, Non- convertible Debentures (secured)*	1,09,553	-	1,09,553	1,50,972	-	1,50,972
Compulsorily Convertible Preference Shares #	-	50,205	50,205	-	22,882	22,882
Redeemable Non- convertible Debentures (unsecured)**	10,124	-	10,124	-	-	-
Compulsorily Convertible Debentures (Unsecured)##	-	15,795	15,795	-	-	-
Total	1,19,677	66,000	1,85,677	1,50,972	22,882	1,73,854
Debt securities in India	34,367	-	34,367	72,427	-	72,427
Debt securities outside India	85,310	66,000	1,51,310	78,545	22,882	1,01,427
Total	1,19,677	66,000	1,85,677	1,50,972	22,882	1,73,854

* Redeemable non- convertible debentures (secured) (at amortised cost) ('NCDs')

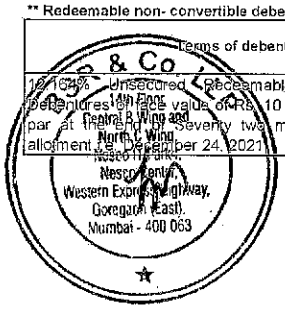
Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of seventy two months from the date of allotment i.e. December 08, 2015.	-	2,004	1,00,000	-	2,058	100%
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of seventy two months from the date of allotment i.e. December 10, 2015.	-	2,670	1,00,000	-	2,683	100%
13.78 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par partially from July 2020 with the date of allotment i.e. June 15, 2016	-	600	3,33,333	-	2,076	100%
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March, 2021 with the date of allotment i.e. August 30, 2017.	325	325	8,33,333	1,642	2,732	110%
12.376% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 22, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,021	7,012	110%
12.1113% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	460	10,00,000	4,808	4,791	105%
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. December 19, 2018.	60,00,000	60,00,000	100	1,553	6,209	110%
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from the date of allotment i.e. December 20., 2018.	-	350	10,00,000	-	3,649	100%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,097	10,047	105%
11.9526% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. August 31, 2020, subject to exercise of put option by the lender or call option by the compeny at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,102	9,961	100%
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	1,000	8,33,333	5,000	8,322	100%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	250	10,00,000	1,698	2,545	100%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 16, 2020.	1,000	1,000	10,00,000	2,529	10,073	110%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of fifteen months from the date of allotment i.e. November 16, 2020.	350	350	10,00,000	3,541	3,536	110%

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10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	100	100	10,00,000	1,012	1,010	110%
10.39% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	600	10,00,000	5,640	5,995	110%
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	250	10,00,000	2,709	2,699	115%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. September 29, 2020.	-	500	10,00,000	-	5,248	115%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 05, 2020.	-	100	10,00,000	-	1,093	100%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	250	250	10,00,000	2,584	2,581	110%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	-	500	10,00,000	-	5,077	110%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	-	500	10,00,000	-	5,077	110%
10.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. July 21, 2020.	-	200	10,00,000	-	2,136	110%
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	1,000	10,00,000	10,242	10,228	125%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	150	10,00,000	1,631	1,630	100%
10.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 12, 2020.	-	500	10,00,000	-	5,335	110%
12.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. December 22, 2020.	275	275	10,00,000	1,897	2,812	110%
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	695	7,00,000	3,547	4,942	110%
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from the date of allotment i.e. July 07, 2020.	18,750	18,750	25,000	4,809	4,758	110%
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from the date of allotment i.e. October 16, 2019.	730	730	10,00,000	7,712	7,637	100%
11.8926% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 09, 2021.	400	-	10,00,000	4,106	-	105%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 13, 2021.	370	-	10,00,000	3,792	-	105%
11% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 7500 each redeemable at par at the end of Forty two months from the date of allotment i.e. September 24, 2021.	66654	-	7,500	5,026	-	100%
11.30% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1lakh each redeemable at par at the end of Sixty months from the date of allotment i.e. December 20, 2021.	-	-	-	6,530	-	100%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021.	75	-	10,00,000	750	-	100%

** Redeemable non- convertible debentures (Unsecured) (at amortised cost) ('NCDs')

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
12.15% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of Seventy two months from the date of allotment i.e. December 24, 2021	300	-	10,00,000	3,098	-	0%





12.11% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,027	7,021	0%

Compulsorily Convertible Preference Shares ('CCPS') (FVTPL)

Terms	Number of CCPS		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,94,18,612	1,94,18,612	10.00	24,085	22,882	0%
0%, 8492469 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	84,92,469	-	10.00	10,000	-	0%
0%, 10808723 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,08,08,723	-	10.00	12,727	-	0%
0%, 2717622 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	27,17,622	-	10.00	3,200	-	0%

Compulsorily convertible debentures('CCD') (FVTPL)

Terms	Number of CCD		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
15% Cumulative Compulsorily Convertible Debentures of face value of Rs. 10 each convertible at conversion rate the end of Eighty four months from the date of allotment i.e. November 23, 2021,	15,00,00,000	-	10.00	15,795	-	0%

Note: terms of conversion for CCPS

At the discretion of CCPS holder, the CCPS shall be converted into equity shares at the earlier of:
(i) at any time but not earlier than June 30, 2022 if the audited accounts for the financial year ending on 31 March 2022 are available or such other date on which the audited accounts for the financial year ending on 31 March 2022 are available ('Target Conversion Date');
(ii) at the time of closing of a subsequent round;
(iii) at the time of a Qualified IPO of the Holding Company in accordance with the shareholders' agreement; or
(iv) upon the Transfer of 100% (one hundred percent) of the share capital of the Holding Company, such date being the 'Conversion Date', at the 'Conversion Rate', which shall be determined in accordance with this Schedule XVII of the shareholder agreement.

Note: terms of conversion for CCD

Mandatory conversion
All the CCDs shall mandatorily convert into equity shares on the earlier of the following dates:
(a) Where the Company is undertaking an IPO, on the investor business day immediately preceding the date of filing of the red herring prospectus with SEBI in connection with such IPO; or
(b) the final maturity date.

Voluntary Conversion
Without prejudice to the mandatory conversion events, DEG and/ or any holder shall have right, exercisable by issuing a notice in writing to the Holding Company, to convert such number of CCDs as specified in such notice, into equity shares in the following manner and on the following dates:
(a) at any time with the consent of the Holding Company, on such date as may be mutually agreed with the Holding Company; or
(b) in the event that DEG and/ or any holder transfer their CCDs in accordance with the provisions of the shareholder's agreement on the date immediately prior to the date of consummation of the transfer of the securities.

Note: Charge against non convertible debentures
Non convertible debentures are secured against hypothecation of all the underlying receivables/book debts to the extent 1.1/1.0/1.05 times of the principal loan amount.

Note: Covenant breaches

The Group is in the process of obtaining lender consents / waivers for certain loan covenant breaches that are existing as on March 31, 2022. The Group has performed an assessment of its liquidity position, taking into account the impact of the loan covenant breaches, current liquid funds held and expected inflows from various sources of borrowings. Based on the foregoing assessment, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future.

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

Note 16.1 Terms of repayment of borrowings as on March 31, 2022

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	5.15%-12.50%	1,062	1,43,092	423	72,905	47	10,278	-	-	-	-	-	-	2,26,275
Above 3 years	9.45%-12.30%	27	4,241	3	406	-	-	-	-	-	-	-	-	4,647
Monthly total		1,089	1,47,333	426	73,311	47	10,278	-	-	-	-	-	-	2,30,922
Quarterly														
0-3 years	7.50%-12.25%	71	46,095	62	38,862	29	11,539	-	-	-	-	-	-	96,496
Above 3 years	10.00%-10.75%	4	2,652	3	1,761	-	-	-	-	-	-	-	-	4,413
Quarterly total		75	48,747	65	40,623	29	11,539	-	-	-	-	-	-	1,00,909
Half yearly														
0-3 years	7%-12.75%	3	9,740	3	4,810	3	9,459	-	-	-	-	-	-	24,009
Above 3 years	9.68%-12.49%	16	12,578	13	9,723	13	11,794	-	-	-	-	-	-	34,095
Half yearly total		19	22,318	16	14,533	16	21,253	-	-	-	-	-	-	58,104
Annually														
0-3 years	11.50%-12.00%	2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Annually total		2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Bullet														
0-3 years	9.50%-12.78%	11	31,979	3	13,915	-	-	-	-	-	-	-	-	45,894
Above 3 years	10.50%-16.50%	5	21,368	5	16,981	7	17,821	6	25,826	7	23,475	5	8,191	1,13,662
Bullet total		16	53,347	8	30,896	7	17,821	6	25,826	7	23,475	5	8,191	1,59,556
Grand total		1,201	2,73,680	517	1,61,102	99	60,891	6	25,826	7	23,475	5	8,191	5,63,065

A. Debentures
Non-convertible debentures issued by the Group are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Group to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External commercial borrowings
The Group holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 15.2 Terms of repayment of borrowings as on March 31, 2021

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	6.43%-16.5%	603	82,441	316	46,390	106	14,922	1	269	-	-	-	-	1,44,022
Above 3 years	11.75%-13.65%	31	994	13	415	-	-	8	60	-	-	-	-	1,469
Monthly total		634	83,435	329	46,805	106	14,922	9	329	-	-	-	-	1,45,491
Quarterly														
0-3 years	10.35%-12.50%	133	50,694	78	30,106	9	1,803	1	207	-	-	-	-	82,810
Above 3 years	11.85%	4	499	2	249	-	-	-	-	-	-	-	-	748
Quarterly total		137	51,193	80	30,355	9	1,803	1	207	-	-	-	-	83,558
Half Yearly														
0-3 years		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 years	9.68%-12.35%	10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	36,912
Half yearly total		10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	36,912
Bullet														
0-3 years	10.25%-12.78%	9	17,142	2	4,929	5	15,913	-	-	-	-	-	-	37,984
Above 3 years.	11.17%-14.75%	5	10,099	11	23,006	5	17,028	4	10,606	3	14,239	4	11,811	86,789
Bullet total		14	27,241	13	27,935	10	32,941	4	10,606	3	14,239	4	11,811	1,24,773
Grand total*		795	1,71,442	434	1,15,185	135	57,605	22	16,343	8	18,349	4	11,811	3,90,734

* Vehicle loans of Rs. 3 lakhs have not been included in the above disclosure.

A. Debentures
Non-convertible debentures issued by the Group are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Group to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External commercial borrowings
The Group holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 16: Borrowings other than debt securities *(at amortised cost)*

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Term loans (secured)*		
Banks	2,86,278	1,70,932
Financials institutions	46,285	45,813
Non banking financial companies	15,276	12,708
External commercial borrowings**	42,802	32,679
Term loans (unsecured)		
External commercial borrowings**	11,409	16,006
Borrowings from Securitisation arrangement (secured)		
Securitisation transactions	363	4,169
Total	4,02,413	2,82,307
Borrowings in India	3,48,202	2,33,622
Borrowings outside India	54,211	48,685
Total	4,02,413	2,82,307

*Term loans are secured against hypothecation of all the underlying receivables/ loan assets/ book debts to the extent 1.0/ 1.05/ 1.1 times of the principal loan amount and margin money deposits. Secured term loans are repayable in equated principal plus interest as well as in equated instalments carrying interest rate ranging from 6.38% to 12.50% (March 31, 2021: 6.43% - 14.25%). The above loans are also secured by personal guarantee of promoters.

**External commercial borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured term loans are repayable in bullet payments/ semi annual payments carrying interest rate ranging from 10.00% - 12.78% (March 31, 2021: 10.50% - 12.18%).

Borrowings under securitisation arrangements
Represents securities issued by the special purpose vehicles ('SPVs') to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Group has recognised the associated liabilities with a corresponding debit to loans and advances.

Utilisation of borrowings
Term loans were applied for the purpose for which the loans were obtained, other than Rs 87,714 lakhs which remain unutilised as at 31 March 2022 out of which term loans (including compulsorily convertible preference shares of Rs. 25,972 lakhs which have been classified as debt instrument) amounting to Rs 39,190 lakhs were received towards the end of the year. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2022.

Note 17: Subordinated liabilities *(at amortised cost)*

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Indian Rupee term loan		
Subordinate debt (unsecured)- debentures*	30,650	28,746
Subordinate debt (unsecured)- term loans#	2,500	3,529
Total	33,150	32,275
Borrowings in India	14,387	17,916
Borrowings outside India	18,763	14,359
Total	33,150	32,275

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% to 14.9% p.a. (March 31, 2021: 12.21% - 17% p.a.)
#Subordinate debt term loans are repayable in bullet payment carrying interest rate ranging from 13.5% to 16.5% p.a. (March 31, 2021: 13.5% - 16.5% p.a.)

Subordinate debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 15, 2016.	-	200	10,00,000	-	2,008
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 28, 2016.	-	50	10,00,000	-	500
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 29, 2016.	250	250	10,00,000	2,501	2,490
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 24 2017	34,000	34,000	10,00,000	3,421	3,414
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 27 2018	150	150	10,00,000	1,502	1,499
12.87% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. May 2 2019	30,00,000	30,00,000	100	3,000	2,957
12.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from the date of allotment i.e. March 24 2020	396	396	10,00,000	3,985	3,979

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12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from the date of allotment i.e. February 18 2028	28,500	28,500	25,000	7,310	7,006
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. March 31 2020	340	340	10,00,000	3,400	3,395
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 27, 2020	15,000	15,000	10,000	1,500	1,497
12.30% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021	449	-	10,00,000	4,490	-

Sub debt (unsecured)- Term Loans (at amortised cost)

(In Rs. Lakhs)

Terms of term loan	Rate	As at March 31, 2022	As at March 31, 2021
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.50%	-	1,000
13.5% Unsecured term loan , having tenure of 66 months, maturing in FY 2023-24	13.50%	2,500	2,529
Total		2,500	3,529

Note 17.1: Other financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Insurance premium payable	1,749	952
Employee dues	1,753	1,118
Payable towards securitisation transaction	9,274	4,628
Liability against interest subvention scheme	-	914
Arranger / processing charges payable	-	612
Death claim payable to customers	-	474
Other financial liabilities - Other payable*	1,840	338
Lease liability for Right of use assets	323	36
Total	14,939	9,082

* consists of payable to vendors

Note 17.2: Other non-financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	543	468
Total	543	468

Note 18: Provisions

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits:		
Gratuity (refer note 33)	484	404
Leave encashment and availment	702	526
Provision on managed loan portfolio (under business correspondence arrangement)	-	104
Total	1,186	1,034

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Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

(Amount in Rs. Lakhs except no. of shares)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
8,30,00,000 (March 31, 2021: 8,30,00,000) equity shares of Rs.10/- each	8,300	8,300
5,60,00,000 (March 31, 2021: 2,40,00,000) preference shares of Rs.10/- each	5,600	2,400
	13,900	10,700
Issued and subscribed		
7,28,95,160 (March 31, 2021: 6,87,15,948; April 1, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs Lakhs)	7,289	6,872
	7,289	6,872
Fully paid up		
6,87,61,148 (March 31, 2021: 6,87,15,948; April 1, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs Lakhs)	6,876	6,872
	6,876	6,872
Partly paid up		
41,34,012 (March 31, 2021: Nil; April 1, 2020: Nil) equity shares of Rs.0.09/- each (in Rs Lakhs)	4	-
Total Paid up	6,880	6,872
Less: Share with Trust	6	-
Total share capital	6,874	6,872

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	In Nos.	Amount in Rs. Lakhs
As at March 31, 2020	6,86,99,648	6,870
Issued during the year	16,300	2
As at March 31, 2021	6,87,15,948	6,872
Issued during the period	41,79,212	8
Less: Share with Trust	61,200	6
As at March 31, 2022	7,28,33,960	6,874

Terms/ rights attached to equity shares

The Group has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Group, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Group. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

Details of shareholders holding more than 5% shares in the Group

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of holding in the class	No. of shares held	% of holding in the class
Equity shares of Rs.10 each fully paid				
Gobinda Chandra Pattanaik	80,00,546	10.98%	67,60,343	9.84%
Belgian Investment Company for Developing Countries NV - SA (Investor)	95,27,723	13.08%	95,27,723	13.87%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	75,40,536	10.35%	75,40,536	10.97%
Women's World Banking Capital Partners, LP	58,00,000	7.96%	58,00,000	8.44%
Bamboo Financial Inclusions Fund II	46,45,695	6.38%	46,45,695	6.76%
Oman India Joint Investment Fund II	1,80,48,942	24.78%	1,80,48,942	26.27%
Asian Development Bank	1,16,88,702	16.05%	1,16,88,702	17.01%
Total	6,52,52,144		6,40,11,941	
Compulsory convertible preference shares of Rs. 10 each fully paid				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	6.75%	30,00,000	13.38%
Nuveen Global Impact Fund India S.A.R.L (*)	1,94,18,612	43.70%	1,94,18,612	86.62%
Accion Gateway Fund LLC (Sr A1 CCPS) (*)	84,92,469	19.11%	-	-
ESF HOLDINGS II (Sr A1 CCPS) (*)	1,08,08,723	24.32%	-	-
Oikocredit Ecumenical Development Cooperative Society U.A.(Sr A1 CCPS) (*)	27,17,622	6.12%	-	-
Total	4,44,37,426		2,24,18,612	

As per records of the Group, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 15

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) of the Group, please refer Note 36.1 and 36.2.

Shareholding of promoters

Sr. No.	Promoter's name	No of shares	% of total shares	% change during the year
1	Gobinda Chandra Pattanaik	80,00,546	10.98%	18.35%
2	Dibyajyoti Pattanaik	17,19,805	2.36%	2497.89%

Information regarding issue of shares in the last five years

a. The Group has not issued any shares without payment being received in cash.
b. The Group has not issued any bonus shares.
c. The Group has not undertaken any buyback of shares.

Dividend not recognised at the end of the reporting year

a. The Group has not declared dividend at the end of reporting period. No dividend has been declared during the year (March 31, 2021- Nil).

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Note 20: Instruments entirely equity in nature

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Compulsorily convertible preference shares (30,00,000 preference shares (March 31, 2021: 30,00,000 preference shares) of Rs 10 each fully paid up)	300	300
Total	**300**	**300**

Compulsorily convertible preference shares are non interest bearing, dividend is at the discretion of the Board of Directors and convertible at par at the option of the holder of the instrument, on account of which the company have this instruments as equity.

Note 21: Other equity

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,549	4,205
Securities premium	39,853	40,076
Stock option outstanding	1,298	1,295
Retained earnings	17,625	16,220
Other comprehensive income	8,824	7,292
Total	**72,149**	**69,088**

(In Rs. Lakhs)

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Amount
Balance as at April 1, 2020	**4,169**
Transfer from retained earnings	36
Balance as at March 31, 2021	**4,205**
Transfer from retained earnings	344
Balance as at March 31, 2022	**4,549**

(In Rs. Lakhs)

Securities premium	Amount
Balance as at April 1, 2020	**40,217**
Share issue / debenture issues expenses	(141)
Balance as at March 31, 2021	**40,076**
Share issue / debenture issues expenses	(187)
Amortisation of vesting expenses of Employee stock option plan	(66)
ESOP exercised	30
Balance as at March 31, 2022	**39,853**

(In Rs. Lakhs)

Stock option outstanding	Amount
Balance as at April 1, 2020	**1,169**
Amortisation of vesting expenses of employee stock option plan	126
Balance as at March 31, 2021	**1,295**
Amortisation of vesting expenses of employee stock option plan	33
ESOP exercised	(30)
Balance as at March 31, 2022	**1,298**

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(In Rs. Lakhs)

Retained Earnings	Amount
Balance as at April 1, 2020	**16,063**
Profit for the year	182
Other comprehensive income	11
Transfer to statutory reserve	(36)
Balance as at March 31, 2021	**16,220**
Profit for the year	1,719
Other comprehensive income	30
Transfer to statutory reserve	(344)
Balance as at March 31, 2022	**17,625**

(In Rs. Lakhs)

Other items of Comprehensive Income (Fair valuation on portfolio & hedging)	Amount
Balance as at April 1, 2020	**7,767**
Other comprehensive income	(475)
Balance as at March 31, 2021	**7,292**
Other comprehensive income	1,532
Balance as at March 31, 2022	**8,824**

21.1 **Securities premium reserve**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 **Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)**
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 **Stock option outstanding**
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 **Other comprehensive income**
The Group recognises changes in the fair value of loan portfolio held with business objective of collect and sell in other comprehensive income and fair value of derivative contracts designated as cashflow hedges. These changes are accumulated within the FVOCI reserve in equity. The Group transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 **Retained earnings**
Retained earnings represent the cumulative profit/(loss) of the Group and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

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Note 22: Interest income

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2022			For the year ended 31 March, 2021		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest income on loans	64,575	28,779	93,354	70,568	13,332	83,900
Interest income on securitised loans	-	-	-	-	857	857
Interest income on fixed deposits with Banks	-	5,660	5,660	-	5,792	5,792
Interest income on margin money deposits with NBFC/FI	-	79	79	-	117	117
Interest income on others	-	63	63	-	43	43
Total	64,575	34,581	99,156	70,568	20,141	90,709

Note 23.1: Fees and commission income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loan portfolio servicing fees	94	271
Total	94	271

Note 23.2: Net gain on fair value changes*

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss	314	-
Total	314	-
Total fair value changes:		
- Realised	314	-
- Unrealised	-	-
Total	314	-

*includes fair value changes for mutual fund.

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Note 23.3: Net gain on assignment transactions

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on assignment transactions*	15,164	6,363
Total	15,164	6,363

* represents net gain accounted on derecognition of loans (assignment transactions) during the year designated at FVOCI

Note 24: Other income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on derecognition of property, plant and equipment	10	-
Bad debt recovery	188	142
Miscellaneous income	363	226
Total	561	368

Note 25: Finance costs

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Interest expenses on financial assets classified at amortised cost	Interest expenses on financial assets classified at fair value through profit or loss	Total	Interest expenses on financial assets classified at amortised cost	Interest expenses on financial assets classified at fair value through profit or loss	Total
Interest on debt securities #	17,419	2,003	19,422	13,380	-	13,380
Interest on borrowings other than debt securities	31,988	-	31,988	33,656	-	33,656
Interest on subordinated liabilities	4,597	-	4,597	3,736	-	3,736
Interest on lease liabilities	16	-	16	8	-	8
Other borrowing costs*	333	-	333	325	-	325
Total	54,353	2,003	56,356	51,105	-	51,105

* consists of credit rating fees, bank charges etc.
including net loss of Rs. 194.06 lakhs on fair value changes.

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Note 26: Impairment of Financial instruments

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Impairment on loan portfolio (own portfolio)	15,974	3,297	19,271	14,587	4,484	19,071
Impairment on loan portfolio (managed portfolio)	112	-	112	-	104	104
Total	16,086	3,297	19,383	14,587	4,588	19,175

Note 27: Employee benefit expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	25,851	18,519
Contributions to provident fund and other funds	1,595	1,103
Gratuity expense (refer note 33)	379	292
Expenses on employee stock option plan (refer note 36.1 and 36.2)	33	126
Staff welfare expenses	940	559
Total	28,798	20,599

The Code on social security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/interpretation are yet to be promulgated. The Group is assessing the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 28: Depreciation and amortisation expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	818	631
Amortisation on intangible assets	288	262
Total	1,106	893

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Note 29: Other expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent, taxes and energy costs	2,150	1,672
Office maintenance	461	313
Office expenses	741	547
Director fees, allowance and expenses	20	20
Travelling and conveyance	162	95
Communication expenses	309	266
Printing and stationery	375	253
Legal and professional fees	1,269	1,159
Auditor's fees and expenses (refer note 29.1 below)	141	85
Insurance	61	58
Provision and other contingencies*	272	167
Advertisement	12	15
Training and meeting expenses	494	317
Electricity charges	224	161
Corporate social responsibility expenses (refer note 29.2 below)	161	335
Miscellaneous expense	409	309
Total	7,261	5,772

* represents provision for insurance claims in respect of dues from deceased borrowers

Note 29.1: Auditor's fees and expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor:		
Audit fee (excluding taxes)	74	59
Tax audit fee	-	-
Limited review fee	52	21
Other services (certification fees etc.)	15	6
Reimbursement of expenses	-	-
Total	141	86

Note 29.2: Corporate social responsibility

Gross amount required to be spent by the Group during the current year ended is Rs. 126.86 Lakhs (March 31, 2021: Rs. 123.91 Lakhs)

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Construction/acquisition of any assets	-	-	-	-	-	-
Corporate social responsibility expenses	161	-	161	335	-	335
Total	161	-	161	335	-	335

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Note 30: Earnings per share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax as per the statement of profit and loss (In Rs. Lakhs)	1,719	182
Weighted average number of ordinary shares for basic earnings per share (Nos.)	**7,17,30,256**	**6,87,15,948**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	39,42,065	39,42,065
Compulsorily convertible preference shares (Nos.)	-	30,00,000
Partly paid shares (Nos.)	3,47,939	-
Weighted average number of ordinary shares adjusted for effect of dilution (Nos.)	**7,60,20,260**	**7,56,58,013**
Earnings per share		
Basic earnings per share (Rs.)	2.40	0.26
Diluted earnings per share (Rs.)	2.26	0.24
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

The Group is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on 'Operating Segments'. The Group operates in a single geographical segment i.e. domestic.

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Securitisations		
Carrying amount of transferred assets measured at FVOCI	363	4,169
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	363	4,169
Fair value of transferred assets	363	4,169
Fair value of associated liabilities	363	4,169
Net position at fair value	-	-

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Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	882	548
Current service cost	357	279
Interest cost	63	37
Past service cost	-	-
Benefits settled	(25)	(6)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(10)	(3)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	1	27
Transfer in	-	-
Obligation at the end of the year	1,268	882
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	475	282
Interest income on plan assets	41	25
Re-measurement- actuarial gain / (loss)	(11)	6
Return on plan assets recognised in other comprehensive income	-	-
Contributions	304	168
Benefits settled	(25)	(6)
Plan assets at the end of the year, at fair value	784	475
Net defined benefit liability	484	407

33.2 Expense recognised in profit or loss

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	357	279
Interest cost	63	37
Interest income	(41)	(24)
Net gratuity cost	379	292

33.3 Re-measurement recognised in other comprehensive income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(10)	(3)
- Changes in financial assumptions	1	27
Re-measurement of the net defined benefit asset		
Return on plan assets (greater) / less than discount rate	(11)	6
Total Actuarial (gain)/ loss included in OCI	(20)	30

33.4 Plan assets

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Funds managed by insurer	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.10%	6.76%
Future salary growth	7.00%	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liability (in years)	28.88	28.89

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(In Rs. Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,121	1,442	777	1,011
Future salary growth (1% movement)	1,442	1,118	1,012	774
Attrition rate (1% movement)	1,255	1,276	868	897

33.7 Expected payment for future years

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	43	27
Between 2 and 5 years	218	198
Between 6 and 10 years	536	304
Total expected payments	797	529

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Note 34 Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2022:

(In Rs. Lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	25,036	23,335	21,222	1,27,177	1,28,265	2,23,360	49,604	23,241	6,21,240
Advances (gross)	40,115	27,694	35,100	1,14,647	1,29,783	1,64,235	9,606	11,685	5,32,865
Investment in fixed deposit	67,091	9,468	16,423	13,149	21,499	24,343	1,115	-	1,53,088

Maturity pattern of assets and liabilities as on March 31, 2021:

(In Rs. Lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	20,484	12,287	17,206	58,569	1,31,695	1,81,788	45,018	21,388	4,88,435
Advances (gross)	24,480	24,148	23,571	67,997	1,12,951	1,34,025	8,396	14,324	4,09,892
Investment in fixed deposit	47,965	22,051	5,671	15,584	18,961	15,778	184	-	1,26,194

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Note 35: Related party transactions

Name of the related parties (as per Ind AS 24) (Refer Note (a) below)

Relationship	Name of the party
(i) Key management personnel	Mr. Gobinda Chandra Pattanaik - Managing Director Mr. Dibyajyoti Pattanaik - Director Ms. Christina Stefanie Juhasz - Nominee Director Ms. Laetitia Counye - Nominee Director Mr. Ranganathan Varadarajan Dilip Kumar - Nominee Director (with effect from June 25, 2021) Mr. Prakash Kumar - Nominee Director Mr. Sunit Vasant Joshi - Nominee Director Mr. Venkiteswaran Mecherimadam Ramakrishnan - Nominee Director Ms. Radhika Jayant Sharoff - Nominee Director (with effect from June 25, 2021) Mr. Abhishek Agarwal - Nominee Director (with effect from December 23, 2021) Mr. Satish Chava - Nominee Director (till March 03, 2022) Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Group	Oman India Joint Investment Fund II

Related Party transactions during the year:

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	200	153
Mr. Dibyajyoti Pattanaik	101	70
	301	223
Sitting fees paid		
Mr. Ashok Ranjan Samal	8	10
Mr.K.K. Tiwary	6	8
Mr. Sean Leslie Nossel	6	6
	20	24

Note:

a) Related parties have been identified on the basis of the declaration received by the Group and other records available.

b) The above remuneration to the key managerial personnel constitute the short term employee benefits and above does not include the provisions made towards post employment gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

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Note 36.1 Employees stock option plan (ESOP)

The Group provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2021 are ESOP Series- A and ESOP - Series -B.

Particulars	Series A	Series B (i)	Series B (ii)
Date of grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of board approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of shareholder's approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of options expected to exercise within the vesting period	8,16,214	4,16,119	20,83,304
Exercise price per share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting conditions	Performance milestones as set out in shareholder agreement dated June 29, 2012	Performance milestones as set out in shareholder agreement dated March 19, 2014	Performance milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

Series A

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	8,16,214	-
Adjustment of opening:	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

Series B

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	24,99,423	5.00
Adjustment of opening:	-	-	-	-
Granted during the year	-	-		-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans (ESOP) on the statement of profit and loss:

Particulars	As at March 31, 2022	As at March 31, 2021
Stock options outstanding (gross)	1,298	1,295
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	1,298	1,295

The Stock option outstanding contains of Rs 544 lakhs for ESOP (A & B) as on March 31, 2022 (March 31, 2021: Rs. 544 lakhs) and Rs. 751 lakhs (March 31, 2021: Rs. 751 lakhs) for ESOP

Note :
The issue of shares will be in accordance with the provisions of the Companies Act, 2013.

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Note 36.2 Employee stock option plan (ESOP)

On November 30, 2016 the board of directors approved the Annapurna stock option plan 2017 for issue of stock options to eligible employees of the Group. The relevant terms of the grant are as below:

Description	Grant - 2	Grant - 1
Date of grant	01 July 2018	01 July 2017
Date of board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of settlement	Equity	Equity
Graded vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period The vested options can be exercised within a period of 5 years as per the table below:		

End of the year	Exercise period	Exercise period
1	Within 4 years of 1st Vesting	Within 5 years of 1st Vesting
2	Within 3 years of 2nd Vesting	Within 4 years of 2nd Vesting
3	Within 2 years of 3rd Vesting	Within 3 years of 3rd Vesting

Vesting conditions	Continuous service with the Group and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (Rs.)	49	41

The details of activity under the plan 2017 are summarized below:

Grant 1

Description	March 31, 2022 (No. of options)	March 31, 2021 (No. of options)
Outstanding at the beginning of the year	9,52,800	11,28,400
Granted during the year	-	
Forfeited during the year	16,100	1,64,600
Exercised during the year	31,000	11,000
Outstanding at the end of the year	9,05,700	9,52,800
Exercisable at the end of the year	9,05,700	9,52,800
Weighted average remaining contractual life of options (years)	-	-
Weighted average share price during the exercise period (Rs.)	41	41

Grant 2

Description	March 31, 2022 (no. of options)	March 31, 2021 (no. of options)
Outstanding at the beginning of the year	4,32,600	5,08,300
Granted during the year	-	
Forfeited during the year	8,700	70,500
Exercised during the year	14,000	5,200
Outstanding at the end of the year	4,09,900	4,32,600
Exercisable at the end of the year	4,09,900	4,32,600
Weighted average remaining contractual life of options (years)	-	1
Weighted average share price during the exercise period (Rs.)	49	49

The black scholes valuation model has been used for computing the weighted average fair value considering the following inputs -

Particulars	Grant 2	Grant 1
Share price on the date of grant (Rs.)	90.64	76.09
Exercise price (Rs.)	49.00	41.00
Dividend yield (%)	-	-
Expected volatility (%)	56.14-57.59%	43.88% - 46.22%
Risk-free interest rate (%)	7.23-7.32%	6.60% - 6.74%
Weighted average fair value of stock options (Rs.)	61.13	48.29
Weighted average share price (Rs.)	90.64	76.09

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option plan has been recognised at fair value.

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Note 37: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2022			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	95,151	-	95,151
(b) Bank balance other than (a) above	34,129	61,258	95,387
(c) Derivative financial instruments	1,355	-	1,355
(d) Receivables	-	-	-
(i) Trade receivables	5	-	5
(ii) Other receivables			
(e) Loans	3,47,339	1,41,477	4,88,816
(f) Other financial assets	21,271	4,846	26,117
Subtotal - Financial assets (A)	4,99,250	2,07,581	7,06,831
(2) Non-financial Assets			
(a) Current tax assets (net)	-	2,248	2,248
(b) Deferred tax assets (net)	-	4,810	4,810
(c) Property, plant and equipment	703	1,084	1,787
(d) Intangible assets	98	58	156
(e) Other non-financial assets	1,453	712	2,165
Subtotal - Non- financial assets (B)	2,254	8,912	11,166
Total Assets (A+B)	5,01,504	2,16,493	7,17,997
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	475	-	475
(b) Payables			
(I) Trade Payables			
(i)Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	291	-	291
(c) Debt securities	87,101	98,576	1,85,677
(d) Borrowings (other than debt securities)	2,33,838	1,68,575	4,02,413
(e) Subordinated liabilities	2,700	30,450	33,150
(f) Other financial liabilities	14,676	263	14,939
Subtotal - Financial liabilities (A)	3,39,081	2,97,864	6,36,945
(2) Non-financial liabilities			
(a) Provisions	421	765	1,186
(b) Other non-financial liabilities	543	-	543
Subtotal - Non - financial liabilities (B)	964	765	1,729
(3) Equity			
(a) Equity share capital	-	6,874	6,874
(b) Instruments entirely equity in nature	-	300	300
(c) Other equity	-	72,149	72,149
Subtotal - Equity (C)	-	79,323	79,323
Total Liabilities and Equity (A+B+C)	3,40,045	3,77,952	7,17,997

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2021			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	86,635	-	86,635
(b) Bank balance other than (a) above	39,621	42,560	82,181
(c) Receivables	37	-	37
(I) Trade receivables			
(II) Other receivables			
(d) Loans	2,29,971	1,56,745	3,86,716
(e) Other financial assets	8,528	6,032	14,560
Subtotal - Financial assets (A)	3,64,792	2,05,337	5,70,129
(2) Non-financial Assets			
(a) Current tax assets (net)		125	125
(b) Deferred tax assets (net)	-	2,778	2,778
(c) Property, plant and equipment	508	670	1,178
(d) Intangible assets	62	37	99
(e) Other non-financial assets	534	664	1,198
Subtotal - Non- financial assets (B)	1,104	4,274	5,378
Total Assets (A+B)	3,65,896	2,09,611	5,75,507
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Payables			
(I) Trade Payables			
(i)Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	227		227
(b) Debt securities	56,950	1,16,904	1,73,854
(c) Borrowings (other than debt securities)	1,79,714	1,02,593	2,82,307
(d) Subordinated liabilities	3,578	28,697	32,275
(e) Other financial liabilities	9,079	3	9,082
Subtotal - Financial liabilities (A)	2,49,548	2,48,197	4,97,745
(2) Non-financial liabilities			
(a) Provisions	417	617	1,034
(b) Other non-financial liabilities	468	-	468
Subtotal - Non - financial liabilities (B)	885	617	1,502
(3) Equity			
(a) Equity share capital	-	6,872	6,872
(b) Instruments entirely equity in nature	-	300	300
(c) Other equity	-	69,088	69,088
Subtotal - Equity (C)	-	76,260	76,260
Total Liabilities and Equity (A+B+C)	2,50,433	3,25,074	5,75,507

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Note 38: Changes in liability arising from financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt securities	1,73,854	11,629	-	1,85,483
Borrowings other than debt securities	2,82,307	1,20,106	-	4,02,413
Subordinated liabilities	32,275	875	-	33,150
Lease liabilities	35	(78)	366	323
Total liabilities from financing activities	**4,88,471**	**1,32,532**	**366**	**6,21,369**

(In Rs. Lakhs)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt securities	64,179	1,09,675	-	1,73,854
Borrowings other than debt securities	3,00,783	(18,476)	-	2,82,307
Subordinated liabilities	25,776	6,499	-	32,275
Lease liabilities	85	(65)	15	35
Total liabilities from financing activities	**3,90,823**	**97,633**	**15**	**4,88,471**

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Note 39: Financial instruments – fair values

39.1 **Accounting classification and fair values:**

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year .

(In Rs. Lakhs)

As at March 31, 2022	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	95,151	95,151
(b) Bank balance other than (a) above	-	-	95,367	95,367
(c) Derivative financial instruments	-	1,355	-	1,355
(d) Receivables				
(i) Trade receivables	-	-	6	6
(ii) Other receivables	-	-	-	-
(e) Loans	-	4,00,888	87,928	4,88,816
(f) Other financial assets	-	-	26,117	26,117
Total - financial assets	-	**4,02,243**	**3,04,688**	**7,06,931**
(2) Financial liabilities				
(a) Derivative financial instruments	-	475	-	475
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	291	291
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	66,000	-	1,19,677	1,85,677
(d) Borrowings (other than debt securities)	-	-	4,02,413	4,02,413
(e) Subordinated liabilities	-	-	33,150	33,150
(f) Other financial liabilities	-	-	14,939	14,939
Total - financial liabilities	66,000	475	**5,70,470**	**6,36,945**

(In Rs. Lakhs)

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	86,835	86,835
(b) Bank balance other than (a) above	-	-	82,181	82,181
(c) Derivative financial instruments				
(d) Receivables				
(i) Trade receivables			37	37
(ii) Other receivables	-	-	-	-
(e) Loans	-	2,93,906	92,810	3,86,716
(f) Other financial assets	-	-	14,560	14,560
Total - financial assets	-	**2,93,906**	**2,76,223**	**5,70,129**
(2) Financial liabilities				
(a) Derivative financial instruments	-	-	-	-
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			227	227
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	22,682	-	1,50,972	1,73,654
(d) Borrowings (other than debt securities)	-	-	2,82,307	2,82,307
(e) Subordinated liabilities	-	-	32,275	32,275
(f) Other financial liabilities	-	-	9,082	9,082
Total	22,682	-	**4,74,863**	**4,97,745**

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial asseta/ liabilities, payables are considered to be the same as their face values, due to their short-term nature.

39.2 **Measurement of fair values:**

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

As at March 31, 2022 (In.Rs. Lakhs)

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	4,00,888	-	4,00,888	-
Derivative financial instruments	-	1,355	-	1,355	-
Total	-	4,02,243	-	4,02,243	-

As at March 31, 2021 (In Rs. Lakhs)

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	2,93,906	-	2,93,906	-
Total	-	2,93,906	-	2,93,906	-

As at March 31, 2022 (In Rs. Lakhs)

Financial liabilities (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Derivative financial instruments	-	475	-	475	-
Debt securities	66,000	-	-	66,000	-
Total	66,000	475	-	66,475	-

Note: None for March 31, 2021

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

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Note 40: Capital management:

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Group monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

Note 40.1: Additional disclosures given in terms of Notification dated March 24, 2021 issued by Ministry of Corporate affairs:

a. Title deed of immovable properties
The title deed of properties are held in the name of the Group. Hence, other disclosure requirements are not applicable.
b. As at March 31, 2022 and as at March 31, 2021, the Group does not have any loans and advances outstanding to promoters, directors, KMPs and the related parties, that are repayable on demand or without specifying any terms of repayment.
c. Capital work in progress & intangible assets under development amounts to Nil as at March 31, 2022 and March 31, 2021.
d. There is no proceedings initiated/ pending against the Group for benami property.
e. The Group has not been sanctioned any working capital limits in excess of Five crores rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, no quarterly returns filed by the Group with the banks or financial institutions.

f. The Group has not been declared as Wilful Defaulter by any bank or financial institution or any lender.
g. During FY2022 and FY2021, the Group did not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

h. There is no charge which is yet to be created with ROC. Where any charges or satisfaction yet to be registered with ROC beyond the statutory period, details and reasons thereof shall be disclosed. The Group shall provide the details in relation to each charge or satisfaction that are not registered by the statutory date. Such details may include a brief description of the charges or satisfaction, the location of the Registrar, the period (in days or months) by which such charge had to be registered and the reason for delay in registration.

i. Compliance with number of layers of Companies: As per Companies (Restriction on number of layers) Rules, 2017, non-banking financial companies are exempted from restriction on number of layers.

j. The Group has not advanced or loaned or invested (either from borrowed fund or share premium or any other sources or other kinds of funds) to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.

k. The Group has not traded or invested in crypto currencies during the financial year.

l. The Group has not entered in to any scheme of arrangement.

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Note 41: Risk management

1 Introduction and risk profile

Annapurna Finance Private Limited ('Group') is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Group predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the Group has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the Group are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Group. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Group's policy is that risk management processes throughout the Group are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Group. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Group shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition .
- Review of new initiatives and product/policy/process changes
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand chenges and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

1.4 Risk management strategies

Concantrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Group to manage the various key risks.

Political Risk mitigation measures:
- Low cost operations and Low pricing for customers
- Customer centric Approach, High Customer Retention
- Rural Focus
- Systematic customer awareness activities
- High Social Focused Activities
- Adherence to client protection guidelines
- Robust Grievance Redressal Mechanism
- Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
- District Centric Approach
- District Exposure Cap
- Restriction on growth in urban locations
- Maximum Disbursement Cap per loan account
- Maximum loan exposure Cap per customer
- Diversified Funding Resources

Operational & HR Risk mitigation measures:
- Stringent customer enrolment process
- Multiple products
- Proper recruitment policy and appraisal system
- Adequately trained field force
- Weekly & fortnightly collections – higher customer touch, lower amount instalments
- Multilevel monitoring framework
- Strong, Independent, partially automated Internal Audit Function
- Strong IT system with access to real time client and loan data

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Liquidity Risk mitigation measures:
- Diversified funding resources
- Asset Liability management
- Effective Fund management
- Maximum Cash holding Cap

Expansion Risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on Census Data & Credit Bureau Data
- Three level survey of the location selected

2 **Impairment assessment/ credit risk (Also refer Note 8a)**

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

2.1 **Definition of default, significant increase in credit risk and stage assessment**

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or more on any material credit obligation to the Group.

The Group offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: Low credit risk, i.e. 0 to 30 days past due
Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due (SICR)
Stage 3: Credit impaired assets, i.e. more than 90 days past due or cases where the company suspects fraud and legal proceedings are initiated (default).

2.2 **Probability of default**

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2016 till March 2022 which is 7-years period of historical information.

2.3 **Exposure at default**

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

2.4 **Loss given default**

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

2.5 **Grouping financial assets measured on a collective basis**

The Group believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Group will separately calculate credit losses for them.

2.6 **Analysis of inputs to the ECL model under multiple economic scenarios**

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 **Liquidity risk and funding management**

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Group may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are liquidity risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Group treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Group continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

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4 **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to interest rate risk as follows:

4.1 **Interest rate risk (IRR)**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principlely because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group has board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant; the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

	Impact on profit		Impact on pre tax equity	
Finance cost	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
0.50 % Increase	(282)	(256)	(282)	(256)
0.50 % Decrease	282	224	282	224

5.0 **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Group currently doesnot have any exposure to foreign currency.

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

Note 42: Additional disclosure in terms of Schedule III to the Companies Act, 2013

(Rs. In Lakhs)

Name of the entity in the Group	Net assets i.e.total assets minus total liabilities		Share in profit (or loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding company								
Annapurna Finance Private Limited	99.27%	79,322	99.56%	1,712	100.00%	1,562	100.00%	3,274
Subsidiaries								
Annapurna SME Finance Private Limited	0.64%	508	0.44%	8	0.00%	-	0.00%	-
Annapurna Employee Welfare Trust	0.10%	76	0.00%	-	0.00%	-	0.00%	-
Total	100.00%	79,906	100.00%	1,719	100.00%	1,562	100.00%	3,274
a) Adjustment arising out of consolidation		-		-		-		-
b) Non controlling interest in Annapurna SME Finance Private Limited		-	0.04%	0		-		-
Total		79,906	0%	1,719		1,562		3,274

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Note 43: Impact of COVID-19 on business and expected credit losses

The outbreak of COVID-19 pandemic has affected several countries across the world, including India, resulting in significant volatility in financial market and significant decrease in global and Indian economy. The government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors. While the situation had improved significantly and there had been an all-round recovery in economic activity, the situation will have to closely monitored till the pandemic is finally put to rest. Management will continue to closely monitor the material changes in macro-economic factors impacting the operations of the Group. The Group has incorporated estimates, assumptions, judgements specific to the impact of Covid-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of financial statements.

Note 44: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC016931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Annapurna Finance Private Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including 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 standalone financial statements give the information required by the Companies Act, 2013 (the "Act") 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 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Standalone Financial Statements *(Continued)*

Key Audit Matters *(Continued)*

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers Charge: INR 19,383 lakhs for year ended 31 March 2022 Provision: INR 44,461 lakhs as at 31 March 2022	
Refer to the accounting policies in "Note 3 (xv) (A) (III) to the Standalone Financial Statements: Impairment of financial assets", "Note 3(I) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates and judgments" and "Note 8 to the Standalone Financial Statements: Loans"	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: **Testing of design and operating effectiveness of controls:** Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of ECL. Testing the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in computation of ECL. *Key aspects of our controls testing involved the following:* • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over evaluation, implementation and model monitoring in line with Reserve Bank of India guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing controls over authorisation and computation of post model adjustments i.e. management overlays.

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers *(Continued)*	
• Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments - Adjustments to the model-driven ECL results are recorded to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 9% of ECL balances as at 31 March 2022. These adjustments are inherently uncertain and significant judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter.	• Testing key controls operating over the information technology system in relation to loan impairment including system access and change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the Company's Ind AS 109 impairment methodologies and assumptions used (including management overlays). • Evaluating the relevance of inputs used in the model for computation of ECL. • Testing the Company's considerations of the impact of the current economic environment due to COVID-19 on ECL determination. **Test of details:** Key aspects of our testing included: • Testing samples over key inputs, data and assumptions impacting ECL computations to assess the completeness, accuracy and relevance of data, economic forecasts, weights, and model assumptions applied. • Testing model computations through re-performance, where applicable. • Testing post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the adjustments by challenging key assumptions, inspecting the methodology and tracing a sample of the data used back to source data.
Key audit matter	**How the matter was addressed in our audit**
Information technology	
Information Technology (IT) systems and controls The Company's key financial accounting and reporting processes are dependent on the automated controls in the information systems.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Evaluating the design and implementation and operating effectiveness of the scoped-in IT systems.

Key audit matter	How the matter was addressed in our audit
Information technology *(Continued)*	
There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated. Further, during the year, one of the loan origination systems where MSME loans are recorded has been migrated to a new system.	• Testing a sample of key controls operating over the information technology in relation to financial accounting and reporting systems. • Testing the design and operating effectiveness of a sample of key controls over user access management. Access management includes granting access rights, access right modification, removal of user rights and preventative controls designed to enforce segregation of duties. • Reperforming procedures to determine the operating effectiveness of application controls over financial and reporting systems. • Testing change management control for information technology application / General IT controls which were changed during the year. • Assessing other areas including password policies, system configurations, controls over changes to applications, privileged access to applications and operating system or databases is restricted to authorized personnel. • Evaluating the program development for the new system implemented during the audit period, to determine adequate information technology controls have been established.
Key audit matter	**How the matter was addressed in our audit**
First year audit transition	
A first-year audit engagement involves zero basing of key audit considerations like understanding of company specific risks, controls, policies and processes in order to develop an audit strategy and audit plan. This includes understanding the Company specific risks, controls, policies and processes in order to establish an audit strategy and audit plan. We have to perform initial audit procedures to obtain sufficient evidence regarding opening balances and selection and consistent application of accounting policies as per SA 510. Accordingly, it has been considered as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Preparing a detailed transition plan to enable us to analyse the strategy, risks, internal control measures and their impact on the Company's accounting policies. • Holding audit planning meetings to understand about the Company and its processes. • Reading presentations to the board and audit committee presentation for year ended 31 March 2021 by the predecessor auditors. • Understanding the Company's significant accounting policies by reading audited financial statements for the year ended 31 March 2021. • Performing initial audit procedures to obtain sufficient evidence regarding opening balances and selection and consistent application of accounting policies as per SA 510.

Key audit matter	How the matter was addressed in our audit
First year audit transition *(Continued)*	
	Based upon the knowledge gained through these procedures, we planned our risk assessment and determined the scope and coverage for the audit.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Director's Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and Board of Directors are 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 but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a 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 standalone financial statements.

Report on the Audit of the Standalone Financial Statements *(Continued)*

Auditor's Responsibilities for the Audit of the Standalone Financial Statements *(Continued)*

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 standalone 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 control 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The standalone financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on 30 June 2021.

Report on the Audit of the Standalone Financial Statements *(Continued)*

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;

   e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act; and

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a) The Company does not have any pending litigations which would impact its financial position.

   b) Provision has been made in the standalone financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts.

   c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   d) (i) Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
      - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

   (ii) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

Report on the Audit of the Standalone Financial Statements ***(Continued)***

Report on Other Legal and Regulatory Requirements ***(Continued)***

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

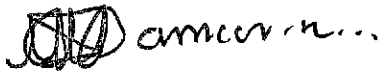
(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022



Sameer Mota
Partner
Membership No.109928
UDIN: 22109928AJSGNF1626

27 May 2022
Bhubaneswar

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We report that:

i (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every quarter. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii (a) The Company is a NBFC-MFI, primarily providing loans. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

iii According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments or provided any guarantee or security to companies, limited liability partnership or other parties during the year. The Company has granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements *(Continued)*

(a) As the Company's principal business is to give loans, clause 3(iii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans and advances in the nature of loans provided during the year are, prima facie, not prejudicial to the interest of the Company. Further, the Company, has not made any investments or provided any guarantee or security to companies, limited liability partnership or other parties during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

Amount in Lakhs	Number of delays#	Extent of delay#
5,385.72	311,001	1-29 days
5,328.73	181,990	30-59 days
5,561.00	101,998	60-89 days
52,960.36	436,302	90 days and above

The number and extent of delays are computed basis loan wise Days Past Due ('DPD') position as at each quarter end during the year ended 31 March 2022. Further, if a loan is in DPD in multiple quarters continuously, same is considered only once in number of delays and highest DPD is considered for extent of delay.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 35,274 lakhs (principal amount) and Rs 7,984 lakhs (interest) overdue for more than ninety days as at 31 March 2022. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest.

(e) As the Company's principal business is to give loans, clause 3(iii)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements *(Continued)*

Act, 2013 (the "Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

v The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

vi According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

vii (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax ("GST").

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including GST, Provident Fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities. The Company did not have any statutory dues on account of Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of GST, Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues, which have not been deposited on account of any dispute.

Name of the statute	**Nature of the dues**	**Amount (Rs.in lakhs)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax	2,666	AY 2017-2018	Commissioner of Income Tax (Appeals)
CGST and Central Excise, Bhubaneshwar	Service Tax	86	FY 2014-2015	Customs, Excise and Service Tax Appellate Tribunal, East Zonal Bench, Kolkata

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements *(Continued)*

viii According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-Tax Act, 1961 as income during the year.

ix (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by management, term loans were applied for the purpose for which the loans were obtained, other than Rs 87,714 lakhs which remain unutilised as at 31 March 2022 out of which term loans (including compulsorily convertible preference shares of Rs. 25,972 lakhs which have been classified as debt instrument) amounting to Rs 39,190 lakhs were received towards the end of the year. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2022.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds were raised on short-term basis by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary as defined under the Act. During the year ended 31 March 2022, the Company did not hold any investments in associates or joint ventures as defined under the Act.

x (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment of shares or fully or partly convertible debentures during the year. In our opinion, in respect of private placement of equity shares (fully or partly), convertible preference shares and convertible debentures made during the year, the Company has duly complied with the requirements of Section 42 and Section 62 of the Act. The proceeds from these issuances have been used for the purposes for which the funds were raised other than Rs. 40,927 lakhs which remain unutilised as at 31 March 2022. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2022.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements *(Continued)*

xi	(a)	Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
	(b)	According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
	(c)	As represented to us by management, there are no whistle blower complaints received by the Company during the year.
xii	(a)	According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(a) of the Order is not applicable.
	(b)	According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(b) of the Order is not applicable.
	(c)	According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(c) of the Order is not applicable.
xiii		In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
xiv	(a)	Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
	(b)	We have considered the internal audit reports of the Company issued till date for the period under audit.
xv		In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
xvi	(a)	In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
	(b)	In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from Reserve Bank of India as per the Reserve Bank of India Act, 1934.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements *(Continued)*

(c) The Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

xvii The Company has not incurred cash losses in the current and in the immediately preceding financial year.

xviii There has been resignation of the statutory auditors during the year and we have duly taken into consideration the issues, objections or concerns raised by the outgoing auditors.

xix According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

xx (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements ***(Continued)***

(b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022



Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGNF1626

Bhubaneshwar
27 May 2022

Annexure B to the Independent Auditor's report on the standalone financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to the standalone financial statements of Annapurna Finance Private Limited (the "Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the "Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the

Annexure B to the Independent Auditor's report on the standalone financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022 ***(Continued)***

Auditor's Responsibility ***(Continued)***

assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the standalone financial statements.

Meaning of Internal Financial controls with Reference to the Standalone Financial Statements

A company's internal financial controls with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to the Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGNF1626

Bhubaneshwar
27 May 2022

Annapurna Finance Private Limited
Standalone balance sheet as at March 31, 2022

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	95,134	86,135
(b) Bank balance other than (a) above	5	94,889	82,181
(c) Derivative financial instruments	6	1,355	-
(d) Receivables			
(i)Trade receivables	7	5	37
(ii)Other receivables		-	-
(e) Loans	8	4,88,816	3,86,716
(f) Investments	9	500	500
(g) Other financial assets	9.1	26,193	14,560
Subtotal - financial assets (A)		**7,06,892**	**5,70,129**
(2) Non-financial assets			
(a) Current tax assets (net)	10.1	2,251	125
(b) Deferred tax assets (net)	10.2	4,810	2,778
(c) Property, plant and equipment	11	1,787	1,178
(d) Intangible assets	12	156	99
(e) Other non-financial assets	9.2	2,165	1,198
Subtotal - non- financial assets (B)		**11,169**	**5,378**
Total assets (A+B)		**7,18,061**	**5,75,507**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	6	475	-
(b) Payables			
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	14	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		291	227
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	15	1,85,677	1,73,854
(d) Borrowings (other than debt securities)	16	4,02,413	2,82,307
(e) Subordinated liabilities	17	33,150	32,275
(f) Other financial liabilities	17.1	14,937	9,082
Subtotal - financial liabilities (A)		**6,36,943**	**4,97,745**
(2) Non-financial liabilities			
(a) Provisions	18	1,186	1,034
(b) Other non-financial liabilities	17.2	543	468
Total non- financial liabilities (B)		**1,729**	**1,502**
Total liabilities		**6,38,672**	**4,99,247**
(3) Equity			
(a) Equity share capital	19	6,880	6,872
	20		
(b) Instruments entirely equity in nature		300	300
(c) Other equity	21	72,209	69,088
Subtotal - equity (C)		**79,389**	**76,260**
Total liabilities and equity (A+B+C)		**7,18,061**	**5,75,507**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Standalone statement of profit and loss for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	Notes	For the year March 31, 2022	For the year March 31, 2021
Revenue from operations			
(i) Interest income	22	99,144	90,709
(ii) Fees and commission income	23.1	94	271
(iii) Net gain on fair value changes	23.2	314	-
(iv) Net gain on assignment transactions	23.3	15,164	6,363
(I) Total revenue from operations		**1,14,716**	**97,343**
(II) Other income	24	561	368
(III) Total income (I + II)		**1,15,277**	**97,711**
Expenses			
Finance costs	25	56,356	51,105
Impairment of financial instruments	26	19,383	19,175
Employee benefits expenses	27	28,798	20,599
Depreciation, amortisation and impairment	28	1,106	893
Other expenses	29	7,259	5,772
(IV) Total expenses		**1,12,902**	**97,544**
(V) Profit before tax (III-IV)		2,375	167
(VI) Tax expense:			
Current tax	10.3	3,220	3,705
Deferred tax credit		(2,558)	(3,720)
(VII) Profit for the year (V-VI)		**1,713**	**182**
(VIII) Other comprehensive income (OCI)			
A Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liabilities	33.3	40	15
Income tax relating to items that will not be reclassified to profit or loss	10.3	(10)	(4)
Subtotal (A)		**30**	**11**
B Items that will be reclassified to profit or loss			
Fair value of loans and advances and cash flow hedges through other comprehensive income		2,047	(635)
Income tax relating to items that will be reclassified to profit or loss	10.3	(515)	160
Subtotal (B)		**1,532**	**(475)**
Other Comprehensive Income (A+B)		**1,562**	**(464)**
(IX) Total comprehensive income for the year (comprising profit/retained earnings) and other comprehensive income for the year (VII)+(VIII)		**3,275**	**(282)**
(X) Earnings per equity share (face value of ₹10 each)			
Basic (Rs.)	30	2.39	0.26
Diluted (Rs.)		2.25	0.24

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Statement of standalone cash flow for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Profit before tax	**2,375**	**167**
Adjustments for:		
Depreciation, amortisation and impairment	1,106	893
Impairment on financial instruments	19,383	19,175
Provision for insurance claim receivable and others	272	167
Profit on sale of current investments	(314)	-
Profit on sale of property, plant and equipment	(10)	-
Net gain on derecognition of financial instruments	(15,164)	(6,363)
Share based payments to employees	33	126
Interest income	(99,144)	(90,709)
Finance cost	56,356	51,105
Operating loss before working capital changes	**(35,107)**	**(25,439)**
Movements in working capital:		
Decrease in other financial and non financial assets	2,292	319
Increase in bank balance other than cash and cash equivalents	(12,708)	(40,397)
Decrease in trade receivables	32	10
Increase in loans	(1,19,474)	(50,569)
Increase in other financial and non financial liabilities	5,914	645
Increase in provisions	152	385
Increase/ (decrease) in trade payables	64	(109)
Cash used in operations	**(1,58,835)**	**(1,15,155)**
Interest received	97,136	84,876
Finance cost paid	(52,013)	(43,734)
Income tax paid (net of refunds)	(5,346)	(2,122)
Net cash flows used in operating activities (A)	**(1,19,058)**	**(76,135)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,109)	(542)
Proceeds from sale of property, plant and equipment	34	-
Purchase of intangible assets	(344)	(149)
Purchase of current investments	(2,28,100)	-
Sale of current investments	2,28,414	
Investment in equity instruments of subsidiary	-	(500)
Net cash flows used in investing activities (B)	**(1,105)**	**(1,191)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	38	7
Proceeds from debt securities	22,779	1,19,820
Repayment of debt securities	(12,312)	(12,239)
Repayment of lease liabilities	(81)	(57)
Proceeds from borrowings (other than debt securities)	3,21,344	1,55,667
Repayment of borrowings (other than debt securities)	(2,03,095)	(1,75,868)
Proceeds of subordinated liabilities	4,490	7,125
Repayment of subordinated liabilities	(3,814)	(880)
Share issue expenses	(187)	(141)
Net cash flows generated from financing activities (C)	**1,29,162**	**93,434**
Net increase in cash and cash equivalents (A+B+C)	**8,999**	**16,108**
Cash and cash equivalents at the beginning of the year	86,135	70,027
Cash and cash equivalents at the end of the year (Refer note 4)	**95,134**	**86,135**
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	37,950	41,975
deposit with original maturity of less than three months	56,687	44,013
Cash on hand	497	147
Total cash and cash equivalents at the end of the year	**95,134**	**86,135**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
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Gobinda Chandra Pattanaik
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Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Statement of standalone changes in equity for the year ended March 31, 2022

a. Equity share capital

Current reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2021	Changes in equity share capital during April 01, 2021 to March 31, 2022	Balance at the end of March 31, 2022
6,872	-	-	8	6,880

Previous reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2020	Changes in equity share capital during April 01, 2020 to March 31, 2021	Balance at the end of March 31, 2021
6,870	-	-	2	6,872

b. Other equity

(In Rs. Lakhs)

Reserves and surplus	Statutory reserve (as required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained earnings	Other items of comprehensive income (fair valuation on portfolio & cashflow hedges)	Total
Balance as at April 1, 2020	**4,169**	**40,217**	**1,169**	**16,063**	**7,767**	**69,385**
Profit for the year	-	-	-	182	-	182
Other comprehensive income	-	-	-	11	(475)	(464)
Total comprehensive income for the year	-	-	-	**193**	**(475)**	**(282)**
Transfer to/from retained earnings	36	-	-	(36)	-	-
Share Issue / debenture issues expenses	-	(141)	-	-	-	(141)
Amortization of vesting expenses of Employee stock option plan	-	-	126	-	-	126
Balance as at March 31, 2021	**4,205**	**40,076**	**1,295**	**16,220**	**7,292**	**69,088**
Profit for the year	-	-	-	1,713	-	1,713
Other comprehensive income	-	-	-	30	1,532	1,562
	-	-	-	**1,743**	**1,532**	**3,275**
Transfer to/from retained earnings	343	-	-	(343)	-	-
Share Issue / debenture issues expenses	-	(187)	-	-	-	(187)
Amortisation of vesting expenses of Employee stock option plan	-	-	33	-	-	33
ESOP excercised	-	30	(30)	-	-	-
Balance as at March 31, 2022	**4,548**	**39,919**	**1,298**	**17,620**	**8,824**	**72,209**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1988PTC016931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Subrat Pradhan
Company Secretary

Bhubaneswar
May 27, 2022

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Satyajit Das
Chief Financial Officer

1 Corporate information

Annapurna Finance Private Limited ('the Company') is a private company incorporated in India. The Company was registered as a non-deposit taking Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and was classified as a Non-Banking Financial Company – Micro Finance Institution ("NBFC-MFI") with effect from October 22, 2013.

The Company's registered office is at Bhubaneshwar, Odisha, India. Its debentures are listed on recognised stock exchange in India.

The Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group ('JLG').

The Board of Directors approved the standalone financial statements for the year ended March 31, 2022 (the 'financial statements') and authorized for issue on May 27, 2022.

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the 'Act') and the other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest lakh, except when otherwise indicated.

2.2 Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value at the end of each reporting period as explained in the accounting policies below.

2.3 Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The statement of cash flows has been presented using indirect method as per the requirements of Ind AS 7 statement of cash flows.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of these financial statements and reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates is revised and future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes :

a) Note 3 (xv)- Business model assessment for classification and measurement of financial assets.

b) Note 3 (xv)(a)(III) - Impairment allowances of financial assets based on the expected credit loss model.

c) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment and intangible assets.

d) Note 3(xi) and 33- Measurement of assets and obligations of defined benefit employee plans.

e) Note 3(iv) and 10 - Recoverability and recognition of deferred tax assets.

f) Note 3(xii) - Measurement of provisions and contingencies.

g) Note 3(xvii) and 40 - Fair value measurement of financial instruments.

h) Note (xv)- Effective interest rate ('EIR') methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.
i) Note (ix)- Determination of lease term where the Company is a lessee.

(ii) Revenue recognition

Revenue from operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the effective interest rate ('EIR') to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.
The EIR in case of a financial asset is computed

- the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

- by considering all the contractual terms of the financial instrument in estimating the cash flows.

- including all fees/ service charges and incentives paid and received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

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(b) Dividend income

Dividend income is recognised in the statement of profit or loss on the date

- when the Company's right to receive the payment is established,
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of dividend can be reliably measured

(c) Net gain on assignment transactions

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

(d) Fees and commission income

Fees and commissions which do not form part of the effective interest rate calculation are recognised when the Company satisfies the performance obligation over time and are accrued as and when they are due.

Other income

Other income are recognised when the Company satisfies the performance obligation over time and are accrued as and when they are due.

(iii) Foreign currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company.
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.
Exchange differences are recognised in the statement of profit and loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs.

(iv) Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit & loss except when they relate to items that are recognised outside the statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the statement of profit and loss.

Current income taxes are determined based on respective taxable income of the Company and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current and deferred tax assets and liabilities on a net basis.

(v) Cash and cash equivalents

Cash and cash equivalents, comprise cash on hand, cash at bank and deposits with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

(vi) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

(vii) Property, plant and equipment (PPE) and intangible assets

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes purchase price, non-refundable taxes and levies and other directly attributable costs of bringing the assets to its location and working condition for its intended use.
The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the statement of profit and loss during the period in which they are incurred.
An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

(viii) Depreciation and amortization

Depreciation

Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of asset	Useful life (Years)
Furniture and fittings	10
Office equipment's	5
Vehicles	8
Computers	3

Amortisation

Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted prospectively.

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(ix) Leases :

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company assesses at contract inception whether,a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.5 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of office (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(x) Impairment of non financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

(xi) Employee benefits

(A) Short term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services renderad by employees is recognised during the period when the employee renders the service. These benefits include salaries and performance incentives/ bonuses which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

(B) Post employment/retirement benefit Plans

(1) Defined contribution plans
Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

(2) Defined benefit plans

(a) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.
The Company have an obligation towards gratuity, post employment/ retirement defined benefit plan covering eligible employees. The benefit is in the form of lump sum payments to eligible employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days' to 30 days' basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The liability determined basis actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability.
The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss.

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Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss.

b) Employee stock option plan

The employee stock option plan provides for the grant of options to acquire equity shares of the company to its eligible employees are measured at fair value of the equity instruments at the grant date. The period of vesting and period of exercise are as specified within the respective schemes. The fair value at the grant date of the equity settled share based payment options granted to the employees is recognized as an employee benefit expenses with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. At the end of each reporting period, the company revives its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimetes, if any, is reeognised in statement of profit and loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to share based options outstanding account. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Also, the employee stock option granted to the eligible employees of the subsidiary companies are accounted in accordance with the guidelines of Ind AS 102 – Share based payments.

(xii) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.
Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

(xiii) Dividend (including dividend distribution tax)

Any dividend declared or paid by the Company is based on the profits available for distribution as reported in the financial statements. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Company may pay dividend out of accumulated profits of previous years transferred to statement of profit and loss. However, in the absence of accumulated profits a Company may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable.Pursuant to Finance Act, 2020, any dividend declared, distributed or paid on or after April 01, 2020 was taxable in the hands of the shareholders and the Group was not required to pay dividend distribution tax on above dividend payments.

(xiv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The power to assess the financial performance and position of the Company and make strategic decisions is vested in the Board of Directors Committee who has been identified as the Chief Operating Decisions Maker.

(xv) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Classification and Subsequent measurement

For the purposes of initial recognition, financial assets are classified in the following categories :-
a. at amortised cost, or
b. at fair value through other comprehensive income (FVOCI), or
c. at fair value through profit or loss (FVTPL)

The above classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow.

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(I) Debt instruments
Initial classification of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

(a) At amortised cost:
A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans arising from financing activities and investments.

(b) At FVTOCI:
A debt instrument is classified at FVTOCI, if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income, impairment losses and reversals in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(c) At FVTPL:
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.
In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as "accounting mismatch").
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(II) Equity instruments/investments
Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Company has irrevocable option to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

(III) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for
- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial assets ('lifetime ECL), unless there had been no significant increase in credit risk of a default occurring since origination or initial recognition, in which case, the impairment allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL (both life time and 12 months) are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company believes that the all loans disbursed (MFI and MSME loans) in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio (segregated at MFI and MSME loans) are treated as separate groups for the purpose of Expected credit loss computation.

The impairment methodology applies depends on whether there has been significant increase in credit risk. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience end forward-looking information.

The expected credit loss is a product of exposure at default ("EAD"), probability of default ("PD") and loss given default ("LGD"). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial assets. The Company categorises financial assets at the reporting date into stages based on the days past due ("DPD") status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit Impaired assets, i.e. more than 90 days past due or cases where the company suspects fraud and legal proceedings are initiated.

Definition of default

The Company considers a financial asset to be in 'default' and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. PD estimation process is done based on historical internal and data available with the Company.

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EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like Gross domestic product (GDP), Consumer Price Index (CPI), Unemployment rate (UER), Credit growth with the estimate of PD determined by the Company based on its internal data. While the internal estimates of PD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all the categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by e number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

The amount of ECL (or reversal) at the reporting date is recognised as an impairment loss/(gain) in the statement of profit and loss.

ECL on Debt instruments measured at amortised cost

The ECLs for debt instruments measured at amortised cost is reduced from the gross carrying amount of these financial assets in the balance sheet.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the gross carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Write-off

The gross carrying amount of a financial assets is written- off (either partially or fully) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries against such financial assets are credited to the statement of profit and loss.

(IV) Derecognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability as collateralised borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI, and accumulated in equity is recognised in the Statement of Profit and Loss.

(B) <u>Financial liabilities and equity instruments</u>

Classification as debt or equity

Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>(I) Financial liabilities</u>

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. However, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss.

The Company's financial liabilities majorly comprise of trade and other payables, loans and borrowings, including bank overdrafts and cash credit facility and derivative financial instruments.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at fair value through profit or loss (FVTPL).

(a) At FVTPL:

Financial liabilities includes derivative financial instruments entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(b) At amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

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Derecognition of financial liabilities:
The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Modification/ renegotiation that do not result in derecognition

Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the statement of profit and loss. Any subsequent changes in the estimation of the future cash flows of financial liability is recognised under finance cost in the statement of profit or loss with the corresponding adjustment to the carrying amount of the financial liability.

(II) Equity instrument
An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities.
Incremental costs incurred which are directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

(xvi) Derivatives and hedging activities
The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including cross currency interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument (Refer sub note (a) below), in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

Embedded derivatives
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

(a) Hedge accounting
The Company designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as 'cash flow hedges').

The Company documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(xvii) Fair value measurement
A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observeble or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date

(xviii) Offsetting financial instruments
Financial assets and finencial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	497	147
Balances with banks	37,950	41,975
Fixed deposit with maturity of less than 3 months	56,687	44,013
Total	**95,134**	**86,135**

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposit with remaining maturity of more than 3 months		
Fixed deposit with banks (security against bank guarantee)	31,257	25,717
Other term deposits	60,919	53,837
Interest accrued on fixed deposits*	2,713	2,627
Total	**94,889**	**82,181**

(*) Includes interest accrued of Rs. 1,369 lakhs (March 31, 2021: Rs. 98 lakhs) on fixed deposits marked as lien towards term loans availed from banks, as cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 6: Derivative financial instruments

(In Rs. Lakhs)

	As at March 31, 2022				As at March 31, 2021			
Part I	Notional Amounts	Fair value-assets	Notional Amounts	Fair value-liabilities	Notional Amounts	Fair value-assets	Notional Amounts	Fair value-liabilities
(i)Currency derivatives:								
Cross currency swaps	12,613	704	10,873	322	-	-	-	-
Subtotal (i)	12,613	704	10,873	322	-	-	-	-
(ii)Interest rate derivatives	-	-	-	-	-	-	-	-
(iii)Credit derivatives	-	-	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-	-	-
(v) Other								
Cross currency interest rate swaps	18,521	651	9,708	153	-	-	-	-
Total Derivatives financial instruments	31,134	1,355	20,581	475	-	-	-	-
PART II								
Included in above are derivatives held for hedging and risk management as follows								
(i)Fair value hedging	-	-	-	-	-	-	-	-
(ii) Cashflow hedging								
Cross currency interest rate swaps	18,521	651	9,708	153	-	-	-	-
Cross currency swaps	12,613	704	10,873	322	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-	-	-
Total derivatives financial instruments	31,134	1,355	20,581	475	-	-	-	-

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 7: Trade receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Receivables considered good- unsecured	5	37
Total	5	37

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

Ageing of trade receivables as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(i) Undisputed trade receivables considered good	5	-	-	-	-	5
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which haye significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

Ageing of trade receivables as at March 31, 2021

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(I) Undisputed trade receivables considered good	37	-	-	-	-	37
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 8: Loans
Considered good unless stated otherwise

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At fair value Through other comprehensive income	Total	Amortised cost	At fair value Through other comprehensive income	Total
i) Term loans						
Considered good	80,670	3,98,918	4,79,588	97,659	2,81,980	3,79,639
Credit impaired	14,843	38,434	53,277	213	29,836	30,052
Total term loans	95,513	4,37,352	5,32,865	98,072	3,11,819	4,09,891
ii) Staff loan	412	-	412	372	-	372
Total (A) - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less: Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total (A) - Net	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716
Term loans						
i) Secured by tangible assets (refer note below)	2,670	31,151	33,821	23,925	-	23,925
ii) Unsecured	92,843	4,06,201	4,99,044	74,147	3,11,819	3,85,966
Sub-total - Term loans	**95,513**	**4,37,352**	**5,32,865**	**98,072**	**3,11,819**	**4,09,891**
Staff loan						
-Unsecured	412	-	412	372	-	372
Sub-total - Staff loan	**412**	**-**	**412**	**372**	**-**	**372**
Total (B) - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less : Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total (B) - Net	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716
Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	95,925	4,37,352	5,33,277	98,444	3,11,819	4,10,263
Total - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less: Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total - Net	**87,928**	**4,00,888**	**4,88,816**	**92,810**	**2,93,906**	**3,86,716**
Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-
Total (C)	87,928	4,00,888	4,88,816	92,810	2,93,906	3,86,716

Note
The Company covers/secures the credit list associated with the loans given to customer by creating a charge/ hypothecation/ security on the assets as mentioned in the loan agreements with customers.

Reconciliation of impairment allowance

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At fair value Through other comprehensive income	Total	Amortised cost	At fair value Through other comprehensive income	Total
Opening provision	4,700	18,847	23,547	1,793	4,269	6,063
Add: Impairment provision created during the year (Refer note 26)	3,297	16,066	19,363	4,588	14,687	19,175
Add: Receivable by guarantee scheme/ CGTMSE disclosed under other financial assets	-	1,643	1,643	-	-	-
Less: Loan portfolio (own) written off during the year	-	-	-	(817)	-	(817)
Less-: EIS receivable on assignment transaction written off during the year	-	-	-	(760)	-	(760)
Less-: Provision for managed portfolio disclosed under 'provisions' (refer note 18)	-	(112)	(112)	(104)	-	(104)
Less: Recovery made during the year	-	-	-	-	-	-
Closing provision	7,997	36,464	44,461	4,700	18,847	23,547

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 8A

Gross carrying value of assets as at March 31, 2022

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	4,67,835	11,755	-	4,79,590
Non performing assets	-	-	53,275	53,275
Total	**4,67,835**	**11,755**	**53,275**	**5,32,865**

Steps taken for recovering overdues balances

To reduce the exposure and increasing collection in the stage - III assets, a cross-department team is deployed in the branches to monitor and follow up with the higher DPD customers. To maximise collection efforts, regular reminders are sent to customers via SMS/ Tele-calling and by visiting customer premises and creating awareness of the consequences of defaults.

Gross carrying value of assets as at March 31, 2021

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,41,161	38,678	-	3,79,839
Non performing assets	-	-	30,052	30,052
Total	**3,41,161**	**38,678**	**30,052**	**4,09,891**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**
Add: New assets originated during the year (net of collections)	1,22,974	-	-	1,22,974
Less: assets written off during the year	-	-	-	-
Movement between stages				
Transfer from stage 1	(19,862)	12,047	7,815	-
Transfer from stage 2	23,517	(38,971)	15,454	-
Transfer from stage 3	46	1	(47)	-
Gross carrying value of assets as at March 31, 2022	**4,67,836**	**11,755**	**53,274**	**5,32,865**

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2021	**749**	**4,494**	**18,304**	**23,547**
Provision created / (reversed) during the year	3,733	(1,753)	18,934	**20,914**
Assets written off during the year	-	-	-	-
ECL allowance as at March 31, 2022	**4,482**	**2,741**	**37,238**	**44,461**

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(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2020	**3,51,510**	**2,800**	**4,886**	**3,59,196**
Add: New assets originated during the year (net of collections)	51,512			51,512
Less: assets written off during the year	-	(453)	(364)	(817)
Movement between stages				
Transfer from stage 1	(61,929)	38,423	23,506	-
Transfer from stage 2	67	(2,092)	2,025	-
Transfer from stage 3	1	-	(1)	-
Gross carrying value of assets as at March 31, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2020	3,970	231	1,852	6,053
Provision created / (reversed) during the year	(3,221)	4,716	16,816	18,311
Assets written off during the year	-	(453)	(364)	(817)
ECL allowance as at March 31, 2021	**749**	**4,494**	**18,304**	**23,547**

Sensitivity analysis on ECL

Reasonably possible changes at the reporting date to the relevant macroeconomic assumptions, holding other assumptions constant, would have affected the defined ECL provisions by the amounts shown below:

(In Rs. Lakhs)

Scenario	Conditions	ECL provision as per model	+/- from normal case
Extreme scenario	**100%** probability of high stress	41,143	865
	0% probability of low stress		
	0% probability of normal situation		
Low stress scenario	0% probability of high stress*	39,845	(433)
	0% probability of low stress		
	100% probability of a normal situation		

**High stress condition is when the company is expecting 15% increase from the projected values of macroeconomic parameters such as unemployment rate and in consumer price index.*

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Note 9: Investments

(In Rs. Lakhs)

	As at March 31, 2022				As at March 31, 2021			
Investment	Amortised cost	Fair value through OCI	Fair value through P&L	Total	Amortised cost	Fair value through OCI	Fair value through P&L	Total
Investment								
A) In India	-	-	-	-	-	-	-	-
Equity instruments								
(a) Investment in subsidiary (at cost)								
49,98,000 (March 31, 2021: 49,98,000) equity shares of Rs. 10 each fully paid in Annapurna SME Finance Private Limited	-	-	500	500	-	-	500	500
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
Total	-	-	**500**	**500**	-	-	**500**	**500**
Above amount includes								
Investment in India	-	-	500	500	-	-	500	500
Investment outside India	-	-	-	-	-	-	-	-
Total	-	-	**500**	**500**	-	-	**500**	**500**

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Note 9.1: Other financial assets

(at amortised cost)

(Unsecured, considered good unless stated otherwise)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	342	271
Retained interest on assets assigned	13,509	4,668
Interest accrued on loans designated at FVOCI	7,866	4,182
Fixed deposit with financial institutions*	1,513	1,889
Insurance claim receivable	826	930
Ex-gratia claim receivable#	-	2,213
Receivable from financial guarantees$	1,643	-
Other financial assets- others**	494	407
Total	**26,193**	**14,560**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.

**includes EIS receivable and advances recoverable in cash

#The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme (the 'Scheme') for grant of ex-gratia payment being difference between compounded interest and simple interest for six months period from March 1, 2020 to August 31, 2020 to eligible borrowers as per the Scheme. The management has credited the differential interest in the borrower accounts in line with the requirement of the Scheme.

$The company has availed the benefits of credit guarantee fund trust for micro and small enterprises (CGTMSE) scheme and Assam microfinance incentives and relief scheme 2021 to secure credit default.

Note 9.2:Other non- financial assets

(Unsecured, considered good unless stated otherwise)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	1,308	608
Capital advance	183	100
Other Advances *	674	490
Total	**2,165**	**1,198**

*includes advances to vendor

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Note 10.1:
Current tax assets (net)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provision)	2,251	125

Note 10.2: Deferred tax assets/ liabilities (net)
Effects of deferred tax assets and deferred tax liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets:		
Impairment loss allowance on loan portfolio	10,697	5,935
Difference of written down value property, plant and equipment	302	271
Provision for defined benefit obligation and leave encashment	288	230
Difference of lease liabilities and right of use asset	(7)	1
Impact due to amortization of processing fees income	143	(54)
Provision for irrecoverable advances	4	
Fair value loss on debt securities	49	
Deferred tax liabilities:		
Upfront recognition of gain on direct assignment transactions	(3,238)	(985)
Impact due to amortization of processing fees expenses	(395)	(51)
Fair value gain on loans	(3,083)	(2,569)
Deferred tax relating to origination and reversal of temporary differences (net of liabilities)	4,810	2,778

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 10.3: Income tax expense

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Income tax expense in the statement of profit and loss consists of:		
Current income tax:		
Income tax	3,220	3,705
Deferred tax	(2,558)	(3,720)
Income tax expense reported in respect of current year	662	(15)
Tax in respect of earlier years	-	-
Total income tax expense reported in the statement of profit or loss	662	(15)
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/ (losses) on defined benefit plans	10	(4)
Deferred tax arising on fair value gain/ (losses) on loan portfolio	515	(160)
Total	525	(164)

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Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2022 and 31 March 2021 are, as follows:

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	2,375	167
At India's statutory income tax rate of 25.17%	598	42
Change in tax rates	-	-
Income not subject to tax		
Others		210
Non-deductible expenses		
Expenditure on CSR	40	84
Interest on preference share capital	306	(89)
Additional tax allowances	(282)	(262)
Income tax expense reported in the statement of profit or loss	**662**	**(15)**
Income tax adjustment in respect of current income tax of prior years	-	-
Total income tax expense reported in the statement of profit or loss	**662**	**(15)**

The effective income tax rate for March 31, 2022 is 27.87% (March 31, 2021: (8.96%)).

Movement in deferred tax balances for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	Net balance April 1, 2021	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2022	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	271	81	-	-	352	352	-
Provision for defined benefit obligation and leave encashment	230	68	(10)	-	288	298	(10)
Impairment loss allowance on loan portfolio	5,935	4,762	-	-	10,697	10,697	-
Impact of amortisation of expense, offered to tax on upfront basis	(51)	(344)	-	-	(395)	(395)	-
Impact of amortisation of processing fee income, offered to tax on upfront basis	(54)	197	-	-	143	-	143
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(985)	(2,253)	-	-	(3,238)	-	(3,238)
Fair value gain on loans	(2,569)		(515)	-	(3,083)	-	(3,083)
Difference of lease liabilities and right of use asset	1	(8)	-		(7)		(7)
Fair value loss on CCPS	-	49	-	-	49	49	
Provision for irrecoverable advances	-	4	-		4	4	-
Net deferred tax assets / (liabilities)	**2,778**	**2,558**	**(525)**		**4,810**	**11,005**	**(6,195)**

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Movement in deferred tax balances for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance April 1, 2020	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2021	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	193	78	-	-	271	271	-
Provision for defined benefit obligation and leave encashment	168	66	(4)	-	230	230	-
Impairment loss allowance on loan portfolio	1,272	4,663	-	-	5,935	5,935	-
Impact of amortisation of expense, offered to tax on upfront basis	(78)	27	-	-	(51)	-	(51)
Impact of amortisation of processing fee income, offered to tax on upfront basis	160	(214)	-	-	(54)	-	(54)
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(296)	(689)	-	-	(985)	-	(985)
Fair value gain on loans	(2,729)	-	160	-	(2,569)	-	(2,569)
Difference of lease liabilities and right of use asset	2	(1)	-	-	1	1	-
Other items	210	(210)	-	-	-	-	-
Net deferred tax assets / (liabilities)	(1,098)	3,720	156	-	2,778	6,437	(3,659)

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Annapurna Finance Private Limited
Notes to the standalone financial statements for the year ended March 31, 2022

Note 11: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land (refer note)	Office equipment	Furniture and fixtures	Vehicles	Computers	Right of use assets under leases	Total
Cost:							
As at April 01, 2020	14	1,003	743	154	1,015	153	3,082
Additions	-	125	159	-	257	14	556
Disposals*	-	-	-	-	-	(21)	(21)
As at March 31, 2021	14	1,128	902	154	1,272	146	3,617
Additions	-	535	141	89	344	352	1,461
Disposals*				(24)		(10)	(34)
As at March 31, 2022	14	1,663	1,043	219	1,616	489	5,044
Accumulated depreciation:							
As at April 01, 2020	-	584	338	89	743	54	1,807
Depreciation charge for the year	-	210	121	20	227	53	631
Disposal	-	-	-	-	-		-
As at March 31, 2021	-	794	459	109	970	107	2,439
Depreciation charge for the year		292	132	24	304	67	819
Disposal							
As at March 31, 2022	-	1,085	591	133	1,274	174	3,257
Net book value:							
As at March 31, 2021	14	334	443	45	302	39	1,178
As at March 31, 2022	14	579	452	86	342	314	1,787

The details of property, plant and equipment hypothecated against borrowings are presented in Note 15.
*includes adjustments for security deposits in right of use assets.

Note: Title deeds (TD) of immovable property not held in the name of the Company

Details of immovable property not held in the Company's name (other than lease where the Company is lessee)

Relevant line item in balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	TD holder- promoter, director or relative of P/D or employee of P/D	Property held since	Reason for not being held in the name of the Company
NA						

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Note 12: Intangible assets

(In Rs. Lakhs)

Particulars	Computer software
Deemed cost:	
As at April 01, 2020	**661**
Additions	149
Disposals	-
As at March 31, 2021	**810**
Additions	**345**
Disposals	-
As at March 31, 2022	**1,155**
Accumulated amortisation:	
As at April 01, 2020	**448**
Amortisation charge for the year	263
Disposal	-
As at March 31, 2021	**711**
Amortisation charge for the year	**288**
Disposal	-
As at March 31, 2022	**999**
Net book value:	
As at March 31, 2021	**99**
As at March 31, 2022	**156**

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Note 13: Leases (where the Company is lessee)

As a lessee:

The Company has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 and 5 years.

The Company also has certain leases with lease terms of 12 months or less and leases with low-value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	39	99
Adjustment due to change in lease agreement and security deposit reclassification	(10)	(21)
Additions during the year	352	14
Depreciation expense	(67)	(53)
Closing balance	314	39

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	36	85
Adjustment due to change in lease agreement	-	(14)
Additions during the year	352	14
Accretion of interest	16	8
Payments	(81)	(57)
Closing balance	323	36

The effective interest rate for lease liabilities is from 10.88% to 13.01% with maturity between 2017 and 2031.

The following are the amounts recognised in the statement of profit or loss:

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on lease liabilities (refer note 25)	16	8
Expense relating to short-term leases and other low value assets leases (included in other expenses) (refer note 29)	2,149	1,672
Total amount recognised in the statement of profit and loss	2,165	1,680

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Note 14: Trade payables:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	291	227
Total	291	227

Trade payables ageing schedule as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	-	285	6	-	-	291
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2021

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	-	227	-	-	-	227
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Note 14.1 Dues to the micro enterprises and small enterprises:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	-	-

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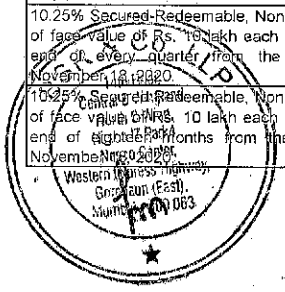
Note 15: Debt securities

(In Rs. Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	At amortised cost	At fair value through profit & loss	Total	At amortised cost	At fair value through profit & loss	Total
Redeemable, Non- convertible Debentures (secured)*	1,09,553	-	1,09,553	1,50,972	-	1,50,972
Compulsorily Convertible Preference Shares #	-	50,205	50,205	-	22,882	22,882
Redeemable Non- convertible Debentures (unsecured)**	10,124	-	10,124	-	-	-
Compulsorily Convertible Debentures (Unsecured)##	-	15,795	15,795	-	-	-
Total	1,19,677	66,000	1,85,677	1,50,972	22,882	1,73,854
Debt securities in India	34,367	-	34,367	72,427	-	72,427
Debt securities outside India	85,310	66,000	1,51,310	78,545	22,882	1,01,427
Total	1,19,677	66,000	1,85,677	1,50,972	22,882	1,73,854

* Redeemable non- convertible debentures (secured) (at amortised cost) ('NCDs')

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of seventy two months from the date of allotment i.e. December 08, 2015.	-	2,004	1,00,000	-	2,058	100%
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of seventy two months from the date of allotment i.e. December 10, 2015.	-	2,670	1,00,000	-	2,683	100%
13.75 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par partially from July 2020 with the date of allotment i.e. June 15, 2016	-	600	3,33,333	-	2,076	100%
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March 2021 with the date of allotment i.e. August 30, 2017.	325	325	8,33,333	1,642	2,732	110%
12.376% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 22, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,021	7,012	110%
12.1113% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	460	10,00,000	4,808	4,791	105%
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. December 19, 2018.	60,00,000	60,00,000	100	1,553	6,209	110%
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from the date of allotment i.e. December 20., 2018.	-	350	10,00,000	-	3,849	100%
11.8488% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,097	10,047	105%
11.9526% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. August 31, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,102	9,961	100%
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	1,000	8,33,333	5,000	8,322	100%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	250	10,00,000	1,698	2,545	100%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 18, 2020.	1,000	1,000	10,00,000	2,529	10,073	110%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 20, 2020.	350	350	10,00,000	3,541	3,536	110%





10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	100	100	10,00,000	1,012	1,010	110%
10.39% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	600	10,00,000	5,640	5,995	110%
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	250	10,00,000	2,709	2,699	115%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. September 29, 2020.	-	500	10,00,000	-	5,248	115%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 05, 2020.	-	100	10,00,000	-	1,093	100%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	250	250	10,00,000	2,584	2,581	110%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	-	500	10,00,000	-	5,077	110%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	-	500	10,00,000	-	5,077	110%
10.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. July 21, 2020.	-	200	10,00,000	-	2,136	110%
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	1,000	10,00,000	10,242	10,228	125%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	150	10,00,000	1,631	1,630	100%
10.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 12, 2020.	-	500	10,00,000	-	5,335	110%
12.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. December 22, 2020.	275	275	10,00,000	1,897	2,812	110%
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	695	7,00,000	3,547	4,942	110%
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from the date of allotment i.e. July 07, 2020.	18,750	18,750	25,000	4,809	4,758	110%
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from the date of allotment i.e. October 16, 2019.	730	730	10,00,000	7,712	7,637	100%
11.8926% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 09, 2021.	400	-	10,00,000	4,106	-	105%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 13, 2021.	370	-	10,00,000	3,792	-	105%
11% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 7500 each redeemable at par at the end of Forty two months from the date of allotment i.e. September 24, 2021.	66654	-	7,500	5,026	-	100%
11.30% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1lakh each redeemable at par at the end of Sixty months from the date of allotment i.e. December 20, 2021.	-	-	-	6,530	-	100%
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021.	75	-	10,00,000	750	-	100%

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** Redeemable non- convertible debentures (Unsecured) (at amortised cost) ('NCDs')

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
12.164% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of Seventy two months from the date of allotment i.e. December 24, 2021.	300	-	10,00,000	3,098	-	0%
12.11% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,027	7,021	0%

Compulsorily Convertible Preference Shares ('CCPS') (FVTPL)

Terms	Number of CCPS		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,94,18,612	1,94,18,612	10.00	24,085	22,882	0%
0%, 8492469 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	84,92,469	-	10.00	10,000	-	0%
0%, 10808723 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,08,08,723	-	10.00	12,727	-	0%
0%, 2717622 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	27,17,622	-	10.00	3,200	-	0%

Compulsorily convertible debentures('CCD') (FVTPL)

Terms	Number of CCD		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
15% Cumulative Compulsorily Convertible Debentures of face value of Rs. 10 each convertible at conversion rate the end of Eighty four months from the date of allotment i.e. November 23, 2021.	15,00,00,000	-	10.00	15,795	-	0%

Note: terms of conversion for CCPS

At the discretion of CCPS holder, the CCPS shall be converted into equity shares at the earlier of;
(i) at any time but not earlier than June 30, 2022 if the audited accounts for the financial year ending on 31 March 2022 are available or such other date on which the audited accounts for the financial year ending on 31 March 2022 are available ('Target Conversion Date');
(ii) at the time of closing of a subsequent round;
(iii) at the time of a Qualified IPO of the Company in accordance with the shareholders' agreement; or
(iv) upon the Transfer of 100% (one hundred percent) of the share capital of the Company, such date being the 'Conversion Date', at the 'Conversion Rate', which shall be determined in accordance with this Schedule XVII of the shareholder agreement.

Note: terms of conversion for CCD

Mandatory conversion
All the CCDs shall mandatorily convert into equity shares on the earlier of the following dates:
(a) Where the Company is undertaking an IPO, on the investor business day immediately preceding the date of filing of the red herring prospectus with SEBI in connection with such IPO; or
(b) the final maturity date.

Voluntary Conversion
Without prejudice to the mandatory conversion events, DEG and/or any holder shall have right, exercisable by issuing a notice in writing to the Company, to convert such number of CCDs as specified in such notice, into equity shares in the following manner and on the following dates:
(a) at any time with the consent of the Company, on such date as may be mutually agreed with the Company; or
(b) in the event that DEG and/or any holder transfer their CCDs in accordance with the provisions of the shareholder's agreement on the date immediately prior to the date of consummation of the transfer of the securities.

Note: Charge against non convertible debentures
Non convertible debentures are secured against hypothecation of all the underlying receivables/book debts to the extent 1.1/1.0/1.05 times of the principal loan amount.

Note: Covenant breaches

The Company is in the process of obtaining lender consents / waivers for certain loan covenant breaches that are existing as on March 31, 2022. The Company has performed an assessment of its liquidity position, taking into account the impact of the loan covenant breaches, current liquid funds held and expected inflows from various sources of borrowings. Based on the foregoing assessment, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2022

Note 15.1 Terms of repayment of borrowings as on March 31, 2022

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	5.15%-12.50%	1,062	1,43,092	423	72,905	47	10,278	-	-	-	-	-	-	2,26,275
Above 3 years	9.45%-12.30%	27	4,241	3	405	-	-	-	-	-	-	-	-	4,647
Monthly total		1,089	1,47,333	426	73,311	47	10,278	-	-	-	-	-	-	2,30,922
Quarterly														
0-3 years	7.50%-12.25%	71	46,095	62	38,862	29	11,539	-	-	-	-	-	-	96,496
Above 3 years	10.00%-10.75%	4	2,652	3	1,761	-	-	-	-	-	-	-	-	4,413
Quarterly total		75	48,747	65	40,623	29	11,539	-	-	-	-	-	-	1,00,909
Half yearly														
0-3 years	7%-12.75%	3	9,740	3	4,810	3	9,459	-	-	-	-	-	-	24,009
Above 3 years	9.68%-12.49%	16	12,578	13	9,723	13	11,794	-	-	-	-	-	-	34,095
Half yearly total		19	22,318	16	14,533	16	21,253	-	-	-	-	-	-	58,104
Annually														
0-3 years	11.50%-12.00%	2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Annually total		2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Bullet														
0-3 years	9.50%-12.78%	11	31,979	3	13,915	-		-	-	-	-	-	-	45,894
Above 3 years	10.50%-16.50%	5	21,368	5	16,981	7	17,821	6	25,826	7	23,475	5	8,191	1,13,662
Bullet total		16	53,347	8	30,896	7	17,821	6	25,826	7	23,475	5	8,191	1,59,556
Grand total		1,201	2,73,580	517	1,61,102	99	60,891	6	25,826	7	23,475	5	8,191	5,53,065

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External commercial borrowings
The Company holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 15.2 Terms of repayment of borrowings as on March 31, 2021

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	6.43%-16.5%	603	82,441	316	46,390	106	14,922	1	269	-	-	-	-	1,44,022
Above 3 years	11.75%-13.65%	31	994	13	415	-	-	8	60	-	-	-	-	1,469
Monthly total		634	83,435	329	46,805	106	14,922	9	329	-	-	-	-	1,45,491
Quarterly														
0-3 years	10.35%-12.50%	133	50,694	78	30,106	9	1,803	1	207	-	-	-	-	82,810
Above 3 years	11.85%	4	499	2	249	-	-	-	-	-	-	-	-	748
Quarterly total		137	51,193	80	30,355	9	1,803	1	207	-	-	-	-	83,558
Half Yearly														
0-3 years		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 years	9.68%-12.35%	10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	36,912
Half yearly total		10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	36,912
Bullet														
0-3 years	10.25%-12.78%	9	17,142	2	4,929	5	15,913	-	-	-	-	-	-	37,984
Above 3 years	11.17%-14.75%	5	10,099	11	23,006	5	17,028	4	10,606	3	14,239	4	11,811	86,789
Bullet total		14	27,241	13	27,935	10	32,941	4	10,606	3	14,239	4	11,811	1,24,773
Grand total*		795	1,71,442	434	1,15,185	135	57,605	22	16,343	8	18,349	4	11,811	3,90,734

* Vehicle loans of Rs. 3 lakhs have not been included in the above disclosure.

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External commercial borrowings
The Company holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 16: Borrowings other than debt securities *(at amortised cost)*

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Term loans (secured)*		
Banks	2,66,278	1,70,932
Financials institutions	46,285	45,813
Non banking financial companies	15,276	12,708
External commercial borrowings**	42,802	32,679
Term loans (unsecured)		
External commercial borrowings**	11,409	16,006
Borrowings from Securitisation arrangement (secured)		
Securitisation transactions	363	4,169
Total	**4,02,413**	**2,82,307**
Borrowings in India	3,48,202	2,33,622
Borrowings outside India	54,211	48,685
Total	**4,02,413**	**2,82,307**

*Term loans are secured against hypothecation of all the underlying receivables/ loan assets/ book debts to the extent 1.0/ 1.05/ 1.1 times of the principal loan amount and margin money deposits. Secured term loans are repayable in equated principal plus interest as well as in equated instalments carrying interest rate ranging from 6.38% to 12.50% (March 31, 2021: 6.43% - 14.25%). The above loans are also secured by personal guarantee of promoters.

**External commercial borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured term loans are repayable in bullet payments/semi annual payments carrying interest rate ranging from 10.00% - 12.78% (March 31, 2021: 10.50% - 12.18%).

Borrowings under securitisation arrangements

Represents securities issued by the special purpose vehicles ('SPVs') to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities with a corresponding debit to loans and advances.

Utilisation of borrowings

Term loans were applied for the purpose for which the loans were obtained, other than Rs 87,714 lakhs which remain unutilised as at 31 March 2022 out of which term loans (including compulsorily convertible preference shares of Rs. 25,972 lakhs which have been classified as debt instrument) amounting to Rs 39,190 lakhs were received towards the end of the year. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2022.

Note 17: Subordinated liabilities *(at amortised cost)*

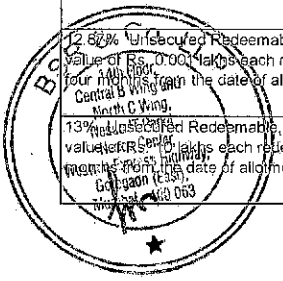
(In Rs. Lakhs)

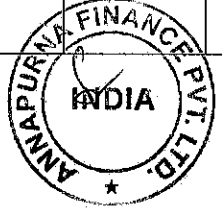
Particulars	As at March 31, 2022	As at March 31, 2021
Indian Rupee term loan		
Subordinate debt (unsecured)- debentures*	30,650	28,746
Subordinate debt (unsecured)- term loans#	2,500	3,529
Total	**33,150**	**32,275**
Borrowings in India	14,387	17,916
Borrowings outside India	18,763	14,359
Total	**33,150**	**32,275**

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% to 14.9% p.a. (March 31, 2021: 12.21% - 17% p.a.)
#Subordinate debt term loans are repayable in bullet payment carrying interest rate ranging from 13.5% to 16.5% p.a. (March 31, 2021: 13.5% - 16.5% p.a.)

Subordinate debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 15, 2016.	-	200	10,00,000	-	2,008
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 28, 2016.	-	50	10,00,000	-	500
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 29, 2016.	250	250	10,00,000	2,501	2,490
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 24 2017	34,000	34,000	10,00,000	3,421	3,414
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 27 2018	150	150	10,00,000	1,502	1,499
12.82% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. May 2 2019	30,00,000	30,00,000	100	3,000	2,957
13% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from the date of allotment i.e. March 24 2020	396	396	10,00,000	3,985	3,979





12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from the date of allotment i.e. February 18 2028	28,500	28,500	25,000	7,310	7,006
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. March 31 2020	340	340	10,00,000	3,400	3,395
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of saventy three months from the date of allotment i.e. March 27, 2020	15,000	15,000	10,000	1,500	1,497
12.30% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021	449	-	10,00,000	4,490	-

Sub debt (unsecured)- Term Loans (at amortised cost) (In Rs. Lakhs)

Terms of term loan	Rate	As at March 31, 2022	As at March 31, 2021
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.50%	-	1,000
13.5% Unsecured term loan , having tenure of 66 months, maturing in FY 2023-24	13.50%	2,500	2,529
Total		2,500	3,529

Note 17.1: Other financial liabilities (In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Insurance premium payable	1,748	962
Employee dues	1,753	1,118
Payable towards securitisation transaction	9,274	4,628
Liability against interest subvention scheme	-	914
Arranger / processing charges payable	-	612
Death claim payable to customers	-	474
Other financial liabilities - Other payable*	1,839	338
Lease liability for Right of use assets	323	36
Total	14,937	9,082

* consists of payable to vendors

Note 17.2: Other non-financial liabilities (In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	543	468
Total	543	468

Note 18: Provisions (In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits:		
Gratuity (refer note 33)	484	404
Leave encashment and availment	702	526
Provision on managed loan portfolio (under business correspondence arrangement)	-	104
Total	1,186	1,034

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Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

(Amount in Rs. Lakhs except no. of shares)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
8,30,00,000 (March 31, 2021: 8,30,00,000) equity shares of Rs.10/- each	8,300	8,300
5,60,00,000 (March 31, 2021: 2,40,00,000) preference shares of Rs.10/- each	5,600	2,400
	13,900	10,700
Issued and subscribed		
7,28,95,160 (March 31, 2021: 6,87,15,948; April 1, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs Lakhs)	7,289	6,872
	7,289	6,872
Fully paid up		
6,87,61,148 (March 31, 2021: 6,87,15,948; April 1, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs Lakhs)	6,876	6,872
	6,876	6,872
Partly paid up		
41,34,012 (March 31, 2021: Nil; April 1, 2020: Nil) equity shares of Rs.0.09/- each (in Rs Lakhs)	4	-
Total Paid up	6,880	6,872

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	In Nos.	Amount in Rs. Lakhs
As at March 31, 2020	6,86,99,648	6,870
Issued during the year	16,300	2
As at March 31, 2021	6,87,15,948	6,872
Issued during the period	41,79,212	8
As at March 31, 2022	7,28,95,160	6,880

Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Company. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of holding in the class	No. of shares held	% of holding in the class
Equity shares of Rs.10 each fully paid				
Gobinda Chandra Pattanaik	80,00,546	10.98%	67,60,343	9.84%
Belgian Investment Company for Developing Countries NV - SA (Investor)	95,27,723	13.07%	95,27,723	13.87%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	75,40,536	10.34%	75,40,536	10.97%
Women's World Banking Capital Partners, LP	58,00,000	7.96%	58,00,000	8.44%
Bamboo Financial Inclusions Fund II	46,45,695	6.37%	46,45,695	6.76%
Oman India Joint Investment Fund II	1,80,48,942	24.76%	1,80,48,942	26.27%
Asian Development Bank	1,16,88,702	16.03%	1,16,88,702	17.01%
Total	6,52,52,144		6,40,11,941	
Compulsory convertible preference shares of Rs. 10 each fully paid				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	6.75%	30,00,000	13.38%
Nuveen Global Impact Fund India S.A.R.L (*)	1,94,18,612	43.70%	1,94,18,612	86.62%
Accion Gateway Fund LLC (Sr A1 CCPS) (*)	84,92,469	19.11%	-	-
ESF HOLDINGS II (Sr A1 CCPS) (*)	1,08,08,723	24.32%	-	-
Oikocredit Ecumenical Development Cooperative Society U.A.(Sr A1 CCPS) (*)	27,17,622	6.12%	-	-
Total	4,44,37,426		2,24,18,612	

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 15

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) of the Company, please refer Note 37.1 and 37.2.

Shareholding of promoters

Sr. No.	Promoter's name	No of shares	% of total shares	% change during the year
1	Gobinda Chandra Pattanaik	80,00,546	10.98%	18.35%
2	Dibyajyoti Pattanaik	17,19,805	2.36%	2497.89%

Information regarding issue of shares in the last five years

a. The Company has not issued any shares without payment being received in cash.
b. The Company has not issued any bonus shares.
c. The Company has not undertaken any buyback of shares.

Dividend not recognised at the end of the reporting year

a. The Company has not declared dividend at the end of reporting period. No dividend has been declared during the year (March 31, 2021- Nil).

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Note 20: Instruments entirely equity in nature

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Compulsorily convertible preference shares (30,00,000 preference shares (March 31, 2021: 30,00,000 preference shares) of Rs 10 each fully paid up)	300	300
Total	**300**	**300**

Compulsorily convertible preference shares are non interest bearing, dividend is at the discretion of the Board of Directors and convertible at par at the option of the holder of the instrument, on account of which the company have this instruments as equity.

Note 21: Other equity

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,548	4,205
Securities premium	39,919	40,076
Stock option outstanding	1,298	1,295
Retained earnings	17,620	16,220
Other comprehensive income	8,824	7,292
Total	**72,209**	**69,088**

(In Rs. Lakhs)

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Amount
Balance as at April 1, 2020	**4,169**
Transfer from retained earnings	36
Balance as at March 31, 2021	**4,205**
Transfer from retained earnings	343
Balance as at March 31, 2022	**4,548**

(In Rs. Lakhs)

Securities premium	Amount
Balance as at April 1, 2020	**40,217**
Share issue / debenture issues expenses	(141)
Balance as at March 31, 2021	**40,076**
Share issue / debenture issues expenses	(187)
ESOP exercised	30
Balance as at March 31, 2022	**39,919**

(In Rs. Lakhs)

Stock option outstanding	Amount
Balance as at April 1, 2020	**1,169**
Amortisation of vesting expenses of employee stock option plan	126
Balance as at March 31, 2021	**1,295**
Amortisation of vesting expenses of employee stock option plan	33
ESOP exercised	(30)
Balance as at March 31, 2022	**1,298**

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(In Rs. Lakhs)

Retained Earnings	Amount
Balance as at April 1, 2020	**16,063**
Profit for the year	182
Other comprehensive income	11
Transfer to statutory reserve	(36)
Balance as at March 31, 2021	**16,220**
Profit for the year	1,713
Other comprehensive income	30
Transfer to statutory reserve	(343)
Balance as at March 31, 2022	**17,620**

(In Rs. Lakhs)

Other items of Comprehensive Income (Fair valuation on portfolio & hedging)	Amount
Balance as at April 1, 2020	**7,767**
Other comprehensive income	(475)
Balance as at March 31, 2021	**7,292**
Other comprehensive income	1,532
Balance as at March 31, 2022	**8,824**

21.1 **Securities premium reserve**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 **Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)**
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 **Stock option outstanding**
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 **Other comprehensive income**
The company recognises changes in the fair value of loan portfolio held with business objective of collect and sell in other comprehensive income and fair value of derivative contracts designated as cashflow hedges. These changes are accumulated within the FVOCI reserve in equity. The company transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 **Retained earnings**
Retained earnings represent the cumulative profit/(loss) of the company and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 22: Interest income

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2022			For the year ended 31 March, 2021		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest income on loans	64,575	28,779	93,354	70,568	13,332	83,900
Interest income on securitised loans	-	-	-	-	857	857
Interest income on fixed deposits with Banks	-	5,648	5,648	-	5,792	5,792
Interest income on margin money deposits with NBFC/FI	-	79	79	-	117	117
Interest income on others	-	63	63	-	43	43
Total	64,575	34,569	99,144	70,568	20,141	90,709

Note 23.1: Fees and commission income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loan portfolio servicing fees	94	271
Total	94	271

Note 23.2: Net gain on fair value changes*

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss	314	-
Total	314	-
Total fair value changes:		
- Realised	314	-
- Unrealised	-	-
Total	314	-

*includes fair value changes for mutual fund.

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Note 23.3: Net gain on assignment transactions

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on assignment transactions*	15,164	6,363
Total	15,164	6,363

* represents net gain accounted on derecognition of loans (assignment transactions) during the year designated at FVOCI

Note 24: Other income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on derecognition of property, plant and equipment	10	-
Bad debt recovery	188	142
Miscellaneous income	363	226
Total	561	368

Note 25: Finance costs

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Interest expenses on financial assets classified at amortised cost	Interest expenses on financial assets classified at fair value through profit or loss	Total	Interest expenses on financial assets classified at amortised cost	Interest expenses on financial assets classified at fair value through profit or loss	Total
Interest on debt securities #	17,419	2,003	19,422	13,380	-	13,380
Interest on borrowings other than debt securities	31,988	-	31,988	33,656	-	33,656
Interest on subordinated liabilities	4,597	-	4,597	3,736	-	3,736
Interest on lease liabilities	16	-	16	8	-	8
Other borrowing costs*	333	-	333	325	-	325
Total	54,353	2,003	56,356	51,105	-	51,105

* consists of credit rating fees, bank charges etc.
including net loss of Rs. 194.06 lakhs on fair value changes.

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Note 26: Impairment of Financial instruments

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Impairment on loan portfolio (own portfolio)	15,974	3,297	19,271	14,587	4,484	19,071
Impairment on loan portfolio (managed portfolio)	112	-	112	-	104	104
Total	16,086	3,297	19,383	14,587	4,588	19,175

Note 27: Employee benefit expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	25,851	18,519
Contributions to provident fund and other funds	1,595	1,103
Gratuity expense (refer note 33)	379	292
Expenses on employee stock option plan (refer note 37.1 and 37.2)	33	126
Staff welfare expenses	940	559
Total	28,798	20,599

The Code on social security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/interpretation are yet to be promulgated. The Company is assessing the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 28: Depreciation and amortisation expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	818	631
Amortisation on intangible assets	288	262
Total	1,106	893

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 29: Other expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent, taxes and energy costs	2,149	1,672
Office maintenance	461	313
Office expenses	741	547
Director fees, allowance and expenses	20	20
Travelling and conveyance	162	95
Communication expenses	309	266
Printing and stationery	375	253
Legal and professional fees	1,269	1,159
Auditor's fees and expenses (refer note 29.1 below)	140	85
Insurance	61	58
Provision and other contingencies*	272	167
Advertisement	12	15
Training and meeting expenses	494	317
Electricity charges	224	161
Corporate social responsibility expenses (refer note 29.2 below)	161	335
Miscellaneous expense	409	309
Total	7,259	5,772

* represents provision for insurance claims in respect of dues from deceased borrowers

Note 29.1: Auditor's fees and expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor:		
Audit fee (excluding taxes)	73	59
Tax audit fee	-	-
Limited review fee	52	21
Other services (certification fees etc.)	15	6
Reimbursement of expenses	-	-
Total	140	86

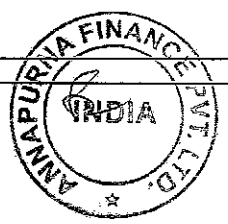
Note 29.2: Corporate social responsibility

Gross amount required to be spent by the Company during the current year ended is Rs. 126.86 Lakhs (March 31, 2021: Rs. 123.91 Lakhs)

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Construction/acquisition of any assets	-	-	-	-	-	-
Corporate social responsibility expenses	161	-	161	335	-	335
Total	161	-	161	335	-	335





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Notes to the standalone financial statements for the year ended March 31, 2022
Note 29.3: Excess amount spent as per Section 135 (5) of the Companies Act, 2013

(In Rs. Lakhs)

Particulars	Amount
Opening Balance**	-
Amount required to be spent during the year	127
Amount spent during the year	161
Closing balance - excess amount spent	34

**brought forward CSR obligation of financial year 2020-21 is NIL

Note 29.4: Details of ongoing projects for financial year 2021-22

(In Rs. Lakhs)

Particulars	Amount
Opening Balance	-
Amount required to be spent during the year	67
Amount spent during the year	79
Closing balance - excess amount spent	12

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Note 30: Earnings per share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax as per the statement of profit and loss (In Rs. Lakhs)	1,713	182
Weighted average number of ordinary shares for basic earnings per share (Nos.)	**7,17,30,256**	**6,87,15,948**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	39,42,065	39,42,065
Compulsorily convertible preference shares (Nos.)	-	30,00,000
Partly paid shares (Nos.)	3,47,939	-
Weighted average number of ordinary shares adjusted for effect of dilution (Nos.)	**7,60,20,260**	**7,56,58,013**
Earnings per share		
Basic earnings per share (Rs.)	2.39	0.26
Diluted earnings per share (Rs.)	2.25	0.24
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

The Company is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Securitisations		
Carrying amount of transferred assets measured at FVOCI	363	4,169
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	363	4,169
Fair value of transferred assets	363	4,169
Fair value of associated liabilities	363	4,169
Net position at fair value	-	-

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Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	882	548
Current service cost	357	279
Interest cost	63	37
Past service cost	-	-
Benefits settled	(25)	(6)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(10)	(3)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	1	27
Transfer in	-	-
Obligation at the end of the year	1,268	882
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	475	282
Interest income on plan assets	41	25
Re-measurement- actuarial gain / (loss)	(11)	6
Return on plan assets recognised in other comprehensive income	-	-
Contributions	304	168
Benefits settled	(25)	(6)
Plan assets at the end of the year, at fair value	784	475
Net defined benefit liability	484	407

33.2 Expense recognised in profit or loss

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	357	279
Interest cost	63	37
Interest income	(41)	(24)
Net gratuity cost	379	292

33.3 Re-measurement recognised in other comprehensive income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(10)	(3)
- Changes in financial assumptions	1	27
Re-measurement of the net defined benefit asset		
Return on plan assets (greater) / less than discount rate	(11)	6
Total Actuarial (gain)/ loss included in OCI	(20)	30

33.4 Plan assets

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Funds managed by insurer	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.10%	6.75%
Future salary growth	7.00%	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liability (in years)	28.88	28.89

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(In Rs. Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,121	1,442	777	1,011
Future salary growth (1% movement)	1,442	1,118	1,012	774
Attrition rate (1% movement)	1,255	1,276	868	897

33.7 Expected payment for future years

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	43	27
Between 2 and 5 years	218	198
Between 5 and 10 years	536	304
Total expected payments	797	529

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Note 34 Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2022:

(In Rs. Lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	25,036	23,335	21,222	1,27,177	1,28,265	2,23,360	49,604	23,241	6,21,240
Advances (gross)	40,115	27,694	35,100	1,14,647	1,29,783	1,64,235	9,606	11,685	5,32,865
Investment in fixed deposit	67,091	9,468	16,423	13,149	21,499	24,343	1,115	-	1,53,088

Maturity pattern of assets and liabilities as on March 31, 2021:

(In Rs. Lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	20,484	12,287	17,206	58,569	1,31,695	1,81,788	45,018	21,388	4,88,435
Advances (gross)	24,460	24,148	23,571	67,997	1,12,951	1,34,025	8,396	14,324	4,09,892
Investment in fixed deposit	47,965	22,051	5,671	15,584	18,961	15,778	184	-	1,26,194

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 35: Additional disclosures pursuant to the master directions issued by RBI :

A) Information on net interest margin (NIM)

Computation of aggregate margin cap:

	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a)	Average interest charged by the Company on loans (%)	20.63	20.75
b)	Average effective cost of borrowings of the Company (%)	10.99	11.36
c)	Net interest margin (a-b) (%)	9.64	9.39

Note:

1 Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to micro-finance institutions Network (the "MFIN format') read with the FAQs issued by RBI on October 14, 2016 and RBI Circular dated March 13, 2020 on implementation of Indian Accounting Standards.

2 Average loan outstanding determined for the purpose of calculating NIM is based on the carrying value of loans under Ind AS , excluding effect of the following-

(a) Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements;

(b) fair value changes recognised through other comprehensive income and;

(c) impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109.

3 Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 55 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

B) Exposure to gold loan

The Company has no exposure to gold loan directly or indirectly.

C) Disclosures required as per the Non Banking Financial Company - Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

	Particulars	Remarks
1.	Capital to risk (weighted) assets ratio	Refer note no. 35 (D)
2.	Investments	Refer note 9
3.	Derivatives	The Company has entered into cross currency interest rate swaps (refer note 6 and 16)
	i) Forward rate agreement / Interest rate swap	The Company has no unhedged foreign currency exposure as on March 31, 2022 and March 31, 2021.
	ii) Exchange traded interest rate (IR) derivatives	
	iii) Disclosures on risk exposure in derivatives	
	iv) Forward rate agreement/interest rate swap	
4.	Disclosures relating to securitisation	
	i) Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer note no. 35 (E.1)
	ii) Details of financial assets sold to securitisation / reconstruction company for asset reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction during the current and previous year.
	iii) Details of assignment transactions undertaken by NBFCs	Refer note no. 35 (E.2)
5.	Details of non-performing financial assets purchased / sold	The Company has not purchased / sold non-performing financial assets during the current and previous year.
	i) Details of non-performing financial assets purchased :	
	ii) Details of non-performing financial assets sold :	
6.	Asset liability management maturity pattern of certain items of assets and liabilities	Refer note no. 34
7.	Exposures	
	i) Exposure to real estate sector	The Company has no exposure to real estate directly or indirectly.
	ii) Exposure to capital market	The Company has no exposure to capital market directly or indirectly.
8.	Details of financing of parent company products	This disclosure is not applicable as the Company does not have any holding or parent company.

	Particulars	Remarks
9.	Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the NBFC	The Company has not exceeded any limit in respect of qualifying asset SGL / GBL during the current and previous year.
10.	Unsecured advances	Refer note no. 35 (F)
11.	Miscellaneous	
	i) Registration obtained from other financial sector regulators	Refer note no. 35 (G)
	ii) Disclosure of penalties imposed by RBI and other regulators	No penalties were imposed by RBI and other regulators during the current and previous year.
	iii) Related party transactions	Refer note no. 36
	iv) Ratings assigned by credit rating agencies and migration of ratings during	Refer note no. 35 (H)
	v) Remuneration of directors	Refer note no. 36
	vi) Net profit or loss for the period, prior period items and changes in accounting policies	Refer accounting policy
	vii) Revenue recognition	Refer accounting policy
	viii) Ind AS 110 - Consolidated Financial Statements (CFS)	During the previous year, the Company has incorporated a new subsidiary "Annapurna SME Finance Private Limited" and hence consolidated financial statements is applicable from the year ended March 31, 2021.

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12. Additional disclosures	
i) Provisions and contingencies	Refer note no. 35 (I)
ii) Draw down from reserves	There has been no draw down from reserves during the year ended March 31, 2022 (March 31, 2021 : Nil).
iii) Concentration of deposits, advances, exposures and NPAs	
a) Concentration of deposits (for deposit taking NBFCs)	This disclosure is not applicable as the Company as it is not a deposit taking NBFC.
b) Concentration of advances	Refer note no. 35 (J)
c) Concentration of exposure	Refer note no. 35 (K)
d) Concentration of NPAs	Refer note no. 35 (L)
e) Sector-wise NPAs	Refer note no. 35 (M)
f) Movement of NPAs	Refer note no. 35 (N)
iv) Overseas assets (for those with joint ventures and subsidiaries abroad)	The Company has no exposure or transaction with overseas assets.
v) Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	There are no off balance sheet exposure as on March 31, 2022 and March 31, 2021.
13. Disclosure of complaints	Refer note no. 35 (O)

D) Capital to Risk-Assets ratio (CRAR)

Particulars	As at March 31, 2022	As at March 31, 2021
i) CRAR (%)	29.78%	27.71%
ii) CRAR - Tier I capital (%)	25.07%	21.94%
iii) CRAR - Tier II capital (%)	4.71%	5.77%
iv) Amount of subordinated debt raised as Tier - II capital (In Rs. Lakhs)	33,375	32,385
v) Amount raised by issue of perpetual debt instruments (In Rs. Lakhs)	15,000	-

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E.1) The followings figures are being reported based on certificate issued by the auditors of the SPV

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
1 No of SPVs sponsored by the NBFC for securitisation transactions	1	2
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	360	5,416
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a) Off-balance sheet exposures		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
• First loss	278	1,139
• Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

E.2) The following figures are being reported based on direct assignment undertaken by the Company.

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Numbers of loans assigned	5,49,260	2,40,247
Aggregate value of accounts sold	1,45,192	72,438
Aggregate consideration	1,45,192	72,438
Portfolio loan assigned and outstanding as at the year end	1,35,748	76,437
Income from direct assignment recognised in the statement of profit and loss	15,164	6,363

The Company has transferred all the rights and obligations relating to above assigned loan assets to the buyers.

F) Unsecured Advances

(In Rs Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Portfolio loans	4,99,044	3,85,966

G) **Registration obtained from other financial sector regulators :**

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance) having CIN no. U65999OR1986PTC015931.

H) **Ratings assigned by credit rating agencies and migration of ratings during the year:**

A Credit rating agency had assigned a rating of 'A-' on the term loans of the Company on March 28, 2022 (Previous Year: 'A-').

I) Provisions and Contingencies

(In Rs Lakhs)

Break up of provisions and contingencies shown under the head expenditure in profit and loss account	For the year ended March 31, 2022	For the year ended March 31, 2021
i) Provision made towards income tax (including adjustment for deferred tax)	662	(15)
ii) Payment made against the securitised/ managed portfolio	-	104
iii) Other provision and contingencies		
a) Provision for gratuity	379	292
b) Provision for leave benefit	175	124
c) Provision for insurance claims	272	167
iv) Provision towards NPA*	37,238	37,238
v) Provision for standard assets**	7,223	5,243

* Represents impairment allowance on stage III loans

** Represents impairment allowance on stage I and stage II loans

J) Concentration of advances

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total advances to twenty largest borrowers *	502	5,006
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.09%	1.22%

* Represents amount outstanding as per contract with customers

K) Concentration of exposures

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers / customers *	350	739
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	0.07%	0.24%

* Represents amount disbursed during the year as per contract with customers

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L) Concentration of NPAs

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to top four NPA accounts	66	3

M) Sector-wise NPAs

Sector		% of NPAs to total advances in that sector as at March 31, 2022	% of NPAs to total advances in that sector as at March 31, 2021
i)	Agriculture & allied activities	8.10%	7.62%
ii)	MSME	17.85%	6.95%
iii)	Corporate borrowers	-	-
iv)	Services	37.19%	13.56%
v)	Unsecured personal loans	6.51%	3.97%
vi)	Auto loans	-	-
vii)	Other personal loans	-	-

N) Movement of NPAs*

(In Rs. Lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
i)	Net NPAs to net advances (%)#	2.86%	3.04%
ii)	Movement of gross NPAs		
	a) Opening balance	30,052	4,886
	b) Additions during the year	23,223	25,530
	c) Reductions during the year (represents loan portfolio written-off)	-	(364)
	d) Closing balance	53,275	30,052
iii)	Movement of net NPAs		
	a) Opening balance	11,748	3,035
	b) Additions during the year	4,289	8,714
	c) Reductions during the year	-	-
	d) Closing balance	16,036	11,749
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	18,304	1,852
	b) Provisions made during the year	18,934	16,816
	c) Write-off / write-back of excess provisions	-	(364)
	d) Closing balance	37,238	18,304

* refers to Stage III loans

Net non-performing asset (Stage III) on gross advances is 2.86%, excluding FVOCI.

O) Disclosure of Complaints

Particulars		As at March 31, 2022	As at March 31, 2021
i)	No. of complaints pending at the beginning of the year	84	195
ii)	No. of complaints received during the year	15,045	11,592
iii)	No. of complaints redressed during the year	15,129	11,703
iv)	No. of complaints pending at the end of the year	-	84

The Company has a customer grievance redressal mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

The above information is as certified by the management and relied upon by the auditors.

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Notes to the standalone financial statements for the year ended March 31, 2022

P) Public disclosure on liquidity risk as on March 31, 2022 pursuant to RBI guidelines on liquidity risk management framework for non-banking financial companies dated November 4, 2019

Public disclosures on liquidity risk management

i) Funding concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2022

Number of significant counter parties	Amount (in Lakhs)*	% of Total deposits	% of Total liabilities
Twenty Seven (27)	4,70,609	NA	73.69%

Funding concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2021

Number of significant counter parties	Amount (in Lakhs)*	% of Total deposits	% of Total liabilities
Twenty Eight (28)	3,62,993	NA	72.61%

ii) **Top 20 large deposits** (amount in Lakhs and % of total deposits) - not applicable. The Company being a systematically important non deposit taking NBFC registered with the RBI does not accept public deposits.

iii) Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2022

Amount in Lakhs	% of Total borrowings
1,41,917	23.07%

Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2021

Amount in Lakhs	% of Total borrowings
1,07,707	23.58%

iv) Funding concentration based on significant instrument/product for the year ended March 31, 2022

Name of the instrument/product	Amount (in Lakhs)*	% of Total liabilities
Term loan from banks	1,06,978	16.75%
Term loan from FIs	30,000	4.70%
Secured redeemable non convertible debentures	27,300	4.27%
Compulsorily convertible debentures	15,000	2.35%
Compulsorily convertible preference shares	45,593	7.14%
External commercial borrowings	37,691	5.90%
Subordinate debt (unsecured) - debentures	24,125	3.78%
Total borrowings	**2,86,687**	**44.89%**
Total liabilities	**6,38,672**	

Funding concentration based on significant instrument/product for the year ended March 31, 2021

Name of the instrument/product	Amount (in Lakhs)*	% of Total liabilities
Term loan from banks	7,109	1.42%
Term loan from FIs	9,164	1.84%
Secured redeemable non convertible debentures	94,633	18.95%
Term loan from NBFCs	54,899	11.00%
External commercial borrowings	29,553	5.92%
Subordinate debt (unsecured) - debentures	7,125	1.43%
Total borrowings	**2,02,483**	**40.56%**
Total liabilities	**4,99,247**	

Note : The above does not include borrowings on account of securitisation agreements recognised as per Ind AS 109

v) Stock ratios as at March 31, 2022

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other short term liabilities	1.64%	1.25%	1.11%

Stock ratios as at March 31, 2021

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other short term liabilities	3.6%	3.5%	3.0%

*Represents amount outstanding as per contracts with lenders

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v) **Institutional set up for liquidity risk management**

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the company to manage liquidity risk in accordance with the risk tolerance limit as decided by the board

The Company also has a Risk Management Committee, which is a sub-committee of the board and is responsible for evaluating the overall risk faced by the company including liquidity risks.

Asset Liability Management Committee (ALCO) of the company is responsible for ensuring adherence to risk tolerance limits as well as implementing the liquidity risk management strategy of the company

Chief risk officer(CRO) shall be a part of the process of identification, measurement and mitigation of liquidity risks

The ALM support group consists of chief financial officer (CFO) and head-treasury who shall be responsible for analysing, monitoring and reporting the liquidity profile to the ALCO .

Notes

1. A significant counterparty is defined as a single counterparty or a group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI, NBFC-D total liabilities and 10% of the other non-deposit taking NBFC.

2. A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amounts to more than 1% of the NBFC-NDSI, NBFC-D total liabilities and 10% of the other non-deposit taking NBFC's.

3. Total liabilities has been computed as sum of all liabilities (balance sheet figures) less equity and reserves & surplus.

4. Public funds shall include funds raised either directly or indirectly through public deposits, commercial papers and debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in regulatory framework for core investment companies issued vide Notification No. DNBS (PD) CC No. 206/03.10.001/2010-11 dated January 5, 2011.

5. The amount stated in the disclosure is based on the audited financial statements for the year ended March 31, 2022 and March 31, 2021.

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Note 35.2: Disclosure required as per RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As at March 31, 2022

(In Rs. Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying value	Provisions required as per IRACP norms (note 1)	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	4,67,835	4,482	4,63,353	3,697	785
	Stage 2	11,755	2,741	9,014	637	2,104
Subtotal		4,79,590	7,223	4,72,367	4,334	2,889
Non- Performing Assets (NPA)						
Substandard	Stage 3	53,275	37,238	16,036	33,027	4,211
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		53,275	37,238	16,036	33,027	4,211
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		53,275	37,238	16,036	33,027	4,211
Total	Stage 1	4,67,835	4,482	4,63,353	3,697	785
	Stage 2	11,755	2,741	9,014	637	2,104
	Stage 3	53,275	37,238	16,037	33,027	4,211
	Total	5,32,865	44,461	4,88,404	37,361	7,099

Note 1: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.

As at March 31, 2021

(In Rs. Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying value	Provisions required as per IRACP norms (note 2)	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	3,41,161	749	3,40,412	176	573
	Stage 2	38,678	4,494	34,184	3,399	1,095
Subtotal		3,79,839	5,243	3,74,596	3,575	1,668
Non- Performing Assets (NPA)						
Substandard	Stage 3	30,052	18,304	11,748	18,300	4
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		30,052	18,304	11,748	18,300	4
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		30,052	18,304	11,748	18,300	4
Total	Stage 1	3,41,161	749	3,40,412	176	573
	Stage 2	38,678	4,494	34,184	3,399	1,095
	Stage 3	30,052	18,304	11,748	18,300	4
	Total	4,09,891	23,547	3,86,344	21,875	1,672

Note 2: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 35.3: Frauds

1 Information on instances of fraud for the year ended March 31, 2022:

(In Rs. Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	6	29	1	-	28

2 Information on instances of fraud for the year ended March 31, 2021:

(In Rs. Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	9	65	11	-	54

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Note 35.4 Additional disclosures given in terms of Notification dated March 24, 2021 issued by Ministry of Corporate affairs.

a. Title deed of immovable properties

The title deed of properties are held in the name of the Company. Hence, other disclosure requirements are not applicable.

b. As at March 31, 2022 and as at March 31, 2021, the Company does not have any loans and advances outstanding to promoters, directors, KMPs and the related parties, that are repayable on demand or without specifying any terms of repayment.

c. Capital work in progress & intangible assets under development amounts to Nil as at March 31, 2022 and March 31, 2021.

d. There is no proceedings initiated/pending against the Company for benami property.

e. The Company has not been sanctioned any working capital limits in excess of Five crores rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, no quarterly returns filed by the company with the banks or financial institutions.

f. The Company has not been declared as Wilful Defaulter by any bank or financial institution or any lender.

g. During FY2022 and FY2021, the Company did not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

h. There is no charge which is yet to be created with ROC. Where any charges or satisfaction yet to be registered with ROC beyond the statutory period, details and reasons thereof shall be disclosed. The Company shall provide the details in relation to each charge or satisfaction that are not registered by the statutory date. Such details may include a brief description of the charges or satisfaction, the location of the Registrar, the period (in days or months) by which such charge had to be registered and the reason for delay in registration.

i. Compliance with number of layers of Companies: As per Companies (Restriction on number of layers) Rules, 2017, Non-Banking financial companies are exempted from restriction on number of layers.

j. The Company has not advanced or loaned or invested (either from borrowed fund or share premium or any other sources or other kinds of funds) to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.

The Company has not received any funds (which are material either individually or in aggregate) from any person or entity, including foreign entity ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

k. The Company has not traded or invested in crypto currencies during the financial year.

l. The Company has not entered in to any scheme of arrangement.

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Notes to the standalone financial statements for the year ended March 31, 2022

Note 36: Related party transactions

Name of the related parties (as per Ind AS 24) (Refer Note (a) below)

Relationship	Name of the party
(i) Key management personnel	Mr. Gobinda Chandra Pattanaik - Managing Director Mr. Dibyajyoti Pattanaik - Director Ms. Christina Stefanie Juhasz - Nominee Director Ms. Laetitia Counye - Nominee Director Mr. Ranganathan Varadarajan Dilip Kumar - Nominee Director (with effect from June 25, 2021) Mr. Prakash Kumar - Nominee Director Mr. Sunit Vasant Joshi - Nominee Director Mr. Venkiteswaran Mecherimadam Ramakrishnan - Nominee Director Ms. Radhika Jayant Sharoff - Nominee Director (with effect from June 25, 2021) Mr. Abhishek Agarwal - Nominee Director (with effect from December 23, 2021) Mr. Satish Chava - Nominee Director (till March 03, 2022) Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Joint Investment Fund II
(iii) Subsidiary company	Annapurna SME Finance Private Limited (incorporated on December 18, 2020)
(iv) Trust	Annapurna Employees Welfare Trust (the 'Trust')

Related Party transactions during the year:

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	200	153
Mr. Dibyajyoti Pattanaik	101	70
	301	**223**
Sitting fees paid		
Mr. Ashok Ranjan Samal	8	10
Mr.K.K. Tiwary	6	8
Mr. Sean Leslie Nossel	6	6
	20	**24**
(ii) Subsidiary company		
Investment in Annapurna SME Finance Private Limited	500	500
	500	**500**
(iii) The Trust		
Loan to the Trust	76	11
Equity shares of the Company held by the Trust	72	16

Note:
a) Related parties have been identified on the basis of the declaration received by the Company and other records available.
b) The above remuneration to the key managerial personnel constitute the short term employee benefits and above does not include the provisions made towards post employment gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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Note 37.1 Employees stock option plan (ESOP)

The Company provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2021 are ESOP Series- A and ESOP - Series -B.

Particulars	Series A	Series B (I)	Series B (ii)
Date of grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of board approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of shareholder's approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of options expected to exercise within the vesting period	8,16,214	4,16,119	20,83,304
Exercise price per share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting conditions	Performance milestones as set out in shareholder agreement dated June 29, 2012	Performance milestones as set out in shareholder agreement dated March 19, 2014	Performance milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

Series A

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	8,16,214	-
Adjustment of opening:	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

Series B

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	24,99,423	5.00
Adjustment of opening:	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans (ESOP) on the statement of profit and loss:

Particulars	As at March 31, 2022	As at March 31, 2021
Stock options outstanding (gross)	1,298	1,295
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	1,298	1,295

The Stock option outstanding contains of Rs 544 lakhs for ESOP (A & B) as on March 31, 2022 (March 31, 2021: Rs. 544 lakhs) and Rs. 751 lakhs (March 31, 2021: Rs. 751 lakhs) for ESOP

Note :
The issue of shares will be in accordance with the provisions of the Companies Act, 2013.

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Note 37.2 Employee stock option plan (ESOP)

On November 30, 2016 the board of directors approved the Annapurna stock option plan 2017 for issue of stock options to eligible employees of the Company. The relevant terms of the grant are as below:

Description	Grant - 2	Grant - 1
Date of grant	01 July 2018	01 July 2017
Date of board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of settlement	Equity	Equity
Graded vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		

The vested options can be exercised within a period of 5 years as per the table below:

End of the year	Exercise period	Exercise period
1	Within 4 years of 1st Vesting	Within 5 years of 1st Vesting
2	Within 3 years of 2nd Vesting	Within 4 years of 2nd Vesting
3	Within 2 years of 3rd Vesting	Within 3 years of 3rd Vesting

Vesting conditions	Continuous service with the company and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (Rs.)	49	41

The details of activity under the plan 2017 are summarized below:

Grant 1

Description	March 31, 2022 (No. of options)	March 31, 2021 (No. of options)
Outstanding at the beginning of the year	9,52,800	11,28,400
Granted during the year	-	-
Forfeited during the year	16,100	1,64,600
Exercised during the year	31,000	11,000
Outstanding at the end of the year	9,05,700	9,52,800
Exercisable at the end of the year	9,05,700	9,52,800
Weighted average remaining contractual life of options (years)	-	-
Weighted average share price during the exercise period (Rs.)	41	41

Grant 2

Description	March 31, 2022 (no. of options)	March 31, 2021 (no. of options)
Outstanding at the beginning of the year	4,32,600	5,08,300
Granted during the year	-	-
Forfeited during the year	8,700	70,500
Exercised during the year	14,000	5,200
Outstanding at the end of the year	4,09,900	4,32,600
Exercisable at the end of the year	4,09,900	4,32,600
Weighted average remaining contractual life of options (years)	-	1
Weighted average share price during the exercise period (Rs.)	49	49

The black scholes valuation model has been used for computing the weighted average fair value considering the following inputs -

Particulars	Grant 2	Grant 1
Share price on the date of grant (Rs.)	90.64	76.09
Exercise price (Rs.)	49.00	41.00
Dividend yield (%)	-	-
Expected volatility (%)	56.14-57.59%	43.88% - 46.22%
Risk-free interest rate (%)	7.23-7.32%	6.80% - 6.74%
Weighted average fair value of stock options (Rs.)	61.13	48.29
Weighted average share price (Rs.)	90.64	76.09

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option plan has been recognised at fair value.

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Note 38: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2022			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	95,134	-	95,134
(b) Bank balance other than (a) above	34,129	60,760	94,889
(c) Derivative financial instruments	1,355	-	1,355
(d) Receivables	-	-	-
(i) Trade receivables	5	-	5
(ii) Other receivables			
(e) Loans	3,47,339	1,41,477	4,88,816
(f) Investments	-	500	500
(g) Other financial assets	21,347	4,846	26,193
Subtotal - Financial assets (A)	4,99,309	2,07,583	7,06,892
(2) Non-financial Assets			
(a) Current tax assets (net)	-	2,251	2,251
(b) Deferred tax assets (net)	-	4,810	4,810
(c) Property, plant and equipment	703	1,084	1,787
(d) Intangible assets	98	58	156
(e) Other non-financial assets	1,453	712	2,165
Subtotal - Non- financial assets (B)	2,254	8,915	11,169
Total Assets (A+B)	5,01,563	2,16,498	7,18,061
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	475	-	475
(b) Payables			
(I) Trade Payables			
(i)Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	291	-	291
(c) Debt securities	87,101	98,576	1,85,677
(d) Borrowings (other than debt securities)	2,33,838	1,68,575	4,02,413
(e) Subordinated liabilities	2,700	30,450	33,150
(f) Other financial liabilities	14,674	263	14,937
Subtotal - Financial liabilities (A)	3,39,079	2,97,864	6,36,943
(2) Non-financial liabilities			
(a) Provisions	421	765	1,186
(b) Other non-financial liabilities	543	-	543
Subtotal - Non - financial liabilities (B)	964	765	1,729
(3) Equity			
(a) Equity share capital	-	6,880	6,880
(b) Instruments entirely equity in nature	-	300	300
(c) Other equity	-	72,209	72,209
Subtotal - Equity (C)	-	79,389	79,389
Total Liabilities and Equity (A+B+C)	3,40,043	3,78,018	7,18,062

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2021			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	86,135	-	86,135
(b) Bank balance other than (a) above	39,621	42,560	82,181
(c) Receivables	37	-	37
(i) Trade receivables			
(ii) Other receivables			
(d) Loans	2,29,971	1,56,745	3,86,716
(e) Investments	-	500	500
(f) Other financial assets	8,528	6,032	14,560
Subtotal - Financial assets (A)	3,64,292	2,05,837	5,70,129
(2) Non-financial Assets			
(a) Current tax assets (net)	-	125	125
(b) Deferred tax assets (net)	-	2,778	2,778
(c) Property, plant and equipment	508	670	1,178
(d) Intangible assets	62	37	99
(e) Other non-financial assets	534	664	1,198
Subtotal - Non- financial assets (B)	1,104	4,274	5,378
Total Assets (A+B)	3,65,396	2,10,111	5,75,507
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Payables			
(I) Trade Payables			
(i)Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	227		227
(b) Debt securities	56,950	1,16,904	1,73,854
(c) Borrowings (other than debt securities)	1,79,714	1,02,593	2,82,307
(d) Subordinated liabilities	3,578	28,697	32,275
(e) Other financial liabilities	9,079	3	9,082
Subtotal - Financial liabilities (A)	2,49,548	2,48,197	4,97,745
(2) Non-financial liabilities			
(a) Provisions	417	617	1,034
(b) Other non-financial liabilities	468	-	468
Subtotal - Non - financial liabilities (B)	885	617	1,502
(3) Equity			
(a) Equity share capital	-	6,872	6,872
(b) Instruments entirely equity in nature	-	300	300
(c) Other equity	-	69,088	69,088
Subtotal - Equity (C)	-	76,260	76,260
Total Liabilities and Equity (A+B+C)	2,50,433	3,25,074	5,75,507

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Note 39: Changes in liability arising from financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt securities	1,73,854	11,629	-	1,85,483
Borrowings other than debt securities	2,82,307	1,20,106	-	4,02,413
Subordinated liabilities	32,275	875	-	33,150
Lease liabilities	35	(78)	366	323
Total liabilities from financing activities	**4,88,471**	**1,32,532**	**366**	**6,21,369**

(In Rs. Lakhs)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt securities	64,179	1,09,675	-	1,73,854
Borrowings other than debt securities	3,00,783	(18,476)	-	2,82,307
Subordinated liabilities	25,776	6,499	-	32,275
Lease liabilities	85	(65)	15	35
Total liabilities from financing activities	**3,90,823**	**97,633**	**15**	**4,88,471**

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Note 40: Financial instruments – fair values

40.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year.

(In Rs. Lakhs)

As at March 31, 2022	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	95,134	95,134
(b) Bank balance other than (a) above	-	-	94,869	94,869
(c) Derivative financial instruments	-	1,355	-	1,355
(d) Receivables				
(i) Trade receivables	-	-	5	5
(ii) Other receivables	-	-	-	-
(e) Loans	-	4,00,888	87,928	4,88,816
(f) Investment	500	-	-	500
(g) Other financial assets	-	-	26,193	26,193
Total - financial assets	500	4,02,243	3,04,149	7,06,892
(2) Financial liabilities				
(a) Derivative financial instruments	-	475	-	475
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	291	291
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	66,000	-	1,19,677	1,85,677
(d) Borrowings (other than debt securities)	-	-	4,02,413	4,02,413
(e) Subordinated liabilities	-	-	33,150	33,150
(f) Other financial liabilities	-	-	14,937	14,937
Total - financial liabilities	66,000	475	5,70,468	6,36,943

(In Rs. Lakhs)

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	86,135	86,135
(b) Bank balance other than (a) above	-	-	82,181	82,181
(c) Derivative financial instruments				
(d) Receivables				
(i) Trade receivables	-	-	37	37
(ii) Other receivables	-	-	-	-
(e) Loans	-	2,93,906	92,810	3,86,716
(f) Investment	500	-	-	500
(g) Other financial assets	-	-	14,560	14,560
Total - financial assets	499.80	2,93,906	2,75,723	5,70,129
(2) Financial liabilities				
(a) Derivative financial instruments	-	-	-	-
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			227	227
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	22,882	-	1,50,972	1,73,854
(d) Borrowings (other than debt securities)	-	-	2,82,307	2,82,307
(e) Subordinated liabilities	-	-	32,275	32,275
(f) Other financial liabilities	-	-	9,062	9,062
Total	22,882	-	4,74,863	4,97,746

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets / liabilities, payables are considered to be the same as their face values, due to their short-term nature.

40.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

As at March 31, 2022 (In Rs. Lakhs)

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	4,00,888	-	4,00,888	-
Investments	500	-	-	-	500
Derivative financial instruments	-	1,355	-	1,355	-
Total	500	4,02,243	-	4,02,243	500

As at March 31, 2021 (In Rs. Lakhs)

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	2,93,906	-	2,93,906	-
Investments	500	-	-	-	500
Total	500	2,93,906	-	2,93,906	500

As at March 31, 2022 (In Rs. Lakhs)

Financial liabilities (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Derivative financial instruments	-	475	-	475	-
Debt securities	66,000	-	-	66,000	-
Total	66,000	475	-	66,475	-

Note: None for March 31, 2021

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

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Note 41: Capital management:

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the company ensures to maintain a healthy CRAR at all the times.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

(in Rs. lakhs)

Regulatory capital	As at March 31, 2022	As at March 31, 2021
Tier 1 Capital	1,25,089	85,806
Tier 2 Capital	23,507	22,552
Total capital	**1,48,596**	**1,08,358**
Risk weighted assets	4,98,941	3,91,150
Tier 1 CRAR	25.07%	21.94%
Tier 2 CRAR	4.71%	5.77%
Total capital ratio	**29.78%**	**27.71%**

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends . Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is Tier 2 capital instruments.

The Company is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India.

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Note 42: Risk management

1 Introduction and risk profile

Annapurna Finance Private Limited (the 'Company') is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Company predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the Company has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the Company are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The risk management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Company. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Company's policy is that risk management processes throughout the Company are audited quarterly by the internal audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal audit discusses the results of all assessments with menegement, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company shall formulate its risk management strategy / risk management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk reduction: Employing methods / solutions that reduce the severity of the loss

Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Management would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of portfolio at risk, key risk threshold breaches, consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition
- Review of new initiatives and product / policy / process changes
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls / mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing / mitigating the same.

1.4 Risk management strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Company to manage the various key risks.

Political risk mitigation measures:
- Low cost operations and low pricing for customers
- Customer centric approach, high customer retention
- Rural focus
- Systematic customer awareness activities
- High social focused activities
- Adherence to client protection guidelines
- Robust grievance redressal mechanism
- Adherence to regulatory guidelines in letter and spirit

Concentration risk mitigation measures:
- District centric approach
- District exposure cap
- Restriction on growth in urban locations
- Maximum disbursement cap per loan account
- Maximum loan exposure cap per customer
- Diversified funding resources

Operational & HR Risk mitigation measures:
- Stringent customer enrolment process
- Multiple products
- Proper recruitment policy and appraisal system
- Adequately trained field force
- Weekly & fortnightly collections – higher customer touch, lower amount instalments
- Multilevel monitoring framework
- Strong, independent and fully automated internal audit function
- Strong IT system with access to real time client and loan data

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Liquidity risk mitigation measures:
- Diversified funding resources
- Asset liability management
- Effective fund management
- Maximum cash holding cap

Expansion risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on census data & credit bureau data
- Three level survey of the location selected

2 Impairment assessment/ credit risk (Also refer Note 8a)

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

2.1 Definition of default, Significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or more on any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: Low credit risk, i.e. 0 to 30 days past due
Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due (SICR)
Stage 3: Credit Impaired assets, i.e. more then 90 days past due or cases where the company suspects fraud and legal proceedings are initiated (default).

2.2 Probability of default

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: Is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2018 till March 2022 which is 7-years period of historical information.

2.3 Exposure at default (EAD)

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

2.4 Loss given default

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

2.5 Grouping financial assets measured on a collective basis

The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Company will separately calculate credit losses for them.

2.6 Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 Liquidity risk and funding management

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Company may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are liquidity risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Company's treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Company continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

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4 **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to Interest rate risk as follows:

4.1 **Interest rate risk (IRR)**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

	Impact on profit		Impact on pre tax equity	
Finance cost	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
0.50 % Increase	(282)	(256)	(282)	(256)
0.50 % Decrease	282	224	282	224

5.0 **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Company currently does not have any exposure to foreign currency.

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Annapurna Finance Private Limited
Notes to the standalone financial statements for the year ended March 31, 2022

Note 43: Liquidity disclosure template as per RBI/2019-20/88

Rs. In crore		Total unweighted value(average)	Total weighted value(average)
High quality liquidity assets			
1	Total high quality liquid assets (HQLA)		
	Cash in hand	5	-
	Balances with banks in current accounts	379	-
	HQLA	**384**	**384**
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	20	23
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	257	295
7	Other contingent funding obligations	-	-
8	**TOTAL CASH OUTFLOWS**	**277**	**318**
Cash Inflows			
9	Secured lending		
10	Inflows from fully performing exposures	364	273
	Principal Inflow	289	-
	Interest Inflow	75	-
11	Unpledged FDs	640	480
12	**TOTAL CASH INFLOWS**	**1,368**	**753**
			Total Adjusted Value
13	**TOTAL HQLA**		**384**
14	**TOTAL NET CASH OUTFLOWS**		**79.49**
15	**LIQUIDITY COVERAGE RATIO (%) (LCR)**		**483.70%**

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Note 44: Impact of COVID-19 on business and expected credit losses

The outbreak of COVID-19 pandemic has affected several countries across the world, including India, resulting in significant volatility in financial market and significant decrease in global and Indian economy. The government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors. While the situation had improved significantly and there had been an all-round recovery in economic activity, the situation will have to closely monitored till the pandemic is finally put to rest. Management will continue to closely monitor the material changes in macro-economic factors impacting the operations of the Company. The Company has incorporated estimates, assumptions, judgements specific to the impact of Covid-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of financial statements.

Note 45: Disclosure pursuant to RBI Notification No RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 pertaining to resolution framework for COVID-19 related stress

(In Rs. Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A) (September 30, 2021)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year (Refer Note)	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year (March 31, 2022)
Personal Loans	32,802	14,108	-	1,751	31,051
Corporate persons					
i) Of which MSMEs	-	-	-	-	-
ii) Others	-	-	-	-	-
Total	**32,802**	**14,108**	**-**	**1,751**	**31,051**

Note: Net of interest amount capitalised during the moratorium period.

Note 46: Information as required by Reserve Bank of India Circular on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 5, 2021.

(In Rs. Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A) (September 30, 2021)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year (March 31, 2022) (Refer Note)
Personal Loans	13,480	-	-	3,553	28,566
Corporate persons					
i) Of which MSMEs	-	-	-	-	-
ii) Others	-	-	-	-	-
Total	**13,480**	**-**	**-**	**3,553**	**28,566**

Note: Includes additional restructuring accounts amounting to INR 18,639.52 lakhs entered during the period from October 2021 to December 2021.

Note 47: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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3rd Floor, Block 'B
Kolkata – 700 016, India
Tel +91 33 6134 4000

INDEPENDENT AUDITOR'S REPORT

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Annapurna Finance Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group 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 Act 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 audit opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to Note 43 to the accompanying Consolidated Financial Statements, which describes the extent to which the COVID – 19 pandemic may impact the Group's operations and its financial metrics which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

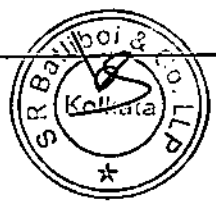
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

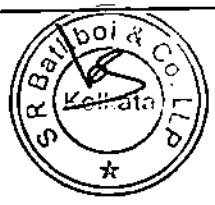
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We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of loan receivables at balance sheet date (including provision for expected credit losses) *(as described in note 7 and note 41.2 of the consolidated financial statements)*	
Ind AS 109 requires the Group to provide for impairment of its loan receivables using the expected credit loss (ECL) approach. In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters: 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. 2. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. 3. Determining effect of less frequent past events on future probability of default. **Additional considerations on account of COVID-19:** The impact of Novel Coronavirus (COVID-19) pandemic, including the changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations and collection efficiency. The Group uses the principles of prudence wherever applicable to assess the impact of pandemic on the consolidated financial statements specifically while assessing management overlays. The Company has recorded a total provision (including management overlay) of Rs. 23,547 lakhs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Group's responses thereto, the	Our audit procedures included the following: • Read and assessed the Group's accounting policy for impairment of loan receivables and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India ('RBI') guidelines issued on March 13, 2020. • Tested the assumptions used by the Group for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default and loss given default rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 (i.e. default in repayment is within the range of 31 to 90 days) or stage 3 (i.e. the default in repayment is more than 90 days). • Tested the input data used for determining the probability of default and loss given default rates and agreed the data with the underlying books of accounts and records. • Performed inquiries with the Group's management and its risk management function to assess the impact of lock- down on the business activities of the Group. • Assessed the Group's policy with respect to moratorium pursuant to the RBI circular and Microfinance Institutions Network (MFIN) advisory and tested the implementation of such policy on a sample basis.



Key audit matters	How our audit addressed the key audit matter
actual credit loss can be different than that being estimated. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for COVID 19 related developments, it is a key audit matter.	• Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Group's policy on moratorium by testing on a sample basis. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to RBI guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets. • Assessed the adequacy of disclosures included in the Consolidated Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. We also evaluated the adequacy of COVID-19 specific disclosures in the Consolidated financial statements and verified the data included in the disclosures. •
(b) Information Technology ('IT') Systems and controls	
The financial accounting and reporting systems of the Group are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Deficiency in the IT control environment could potentially result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	Our audit procedures included the following with support from IT specialist: • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs to understand the design and test the operating effectiveness of such controls. • Assessed the changes that were made to the key systems and assessed changes that have impact on financial reporting. • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system.



Key audit matters	How our audit addressed the key audit matter
	• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the company included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the company included in the Group are also responsible for overseeing the financial reporting process of the Group.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

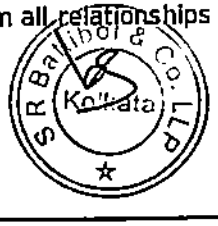
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a 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 consolidated 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 consolidated 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 control 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 Holding Company has adequate internal financial controls with reference to financial statements 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 500 lakhs as at March 31, 2021, and total revenues of Rs. Nil and net cash inflows of Rs 500 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

S R Batliboi & Co. LLP Kolkata

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company and its subsidiary incorporated in India for the year ended March 31, 2021;

(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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

(i) The Group does not have any pending litigations which would impact its consolidated financial position;

(ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2021.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 055596
UDIN: 21055596AAAACT1332
Place of Signature: Kolkata
Date: June 30, 2021

S R Batliboi & Co. LLP
Kolkata

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ANNAPURNA FINANCE PRIVATE LIMTED

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Annapurna Finance Private Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company included in the Group, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

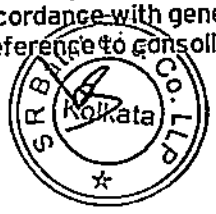
Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial



statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these one subsidiary, which is company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 055596
UDIN: 21055596AAAACT1332
Place of Signature: Kolkata
Date: June 30, 2021

S R Batliboi & Co. LLP Kolkata

Annapurna Finance Private Limited
Consolidated Balance Sheet as at March 31, 2021

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2021
ASSETS		
Financial assets		
Cash and cash equivalents	4	86,635
Bank balance other than cash and cash equivalents	5	82,181
Trade receivables	6	37
Loans	7	3,86,716
Other financial assets	8.1	14,560
Subtotal - Financial assets		5,70,129
Non-financial assets		
Current tax assets (net)	9.1	125
Deferred tax assets (net)	9.2	2,778
Property, plant and equipment	10	1,139
Intangible assets	11	99
Right to use assets	12	39
Other non-financial assets	8.2	1,198
Subtotal - Non- financial assets		5,378
Total assets		5,75,507
LIABILITIES AND EQUITY		
Liabilities		
Financial liabilities		
Payables		
Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises	13	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		227
Debt securities	14	1,73,854
Borrowings (other than debt securities)	15	2,82,307
Subordinated liabilities	16	32,275
Lease liabilities	12	36
Other financial liabilities	17.1	9,046
Subtotal - Financial liabilities		4,97,745
Non-financial liabilities		
Provisions	18	1,034
Other non-financial liabilities	17.2	468
Total non- financial liabilities		1,502
Equity		
Equity share capital	19	6,872
Instruments entirely equity in nature	20	300
Other equity	21	69,088
Subtotal - Equity		76,260
Total liabilities and equity		5,75,507

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Consolidated Statement of Profit and Loss for the period ended March 31, 2021

(In Rs. Lakhs)

	Particulars	Notes	For the year March 31, 2021
	Revenue from operations		
	Interest income	22	90,709
	Fees and commission income	23.1	271
	Net gain on derecognition of financial instruments	23.2	6,363
	Other operating revenue		
	Bad debt recovery		142
(I)	**Total revenue from operations**		97,485
(II)	Other income	24	226
(III)	**Total income (I + II)**		97,711
	Expenses		
	Finance costs	25	51,105
	Impairment of financial instruments	26	19,175
	Employee benefits expenses	27	20,599
	Depreciation and amortisation expenses	28	893
	Other expenses	29	5,772
(IV)	**Total expenses**		97,544
(V)	**Profit before tax (III-IV)**		167
(VI)	**Tax expense:**		
	Current tax	9.3	3,705
	Deferred tax credit		(3,720)
(VII)	**Profit for the year (V-VI)**		182
(VIII)	**Other comprehensive income**		
	A Items that will not be reclassified to profit or loss		
	Remeasurement gain/(loss) on defined benefit plan	33.3	15
	Income tax relating to items that will not be reclassified to profit or loss	9.3	(4)
	Subtotal (A)		11
	B Items that will be reclassified to profit or loss		
	Net change in fair value of loans measured at fair value through other comprehensive income		(635)
	Income tax relating to items that will be reclassified to profit or loss	9.3	160
	Subtotal (B)		(475)
	Other Comprehensive Income (A+B)		(464)
(IX)	**Total comprehensive income (Comprising profit / (loss) and Other Comprehensive Income for the year) (VII)+(VIII)**		(282)
(X)	**Earnings per equity share (face value of ₹10.00 each)**		
	Basic (Rs.)	30	0.26
	Diluted (Rs.)		0.24

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even data

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Statement of Consolidated cash flows for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2021
Cash flow from operating activities	
Profit before tax	167
Adjustments for:	
Depreciation and amortisation expenses on property, plant and equipment, intangible assets and right of use assets	893
Impairment of financial instruments	19,175
Provision for insurance claim receivable and others	167
Net gain on derecognition of financial instruments	(6,363)
Share based payments to employees	126
Operating profit before working capital changes	14,165
Movements in working capital:	
Decrease in other financial and non financial assets	319
Increase in bank balance other than cash and cash equivalents (net)	(40,397)
Decrease / (Increase) in trade receivables	10
Increase in loans and advances	(53,099)
Increase in other financial and non financial liabilities	645
Increase in provisions	381
(Decrease) / increase in trade payables	(109)
Cash (used) in operations	(78,085)
Income tax paid (net of refunds)	(2,124)
Net cash flows used in operating activities (A)	(80,209)
Cash flow from investing activities	
Purchase of property, plant and equipment	(542)
Purchase of intangible assets	(149)
Net cash flows used in investing activities (B)	(690)
Cash flow from financing activities	
Proceeds from issuance of equity share capital (including premium)	7
Proceeds from debt securities (net)	1,09,675
Repayment of lease liabilities	(57)
Proceeds from Borrowings (other than debt securities) (net)	(18,476)
Proceeds of Subordinated liabilities (net)	6,499
Share issue expenses	(141)
Net cash flows from financing activities (C)	97,507
Net increase in cash and cash equivalents (A+B+C)	16,608
Cash and cash equivalents at the beginning of the year	70,027
Cash and cash equivalents at the end of the year (Refer note 4)	86,635
Components of cash and cash equivalents at the end of the year	
Balances with banks:	
on current accounts	42,475
deposit with original maturity of less than three months	44,013
Cash on hand	147
Total cash and cash equivalents at the end of the year	86,635
Cash flow from operating activities include interest received of Rs 78,149 lakhs and interest paid of Rs 46,411 lakhs.	

Notes:

1. For reconciliation of liabilities arising from financing activities refer note no 38
2. Figures in () indicate cash outflow.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Statement of Consolidated changes in Equity for the year ended March 31, 2021

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	In Nos.	In Rs. Lakhs
As at April 1, 2020	6,86,99,648	6,870
Issued during the year (refer note 19)	16,300	2
As at March 31,2021	6,87,15,948	6,872

b. Other Equity

(In Rs. Lakhs)

	Reserves and Surplus					Total
	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained Earnings	Other Items of Comprehensive Income (Fair valuation on portfolio)	
Balance as at April 1, 2020	4,169	40,217	1,169	16,063	7,767	69,385
Profit for the year	-	-	-	182	-	182
Other comprehensive income	-	-	-	11	(475)	(464)
Total comprehensive income for the year	-	-	-	193	(475)	(282)
Transfer to/from retained earnings	36	-	-	(36)	-	-
Share Issue / debenture issues expenses	-	(141)	-	-	-	(141)
Amortization of vesting expenses of Employee stock option plan	-	-	126	-	-	126
Balance as at March 31, 2021	4,205	40,076	1,295	16,220	7,292	69,088

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

S R Batliboi & Co. LLP Kolkata

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

ANNAPURNA FINANCE PVT. LTD. INDIA

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1.1 Corporate Information

Annapurna Finance Private Limited ("the Holding Company or Parent Company") is a private company incorporated in India. The Holding Company was registered as a non-deposit taking Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and was classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from October 22, 2013. The Holding Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group (JLG).

The consolidated financial statements comprise financial statements of the Parent Company and its subsidiary i.e. Annapurna SME Finance Private Limited ('ASFPL' or 'the subsidiary') (collectively the 'Group') for the year ended March 31, 2021. ASFPL is a private limited company incorporated in India under the Companies Act , 2013 on December 18, 2020. ASFPL is yet to make application for NBFC registration to RBI till the date of consolidated financial statements. The subsidiary company has not started its business operations till the date of consolidated financial statements.

The Consolidated financial statements for the year ended March 31, 2021 were approved by the Board of Directors on June 30, 2021.

1.2 Basis of Preparation

These Consolidated audited financial statements of the Annapurna Finance Private Limited ("The Holding Company") and its subsidiary (collectively referred to as the "Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amendedfrom time to time) and notified under Section 133 of the Companies Act 2013 ("the Act"). The financial statements has been prepared on going concern basis. These Consolidated audited financial statements include financial statements of the following company.

Name of the company	% of share holding and voting power of the holding company	Consolidated as
Annapurna SME Finance Private Limited*	99.96%	Subsidiary

* During the year ended, March 31, 2021 Annapurna Finance Private Limited has incorporated a new subsidiary "Annapurna SME Finance Private Limited on Decemeber 18, 2020.

Previous year / comparatives figures are not applicable since new subsidiary was formed in the current financial year ended March 31, 2021 and hence first time consolidated audited financial statements has been prepared.

The Consolidated financial statements are prepared on a going concern basis, as the management is satisfied that The Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability and cash flows.

These Consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), all of which have been measured at fair value.

These Consolidated financial statements for the year ended March 31, 2021 have been prepared in Indian Rupee (INR), which is the functional currency of The Group, and all values are rounded to the nearest lakhs, except when otherwise indicated.

1.2.1 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its' subsidiary (from the date control is gained), being the entity that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds 99.96% shareholding in Annapurna SME Financial Services Private Limited. The financial statements of the subsidiary acquired during the year are included in the consolidated statement of profit and loss from the effective date of acquisition. Intragroup balances and transactions and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include results of the subsidiary of Annapurna Finance Private Limited. (Holding Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements.

Name of the Company	Country of Incorporation	Proportion of Ownership as at March 31, 2021	Proportion of Ownership as at March 31, 2020	Consolidated as
Annapurna SME Finance Private Limited	India	99.96%	Not applicable	Subsidiary

Refer note 42 for additional information as required under Schedule III of Companies Act, 2013, of enterprises consolidated as subsidiary.

1.3 Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 37.

The Group generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, The Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The consolidated financial statements are prepared using the uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, to the extent possible unless otherwise stated.

S R Batliboi & Co. LLP Kolkata

ANNAPURNA FINANCE PVT. LTD. INDIA

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Revenue recognition Income and expense

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

(I) Interest Income and expense

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method . The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(II) Dividend Income

Dividend income is recognised when the right to receive payment is established, which is generally when the shareholders approve the dividend.

(iii) Net gain/ loss on fair value changes: The Group recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models.

(iv) Fees and Commission Income: The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 "Financial instruments" is applicable) based on a comprehensive assessment model as set out in Ind AS 115 "Revenue from contracts with customers". The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received/ receivable.

(v) Other Income and expenses

All other income and expenses are recognised in the period they occur.

2.2 Cash and cash equivalents

Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

2.3 Property, plant and equipment ('PPE') and Intangible assets

Initial Recognition and measurement

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to The Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

2.4 Depreciation and amortization

2.4.1 Depreciation

Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of Asset	Useful Life (Years)
Furniture and fittings	10
Office equipments	5
Vehicles	8
Computers	3

2.4.2 Amortisation

Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

S R Batliboi & Co. LLP Kolkata

ANNAPURNA FINANCE PVT. LTD. INDIA

2.5 Impairment of non- financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2.6 Provisions

Provisions are recognised when The Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, The Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

2.7 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of The Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognised a contigent liability but discloses its existence in fianancial statements, if any.
Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.8 Retirement and other employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, The Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is The Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on The Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

2.8.1 Defined contribution plan

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Group has no obligation, other than the contribution payable to the respective funds. The Group recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

2.8.2 Defined benefit plan

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Gains or losses through remeasurements of net benefit liabilities/ assets are recognised with corresponding charge/credit to the retained earnings through other comprehensive income in the period in which they occur.

2.8.3 Other employee benefits

The Group treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.9 Taxes

2.9.1 Current income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are as per Income tax Act, 1961. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.9.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised oar the ability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss [either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.10 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.11 Employee Stock Option Plan and Management Stock Option Plan

Equity-settled share based payments to employees and senior management executives, are measured at the fair value of the equity instruments at the grant date.

The cost of equity-settled transactions is measured using the fair value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves, at the date when the grant is made using an appropriate valuation model. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and The Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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2.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.12.1 Financial Assets

2.12.1.1 Initial recognition and measurement

Financial assets are initially recognised on the trade date, i.e., the date that The Group becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

2.12.1.2 Classification and Subsequent measurement

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms that give rise to contractual cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding in accordance with the requirements of Ind AS 109.

2.12.1.2.1 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from The Group's original expectations, The Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.12.1.3.1 Loans at amortised cost

Loans are measured at the amortised cost if both the following conditions are met:
(a) Such loan is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

2.12.1.3.1 Loans at fair value through other comprehensive income (FVOCI)

Loans are measured at the FVOCI if both the following conditions are met:
(a) Such loan is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.12.2 Financial Liabilities

2.12.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

2.12.2.2 Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.12.2.3 Reclassification of financial assets and liabilities

The Group doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which The Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.12.3 De-recognition of financial assets and liabilities

2.12.3.1 De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flow from the financial asset have expired. The Group also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Group has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby The Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, The Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:
- The Group has transferred substantially all the risks and rewards of the asset

Or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When The Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of The Group's continuing involvement, in which case, The Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that The Group has retained.
On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

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2.12.3.2 De-recognition of financial liabilities

Financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.12.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets

In accordance with Ind AS 109, The Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL)

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.The Group believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups for the purpose of Expected credit loss computation.

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)
Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk/ SICR)
Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to The Group in full, without recourse by The Group to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or moreon any material credit obligation to The Group.

The Group offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: 0 to 30 Days Past Due
Stage 2: 31 to 89 Days Past Due (SICR)
Stage 3: above 89 Days Past Due (Default)

2.13.1 The calculation of ECL

The Group calculates ECLs based on historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL consists of three key components: Probability of Default (PD), Expesure at Default (EAD) and Loss given default (LGD). ECL is calculated by multiplying them. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a. Probability of Default (PD): PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 to March 2013 till March 2019 which is 7-years period of historical information

b. Exposure at default (EAD): Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

c. Loss given default (LGD): LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:
1. All Loans which are above 89 DPD as on 31 March 2013, are taken and the difference in the principal outstanding as on 31st March 2013 and 31st March 2019 is considered as recovery.
2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018, 31 March 2019 and recovery rate is computed for each year.
3.LGD= 1- Recovery rate which is computed for each period of observation

2.13.2 Forward Looking Information

The Group performs an analysis of inputs to the ECL model, as referred above, under multiple economic scenarios at the end of each reporting period and adjusts the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

2.14 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:- In the principal market for the asset or liability, or- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by The Group. (Refer Note 39 to consolidated financial statements for the year ended March 31, 2021)

2.15 Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.
Derivatives embedded are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.





2.16 Write-offs

Loans are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when The Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write offs. All such write offs are charged to Profit and Loss statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

2.17 Convertible Preference Shares

Convertible preference shares are classified as instruments entirely equity in nature as per the terms of the contract since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs, if any, are deducted from equity, net of associated income tax.

2.18 Segment Information

The Group is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on "Operating Segments". The Group operates in a single geographical segment i.e. domestic.

2.19 Foreign currency

Transactions in foreign currencies are initially recorded by The Group at the exchange rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except for the tax charges and credits attributable to exchange differences on monetary items , which are recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.20 Leases

Ind AS 116 standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.5 Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of Office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.21 Share Issue Expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity

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3 Significant accounting judgements, estimates and assumptions

The preparation of The Group's Ind AS financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

a. Business model assessment (Refer note 2.12.1.2.1)

b. Fair value of financial instruments (Refer note 2.14)

c. Effective Interest Rate (Refer note 2.1(i))

d. Impairment of Financial assets (Refer note 2.13)

e. Provision (Refer note 2.6)

f. Useful life of Property, plant and equipment and Intangible assets (Refer note 2.4)

g. Actuarial valuation (Refer note 2.8)

h. Taxes- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses including unabsorbed depreciation can be utilised. Significant management estimate and assumptions is required to determine the amount deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. For details, refer note 2.9

i. Leases- Estimating the incremental borrowing rate- The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that The Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For details, refer note 2.20.

New and amended standards

(i) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

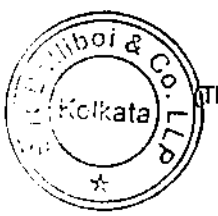
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Consolidated financial statements of, nor is there expected to be any future impact to The Group.

(II)Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The impact of the same is immaterial.

Standards notified but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Group's financial statements.



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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021
Cash in hand	147
Balances with Banks in current accounts	42,475
Bank deposit with maturity of less than 3 months	44,013
Total	86,635

Balances with banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021
Fixed deposit with remaining maturity of not more than 12 months*	39,621
Fixed deposit with remaining maturity of more than 12 months*	42,560
Total	82,181

(*) Includes deposit certificates along with interest accrued of Rs. 27,068 lakhs marked as lien towards term loans availed from banks, towards cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

Note 6: Trade Receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2021
Accrued commission on business correspondant activities (Unsecured, considered good)	37
Total	37

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

Note 7: Loans and Advances
Considered good unless stated otherwise

Particulars	As at March 31, 2021		
	Amortised Cost	At fair value Through Other Comprehensive Income	Total
i) Term loans (including securitised pool)	98,072	3,11,819	4,09,891
Considered good	97,859	2,81,980	3,79,839
Credit impaired	213	29,839	30,052
Total term loans	98,072	3,11,819	4,09,891
ii) Staff Loan	372	-	372
Total (A) - Gross	98,444	3,11,819	4,10,263
Less: Impairment loss allowance	5,634	17,913	23,547
Total (A) - Net	92,810	2,93,906	3,86,716
Term loans (including securitised pool)			
i) Secured	23,925	-	23,925
ii) Unsecured	74,147	3,11,819	3,85,966
Sub-total - Term loans	98,072	3,11,819	4,09,891
Staff loan			
-Unsecured	372	-	372
Sub-total - Staff loan	372	-	372
Total (B) - Gross	98,444	3,11,819	4,10,263
Less : Impairment loss allowance	5,634	17,913	23,547
Total (B) - Net	92,810	2,93,906	3,86,716
Loans in India			
i) Public Sector	-	-	-
ii) Others	98,444	3,11,819	4,10,263
Total - Gross	98,444	3,11,819	4,10,263
Less: Impairment loss allowance	5,634	17,913	23,547
Total - Net	92,810	2,93,906	3,86,716
Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total - Net	-	-	-
Total (C)	92,810	2,93,906	3,86,716

The details of loans hypothecated against borrowings are presented in Note 14-15.

Reconciliation of Impairment allowance

Particulars	As at March 31, 2021		
	Amortised Cost	At fair value Through Other Comprehensive Income	Total
Opening Provision	1,793	4,260	6,053
Add: Impairment provision created during the year (Refer note 28)	4,588	14,587	19,175
Less: Loan portfolio (own) written off during the year	(817)	-	(817)
Less:- EIS receivable on assignment transaction written off during the year	(760)	-	(760)
Less:- Provision for managed portfolio disclosed under "provisions" (refer note 18)	(104)	-	(104)
Closing Provision	4,700	18,847	23,547

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Annapurna Finance Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2021

Note 7A
Gross carrying value of assets as at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,41,161	38,678	-	3,79,839
Non Performing assets	-	-	30,052	30,052
Total	3,41,161	38,678	30,052	4,09,891

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2020	3,51,510	2,800	4,886	3,59,196
Add: New assets originated during the year (net of collections)	51,512	-	-	51,512
Less-: assets written off during the year	-	(453)	(364)	-817
Movement between stages				
Transfer from Stage 1	(61,929)	38,423	23,506	-
Transfer from Stage 2	67	(2,092)	2,025	-
Transfer from Stage 3	1	-	(1)	-
Gross carrying value of assets as at March 31, 2021	3,41,161	38,678	30,052	4,09,891

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2020	3,970	231	1,852	6,053
Provision created / (reversed) during the year	(3,221)	4,716	16,816	18,311
Assets written off during the year	-	(453)	(364)	(817)
ECL allowance as at March 31, 2021	749	4,494	18,304	23,547

a) ECL for stage 1 has decreased primarily on account of restructuring done during the year.
b) ECL for stage 2 has increased primarily on account of restructured debt during the year.
c) ECL for stage 3 (net of write off) increased primarily on account of COVID-19 pandemic during the year.

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 8.1: Other financial assets

(at amortised cost)

(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2021
Security deposits	271
Retained interest on assets assigned	4,668
Interest accrued on loans designated at FVOCI	4,182
Fixed deposit with financial institution*	1,889
Insurance claim receivable (Unsecured, considered good)	930
Ex-gratia claim receivable#	2,213
Other financial assets- Others**	407
Total	14,560

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.

**includes EIS receivable and advances recoverable in cash

#The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme ("the Scheme") for grant of exgratia payment being difference between compounded interest and simple interest for six months period from March 1, 2020 to August 31, 2020 to eligible borrowers as per the Scheme. The management has credited the differential interest in the borrower accounts in line with the requirement of the Scheme. As at March 31, 2021, the Group have not received the amount from Government of India and the amount is shown as "ex-gratia claim receivable". The management is confident of the recovery of ex-gratia claim receivable from the Government of India with in 12 months from the date of balance sheet.

Note 8.2:Other Non- financial assets

(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2021
Prepaid expenses	608
Capital advance	100
Other Advances *	490
Total	1,198

*includes advances to vendor

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Note 9.1: Current tax assets (net)

(In Rs. Lakhs)

	As at March 31, 2021
Advance income tax (net of provision)	125

Note 9.2: Deferred Tax Assets/Liabilities (net)
Effects of Deferred tax assets and Deferred tax liabilities

(In Rs. Lakhs)

	As at March 31, 2021
Deferred Tax Assets:	
Impairment loss allowance on loan portfolio	5,935
Difference of written down value property, plant and equipment	271
Provision for defined benefit obligation and leave encashment	230
Difference of lease liabilities and right of use asset	1
Impact due to amortization of processing fees income	(54)
Others	-
Deferred Tax Liabilities:	
Upfront recognition of gain on direct assignment transactions	(985)
Impact due to amortization of processing fees expenses	(51)
Fair value gain on loans	(2,569)
Deferred tax relating to origination and reversal of temporary differences (Net of liabilities)	2,778

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 9.3: Income Tax expense

(In Rs. Lakhs)

Particulars	Year ended 31 March 2021
Income tax expense in the statement of profit and loss consists of:	
Current Income Tax:	
Income tax	3,705
Deferred tax(*)	(3,720)
Income Tax expense reported in respect of current year	(15)
Tax in respect of earlier years	-
Total Income Tax expense reported in the statement of profit or loss	(15)
Income tax recognised in other comprehensive income	
Deferred tax arising on re-measurement gains/(losses) on defined benefit plans	(4)
Deferred tax arising on fair value gain on loan portfolio	(160)
Total	(164)

* Includes deferred tax charge (net) of Rs.123 lakhs arising from revised estimates pertaining to prior year

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2021 is, as follows:

(In Rs. Lakhs)

Particulars	Year ended 31 March 2021
Accounting profit before tax	167
At India's statutory income tax rate of 25.17%	42
Change in tax rates	-
Income not subject to tax	
Others	210
Non-deductibe expenses	
Expenditure on CSR	84
Others	(89)
Additional tax allowances	(262)
Income tax expense reported in the statement of profit or loss	(15)
Income tax adjustment in respect of current income tax of prior years	-
Total income tax expense reported in the statement of profit or loss	(15)

The effective income tax rate for March 31, 2021 is 25.17%.

Movement in deferred tax balances for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance April 1, 2020	(Charge)/Credit in Profit and Loss	Recognised in OCI	Net balance March 31, 2021	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Difference of written down value of property, plant and equipment	193	78	-	271	271	-
Provision for defined benefit obligation and leave encashment	168	66	(4)	230	230	-
Impairment loss allowance on loan portfolio	1,272	4,663	-	5,935	5,935	-
Impact of ammortisation of expense , offered to tax on upfront basis	(78)	27	-	(51)	-	(51)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	160	(214)	-	(54)	-	(54)
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(296)	(689)	-	(985)	-	(985)
Fair value gain on loans	(2,729)	-	160	(2,569)	-	(2,569)
Difference of lease liabilities and right of use asset	2	(1)	-	1	1	-
Other items	210	(210)	-	-	-	-
Net Deferred tax assets / (liabilities)	(1,098)	3,720	156	2,778	6,437	(3,659)

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 10: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land	Office equipment	Furniture and Fixtures	Vehicles	Computers	Total
Cost:						
As at April 1, 2020	14	1,003	743	153	1,015	2,928
Additions	-	125	159	-	257	542
Disposals	-	-	-	-	-	-
As at March 31, 2021	14	1,128	902	153	1,272	3,470
Accumulated Depreciation:						
As at April 1, 2020	-	583	338	89	743	1,753
Depreciation charge for the year	-	210	121	20	227	579
Disposal	-	-	-	-	-	-
As at March 31, 2021	-	794	459	109	970	2,331
Net book value:						
As at March 31, 2021	14	334	443	44	302	1,139

The details of property, plant and equipment hypothecated against borrowings are presented in Note 14.

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Notes to the consolidated financial statements for the year ended March 31, 2021

Note 11: Intangible assets

(In Rs. Lakhs)

	Computer software
Deemed Cost:	
As at April 1, 2020	661
Additions	149
Disposals	-
As at March 31, 2021	809
Accumulative amortisation:	
As at April 1, 2020	448
Amortisation charge for the year	262
Disposal	-
As at March 31, 2021	710
Net book value:	
As at March 31, 2021	99

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ANNAPURNA FINANCE PVT. LTD. INDIA

Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 12: Leases (where the Group is the lessee)

As a Lessee:

The Group has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 to 5 years.

The Group also has certain leases with lease terms of 12 months or less and leases with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2021
Opening balance	99
Adjustment due to change in lease agreement and security deposit reclassification	(21)
Additions during the year	14
Depreciation expense	(53)
Closing balance	39

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2021
Opening balance	85
Adjustment due to change in lease agreement	(14)
Additions during the year	14
Accretion of interest	8
Payments	(57)
Closing balance	36

The maturity analysis of Lease liabilities are disclosed in Note 38

The effective interest rate for lease liabilities is 11.77% to 13.01% with maturity between 2017- 2022.

The following are the amounts recognised in the statement of profit or loss: (In Rs. Lakhs)

Particulars	Year ended March 31, 2021
Amortisation charge on right of use asset (refer note 28)	53
Interest expense on lease liabilities (refer note 26)	8
Expense relating to short-term leases and other low value assets leases (included in other expenses) (refer note 29)	1,264
Total amount recognised in statement of profit or loss	1,325

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 13: Trade Payables:

Particulars	As at March 31, 2021
Trade Payables (a) total outstanding dues of micro enterprises and small enterprises	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	227
Total	227

Note 13.1 Dues to the Micro Enterprises and Small Enterprises:

Particulars	As at March 31, 2021
1. The principal amount remaining unpaid to supplier as at the end of accounting year	-
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year	-
3. The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2019-20	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-
5. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-
Total	-

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Note 14: Debt securities (at amortised cost)

Particulars	As at March 31, 2021
Redeemable, Non- convertible Debentures (secured)*	1,50,972
Compulsorily Convertible Preference Shares #	22,882
Total	1,73,854
Debt securities in India	72,427
Debt securities outside India	1,01,427
Total	1,73,854

* Redeemable Non- convertible Debentures (secured) (at amortised cost) ("NCDs")

Terms of debentures	Number of debentures As at March 31, 2021	Face value	Amount in Lakhs As at March 31, 2021
11.90% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. May 29, 2015, subject to exercise of put option by the lender or call option by the group at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	-	10,00,000	-
15.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 29, 2015.	-	10,00,000	-
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 08, 2015.	2,004	1,00,000	2,058
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 10, 2015.	2,670	1,00,000	2,683
13.78 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par partially from July 2020 with the date of allotment i.e. June 15, 2016	600	3,33,333	2,076
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March 2021 with the date of allotment i.e. August 30, 2017.	325	8,33,333	2,732
12.376% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from from the date of allotment i.e. September 22, 2020, subject to exercise of put option by the lender or call option by the group at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	10,00,000	7,012
12.1113% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the group at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	10,00,000	4,791
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. December 19, 2018.	60,00,000	100	6,209
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from from the date of allotment i.e. December 20., 2018.	350	10,00,000	3,649
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the group at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	10,00,000	10,047
11.9526% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. August 31, 2020, subject to exercise of put option by the lender or call option by the group at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	10,00,000	9,961
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	8,33,333	8,322
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	10,00,000	2,545
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 18, 2020.	1,000	10,00,000	10,073

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Terms of debentures	Number of debentures As at March 31, 2021	Face value	Amount in Lakhs As at March 31, 2021
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	350	10,00,000	3,536
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	100	10,00,000	1,010
10.39% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	10,00,000	5,995
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	10,00,000	2,699
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. September 29, 2020.	500	10,00,000	5,248
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 05, 2020.	100	10,00,000	1,093
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	250	10,00,000	2,581
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	500	10,00,000	5,077
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	500	10,00,000	5,077
10.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. July 21, 2020.	200	10,00,000	2,136
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	10,00,000	10,228
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	10,00,000	1,630
10.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 12, 2020.	500	10,00,000	5,335
12.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. December 22, 2020.	275	10,00,000	2,812
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the group at the end of thirt six months from the date of allotment. Redeemable on maturity if option not exercised.	700	10,00,000	7,021
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	7,00,000	4,942
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from from the date of allotment i.e. July 07, 2020.	18,750	25,000	4,758
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from from the date of allotment i.e. October 16, 2019.	730	10,00,000	7,637
Total			1,50,972

Compulsorily Convertible Preference Shares ("CCPS")

Terms	Number of CCPS As at March 31, 2021	Face value	Amount in Lakhs As at March 31, 2021
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,94,18,612	10.00	22,882
Total			22,882

Grand total (NCDs and CCPS)	1,73,854

Note: terms of conversion for CCPS
At the discretion of CCPS holder, the CCPS shall be converted into Equity Shares at the earlier of.
(i) at any time but not earlier than June 30, 2022 if the audited accounts for the financial year ending on 31 March 2022 are available or such other date on which the audited accounts for the financial year ending on 31 March 2022 are available ("Target Conversion Date");
(ii) at the time of closing of a Subsequent Round;
(iii) at the time of a Qualified IPO of the Company in accordance with the Shareholders' Agreement; or
(iv) upon the Transfer of 100% (one hundred percent) of the Share Capital of the Company, such date being the "Conversion Date", at the Conversion Rate, which shall be determined in accordance with this Schedule XVII of the Shareholder Agreement.

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Note 15: Borrowings other than debt securities *(at amortised cost)*

Particulars	At at March 31, 2021
Term loans (secured)*	
Banks	1,70,932
Financials institutions	45,813
Non Banking financial companies	12,708
External commercial borrowings**	32,679
Term loans (unsecured)	
External commercial borrowings**	16,006
Vehicle Loans (secured)	-
Borrowings from Securitisation arrangement (secured)	
- Securitisation transactions	4,169
Total	2,82,307
Borrowings in India	2,33,622
Borrowings outside India	48,685
Total	2,82,307

*Term loans are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05/1.1 times of the principal loan amount and margin money deposits.Secured Term loans are repayable in equated prinipal plus interest as well as in equated instalments carrying interest rate ranging from 6.38% - 12.50%. The above loans are also secured by personal guarantee of promoters.

**External Commercial Borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured Term loans are repayeble in bullet payments/semi annual payments carrying interest rate ranging from 10.00% - 12.78%.

Borrowings under Securitisation arrangements
Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109. The Group has recognised the associated liabilities with a corresponding debit to loans and advances.

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Notes to the consolidated financial statements for the year ended March 31, 2021

Note 15.1 Terms of repayment of borrowings as on March 31, 2021

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (In Rupees)	No. of installments	Amount (In Rupees)	No. of installments	Amount (In Rupees)	No. of installments	Amount (In Rupees)	No. of installments	Amount (In Rupees)	No. of installments	Amount (In Rupees)	
Monthly														
0-3 Yrs.	6.38%-13.5%	812	93,575	416	44,349	3	337	-	-	-	-	-	-	1,38,261
Above 3 Yrs.	9.80%-11.30%	51	7,684	31	6,899	6	2,170	-	-	-	-	-	-	16,754
Monthly Total		863	1,01,259	447	51,249	9	2,507	-	-	-	-	-	-	1,55,016
Quarterly														
0-3 Yrs.	9.10%-12.25%	101	41,643	21	6,710	5	460	-	-	-	-	-	-	48,813
Above 3 Yrs.	10.60%-10.75%	4	533	-	-	-	-	-	-	-	-	-	-	533
Quarterly Total		105	42,176	21	6,710	5	460	-	-	-	-	-	-	49,346
Half Yearly														
0-3 Yrs.	7%-12.75%	4	13,663	3	8,290	1	1,658	-	-	-	-	-	-	23,611
Above 3 Yrs.	9.68%-12.49%	15	12,411	14	11,512	12	9,194	13	11,805	-	-	-	-	44,922
Half Yearly Total		19	26,074	17	19,802	13	10,852	13	11,805	-	-	-	-	68,533
Annually														
0-3 Yrs.	11.50%-12.00%	2	1,793	2	1,741	2	1,741	-	-	-	-	-	-	5,275
Annually Total		2	1,793	2	1,741	2	1,741	-	-	-	-	-	-	5,275
Bullet														
0-3 Yrs.	9.75%-12.78%	15	44,139	7	21,171	4	14,922	-	-	-	-	-	-	80,232
Above 3 Yrs.	10.50%-17.00%	13	24,801	6	15,204	6	35,429	5	18,802	3	14,409	3	21,389	1,30,035
Bullet Total		28	68,940	13	36,375	10	50,351	5	18,802	3	14,409	3	21,389	2,10,267
Grand Total		1,017	2,40,242	500	1,15,877	39	65,911	18	30,608	3	14,409	3	21,389	4,88,436

A. Debentures
Non-convertible debentures issued by the group are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the group to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term Loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External Commercial Borrowings
The Group holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 16: Subordinated liabilities *(at amortised cost)*

Particulars	As at March 31, 2021
Indian Rupee term loan	
Subordinate debt (unsecured)- debentures*	28,746
Subordinate debt (unsecured)- term loans#	3,529
Total	32,275
Borrowings in India	17,916
Borrowings outside India	14,359
Total	32,275

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% - 14.9% p.a.
#Subordinate debt term loans are repayable in bullet payment carrying interest rate ranging from 13.5% - 16.5% p.a.

Subordinate debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures As at March 31, 2021	Face value	Amount in Rs. Lakhs As at March 31, 2021
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 15, 2016.	200	10,00,000	2,008
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 28, 2016.	50	10,00,000	500
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from from the date of allotment i.e. September 29, 2016.	250	10,00,000	2,490
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 24 2017	34,000	10,000	3,414
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 27 2018	150	10,00,000	1,499
12.87% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. May 2 2019	30,00,000	100	2,957
13% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from from the date of allotment i.e. March 24 2020	396	10,00,000	3,979
12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from from the date of allotment i.e. February 18 2028	28,500	25,000	7,006
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. March 31 2020	340	10,00,000	3,395
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 27, 2020	15,000	10,000	1,497
Total			28,746

Sub debt (unsecured)- Term Loans (at amortised cost)

Terms of term loan	Rate	As at March 31, 2021
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.50%	1,001
13.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2023-24	13.50%	2,529
Total		3,529

Grand total of debentures and term loans (subordinate debt) (unsecured)	3,529

Note 17.1: Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2021
Insurance premium payable	962
Employee dues	1,118
Payable towards securitisation transaction	4,628
Liability against interest subvention scheme	914
Arranger / processing charges payable	612
Death claim payable to customers	474
Other financial liabilities - Other payable*	338
Total	9,046

* consists of payable to vendors

Note 17.2: Other non-financial liabilities

Particulars	As at March 31, 2021
Statutory dues payable	468
Total	468

Note 18: Provisions

Particulars	As at March 31, 2021
Provision for employee benefits:	
Gratuity (refer note 33)	404
Leave encashment and availment	527
Provision on managed loan portfolio (under business correspondence arrangement)	104
Total	1,034

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Notes to the consolidated financial statements for the year ended March 31, 2021

Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year
(Amount in Rs. Lakhs except no. of shares)

Particulars	As at March 31, 2021
Authorised	
8,30,00,000 equity shares of Rs.10/- each	8,300
2,40,00,000 preference shares of Rs.10/- each	2,400
	10,700
Issued, subscribed and fully paid up	
6,87,15,948 equity shares of Rs.10/- each (in Rs. Lakhs)	6,872
	6,872

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	In Nos.	Amount in Rs. Lakhs
As at April 1, 2020	6,86,99,648	6,870
Issued during the period	16,300	2
As at March 31, 2021	6,87,15,948	6,872

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Company. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2021	
	No. of Shares held	% of Holding in the class
Equity Shares of Rs.10 each fully paid		
Gobinda Chandra Pattanaik	67,60,343	9.84%
Belgian Investment Company for Developing Countries NV - SA (Investor)	95,27,723	13.87%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	75,40,536	10.97%
Women's World Banking Capital Partners, LP	58,00,000	8.44%
Bamboo Financial Inclusions Fund II	46,45,695	6.76%
Oman India Joint Investment Fund II	1,80,48,942	26.27%
Asian Development Bank	1,16,88,702	17.01%
Total	6,40,11,941	
Compulsory Convertible Preference Shares of Rs. 10 each fully paid		
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	13.38%
Nuveen Global Impact Fund India S.A.R.L (*)	1,94,18,612	86.62%
Total		

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 14

Shares reserved for issue under options

For details of shares reserved for issue under the management stock option plan (MSOP) and employee stock option (ESOP) of the Company, please refer Note 36.1 and 36.2.

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Note 20: Instruments entirely equity in nature

In Rs. Lakhs

Particulars	As at March 31, 2021
Compulsorily Convertible Preference Shares (30,00,000 preference shares of Rs 10 each fully paid up)	300
Total	300

Compulsorily convertible Preference shares are non interest bearing and convertible at par at the option of the holder of the instrument.

Note 21: Other equity*

In Rs. Lakhs

Particulars	As at March 31, 2021
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,205
Securities premium	40,076
Stock option outstanding	1,295
Retained earnings	16,220
Other Comprehensive income	7,292
Total	69,088

* For detailed movement of reserves refer Statement of Changes in Equity for the year ended March 31, 2021

Nature and purpose of reserve

21.1 Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 Stock option outstanding
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 Other comprehensive income
The Group recognises changes in the fair value of Loan portfolio held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 Retained Earnings
Retained earnings represent the cumulative profit/(loss) of the Group and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

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Note 22: Interest Income (Rs. In Lakhs)

Particulars	For the year ended 31 March, 2021		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Interest income on loans	70,568	13,332	83,900
Interest income on securitised loans	-	858	858
Interest income on fixed deposits with Banks	-	5,792	5,792
Interest income on margin money deposits with NBFC/FI	-	117	117
Interest income on others	-	43	43
Total	70,568	20,141	90,709

Note 23.1: Fees and Commission Income (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Loan portfolio servicing fees	271
Total	271

Note 23.2: Net gain on derecognition of loans designated at FVOCI (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Net gain on derecognition of loans designated at FVOCI(*)	6,363
Total	6,363

* represents net gain accounted on assignment transactions during the year

Note 24: Other Income (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Miscellaneous income	226
Total	226

Note 25: Finance costs (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Interest on debt securities	13,380
Interest on borrowings other than debt securities	33,656
Interest on subordinated liabilities	3,736
Interest on Lease liabilities	8
Other borrowing costs*	325
Total	51,105

* consists of credit rating fees, bank charges etc.

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Note 26: Impairment of Financial assets

Particulars	For the year ended March 31, 2021		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Impairment on loan portfolio (Own portfolio) (including loan portfolio written off)	14,587	4,484	19,071
Impairment on loan portfolio (Managed portfolio)	-	104	104
Total	14,587	4,588	19,175

Note 27: Employee benefit expenses (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Salaries, wages and bonus	18,519
Contributions to provident fund and other funds	1,103
Gratuity expense (refer note 33)	292
Expenses on employee stock option plan (refer note 37.1 and 37.2)	126
Staff welfare expenses	559
Total	20,599

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/interpretation are yet to be promulgated. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 28: Depreciation and amortisation expenses (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Depreciation on property, plant and equipment	578
Amortisation charge on right of use asset (refer note 12)	53
Amortisation on intangible assets	262
Total	893

Note 29: Other expenses (Rs. In Lakhs)

Particulars	For the year ended March 31, 2021
Rent on building (refer note 12)	1,264
Rent on property, plant and equipment (refer note 12)	185
Rates and taxes	224
Office maintenance	313
Office expenses	548
Director sitting fees	20
Travelling and conveyance	95
Communication expenses	266
Printing and stationery	253
Legal and professional fees	1,159
Payment to auditors	85
Insurance	58
Provision and other contingencies*	167
Advertisement	15
Training and meeting expenses	317
Electricity charges	161
Corporate Social Responsibility expenses	335
Miscellaneous expense	309
Total	5,772

* represents provision for insurance Claims in respect of dues from deceased borrowers

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Note 30: Earning per share

The following reflects the profit/loss after tax and equity share data used in the basic and diluted EPS calculations:

Particulars	Year ended March 31, 2021
Net profit after tax as per the Statement of profit and loss (Rs. in lakhs)	182
Net profit after tax as above for calculation of basic EPS and diluted EPS (Rs. in lakhs)	182
Weighted average number of ordinary shares for basic earnings per share	687
Effect of dilution:	
Stock options granted under ESOP (Nos.)	39
Compulsorily Convertible Preference Shares	30
Weighted average number of ordinary shares adjusted for effect of dilution	756
Earnings per share	
Basic earnings per share (Rs.)	0.26
Diluted earnings per share (Rs.)	0.24
Nominal Value per share (Rs.)	10

Note 31: Segment information

The Group is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on "Operating Segments'. The Group operates in a single geographical segment i.e. domestic.

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

	As at March 31, 2021
Securitizations	
Carrying amount of transferred assets measured at FVOCI	4,169
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,169
Fair value of transferred assets	4,169
Fair value of associated liabilities	4,169
Net position at fair value	-

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Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

Particulars	As at March 31, 2021
Reconciliation of present value of defined benefit obligation	
Obligation at the beginning of the year	548
Current service cost	279
Interest cost	37
Benefits settled	(6)
Actuarial (gains)/ losses recognised in other comprehensive income	
- Changes in experience adjustments	(3)
- Changes in financial assumptions	23
Obligation at the end of the year	878
Reconciliation of present value of plan assets	
Plan assets at the beginning of the year, at fair value	283
Interest income on plan assets	24
Re-measurement- actuarial gain	6
Contributions	168
Benefits settled	(6)
Plan assets at the end of the year, at fair value	474
Net defined benefit liability	404

33.2 Expense recognised in profit or loss

Particulars	For the year ended March 31, 2021
Current service cost	279
Interest cost	37
Interest income	(24)
Net gratuity cost	292

33.3 Re-measurement recognised in other comprehensive income

Particulars	For the year ended March 31, 2021
Re-measurement of the net defined benefit liability	
- Changes in experience adjustments	(3)
- Changes in financial assumptions	23
Re-measurement of the net defined benefit asset	
Return on plan assets (greater) / less than discount rate	(6)
Total Actuarial (gain)/ loss included in OCI	15

33.4 Plan assets

Particulars	For the year ended March 31, 2021
Funds managed by insurer	100%

33.5 Defined benefit obligation - Actuarial assumptions

Particulars	As at March 31, 2021
Discount rate	6.76%
Future salary growth	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liability (in years)	28.89

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at March 31, 2021	
	Increase	Decrease
Discount rate (1% movement)	777	1,011
Future salary growth (1% movement)	1,012	774
Attrition rate (1% movement)	868	897

33.7 Expected payment for future years

Particulars	As at March 31, 2021
Within the next 12 months (next annual reporting period)	27
Between 2 and 5 years	198
Between 5 and 10 years	304
Beyond 10 years	-
Total expected payments	529

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Note 34 Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2021: (Rs. In lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	20,484	12,287	17,206	59,569	1,31,695	1,81,788	45,018	21,388	4,88,436
Advances (Gross) [refer note 7(a)]	24,480	24,148	23,571	67,997	1,12,951	1,34,025	8,396	14,324	4,09,891
Investment in Fixed deposit	47,965	22,051	5,671	15,584	18,961	15,778	184	-	1,26,194

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Notes to the consolidated financial statements for the year ended March 31, 2021

Note 35: Related Party Transactions

Name of the Related Parties (as per Ind AS 24)

Relationship	Name of the party
(i) Key Management Personnel	Mr. Gobinda Chandra Pattanaik- Managing Director Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das - Chief Financial Officer Mr. Subrat Pradhan- Group Secretary Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Group	Oman India Joint Investment Fund II

Related Party transactions during the year:

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2021
(i) Key management personnel	
Salary, incentives and perquisites (Refer Note (b) below)	
Mr. Gobinda Chandra Pattanaik	153
Mr. Dibyajyoti Pattanaik	70
Mr. Satyajit Das	62
Mr. Subrat Pradhan	18
	303
Expenses on employee stock option plan	
Mr. Subrat Pradhan	2
	2
Sitting Fees Paid	
Mr. Ashok Ranjan Samal	10
Mr.K.K. Tiwary	8
Mr. Sean Leslie Nossel	6
	24

Note:
a) Related parties have been identified on the basis of the declaration received by the management and other records available.
b) The above remuneration to the key managerial personnel consitute the short term employee benefits and above does not include the provisions made towards post employement gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

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Note 36.1 Management Stock Option Plan (MSOP)

The Group provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2021 are MSOP Series- A and MSOP - Series -B.

Particulars	MSOP - Series A	MSOP - Series B (I)
Date of Grant	June 29, 2012	March 19, 2014
Date of Board Approval	June 29, 2012	March 19, 2014
Date of Shareholder's Approval	June 29, 2012	March 19, 2014
Number of Options expected to exercise within the vesting period	8,16,214	4,16,119
Exercise Price per Share (Rs.)	2.5	5
Method of settlement	Equity	Equity
Vesting Period	March 31, 2013	March 31, 2015
Exercise Period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting Conditions	Performace milestones as set out in shareholder agreement dated June 29, 2012	Performace milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

MSOP- Series A

Particulars	31-Mar-21	
	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	8,16,214	-
Adjustment of opening:	-	-
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	8,16,214	-
Exercisable at the end of the year	8,16,214	-
Weighted average remaining contractual life in years	-	-

MSOP- Series B

Particulars	31-Mar-21	
	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00
Adjustment of opening:	-	-
Granted During the year	-	-
Forfeited During the year	-	-
Exercised During the year	-	-
Expired During the year	-	-
Outstanding at the end of the year	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-

Effect of share-based payment plans (MSOP & ESOP) on the statement of profit and loss:

Particulars	March 31, 2021
Stock options outstanding (gross)	1,295
Deferred compensation cost outstanding	-
Stock options outstanding (net)	1,295

The Stock option outstanding contains of Rs 544 lakhs for MSOP (A & B) as on March 31, 2021 and Rs. 751 lakhs for ESOP.

Notes :
i) The issue of shares will be in accordance with the provisions of the Companies Act, 2013.

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Note 36.2 Employee Stock Option Scheme (ESOS)

On November 30, 2016 the board of directors approved the Annapurna Stock Option Scheme 2017 for issue of stock options to eligible employees of the Group. The relevant terms of the grant are as below:

Description	Grant - 2	Grant - 1
Date of Grant	01 July 2018	01 July 2017
Date of Board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of Settlement	Equity	Equity
Graded Vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		
The vested options can be exercised within a period of 5 years as per the table below:		

End of the Year	Exercise period	Exercise period
1	Within 4 year of 1st Vesting	Within 5 year of 1st Vesting
2	Within 3 year of 2nd Vesting	Within 4 year of 2nd Vesting
3	Within 2 year of 3rd Vesting	Within 3 year of 3rd Vesting

Vesting Conditions	Continuous service with the Group and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (₹)	49	41

The details of activity under the Scheme 2017 Plan are summarized below:

Grant 1

Description	31st March 2021 (No. of options)
Outstanding at the beginning of the year	11,28,400
Granted during the year	-
Forfeited during the year	1,64,600
Exercised during the year	11,000
Outstanding at the end of the year	9,52,800
Exercisable at the end of the year	9,52,800
Weighted average remaining contractual life of options (years)	-
Weighted average share price during the exercise period (in ₹)	41

Grant 2

Description	31st March 2021 (No. of options)
Outstanding at the beginning of the year	5,08,300
Granted during the year	-
Forfeited during the year	70,500
Exercised during the year	5,200
Outstanding at the end of the year	4,32,600
Exercisable at the end of the year	4,32,600
Weighted average remaining contractual life of options (years)	1
Weighted average share price during the exercise period (in ₹)	49

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Grant 2	Grant 1
Share Price on the date of Grant (Rs)	90.64	76.09
Exercise price (₹)	49.00	41.00
Dividend yield (%)	-	-
Expected volatility (%)	56.14-57.59%	43.88% - 46.22%
Risk-free interest rate (%)	7.23-7.32%	6.60% - 6.74%
Weighted average fair value of stock options (Rs)	61.13	48.29
Weighted average share price (₹)	90.64	76.09

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option scheme has been recognised at fair value.

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Note 37: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

(In Rs. Lakhs)

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2021			
	ASSETS			
(1)	Financial Assets			
(a)	Cash and cash equivalents	86,635	-	86,635
(b)	Bank balance other than cash and cash equivalents	39,621	42,560	82,181
(c)	Trade Receivables	37	-	37
(e)	Loans	2,29,971	1,56,745	3,86,716
(f)	Other financial assets	8,528	6,032	14,560
(2)	Non-financial Assets			
(a)	Current tax assets (net)	-	125	125
(b)	Deferred tax assets (net)	-	2,778	2,778
(c)	Property, plant and equipment	472	667	1,139
(d)	Intangible assets	62	37	99
(e)	Right of Use Assets	37	2	39
(f)	Other non-financial assets	534	664	1,198
	Total Assets	3,65,897	2,09,610	5,75,507
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial liabilities			
(a)	Payables			
	(I) Trade Payables			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	227	-	227
(b)	Debt securities	56,950	1,16,904	1,73,854
(c)	Borrowings (other than debt securities)	1,79,714	1,02,593	2,82,307
(d)	Subordinated liabilities	3,578	28,697	32,275
(e)	Lease liabilities	33	3	36
(f)	Other financial liabilities	9,046	-	9,046
(2)	Non-financial liabilities			
(a)	Provisions	417	617	1,034
(b)	Other non-financial liabilities	468	-	468
(3)	Equity			
(a)	Equity share capital	-	6,872	6,872
(b)	Instruments entirely equity in nature	-	300	300
(c)	Other equity	-	69,088	69,088
	Total Liabilities and Equity	2,50,432	3,25,075	5,75,507

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 38: Changes in Liability arising from Financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2020	Cash Flows	Other	As at 31 March 2021
Debt Securities	64,179	1,09,675	-	1,73,854
Borrowings other than debt securities	3,00,783	(18,476)	-	2,82,307
Subordinated liabilities	25,776	6,499	-	32,275
Lease liabilities	85	(65)	15	36
Total liabilities from financing activities	3,90,823	97,633	15	4,88,472

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Note 39: Financial instruments – Fair values

39.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year .

(Rs. In lakhs)

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	86,635	86,635
Bank balance other than cash and cash equivalents	-	-	82,181	82,181
Trade receivables	-	-	37	37
Loans		2,93,906	92,810	3,86,716
Other financial assets	-	-	14,560	14,560
Total	-	2,93,906	2,76,223	5,70,129
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	227	227
Debt securities	-	-	1,73,854	1,73,854
Borrowings (other than debt securities)	-	-	2,82,307	2,82,307
Subordinated liabilities	-	-	32,275	32,275
Lease liabilities	-	-	36	36
Other financial liabilities	-	-	9,046	9,046
Total	-	-	4,97,745	4,97,745

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets/liabilities, payables are considered to be the same as their face values, due to their short-term nature.

39.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

As at March 31, 2021 (Rs. In lakhs)

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,93,906	-	2,93,906	-
Total	2,93,906	-	2,93,906	-

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

During the current year, the Group has changed its accounting estimate for measuring the gain on fair valuation of it's micro-finance loan portfolios through Other comprehensive Income from yearly discounting to monthly discounting of future cashflows. Accordingly, Other Comprehensive Income, Other equity and loan portfolio for the current year is lower by Rs. 1,973.27 lacs.

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Note 40: Capital Management:

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Group monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

Regulatory capital(*)	As at 31 March 2021
Tier 1 Capital	85,806
Tier 2 Capital	22,552
Total capital	1,08,358
Risk weighted assets	3,91,150
Tier 1 CRAR	21.94%
Tier 2 CRAR	5.77%
Total capital ratio	27.71%

(*) Parent Company (Standalone)

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends . Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments.

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Note 41: Risk Management

1 Introduction and risk profile

Annapurna Finance Private Limited ("Group") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Group predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the Group has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the Group are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Group. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Group's policy is that risk management processes throughout the Group are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Group. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Group shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition
- Review of new initiatives and product/policy/process changes
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

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1.4 **Risk Management Strategies**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The following management strategies and policies shall be adopted by the Group to manage the various key risks.

Political Risk mitigation measures:
- Low cost operations and Low pricing for customers
- Customer centric Approach, High Customer Retention
- Rural Focus
- Systematic customer awareness activities
- High Social Focused Activities
- Adherence to client protection guidelines
- Robust Grievance Redressal Mechanism
- Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
- District Centric Approach
- District Exposure Cap
- Restriction on growth in urban locations
- Maximum Disbursement Cap per loan account
- Maximum loan exposure Cap per customer
- Diversified Funding Resources

Operational & HR Risk mitigation measures:
- Stringent customer enrolment process
- Multiple products
- Proper recruitment policy and appraisal system
- Adequately trained field force
- Weekly & fortnightly collections – higher customer touch, lower amount instalments
- Multilevel monitoring framework
- Strong, Independent and fully automated Internal Audit Function
- Strong IT system with access to real time client and loan data

Liquidity Risk mitigation measures:
- Diversified funding resources
- Asset Liability management
- Effective Fund management
- Maximum Cash holding Cap

Expansion Risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on Census Data & Credit Bureau Data
- Three level survey of the location selected

2 **Impairment assessment/ Credit risk (Also refer Note 7a)**

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

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2.1 **Definition of default, Significant increase in credit risk and stage assessment**

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)
Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)
Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or moreon any material credit obligation to the Group.

The Group offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:

Stage 1: 0 to 30 DPD

Stage 2: 31 to 89 DPD (SICR)

Stage 3: above 89 DPD (Default)

2.2 **Probability of Default**

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 till March 2019 which is 8-years period of historical information.

2.3 **Exposure at default**

Exposure at default (EAD) is the sum of outstanding principle and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Group's own risk) pertaining to the Assigned Portfolio.

2.4 **Loss given default**

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:

1. All Loans which are above 89 DPD as on March 31, 2013, are taken and the difference in the principal outstanding as on March 31, 2013 and March 31, 2020 is considered as recovery.
2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, March 31 2018, March 31, 2019, March 31, 2020 and recovery rate is computed for each year.
3. LGD= 1- Recovery rate which is computed for each period of observation

2.5 **Grouping financial assets measured on a collective basis**

The Group believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Group will separately calculate credit losses for them.

2.6 **Analysis of inputs to the ECL model under multiple economic scenarios**

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 **Liquidity risk and funding management (Also Refer Notes 34 and 38)**

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Group may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.
There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Group's treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Group continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

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4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to Interest rate risk as follows:

4.1 Interest Rate Risk (IRR)

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principlely because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

	Impact on Profit	Impact on Pre tax Equity
Finance Cost	For the year ended March 31, 2021	For the year ended March 31, 2021
0.50 % Increase	(256)	(256)
0.50 % Decrease	256	256

5.0 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Group currently doesnot have any exposure to Foreign currency.

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 42: Additional disclosure in terms of Schedule III to the Companies Act, 2013

(Rs. In Lakhs)

Name of the entity in the Group	Net assets i.e.Total assets minus Total Liabilities		Share in profit (or loss)		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated other comprehensive income	Amount	As a % of Consolidated total comprehensive income	Amount
Holding Company								
Annapurna Finance Private Limited	99.99%	76,260	100.00%	182	100.00%	(464)	100.00%	(282)
Subsidiary								
Annapurna SME Finance Private Limited	0.01%	5	-	-	-	-	-	-
Total	100.00%	76,265	100.00%	182	100.00%	(464)	100.00%	(282)
a) Adjustment arising out of Consolidation		-		-		-		-
b) Non Controlling Interest in Annapurna SME Finance Private Limited		-		-		-		-
Total		76,265		182		(464)		(282)

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2021

Note 43: Impact of COVID-19 on business and expected credit losses

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has offered moratorium on the payment of instalments and interest that had fallen due between March 1, 2020 and August 31, 2020 to all eligible borrowers who had such moratorium.

In assessing the impairment allowance for loan portfolio, the Group has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave. Given the unique nature and scale of this pandemic, its full extent of impact on the Group's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Group's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different from that being estimated.

Note 44: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

S R Batliboi & Co. LLP Kolkata

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Group Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

ANNAPURNA FINANCE PVT. LTD. INDIA

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
3rd Floor, Block 'B'
Kolkata – 700 016, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Annapurna Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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 standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 Act 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 audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note 44 of the standalone financial statements, which describes the extent to which the COVID - 19 pandemic may impact the Company's operations and its financial metrics which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

S.R. Batliboi & Co. LLP
Kolkata

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of loan receivables at balance sheet date (including provision for expected credit losses) *(as described in note 7 and note 42.2 of the standalone financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables using the expected credit loss (ECL) approach. In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters: 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. 2. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. 3. Determining effect of less frequent past events on future probability of default. **Additional considerations on account of CoVID-19** The impact of Novel Coronavirus (COVID-19) pandemic, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations and collection efficiency. The Company uses the principles of prudence wherever applicable to assess the impact of pandemic on the standalone financial statements specifically while assessing management overlays. The Company has recorded a total provision (including management overlay) of INR 23,547 lakhs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (CoVID-19) pandemic. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory	Our audit procedures included the following: • Read and assessed the Company's accounting policy for impairment of loan receivables and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India ('RBI') guidelines issued on March 13, 2020. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default and loss given default rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 (i.e. the default in repayment is within the range of 31 to 90 days) or stage 3 (i.e. the default in repayment is more than 90 days). • Tested the input data used for determining the probability of default and loss given default rates and agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management function to assess the impact of lock- down on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and Microfinance Institutions Network (MFIN) advisory and tested the implementation of such policy on a sample basis.



Key audit matters	How our audit addressed the key audit matter
measures and the Company's responses thereto, the actual credit loss can be different than that being estimated. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID 19 related developments, it is a key audit matter.	◦ Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium by testing on a sample basis. ◦ Tested assumptions used by the management in determining the overlay for macro-economic factors (including CoVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to RBI guidelines issued on March 13, 2020. ◦ Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. ◦ Assessed the adequacy of disclosures included in the standalone financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. We also evaluated the adequacy of COVID-19 specific disclosure in the standalone financial statements and verified the data included in the disclosures.
(b) Information technology ('IT') Systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Deficiency in the IT control environment could potentially result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting	Our audit procedures included the following, with support from IT specialist: ◦ The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls. ◦ Assessed the changes that were made to the key systems and assessed changes that have impact on financial reporting. ◦ Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. ◦ Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system.

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Key audit matters	How our audit addressed the key audit matter
and preparation of the financial information is considered to be a key audit matter.	• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a 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 standalone 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 standalone 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 control 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 with reference to financial statements 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 standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial



year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;

   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, as amended 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 derivative contracts for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 055596

UDIN: 21055596AAAACU6853
Place of Signature: Kolkata
Date: June 30, 2021

S.R. Batliboi & Co. LLP Kolkata

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Annapurna Finance Private Limited as at and for the year ended March 31, 2021

(i) (a) The Company has maintained proper records showing full particulars with respect to most of its property, plant and equipment and is in the process of updating quantitative and situation details with respect to certain property, plant and equipment in the records maintained by the Company.

(b) Majority of the property, plant and equipment have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3 (vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax,

S.R. Batliboi & Co. LLP Kolkata

duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues, applicable to the Company, were outstanding, at the year-end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs. In Lakhs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,666.31	AY 2017-18	Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company did not have any dues of loans or borrowings to government during the year.

(ix) According to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon. Money raised by the Company by way of term loans / debt instruments were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in fixed deposits/liquid assets funds.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 65 lakhs and out of which Rs. 11 lakhs has been recovered.

(xi) The Company being a private Company, hence the provisions of section 197 read with Schedule V of the Act is not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of

S.R. Batliboi & Co. LLP Kolkata

the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of shares. According to the information and explanations given by the management, we report that the amount raised, have been used for the purposes for which the funds were raised except for idle/surplus funds which were not required for immediate utilization and which have been gainfully invested in fixed deposits. The Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with directors as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 055596

UDIN: 21055596AAAACU6853
Place of Signature: Kolkata
Date: June 30, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ANNAPURNA FINANCE PRIVATE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Annapurna Finance Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with reference to these Standalone financial statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally



accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Bhaswar Sarkar**
Partner
Membership Number: 055596

UDIN: 21055596AAAACU6853
Place of Signature: Kolkata
Date: June 30, 2021

S.R. Batliboi & Co. LLP Kolkata

Annapurna Finance Private Limited
Standalone Balance Sheet as at March 31, 2021

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	86,135	70,027
Bank balance other than cash and cash equivalents	5	82,181	41,784
Trade receivables	6	37	47
Loans	7	3,86,716	3,53,427
Investment	7.1	500	-
Other financial assets	8.1	14,560	9,243
Subtotal - Financial assets		5,70,129	4,74,528
Non-financial assets			
Current tax assets (net)	9.1	125	1,704
Deferred tax assets (net)	9.2	2,778	-
Property, plant and equipment	10	1,139	1,175
Intangible assets	11	99	213
Right to use assets	12	39	99
Other non-financial assets	8.2	1,198	829
Subtotal - Non- financial assets		5,378	3,820
Total assets		5,75,507	4,78,348
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises	13	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		227	336
Debt securities	14	1,73,854	64,179
Borrowings (other than debt securities)	15	2,82,307	3,00,782
Subordinated liabilities	16	32,275	25,776
Lease liabilities	12	36	85
Other financial liabilities	17.1	9,046	8,541
Subtotal - Financial liabilities		4,97,745	3,99,699
Non-financial liabilities			
Provisions	18	1,034	668
Deferred tax liabilities (net)	9.2	-	1,098
Other non-financial liabilities	17.2	468	328
Total non- financial liabilities		1,502	2,094
Equity			
Equity share capital	19	6,872	6,870
Instruments entirely equity in nature	20	300	300
Other equity	21	69,088	69,385
Subtotal - Equity		76,260	76,555
Total liabilities and equity		5,75,507	4,78,348

The accompanying notes are an integral part of the financial standalone statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055696

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02784187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Standalone Statement of Profit and Loss for the period ended March 31, 2021

(In Rs. Lakhs)

	Particulars	Notes	For the year March 31, 2021	For the year March 31, 2020
	Revenue from operations			
	Interest income	22	90,709	71,096
	Fees and commission income	23.1	271	882
	Net gain on derecognition of financial instruments	23.2	6,383	5,684
	Other operating revenue			
	Bad debt recovery		142	116
(I)	Total revenue from operations		97,485	77,550
(II)	Other income	24	226	412
(III)	Total income (I + II)		97,711	77,962
	Expenses			
	Finance costs	25	51,105	37,737
	Impairment of financial instruments	26	19,175	5,270
	Employee benefits expenses	27	20,599	17,727
	Depreciation and amortisation expenses	28	893	874
	Other expenses	29	5,772	6,363
(IV)	Total expenses		97,544	67,971
(V)	Profit before tax (III-IV)		167	9,991
(VI)	Tax expense:			
	Current tax	9.3	3,705	3,060
	Deferred tax credit		(3,720)	(925)
	Tax expense for earlier year		-	(533)
(VII)	Profit for the year (V-VI)		182	8,289
(VIII)	Other comprehensive income			
A	Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan	33.3	15	(54)
	Income tax relating to items that will not be reclassified to profit or loss	9.3	(4)	13
	Subtotal (A)		11	(41)
B	Items that will be reclassified to profit or loss			
	Net change in fair value of loans measured at fair value through other comprehensive income		(635)	8,287
	Income tax relating to items that will be reclassified to profit or loss	9.3	160	(2,086)
	Subtotal (B)		(475)	6,201
	Other Comprehensive Income (A+B)		(464)	6,160
(IX)	Total comprehensive income (Comprising profit / (loss) and Other Comprehensive Income for the year) (VII)+(VIII)		(282)	14,449
(X)	Earnings per equity share (face value of ₹10.00 each)			
	Basic (Rs.)	30	0.25	12.08
	Diluted (Rs.)		0.24	10.96

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716380)

Dibyajyoti Pattanaik
Director
(DIN: 02764167)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Statement of Standalone cash flows for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	167	9,991
Adjustments for:		
Depreciation and amortisation expenses on property, plant and equipment, intangible assets and right of use assets	893	874
Impairment of financial instruments		
Provision for insurance claim receivable and others	19,175	5,270
Profit on sale of current investments	167	457
Net gain on derecognition of financial instruments	-	(87)
Share based payments to employees	(6,363)	(5,664)
Operating profit before working capital changes	126	253
Movements in working capital:	14,165	11,104
Decrease in other financial and non financial assets		
Increase in bank balance other than cash and cash equivalents (net)	319	2,498
Decrease / (increase) in trade receivables	(40,397)	(21,354)
Increase in loans and advances	10	(13)
Increase in other financial and non financial liabilities	(53,099)	(50,408)
Increase in provisions	645	224
(Decrease) / increase in trade payables	381	421
Cash (used) in operations	(109)	17
Income tax paid (net of refunds)	(78,085)	(87,512)
Net cash flows used in operating activities (A)	(2,124)	(3,478)
	(80,209)	(90,990)
Cash flow from investing activities		
Purchase of property, plant and equipment		
Proceeds from sale of property, plant and equipment	(542)	(834)
Purchase of intangible assets	-	4
Purchase of current investments (net)	(149)	(227)
Investment in equity instruments of subsidiary	-	87
Net cash flows used in investing activities (B)	(500)	-
	(1,190)	(969)
Cash flow from financing activities		
Proceeds from issuance of equity share capital (including premium)	7	-
Proceeds from debt securities (net)	1,09,875	2,123
Repayment of lease liabilities	(57)	(65)
Proceeds from Borrowings (other than debt securities) (net)	(16,476)	1,02,078
Proceeds of Subordinated liabilities (net)	6,499	11,854
Share issue expenses	(141)	-
Net cash flows from financing activities (C)	97,607	1,15,990
Net increase in cash and cash equivalents (A+B+C)	16,108	24,031
Cash and cash equivalents at the beginning of the year	70,027	45,996
Cash and cash equivalents at the end of the year (Refer note 4)	86,135	70,027
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	41,975	24,439
deposit with original maturity of less than three months	44,013	45,391
Cash on hand	147	197
Total cash and cash equivalents at the end of the year	86,135	70,027

Cash flow from operating activities include interest received of Rs 78,149 lakhs (March 31, 2020: Rs 62,239 lakhs) and interest paid of Rs 46,411 lakhs (March 31, 2020: Rs 34,018 lakhs)

Notes:

1. For reconciliation of liabilities arising from financing activities refer note no 39

2. Figures in () indicate cash outflow.

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055598

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02784187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Statement of Standalone changes in Equity for the year ended March 31, 2021

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	In Nos.	In Rs. Lakhs
As at 1 April 2019	6,86,99,648	6,870
Issued during the year (refer note 19)	-	-
As at 31 March 2020	6,86,99,648	6,870
Issued during the year (refer note 19)	16,300	2
As at 31 March 2021	6,87,15,948	6,872

b. Other Equity

(In Rs. Lakhs)

	Reserves and Surplus					
	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained Earnings	Other Items of Comprehensive Income (Fair valuation on portfolio)	Total
Balance as at April 1, 2019	2,295	40,217	906	9,694	1,566	54,677
Profit for the year	-	-	-	8,289	-	8,289
Other comprehensive income	-	-	-	(41)	6,201	6,160
Total comprehensive income for the year	-	-	-	8,248	6,201	14,449
Impact due to adoption of Ind AS 116 (net of deferred tax)	-	-	-	(5)	-	(5)
Transfer to Statutory reserves	1,874	-	-	(1,874)	-	-
Amortization of vesting expenses of Employee stock option plan			263	-	-	263
Balance as at March 31, 2020	4,169	40,217	1,169	16,063	7,767	69,385
Profit for the year	-	-	-	182	-	182
Other comprehensive income	-	-	-	11	(475)	(464)
Total comprehensive income for the year	-	-	-	193	(475)	(282)
Transfer to/from retained earnings	36	-	-	(36)	-	-
Share issue / debenture issues expenses	-	(141)	-	-	-	(141)
Amortization of vesting expenses of Employee stock option plan	-	-	126	-	-	126
Balance as at March 31, 2021	4,205	40,076	1,295	16,220	7,292	69,088

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055595

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

1.1 Corporate information

Annapurna Finance Private Limited ("the Company") is a private company incorporated in India. The Company was registered as a non-deposit taking Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and was classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from October 22, 2013.

The Company's registered office is at Bhubaneshwar, Odisha, India. Its debentures are listed on recognised stock exchange in India.

The Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group (JLG).

The standalone financial statements for the year ended March 31, 2021 were approved by the Board of Directors on June 30, 2021.

1.2 Basis of Preparation

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act 2013 ("the Act"). The financial statement has been prepared on going concern basis.

The standalone financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability and cash flows.

These standalone financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), all of which have been measured at fair value.

These standalone financial statements for the year ended March 31, 2021 have been prepared in Indian Rupee (INR), which is the functional currency of the Company, and all values are rounded to the nearest lakhs, except when otherwise indicated.

1.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 38.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Revenue recognition income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

(i) Interest income and expense

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method . The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established, which is generally when the shareholders approve the dividend.

(iii) Net gain/ loss on fair value changes: The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models.





(iv) Fees and Commission Income: The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 "Financial Instruments" is applicable) based on a comprehensive assessment model as set out in Ind AS 115 "Revenue from contracts with customers". The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received/ receivable.

(v) Other Income and expenses
All other income and expenses are recognised in the period they occur.

2.2 Cash and cash equivalents
Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

2.3 Property, plant and equipment ('PPE') and intangible assets

Initial Recognition and measurement
PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

2.4 Depreciation and amortization
2.4.1 Depreciation
Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of Asset	Useful Life (Years)
Furniture and fittings	10
Office equipments	5
Vehicles	8
Computers	3

2.4.2 Amortisation
Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

2.5 Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available, if no such transactions can be identified, an appropriate valuation model is used.

2.6 Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

2.7 Contingent liabilities and assets
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognised a contigent liability but discloses its existence in financial statements, if any.
Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.8 Retirement and other employee benefits
The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

2.8.1 Defined contribution plan
Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

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2.9.2 Defined benefit plan
Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Gains or losses through remeasurements of net benefit liabilities/ assets are recognised with corresponding charge/credit to the retained earnings through other comprehensive income in the period in which they occur.

2.9.3 Other employee benefits
The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.9 Taxes

2.9.1 Current income tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are as per Income Tax Act, 1961. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.9.2 Deferred tax
Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the ability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.10 Earning per share
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.11 Employee Stock Option Plan and Management Stock Option Plan

Equity-settled share based payments to employees and senior management executives, are measured at the fair value of the equity instruments at the grant date.

The cost of equity-settled transactions is measured using the fair value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves, at the date when the grant is made using an appropriate valuation model. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.12 Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.12.1 Financial Assets
2.12.1.1 Initial recognition and measurement
Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

2.12.1.2 Classification and Subsequent measurement
The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms that give rise to contractual cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding in accordance with the requirements of Ind AS 109.

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2.12.1.2.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.12.1.3.1 Loans at amortised cost

Loans are measured at the amortised cost if both the following conditions are met:
(a) Such loan is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

2.12.1.3.1 Loans at fair value through other comprehensive income (FVOCI)

Loans are measured at the FVOCI if both the following conditions are met:
(a) Such loan is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.12.2 Financial Liabilities

2.12.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

2.12.2.2 Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.12.2.3 Reclassification of financial assets and liabilities

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.12.3 De-recognition of financial assets and liabilities

2.12.3.1 De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flow from the financial asset have expired. The Company also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transfered nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

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2.12.3.2 De-recognition of financial liabilities
Financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.12.4 Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets
In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL)

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups for the purpose of Expected credit loss computation.

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)
Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk/ SICR)
Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or more on any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: 0 to 30 Days Past Due
Stage 2: 31 to 89 Days Past Due (SICR)
Stage 3: above 89 Days Past Due (Default)

2.13.1 The calculation of ECL
The Company calculates ECLs based on historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD). ECL is calculated by multiplying them. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a. Probability of Default (PD): PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 to March 2013 till March 2019 which is 7-years period of historical information

b. Exposure at default (EAD): Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

c. Loss given default (LGD): LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:
1. All Loans which are above 89 DPD as on 31 March 2013, are taken and the difference in the principal outstanding as on 31st March 2013 and 31st March 2019 is considered as recovery.
2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018, 31 March 2019 and recovery rate is computed for each year.
3.LGD= 1- Recovery rate which is computed for each period of observation

2.13.2 Forward Looking Information
The Company performs an analysis of inputs to the ECL model, as referred above, under multiple economic scenarios at the end of each reporting period and adjusts the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

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2.14 Fair value measurement
The Company measures financial instruments at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:- In the principal market for the asset or liability, or- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. (Refer Note 40 to standalone financial statements for the year ended March 31, 2021)

2.15 Derivatives
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. Derivatives embedded are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

2.16 Write-offs
Loans are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write offs. All such write offs are charged to Profit and Loss statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

2.17 Convertible Preference Shares

Convertible preference shares are classified as instruments entirely equity in nature as per the terms of the contract since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs, if any, are deducted from equity, net of associated income tax.

2.18 Segment Information
The Company is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on "Operating Segments". The Company operates in a single geographical segment i.e. domestic.

2.19 Foreign currency
Transactions in foreign currencies are initially recorded by the Company at the exchange rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except for the tax charges and credits attributable to exchange differences on monetary items , which are recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.20 Leases

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.5 Impairment of non-financial assets.

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Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of Office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.21 Share Issue Expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's Ind AS financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

a. Business model assessment (Refer note 2.12.1:2.1)

b. Fair value of financial instruments (Refer note 2.14)

c. Effective Interest Rate (Refer note 2.1(i))

d. Impairment of Financial assets (Refer note 2.13)

e. Provision (Refer note 2.6)

f. Useful life of Property, plant and equipment and intangible assets (Refer note 2.4)

g. Actuarial valuation (Refer note 2.8)

h. Taxes- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses including unabsorbed depreciation can be utilised. Significant management estimate and assumptions is required to determine the amount deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. For details, refer note 2.9

i. Leases- Estimating the incremental borrowing rate- The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For details, refer note 2.20.

New and amended standards

(i) Amendments to Ind AS 1 and Ind AS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is there expected to be any future impact to the Company.

(ii)Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The impact of the same is immaterial.

Standards notified but not yet effective
There are no new standards that are notified, but not yet effective, upto the date of issuance of the Group's financial statements.

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Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	147	197
Balances with Banks in current accounts	41,976	24,499
Bank deposit with maturity of less than 3 months	44,013	45,391
Total	86,136	70,027

Balances with banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposit with remaining maturity of not more than 12 months*	39,621	13,929
Fixed deposit with remaining maturity of more than 12 months*	42,560	27,861
Total	82,181	41,784

(*) Includes deposit certificates along with interest accrued of Rs. 27,067.68 lakhs (March 31, 2020: Rs. 21,636.37 lakhs) marked as lien towards term loans availed from banks, towards cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

Note 6: Trade Receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued commission on business correspondent activities (Unsecured, considered good)	37	47
Total	37	47

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

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Note 7: Loans and Advances
Considered good unless stated otherwise

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised Cost	At fair value Through Other Comprehensive Income	Total	Amortised Cost	At fair value Through Other Comprehensive Income	Total
i) Term loans (including securitised pool)	98,072	3,11,819	4,09,891	64,989	2,94,207	3,59,196
Considered good	97,859	2,81,980	3,79,839	64,796	2,89,514	3,54,310
Credit impaired	213	29,839	30,052	193	4,693	4,886
Total term loans	98,072	3,11,819	4,09,891	64,989	2,94,207	3,59,196
ii) Staff Loan	372	-	372	284	-	284
Total (A) - Gross	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Less: Impairment loss allowance	5,834	17,913	23,547	1,792	4,261	6,053
Total (A) - Net	92,610	2,93,906	3,86,716	63,481	2,89,946	3,53,427
Term loans (including securitised pool)						
i) Secured	23,925	-	23,925	27,193	-	27,193
ii) Unsecured	74,147	3,11,819	3,85,966	37,796	2,94,207	3,32,003
Sub-total - Term loans	98,072	3,11,819	4,09,891	64,989	2,94,207	3,59,196
Staff loan						
-Unsecured	372	-	372	284	-	284
Sub-total - Staff loan	372	-	372	284	-	284
Total (B) - Gross	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Less : Impairment loss allowance	5,834	17,913	23,547	1,792	4,261	6,053
Total (B) - Net	92,610	2,93,906	3,86,716	63,481	2,89,946	3,53,427
Loans in India	-	-	-	-	-	-
i) Public Sector	-	-	-	-	-	-
ii) Others	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Total - Gross	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Less: Impairment loss allowance	5,834	17,913	23,547	1,792	4,261	6,053
Total - Net	92,610	2,93,906	3,86,716	63,481	2,89,946	3,53,427
Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-
Total (C)	92,610	2,93,906	3,86,716	63,481	2,89,946	3,53,427

The details of loans hypothecated against borrowings are presented in Note 14-15.

Reconciliation of impairment allowance

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised Cost	At fair value Through Other Comprehensive Income	Total	Amortised Cost	At fair value Through Other Comprehensive Income	Total
Opening Provision	1,793	4,260	6,053	408	2,295	2,703
Add: Impairment provision created during the year (Refer note 28)	4,868	14,587	19,175	1,432	3,837	5,269
Less: Loan portfolio (own) written off during the year	(817)	-	(817)	(47)	(1,872)	(1,919)
Less:- EIS receivable on assignment transaction written off during the year	(760)	-	(760)	-	-	-
Less:- Provision for managed portfolio disclosed under "provisions" (refer note 18)	(104)	-	(104)	-	-	-
Closing Provision	4,980	18,847	23,547	1,793	4,260	6,053

Note 7.1: Investment (Fair value through Profit and Loss Account)

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment		
A) In India		
Equity Instruments		
(a) Investment in subsidiary (at cost)		
49,99,000 (March 31, 2020: Nil) equity shares of Rs. 10 each fully paid in Annapurna SME Finance Private Limited	500	-
Less: Impairment loss allowance	-	-
Total	500	-
Above amount includes		
Investment in India	500	-
Investment outside India	-	-
Total	500	-





Note 7A

Gross carrying value of assets as at March 31, 2021

Particulars	Stage1	Stage 2	Stage 3	Total
Standard	3,41,161	38,678	-	3,79,839
Non Performing assets	-	-	30,052	30,052
Total	3,41,161	38,678	30,052	4,09,891

Gross carrying value of assets as at March 31, 2020

Particulars	Stage1	Stage 2	Stage 3	Total
Standard	3,51,510	2,800	-	3,54,310
Non Performing assets	-	-	4,886	4,886
Total	3,51,510	2,800	4,886	3,59,196

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2020	3,51,510	2,800	4,886	3,59,196
Add: New assets originated during the year (net of collections)	51,512	-	-	51,512
Less-: assets written off during the year	-	(453)	(364)	(817)
Movement between stages				
Transfer from Stage 1	(61,929)	38,423	23,506	-
Transfer from Stage 2	67	(2,092)	2,025	-
Transfer from Stage 3	1	-	(1)	-
Gross carrying value of assets as at March 31, 2021	3,41,161	38,678	30,052	4,09,891

Particulars	Stage1	Stage2	Stage3	Total
ECL allowance as at April 1, 2020	3,970	231	1,852	6,053
Provision created / (reversed) during the year	(3,221)	4,716	16,816	18,311
Assets written off during the year	-	(453)	(364)	(817)
ECL allowance as at March 31, 2021	749	4,494	18,304	23,547

a) ECL for stage 1 has decreased primarily on account of restructuring done during the year.
b) ECL for stage 2 has increased primarily on account of restructured debt during the year.
c) ECL for stage 3 (net of write off) increased primarily on account of COVID-19 pandemic during the year.

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2019	2,68,470	560	3,378	2,72,408
New assets originated during the year, netted off for repayments and derecognised portfolio	88,707			88,707
Assets written off during the year	-	-	(1,919)	(1,919)
Movement between stages				
Transfer from Stage 1	(5,785)	2,625	3,160	-
Transfer from Stage 2	-	(386)	386	-
Transfer from Stage 3	118	1	(119)	-
Gross carrying value of assets as at March 31, 2020	3,51,510	2,800	4,886	3,59,196

Particulars	Stage1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2019	1,051	32	1,620	2,703
Provision created / (reversed) during the year	2,919	199	2,151	5,269
Assets written off during the year	-	-	(1,919)	(1,919)
ECL allowance as at March 31, 2020	3,970	231	1,852	6,053

a) ECL for stage 1 has increased primarily on account of new assets originated during the year.
b) ECL for stage 2 has increased primarily on account of new assets originated during the year.
c) ECL for stage 3 (net of write off) has increased on account of new assets originated during the year.
d) Increase is also on account of additional provision made on account of COVID-19 pandemic.

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Note 8.1: Other financial assets

(at amortised cost)

(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	271	226
Retained interest on assets assigned	4,668	2,638
Interest accrued on loans designated at FVOCI	4,182	3,910
Fixed deposit with financial institution*	1,889	1,361
Insurance claim receivable (Unsecured, considered good)	930	739
Ex-gratia claim receivable#	2,213	-
Other financial assets- Others**	407	369
Total	**14,560**	**9,243**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.

**includes EIS receivable and advances recoverable in cash

#The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme ("the Scheme") for grant of exgratia payment being difference between compounded interest and simple interest for six months period from March 1, 2020 to August 31, 2020 to eligible borrowers as per the Scheme. The management has credited the differential interest in the borrower accounts in line with the requirement of the Scheme. As at March 31, 2021, the Company have not received the amount from Government of India and the amount is shown as "ex-gratia claim receivable". The management is confident of the recovery of ex-gratia claim receivable from the Government of India with in 12 months from the date of balance sheet.

Note 8.2:Other Non- financial assets

(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	608	469
Capital advance	100	140
Other Advances *	490	20
Total	1,198	629

*Includes advances to vendor

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 9.1: Current tax assets (net)

(In Rs. Lakhs)

	As at March 31, 2021	As at March 31, 2020
Advance income tax (net of provision)	125	1,704

Note 9.2: Deferred Tax Assets/Liabilities (net)
Effects of Deferred tax assets and Deferred tax liabilities

(In Rs. Lakhs)

	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets:		
Impairment loss allowance on loan portfolio	5,935	1,272
Difference of written down value property, plant and equipment	271	193
Provision for defined benefit obligation and leave encashment	230	168
Difference of lease liabilities and right of use asset	1	2
Impact due to amortization of processing fees income	(64)	160
Others	-	210
Deferred Tax Liabilities:		
Upfront recognition of gain on direct assignment transactions	(985)	(296)
Impact due to amortization of processing fees expenses	(51)	(78)
Fair value gain on loans	(2,569)	(2,729)
Deferred tax relating to origination and reversal of temporary differences (Net of liabilities)	2,778	(1,098)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 9.3: Income Tax expense

(In Rs. Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income tax expense in the statement of profit and loss consists of:		
Current Income Tax:		
Income tax	3,705	3,060
Deferred tax	(3,720)	(825)
Income Tax expense reported in respect of current year	(15)	2,235
Tax in respect of earlier years	-	(533)
Total Income Tax expense reported in the statement of profit or loss	(15)	1,702
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/(losses) on defined benefit plans	(4)	(13)
Deferred tax arising on fair value gain on loan portfolio	(160)	2,086
Total	(164)	2,073

* includes deferred tax charge (net) of Rs.123 lakhs arising from revised estimates pertaining to prior year

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2021 and 31 March 2020 are, as follows:

(In Rs. Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	167	9,991
At India's statutory income tax rate of 25.17%	42	2,515
Change in tax rates	-	124
Income not subject to tax		
Others	210	(1,162)
Non-deductibe expenses		
Expenditure on CSR	84	109
Others	(89)	822
Additional tax allowances	(262)	(173)
Income tax expense reported in the statement of profit or loss	(15)	2,235
Income tax adjustment in respect of current income tax of prior years	-	(533)
Total income tax expense reported in the statement of profit or loss	(15)	1,702

The effective income tax rate for March 31, 2021 is 25.17% (March 31, 2020: 25.17%).

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Movement in deferred tax balances for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance April 1, 2020	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2021	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	193	78	-	-	271	271	-
Provision for defined benefit obligation and leave encashment	168	66	(4)	-	230	230	-
Impairment loss allowance on loan portfolio	1,272	4,663	-	-	5,935	5,935	-
Impact of ammortisation of expense , offered to tax on upfront basis	(78)	27	-	-	(51)	-	(51)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	160	(214)	-	-	(54)	-	(54)
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(286)	(699)	-	-	(985)	-	(985)
Fair value gain on loans	(2,729)	-	160	-	(2,569)	-	(2,569)
Difference of lease liabilities and right of use asset	2	(1)	-		1	1	-
Other items	210	(210)	-	-	-	-	-
Net Deferred tax assets / (liabilities)	(1,098)	3,720	156	-	2,778	5,437	(3,659)

Movement in deferred tax balances for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	Net balance April 1, 2019	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2020	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	158	35	-	-	193	193	-
Provision for defined benefit obligation and leave encashment	86	69	13	-	168	168	-
Impairment loss allowance on loan portfolio	1,022	250	-	-	1,272	1,272	-
Impact of ammortisation of expense , offered to tax on upfront basis	(162)	84	-	-	(78)		(78)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	245	(85)	-	-	160	160	-
Gain on Direct assignment deals, accounted for upfront, offered to tax on accrual basis	(436)	144	-	-	(292)	-	(292)
Fair value gain on loans	(643)	-	(2,086)	-	(2,729)	-	(2,729)
Difference of lease liabilities and right of use asset	-	-	-	(2)	(2)	-	(2)
Other items	(106)	316	-	-	210	210	
Net Deferred tax assets / (liabilities)	165	812	(2,073)	(2)	(1,098)	2,003	(3,101)

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Note 10: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land	Office equipment	Furniture and Fixtures	Vehicles	Computors	Total
Cost:						
At 1 April 2019	14	678	556	116	737	2,101
Additions	-	325	187	40	278	830
Disposals	-	-	-	(3)	-	(3)
At 31 March 2020	14	1,003	743	153	1,015	2,928
Additions	-	125	159	-	257	542
Disposals	-	-	-	-	-	-
At 31 March 2021	14	1,128	902	153	1,272	3,470
Accumulated Depreciation:						
At 1 April 2019	-	346	215	65	474	1,104
Depreciation charge for the year	-	237	119	24	269	649
Disposal	-	-	-	-	-	-
At 31 March 2020	-	583	338	89	743	1,753
Depreciation charge for the year	-	210	121	20	227	579
Disposal	-	-	-	-	-	-
At 31 March 2021	-	794	459	109	970	2,331
Net book value:						
At 31 March 2020	14	420	405	64	272	1,175
At 31 March 2021	14	334	443	44	302	1,139

The details of property, plant and equipment hypothecated against borrowings are presented in Note 14.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 11: Intangible assets

(In Rs. Lakhs)

	Computer software
Deemed Cost:	
At at 1 April 2019	434
Additions	227
Disposals	-
At at 31 March 2020	661
Additions	149
Disposals	-
At at 31 March 2021	809
Accumulative amortisation:	
At at 1 April 2019	277
Amortisation charge for the year	171
Disposal	-
At 31 March 2020	448
Amortisation charge for the year	262
Disposal	-
At 31 March 2021	710
Net book value:	
At 31 March 2020	213
At 31 March 2021	99

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Note 12: Leases (where the Company is the lessee)

As a Lessee:

The Company has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 to 5 years.

The Company also has certain leases with lease terms of 12 months or less and leases with low-value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	99	87
Adjustment due to change in lease agreement and security deposit reclassification	(21)	24
Additions during the year	14	42
Depreciation expense	(53)	(54)
Closing balance	39	99

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	85	95
Adjustment due to change in lease agreement	(14)	-
Additions during the year	14	42
Accretion of interest	8	13
Payments	(57)	(65)
Closing balance	36	85

The maturity analysis of Lease liabilities are disclosed in Note 38

The effective interest rate for lease liabilities is 11.77% to 13.01% with maturity between 2017- 2022.

The following are the amounts recognised in the statement of profit or loss:

(In Rs. Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Amortisation charge on right of use asset (refer note 28)	53	54
Interest expense on lease liabilities (refer note 26)	8	13
Expense relating to short-term leases and other low value assets leases (included in other expenses) (refer note 29)	1,264	1,104
Total amount recognised in statement of profit or loss	1,325	1,171

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Note 13: Trade Payables:

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	227	336
Total	227	336

Note 13.1 Dues to the Micro Enterprises and Small Enterprises:

Particulars	As at March 31, 2021	As at March 31, 2020
1. The principal amount remaining unpaid to supplier as at the end of accounting year	-	-
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-
3. The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2019-20	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
5. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-
Total	-	-

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Note 14: Debt securities (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Redeemable, Non-convertible Debentures (secured)*	1,50,972	64,179
Compulsorily Convertible Preference Shares #	22,882	-
Total	1,73,854	64,179
Debt securities in India	72,427	3,307
Debt securities outside India	1,01,427	60,872
Total	1,73,854	64,179

* Redeemable Non-convertible Debentures (secured) (at amortised cost) ("NCDs")

Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
11.90% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. May 29, 2015, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised	-	384	10,00,000	-	3,980
15.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 29, 2015,	-	20	10,00,000	-	199
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 08, 2015,	2,004	2,004	1,00,000	2,058	2,054
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 10, 2015,	2,670	2,670	1,00,000	2,683	2,677
13.70 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par partially from July 2020 with the date of allotment i.e. June 15, 2016	600	600	3,33,333	2,076	2,224
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March 2021 with the date of allotment i.e. August 30, 2017,	325	325	8,33,333	2,732	3,272
12.376% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from from the date of allotment i.e. September 22, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	-	10,00,000	7,012	-
12.1133% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	460	10,00,000	4,791	4,784
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. December 19, 2018.	60,00,000	60,00,000	100	6,209	6,199
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from from the date of allotment i.e. December 20., 2018.	350	350	10,00,000	3,649	3,654
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,047	10,071
11.9526% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. August 31, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	-	10,00,000	9,951	-
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	-	8,33,333	8,322	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	-	10,00,000	2,545	-
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 18, 2020.	1,000	-	10,00,000	10,073	-

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Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	350	-	10,00,000	3,530	-
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	100	-	10,00,000	1,010	-
10.85% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	-	10,00,000	5,995	-
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	-	10,00,000	2,699	-
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. September 29, 2020.	500	-	10,00,000	5,248	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 05, 2020.	100	-	10,00,000	1,093	-
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	250	-	10,00,000	2,581	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	500	-	10,00,000	5,077	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	500	-	10,00,000	5,077	-
10.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. July 21, 2020.	200	-	10,00,000	2,136	-
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	-	10,00,000	10,228	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	-	10,00,000	1,630	-
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 12, 2020.	500	-	10,00,000	5,035	-
12.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. December 22, 2020.	275	-	10,00,000	2,012	-
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from from the date of allotment i.e. March 20, 2019; subject to exercise of put option by the lender or call option by the company at the end of third six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,021	7,006
9.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	695	7,00,000	4,942	6,365
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from from the date of allotment i.e. July 07, 2020.	19,750	-	25,000	4,758	-
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from from the date of allotment i.e. October 16, 2019.	730	730	10,00,000	7,637	7,684
Total				1,59,972	64,179

Compulsorily Convertible Preference Shares ("CCPS")

Terms	Number of CCPS		Face value	Amount in Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,94,18,612	-	10.00	22,682	-
Total				22,682	-
Grand total (NCDs and CCPS)				1,73,854	64,179

Note: terms of conversion for CCPS
At the discretion of CCPS holder, the CCPS shall be converted into Equity Shares at the earlier of:

(i) at any time but not earlier than June 30, 2022 if the audited accounts for the financial year ending on 31 March 2022 are available or such other date on which the audited accounts for the financial year ending on 31 March 2022 are available ("Target Conversion Date");
(ii) at the time of closing of a Subsequent Round;
(iii) at the time of a Qualified IPO of the Company in accordance with the Shareholders' Agreement; or
(iv) upon the Transfer of 100% (one hundred percent) of the Share Capital of the Company, such date being the "Conversion Date", at the Conversion Rate, which shall be determined in accordance with the Schedule XVII of the Shareholder Agreement.

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Note 15: Borrowings other than debt securities *(at amortised cost)*

Particulars	At at March 31, 2021	At at March 31, 2020
Term loans (secured)*	1,70,932	1,85,838
Banks	45,813	52,836
Financials institutions	12,708	19,405
Non Banking financial companies	32,679	20,943
External commercial borrowings**		
Term loans (unsecured)	16,006	16,016
External commercial borrowings**	-	3
Vehicle Loans (secured)		
Borrowings from Securitisation arrangement (secured)	4,169	5,741
- Securitisation transactions		
Total	2,82,307	3,00,782
Borrowings in India	2,33,622	2,63,823
Borrowings outside India	48,685	36,959
Total	2,82,307	3,00,782

*Term loans are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05/1.1 times of the principal loan amount and margin money deposits.Secured Term loans are repayable in equated prinipal plus interest as well as in equated instalments carrying interest rate ranging from 6.38% - 12.60% (March 31, 2020: 6.43% - 14.25%). The above loans are also secured by personal guarantee of promoters.

**External Commercial Borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured Term loans are repayable in bullet payments/semi annual payments carrying interest rate ranging from 10.00% - 12.78% (March 31, 2020: 10.50% - 12.18%).

Borrowings under Securitisation arrangements
Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities with a corresponding debit to loans and advances.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 15.1 Terms of repayment of borrowings as on March 31, 2021

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	
Monthly														
0-3 Yrs.	6.36%-13.5%	812	93,575	416	44,349	3	337	-	-	-	-	-	-	1,38,261
Above 3 Yrs.	9.60%-11.30%	51	7,684	31	6,699	6	2,170	-	-	-	-	-	-	16,754
Monthly Total		863	1,01,259	447	51,048	9	2,507	-	-	-	-	-	-	1,55,015
Quarterly														
0-3 Yrs.	9.10%-12.25%	101	41,643	21	5,710	5	460	-	-	-	-	-	-	48,813
Above 3 Yrs.	10.60%-10.75%	4	533	-	-	-	-	-	-	-	-	-	-	533
Quarterly Total		105	42,176	21	5,710	5	460	-	-	-	-	-	-	49,346
Half Yearly														
0-3 Yrs.	7%-12.75%	4	13,063	3	8,290	1	1,658	-	-	-	-	-	-	23,011
Above 3 Yrs.	9.08%-12.49%	15	12,411	14	11,512	12	9,194	13	11,805	-	-	-	-	44,922
Half Yearly Total		19	25,974	17	19,802	13	10,852	13	11,805	-	-	-	-	68,533
Annually														
0-3 Yrs.	11.50%-12.00%	2	1,793	2	1,741	2	1,741	-	-	-	-	-	-	5,275
Annually Total		2	1,793	2	1,741	2	1,741	-	-	-	-	-	-	5,275
Bullet														
0-3 Yrs.	9.75%-12.76%	15	44,139	7	21,171	4	14,822	-	-	-	-	-	-	80,232
Above 3 Yrs.	10.50%-17.00%	13	24,601	9	15,204	6	35,429	5	18,802	3	14,409	3	21,389	1,30,035
Bullet Total		28	68,940	16	36,375	10	50,251	5	18,802	3	14,409	3	21,389	2,10,267
Grand Total		1,017	2,40,242	503	1,15,677	39	65,011	18	30,606	3	14,409	3	21,389	4,86,436

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term Loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External Commercial Borrowings
The Company holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 15.2 Terms of repayment of borrowings as on March 31, 2020

(Amount in Rs. lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
0-3 Yrs.	8.43%-16.5%	803	82,441	316	46,390	105	14,922	1	269	-	-	-	-	1,44,022
Above 3 Yrs.	11.75%-13.65%	31	994	13	415	-	-	8	60	-	-	-	-	1,469
Monthly Total		834	83,435	329	46,805	105	14,922	9	329	-	-	-	-	1,45,491
Quarterly														
0-3 Yrs.	10.35%-12.50%	133	50,084	78	30,108	9	1,803	1	207	-	-	-	-	82,810
Above 3 Yrs.	11.65%	4	499	2	249	-	-	-	-	-	-	-	-	748
Quarterly Total		137	51,183	80	30,358	9	1,803	1	207	-	-	-	-	83,558
Half-Yearly														
0-3 Yrs.		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Yrs.	9.68%-12.35%	10	9,573	12	10,090	10	7,939	8	5,260	5	4,110	-	-	36,912
Half-Yearly Total		10	9,573	12	10,090	10	7,939	8	5,260	5	4,110	-	-	36,912
Bullet														
0-3 Yrs.	10.25%-12.78%	9	17,142	2	4,929	5	15,913	-	-	-	-	-	-	37,984
Above 3 Yrs.	11.17%-14.75%	5	10,099	11	23,006	5	17,028	4	10,809	3	14,239	4	11,811	86,709
Bullet Total		14	27,241	13	27,935	10	32,941	4	10,809	3	14,239	4	11,811	1,24,773
Grand Total*		795	1,71,441	434	1,15,185	133	57,605	22	16,343	8	18,349	4	11,811	3,90,734

* Vehicle loans of Rs. 3 lakhs have not been included in the above disclosure.

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term Loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External Commercial Borrowings
The Company holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 15: Subordinated liabilities *(at amortised cost)*

Particulars	As at March 31, 2021	As at March 31, 2020
Indian Rupee term loan	28,746	22,249
Subordinate debt (unsecured)- debentures*	3,529	3,527
Subordinate debt (unsecured)- term loans#		
Total	32,275	25,776
Borrowings in India	17,918	18,404
Borrowings outside India	14,359	7,372
Total	32,275	25,776

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% - 14.9% p.a. (March 31, 2020: 12.21% - 17% p.a.)
#Subordinate debt term loans are repayable in bullet payment carrying interest rate ranging from 13.5% - 16.5% p.a. (March 31, 2020: 13.5% - 16.5% p.a.)

Subordinate debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount in Rs Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
17% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 30, 2015.	-	50	10,00,000	-	500
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 15, 2016.	200	200	10,00,000	2,008	2,007
14.80% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 28, 2016.	50	50	10,00,000	500	499
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from from the date of allotment i.e. September 29, 2016.	250	250	10,00,000	2,490	2,494
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 24 2017	34,000	34,000	10,000	3,414	3,410
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 27 2018	150	150	10,00,000	1,499	1,499
12.07% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. May 2 2019	30,00,000	30,00,000	100	2,957	2,991
13% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from from the date of allotment i.e. March 24 2020	395	395	10,00,000	3,970	3,960
12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from from the date of allotment i.e. February 10 2026	28,500	-	25,000	7,006	-
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. March 31 2020	340	340	10,00,000	3,395	3,391
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 27, 2020	15,000	15,000	10,000	1,497	1,498
Total				28,746	22,249





Sub debt (unsecured) - Term Loans (at amortised cost)

Terms of term loan	Rate	As at March 31, 2021	As at March 31, 2020
16.5% Unsecured term loan , having tenure of 60 months, maturing in FY 2020-21	16.50%	1,001	1,000
13.5% Unsecured term loan , having tenure of 60 months, maturing in FY 2023-24	13.50%	2,528	2,527
Total		3,529	3,527

Grand total of debentures and term loans (subordinate debt) (unsecured)	32,275	25,776

Note 17.1: Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Insurance premium payable	862	573
Employee dues	1,118	909
Payable towards securitisation transaction	4,028	6,884
Liability against interest subvention scheme	914	-
Arranger / processing charges payable	612	-
Death claim payable to customers	474	193
Other financial liabilities - Other payable*	338	182
Total	9,046	8,541

* consists of payable to vendors

Note 17.2: Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	466	328
Total	466	328

Note 18: Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits:		
Gratuity (refer note 33)	404	265
Leave encashment and availment	527	403
Provision on managed loan portfolio (under business correspondence arrangement)	104	-
Total	1,034	668

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

(Amount in Rs. Lakhs except no. of shares)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised 8,30,00,000 (March 31, 2020: 8,30,00,000) equity shares of Rs.10/- each 2,40,00,000 (March 31, 2020: 30,00,000) preference shares of Rs.10/- each	8,300 2,400	8,300 300
	10,700	8,600
Issued, subscribed and fully paid up 6,87,15,948 (March 31, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs. Lakhs)	6,872	6,870
	6,872	6,870

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	No's in Nos.	Amount in Rs/ Lakhs
As at April 1, 2019	6,86,99,648	6,870
Issued during the year	-	-
As at March 31, 2020	6,86,99,648	6,870
Issued during the period	16,300	2
As at March 31, 2021	6,87,15,948	6,872

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Company. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Equity Shares of Rs.10 each fully paid				
Gobinda Chandra Pattanaik	67,60,343	9.84%	67,60,343	9.84%
Belgian Investment Company for Developing Countries	95,27,723	13.87%	95,27,723	13.87%
NV - SA (Investor)	75,40,536	10.97%	75,40,536	10.98%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	58,00,000	8.44%	58,00,000	8.44%
Women's World Banking Capital Partners, LP	46,45,695	6.76%	46,45,695	6.76%
Bamboo Financial Inclusions Fund II	1,80,48,942	26.27%	1,80,48,942	26.27%
Oman India Joint Investment Fund II	1,18,85,702	17.01%	1,18,85,702	17.01%
Asian Development Bank	6,40,11,941		6,40,11,941	
Total				
Compulsory Convertible Preference Shares of Rs. 10 each fully paid				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	13.38%	30,00,000	100.00%
Nuveen Global Impact Fund India S.A.R.L (*)	1,94,18,612	86.62%	-	-
Total				

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 14

Shares reserved for issue under options

For details of shares reserved for issue under the management stock option plan (MSOP) and employee stock option (ESOP) of the Company, please refer Note 37.1 and 37.2.

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Note 20: Instruments entirely equity in nature

In Rs. Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Compulsorily Convertible Preference Shares (30,00,000 preference shares (March 31, 2020: 30,00,000 preference shares) of Rs 10 each fully paid up)	300	300
Total	300	300

Compulsorily convertible Preference shares are non interest bearing and convertible at par at the option of the holder of the instrument.

Note 21: Other equity*

In Rs. Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,205	4,169
Securities premium	40,076	40,217
Stock option outstanding	1,295	1,169
Retained earnings	16,220	16,063
Other Comprehensive Income	7,292	7,767
Total	69,088	69,385

* For detailed movement of reserves refer Statement of Changes in Equity for the year ended March 31, 2021 & March 31, 2020

Nature and purpose of reserve

21.1 Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 Stock option outstanding
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 Other comprehensive income
The Group recognises changes in the fair value of Loan portfolio held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 Retained Earnings
Retained earnings represent the cumulative profit/(loss) of the Group and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 22: Interest income

(Rs. In Lakhs)

Particulars	For the year ended 31 March, 2021			For the year ended 31 March, 2020		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Interest income on loans	70,568	13,332	83,900	56,055	7,148	63,203
Interest income on securitised loans	-	858	858	-	4,223	4,223
Interest income on fixed deposits with Banks	-	5,792	5,792	-	3,574	3,574
Interest income on margin money deposits with NBFC/FI	-	117	117	-	86	86
Interest income on others	-	43	43	-	-	-
Total	70,568	20,141	90,709	56,055	15,031	71,086

Note 23.1: Fees and Commission Income

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loan portfolio servicing fees	271	682
Total	271	682

Note 23.2: Net gain on derecognition of loans designated at FVOCI

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on derecognition of loans designated at FVOCI(*)	6,363	5,664
Total	6,363	5,664

* represents net gain accounted on assignment transactions during the year

Note 24: Other Income

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of current investments	-	87
Miscellaneous income	226	324
Total	226	412

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Note 25: Finance costs

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on debt securities	13,380	7,709
Interest on borrowings other than debt securities	33,658	25,575
Interest on subordinated liabilities	3,736	2,351
Interest on Lease liabilities	8	13
Other borrowing costs*	325	2,089
Total	51,105	37,737

* consists of credit rating fees, bank charges etc.

Note 26: Impairment of Financial assets

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Impairment on loan portfolio (Own portfolio) (including loan portfolio written off)	14,587	4,484	19,071	3,838	1,432	5,270
Impairment on loan portfolio (Managed portfolio)	-	104	104	-	-	-
Total	14,587	4,588	19,175	3,838	1,432	5,270

Note 27: Employee benefit expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	18,519	16,032
Contributions to provident fund and other funds	1,103	891
Gratuity expense (refer note 33)	292	204
Expenses on employee stock option plan (refer note 37.1 and 37.2)	126	263
Staff welfare expenses	559	337
Total	20,599	17,727

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/interpretation are yet to be promulgated. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 28: Depreciation and amortisation expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	578	649
Amortisation charge on right of use asset (refer note 12)	53	54
Amortisation on intangible assets	282	171
Total	893	874

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Note 29: Other expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent on building (refer note 12)	1,264	1,104
Rent on property, plant and equipment (refer note 12)	186	64
Rates and taxes	224	350
Office maintenance	313	239
Office expenses	548	462
Director sitting fees	20	11
Travelling and conveyance	95	584
Communication expenses	266	248
Printing and stationery	253	187
Legal and professional fees	1,159	1,209
Payment to auditors (refer note 29.1 below)	85	78
Remuneration to directors	-	193
Insurance	50	58
Provision and other contingencies*	167	457
Advertisement	15	11
Training and meeting expenses	317	605
Electricity charges	161	139
Corporate Social Responsibility expenses (refer note 29.2 below)	335	109
Miscellaneous expense	309	235
Total	5,772	6,363

* represents provision for insurance Claims in respect of dues from deceased borrowers

Note 29.1: Payment to auditors

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditor:		
Audit fee (excluding taxes)	59	32
Limited review	21	39
Other services (certification fees etc.)	5	2
Reimbursement of expenses	-	5
Total	85	78

Note 29.2: Corporate Social Responsibility

Gross amount required to be spent by the Company during the current year ended is Rs. 123.91 Lakhs (March 31, 2020: Rs. 87.61 Lakhs)

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction/ acquisition of any assets	-	-	-	-	-	-
Corporate Social Responsibility expenses	335	-	335	109	-	109
Total	335	-	335	109	-	109

Note 30: Earning per share

The following reflects the profit/loss after tax and equity share data used in the basic and diluted EPS calculations:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax as per the Statement of profit and loss (Rs. in lakhs)	182	8,289
Net profit after tax as above for calculation of basic EPS and diluted EPS (Rs. in lakhs)	182	8,289
Weighted average number of ordinary shares for basic earnings per share	687	687
Effect of dilution:		
Stock options granted under ESOP (Nos.)	39	39
Compulsorily Convertible Preference Shares	30	30
Weighted average number of ordinary shares adjusted for effect of dilution	756	756
Earnings per share		
Basic earnings per share (Rs.)	0.26	12.08
Diluted earnings per share (Rs.)	0.24	10.96
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

"The Company is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on "Operating Segments'. The Company operates in a single geographical segment i.e. domestic."

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

(Rs. in lakhs)

	As at March 31, 2021	As at March 31, 2020
Securitizations		
Carrying amount of transferred assets measured at FVOCI	4,169	5,741
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,169	5,741
Fair value of transferred assets	4,169	5,741
Fair value of associated liabilities	4,169	5,741
Net position at fair value	-	-

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Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

Particulars	As at March 31, 2021	As at March 31, 2020
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	548	282
Current service cost	279	199
Interest cost	37	22
Benefits settled	(6)	(3)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(3)	(51)
- Changes in financial assumptions	23	99
Obligation at the end of the year	878	548
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	283	164
Interest income on plan assets	24	17
Re-measurement- actuarial gain / (loss)	6	(5)
Contributions	168	110
Benefits settled	(6)	(3)
Plan assets at the end of the year, at fair value	474	283
Net defined benefit liability	404	265

33.2 Expense recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	279	199
Interest cost	37	22
Interest income	(24)	(17)
Net gratuity cost	292	204

33.3 Re-measurement recognised in other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(3)	(51)
- Changes in financial assumptions	23	99
Re-measurement of the net defined benefit asset		
Return on plan assets (greater) / less than discount rate	(6)	6
Total Actuarial (gain)/ loss included in OCI	15	54

33.4 Plan assets

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Funds managed by insurer	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.76%	6.70%
Future salary growth	7.00%	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liability (in years)	28.88	29.31

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(Rs. In lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	777	1,011	482	629
Future salary growth (1% movement)	1,012	774	629	480
Attrition rate (1% movement)	866	897	538	558

33.7 Expected payment for future years

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31,
Within the next 12 months (next annual reporting period)	27	14
Between 2 and 5 years	198	119
Between 5 and 10 years	304	193
Beyond 10 years	-	1,365
Total expected payments	529	1,691

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 34 Asset liability management:

(Rs. in lakhs)

Maturity pattern of assets and liabilities as on March 31, 2021:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	20,484	12,287	17,206	58,559	1,31,695	1,81,788	45,018	21,388	4,88,430
Advances (Gross) [refer note 7(a)]	24,480	24,148	23,571	67,997	1,12,951	1,34,025	8,396	14,324	4,09,891
Investment in Fixed deposit	47,965	22,051	5,671	15,564	16,961	15,778	184	-	1,26,184

(Rs. in lakhs)

Maturity pattern of assets and liabilities as on March 31, 2020:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	6,426	9,368	17,554	46,903	91,194	1,72,790	34,694	11,809	3,90,737
Advances (Gross) [refer note 7(a)]	502	398	24,520	70,588	1,19,569	1,33,634	6,104	3,762	3,59,156
Investment in Fixed deposit	37,239	5,991	18,410	2,808	11,983	9,210	1,533	-	87,175

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Note 35.1: Additional disclosures pursuant to the Master Directions issued by RBI :

A) Information on Net Interest Margin

Computation of aggregate margin cap :

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Average interest charged by the Company on loans (%)	20.75	19.97
b)	Average effective cost of borrowings of the Company (%)	11.36	11.72
c)	Net interest margin (a-b) (%)	9.39	8.25

Note:

1 Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4808/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016 and RBI Circular dated March 13, 2020 on implementation of Indian Accounting Standards.

2 Average loan outstanding determined for the purpose of calculating NIM is based on the carrying value of loans under Ind AS , excluding effect of the following-

(a) Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements;

(b) Fair value changes recognised through other comprehensive income and;

(c) Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109.

3 Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

B) Exposure to Gold Loan

The Company has no exposure to Gold Loan directly or indirectly.

C) Disclosures required as per the Non Banking Financial Company -Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars		Remarks
1.	Capital to Risk (Weighted) Assets Ratio	Refer Note No. 35 (D)
2.	Investments	Refer note 7.1
3.	Derivatives	The Company has entered into Cross currency interest rate swaps (refer note 15.1 and 15.2) The Company has no unhedged foreign currency exposure as on March 31, 2021 and March 31, 2020.
	i) Forward Rate Agreement / Interest Rate Swap	
	ii) Exchange Traded Interest Rate (IR) Derivatives	
	iii) Disclosures on Risk Exposure in Derivatives	
	iv) Forward rate agreement/interest rate swap	
4.	Disclosures relating to Securitisation	
	i) Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer Note No. 35 (E.1)
	ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction during the current and previous year.
	iii) Details of Assignment transactions undertaken by NBFCs	Refer Note No. 35 (E.2)
5.	Details of non-performing financial assets purchased / sold	The Company has not purchased / sold non-performing financial assets during the current and previous year.
	i) Details of non-performing financial assets purchased :	
	ii) Details of Non-performing Financial Assets sold :	
6.	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 35 (F)
7.	Exposures	
	i) Exposure to Real Estate Sector	The Company has no exposure to real estate directly or indirectly.
	ii) Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.
8.	Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any holding or parent company.

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Particulars		Remarks
9.	Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	The Company has not exceeded any limit in respect of qualifying asset SGL / GBL during the current and previous year.
10.	Unsecured Advances	Refer Note No. 35 (F)
11.	Miscellaneous	
	i) Registration obtained from other financial sector regulators ii) Disclosure of Penalties imposed by RBI and other regulators	Refer Note No. 35 (G) No penalties were imposed by RBI and other regulators during the current and previous year.
	iii) Related Party Transactions	Refer Note No. 36
	iv) Ratings assigned by credit rating agencies and migration of ratings during	Refer Note No. 35 (H)
	v) Remuneration of Directors	Refer Note No. 36
	vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Accounting policy
	vii) Revenue Recognition	Refer Accounting policy
	viii) Accounting Standard 21 -Consolidated Financial Statements (CFS)	During the year, the Company has incorporated a new subsidiary "Annapurna SME Finance Private Limited" and hence consolidated financial statements is applicable from the year ended March 31, 2021. In the previous financial year, consolidated financial statements was not applicable.
12.	Additional Disclosures	
	i) Provisions and Contingencies	Refer Note No. 35 (I)
	ii) Draw Down from Reserves	There has been no draw down from reserves during the year ended March 31, 2021 (March 31, 2020 : Nil).
	iii) Concentration of Deposits, Advances, Exposures and NPAs	
	a) Concentration of Deposits (for deposit taking NBFCs)	This Disclosure is not applicable as the Company as it is not a deposit taking NBFC.
	b) Concentration of Advances	Refer Note No. 35 (J)
	c) Concentration of Exposure	Refer Note No. 35 (K)
	d) Concentration of NPAs	Refer Note No. 35 (L)
	e) Sector-wise NPAs	Refer Note No. 35 (M)
	f) Movement of NPAs	Refer Note No. 35 (N)
	iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The Company has no exposure or transaction with overseas assets.
	v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	There are no off balance sheet exposure as on March 31, 2021 and March 31, 2020.
13.	Disclosure of Complaints	Refer Note No. 35 (O)

D) Capital to Risk-Assets ratio (CRAR)

Particulars		As at March 31, 2021	As at March 31, 2020
i)	CRAR (%)	27.71	26.74
ii)	CRAR - Tier I capital (%)	21.94	20.36
iii)	CRAR - Tier II capital (%)	5.77	6.38
iv)	Amount of subordinated debt raised as Tier - II Capital (in Rs. Lakhs)	32,385	25,760
v)	Amount raised by issue of Perpetual Debt Instruments (in Rs. Lakhs)	-	-

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E.1) The followings figures are being reported based on certificate issued by the auditors of the SPV

(In Rs. Lakhs)

Particulars :	As at March 31, 2021	As at March 31, 2020
1 No of SPVs sponsored by the NBFC for securitisation transactions	2	6
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	5,416	10,384
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a) Off-balance sheet exposures		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
• First loss	1,139	2,732
• Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	1,944
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

E.2) The followings figures are being reported based on Direct Assignment undertken by the Company.

Particulars:	31-Mar-21	31-Mar-20
Numbers of loans assigned	2,49,247	2,97,711
Aggregate value of accounts sold	72,438	74,635
Aggregate consideration	72,438	74,635
Portfolio loan assigned and outstanding as at the year end	76,437	85,975
Income from direct assignment recognised in the statement of profit and loss	6,363	5,684

The Company has transferred all the rights and obligations relating to above assigned loan assets to the buyers.

F) Unsecured Advances

(In Rs Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Portfolio loans	3,85,988	3,32,009

G) Registration obtained from other financial sector regulators :
The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance) having CIN no. U65999OR1986PTC015931.

H) Ratings assigned by credit rating agencies and migration of ratings during the year:
A Credit rating agency had assigned a rating of 'A-' on the term loans of the Company on March 16, 2021 (Previous Year 'A-').

I) Provisions and Contingencies

(In Rs Lakhs)

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	For the year ended March 31, 2021	For the year ended March 31, 2020
i) Provision made towards income tax (including adjustment for deferred tax)	(15)	2,235
ii) Payment made against the securitised/ managed portfolio	104	-
iii) Other provision and contingencies	292	204
a) Provision for gratuity	124	274
b) Provision for leave benefit	167	269
c) Provision for insurance claims	18,304	1,852
iv) Provision towards NPA*	5,243	3,118
v) Provision for Standard Assets**		

* Represents impairment allowance on stage III loans
** Represents impairment allowance on stage I and stage II loans

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J) Concentration of Advances

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total advances to twenty largest borrowers *	5,006	11,229
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.22%	3.13%

* Represents amount outstanding as per contract with customers

K) Concentration of Exposures

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers / customers *	739	13,091
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	0.24%	3.30%

* Represents amount disbursed during the year as per contract with customers

L) Concentration of NPA's

(Rs. In lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to top four NPA accounts	3	13

M) Sector-wise NPAs

Sector		% of NPAs to total advances in that sector as at March 31, 2021	% of NPAs to total advances in that sectors as at March 31, 2020
i)	Agriculture & allied activities	7.62%	1.57%
ii)	MSME	6.95%	1.34%
iii)	Corporate borrowers	-	-
iv)	Services	13.56%	0.10%
v)	Unsecured personal loans	3.97%	1.10%
vi)	Auto loans	-	-
vii)	Other personal loans	-	-

N) Movement of NPAs*

(Rs. In lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
i)	Net NPAs to Net Advances (%)	3.04%	0.06%
ii)	Movement of Gross NPAs		
	a) Opening balance	4,888	3,378
	b) Additions during the year	25,530	3,427
	c) Reductions during the year (represents loan portfolio written-off)	(384)	(1,919)
	d) Closing balance	30,052	4,886
iii)	Movement of Net NPAs		
	a) Opening balance	3,034	1,756
	b) Additions during the year	8,714	1,278
	c) Reductions during the year	-	-
	d) Closing balance	11,748	3,034
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	1,852	1,620
	b) Provisions made during the year	16,816	2,151
	c) Write-off / write-back of excess provisions	(384)	(1,919)
	d) Closing balance	18,304	1,852

* refers to Stage 3 loans

O) Disclosure of Complaints

Particulars		As at March 31, 2021	As at March 31, 2020
i)	No. of complaints pending at the beginning of the year	195	23
ii)	No. of complaints received during the year	11,592	13,447
iii)	No. of complaints redressed during the year	11,703	13,275
iv)	No. of complaints pending at the end of the year	84	195

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for Company to monitor and redress them.

The above information is as certified by the management and relied upon by the auditors.

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Notes to the Standalone financial statements for the year ended March 31, 2021

P) Public Disclosure on Liquidity Risk as on March 31, 2020 Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated November 4, 2019

Public Disclosures on liquidity risk management

i) Funding Concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2021

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Eight (28)	3,62,993	NA	72.71%

Funding Concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2020

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Seven (27)	3,00,212	NA	74.72%

ii) Top 20 large deposits (Amount in Lakhs and % of total deposits) - Not applicable. The company being a Systemically Important Non Deposit taking NBFC registered with the RBI does not accept public deposits.

iii) Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2021

Amount in Lakhs *	% of Total Borrowings
1,07,707	23.58%

Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2020

Amount in Lakhs *	% of Total Borrowings
48,873	12.45%

iv) Funding Concentration based on significant instrument/product for the year ended March 31, 2021

Name of the Instrument/Product	Amount in lakhs *	% of Total Liabilities
Term loan from banks	7,109	1.42%
Term loan from FI	9,164	1.83%
Secured redeemable non convertible debentures	94,633	18.93%
Term loan from NBFC's	54,099	10.82%
External commercial borrowings	29,553	5.91%
Subordinate Debt (unsecured) - debentures	7,126	1.43%
Total borrowings	2,02,483	40.50%
Total liabilities	4,99,247	

Funding Concentration based on significant instrument/product for the year ended March 31, 2020

Name of the Instrument/Product	Amount in lakhs *	% of Total Liabilities
Term loan from banks	1,85,820	46.25%
Term loan from FI	52,956	13.15%
Secured redeemable non convertible debentures	64,179	15.97%
Term loan from NBFC's	19,405	4.83%
External commercial borrowings	16,016	3.99%
Subordinate Debt (unsecured) - debentures	22,249	5.54%
Total borrowings	3,60,623	89.73%
Total liabilities	4,01,793	

Note : The above does not include borrowings on account of securitisation agreements recognised as per Ind AS 109

v) Stock Ratios as at March 31, 2021

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial Papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other Short term liabilities	3.61%	3.61%	3.01%

Stock Ratios as at March 31, 2020

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial Papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other Short term liabilities	5.14%	5.00%	4.20%

*Represents amount outstanding as per contracts with lenders

vi) Institutional set up for liquidity risk management
The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the company to manage liquidity risk in accordance with the risk tolerance limits as decided by the board

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The Company also has a Risk Management Committee, which is a sub-committee of the board and is responsible for evaluating the overall risk faced by the company including liquidity risks.

Asset Liability Management Committee (ALCO) of the company is responsible for ensuring adherence to risk tolerance limits as well as implementing the liquidity risk management strategy of the company

Chief Risk Officer shall be a part of the process of identification, measurement and mitigation of liquidity risks

The ALM support group consists of CFO and Head-Treasury who shall be responsible for analysing, monitoring and reporting the liquidity profile to the ALCO.

*Notes
1. A significant counterparty is defined as a single counterparty or a group of connected or affiliated counterparties accounts in aggregate for more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's.

2. A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amounts to more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's.

3. Total Liabilities has been computed as sum of all liabilities (Balance sheet figures) less equities and Reserves/Surplus.

4. Public funds shall include funds raised either directly or indirectly through Public Deposits, Commercial Paper's and debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC No. 206/03.10.001/2010-11 dated January 5, 2011.

5. The amount stated in the disclosure is based on the audited Financial statements for the year ended March 31, 2021 and March 31, 2020.

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Note 35.2: Disclosure required as per RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

(In Rs. Lakhs)

As at March 31, 2021

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying Value	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	3,41,161	749	3,40,412	176	573
	Stage 2	38,678	4,494	34,184	3,399	1,095
Subtotal		3,79,839	5,243	3,74,596	3,575	1,668
Non-Performing Assets (NPA)						
Substandard	Stage 3	30,052	18,304	11,748	18,300	4
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		30,052	18,304	11,748	18,300	4
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		30,052	18,304	11,748	18,300	4
Total	Stage 1	3,41,161	749	3,40,412	176	573
	Stage 2	38,678	4,494	34,184	3,399	1,095
	Stage 3	30,052	18,304	11,748	18,300	4
	Total	4,09,891	23,547	3,86,344	21,875	1,672

Note 1: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.

(In Rs. Lakhs)

As at March 31, 2020

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying value	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	3,51,510	3,970	3,47,540	571	3,399
	Stage 2	2,800	231	2,569	127	104
Subtotal		3,54,310	4,201	3,50,109	698	3,503
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,886	1,852	3,034	3,626	(1,774)
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		4,886	1,852	3,034	3,626	(1,774)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		4,886	1,852	3,034	3,626	(1,774)
Total	Stage 1	3,51,510	3,970	3,47,540	571	3,399
	Stage 2	2,800	231	2,569	127	104
	Stage 3	4,886	1,852	3,034	3,626	(1,774)
	Total	3,59,196	6,053	3,53,143	4,324	1,729

Note 1: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.
Note 2: Includes additional provision pursuant to the RBI notification dated April 17, 2020 on accounts classified as standard but overdue as at February 29, 2020.

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Note 35.3: Frauds

1 Information on instances of fraud for the year ended March 31, 2021:

(Rs In Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	9	65	11	-	54

2 Information on instances of fraud for the year ended March 31, 2020:

(Rs In Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	5	14	-	-	14

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 35: Related Party Transactions

Name of the Related Parties (as per Ind AS 24)

Relationship	Name of the party
(i) Key Management Personnel	Mr. Gobinda Chandra Pattanaik- Managing Director Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das - Chief Financial Officer Mr. Subrat Pradhan- Company Secretary Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Joint Investment Fund II
(iii) Subsidiary Company	Annapurna SME Finance Private Limited (incorporated on December 18, 2020)

Related Party transactions during the year:

(in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	153	139
Mr. Dibyajyoti Pattanaik	70	65
Mr. Satyajit Das	62	49
Mr. Subrat Pradhan	18	15
	303	257
Expenses on employee stock option plan		
Mr. Subrat Pradhan	2	4
	2	4
Sitting Fees Paid		
Mr. Ashok Ranjan Samal	10	5
Mr.K.K. Tiwary	8	3
Mr. Sean Leslie Nossel	6	3
	24	11
(iii) Subsidiary Company		
Investment in Annapurna SME Finance Private Limited	500	-
	500	-

Note:
a) Related parties have been identified on the basis of the declaration received by the management and other records available.
b) The above remuneration to the key managerial personnel consists the short term employee benefits and above does not include the provisions made towards post employment gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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Note 37.1 Management Stock Option Plan (MSOP)

The Company provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2020 are MSOP Series- A and MSOP – Series -B.

Particulars	MSOP - Series A	MSOP - Series B (I)	MSOP - Series B (II)
Date of Grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of Board Approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of Shareholder's Approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of Options expected to exercise within the vesting period	8,16,214	4,15,119	20,83,304
Exercise Price per Share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting Period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise Period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting Conditions	Performance milestones as set out in shareholder agreement dated June 29, 2012	Performance milestones as set out in shareholder agreement dated March 19, 2014	Performance milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

MSOP- Series A

Particulars	31-Mar-21		31-Mar-20	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	8,16,214	-
Adjustment of opening	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

MSOP- Series B

Particulars	31-Mar-21		31-Mar-20	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	24,99,423	5.00
Adjustment of opening	-	-	-	-
Granted During the year	-	-	-	-
Forfeited During the year	-	-	-	-
Exercised During the year	-	-	-	-
Expired During the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans (MSOP & ESOP) on the statement of profit and loss:

Particulars	March 31, 2021 (Rs. in lakhs)	March 31, 2020 (Rs. in lakhs)
Stock options outstanding (gross)	1,295	1,169
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	1,295	1,169

The Stock option outstanding contains of Rs 544 lakhs for MSOP (A & B) as on March 31, 2021 (March 31, 2020: Rs. 544 lakhs) and Rs. 751 lakhs (March 31, 2020: Rs. 625 lakhs) for ESOP

Notes :
i) The issue of shares will be in accordance with the provisions of the Companies Act, 2013.





Note 37.2 Employee Stock Option Scheme (ESOS)

On November 30, 2016 the board of directors approved the Annapurna Stock Option Scheme 2017 for issue of stock options to eligible employees of the Company. The relevant terms of the grant are as below:

Description	Grant - 2	Grant - 1
Date of Grant	01 July 2018	01 July 2017
Date of Board approval	30 November 2016	30 November 2016
Number of options granted	18,17,481	10,90,477
Method of Settlement	Equity	Equity
Graded Vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		

The vested options can be exercised within a period of 5 years as per the table below:

End of the Year	Exercise period	Exercise period
1	Within 4 year of 1st Vesting	Within 5 year of 1st Vesting
2	Within 3 year of 2nd Vesting	Within 4 year of 2nd Vesting
3	Within 2 year of 3rd Vesting	Within 3 year of 3rd Vesting

Vesting Conditions	Continuous service with the company and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (₹)	49	41

The details of activity under the Scheme 2017 Plan are summarized below:

Grant 1

Description	31st March 2021 (No. of options)	31st March 2020 (No. of options)
Outstanding at the beginning of the year	11,28,400	10,34,300
Granted during the year	-	1,14,200
Forfeited during the year	1,64,600	20,100
Exercised during the year	11,000	-
Outstanding at the end of the year	9,52,800	11,28,400
Exercisable at the end of the year	9,52,800	11,28,400
Weighted average remaining contractual life of options (years)	-	3
Weighted average share price during the exercise period (in ₹)	41	41

Grant 2

Description	31st March 2021 (No. of options)	31st March 2020 (No. of options)
Outstanding at the beginning of the year	5,05,200	4,74,700
Granted during the year	-	60,200
Forfeited during the year	70,800	49,700
Exercised during the year	5,200	-
Outstanding at the end of the year	4,32,000	5,05,200
Exercisable at the end of the year	4,32,000	5,05,200
Weighted average remaining contractual life of options (years)	1	3
Weighted average share price during the exercise period (in ₹)	49	49

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Grant 2	Grant 1
Share Price on the date of Grant (Rs)	49.04	76.03
Exercise price (₹)	49.00	41.00
Dividend yield (%)	-	-
Expected volatility (%)	50.14-57.59%	43.85% - 49.22%
Risk-free interest rate (%)	7.23-7.32%	6.66% - 6.74%
Weighted average fair value of stock options (Rs)	61.15	45.29
Weighted average share price (₹)	50.84	76.03

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option scheme has been recognized at fair value.

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Note 38: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

(In Rs. Lakhs)

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2021			
	ASSETS			
(1)	Financial Assets			
(a)	Cash and cash equivalents	66,135	-	66,135
(b)	Bank balance other than cash and cash equivalents	39,621	42,560	82,181
(c)	Trade Receivables	37	-	37
(d)	Loans	2,29,971	1,56,745	3,86,716
(e)	Investments	-	500	500
(f)	Other financial assets	8,528	6,032	14,560
(2)	Non-financial Assets			
(a)	Current tax assets (net)	-	125	125
(b)	Deferred tax assets (net)	-	2,778	2,778
(c)	Property, plant and equipment	472	667	1,139
(d)	Intangible assets	62	37	99
(e)	Right of Use Assets	37	2	39
(f)	Other non-financial assets	534	664	1,198
	Total Assets	3,65,397	2,10,110	5,75,507
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial liabilities			
(a)	Payables			
	(i) Trade Payables			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	227	-	227
(b)	Debt securities	56,950	1,16,904	1,73,854
(c)	Borrowings (other than debt securities)	1,79,714	1,02,593	2,82,307
(d)	Subordinated liabilities	3,578	28,697	32,275
(e)	Lease liabilities	33	3	36
(f)	Other financial liabilities	9,045	-	9,045
(2)	Non-financial liabilities			
(a)	Provisions	417	617	1,034
(b)	Other non-financial liabilities	468	-	468
(3)	Equity			
(a)	Equity share capital	-	6,872	6,872
(b)	Instruments entirely equity in nature	-	300	300
(c)	Other equity	-	69,089	69,089
	Total Liabilities and Equity	2,50,432	3,25,075	5,75,507

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(In Rs. Lakhs)

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2020			
	ASSETS			
(1)	Financial Assets			
(a)	Cash and cash equivalents	70,027	-	70,027
(b)	Bank balance other than cash and cash equivalents	13,923	27,861	41,784
(c)	Trade Receivables	47	-	47
(d)	Loans	2,00,907	1,43,520	3,53,427
(e)	Other financial assets	6,945	2,298	9,243
(2)	Non-financial Assets			
(a)	Current tax assets (net)	1,704	-	1,704
(b)	Property, plant and equipment	426	749	1,175
(c)	Intangible assets	100	113	213
(d)	Right of use assets	47	52	99
(e)	Other non-financial assets	354	275	629
	Total Assets	3,03,480	1,74,868	4,78,348
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial liabilities			
(a)	Payables			
	(i) Trade Payables			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	336		336
(b)	Debt securities	13,076	51,103	64,179
(c)	Borrowings (other than debt securities)	1,22,779	1,78,003	3,00,782
(d)	Subordinated liabilities	66	25,710	25,776
(e)	Lease liabilities	51	34	85
(f)	Other financial liabilities	8,541	-	8,541
(2)	Non-financial liabilities			
(a)	Provisions	137	531	668
(b)	Deferred tax liabilities (net)	-	1,098	1,098
(c)	Other non-financial liabilities	328	-	328
(3)	Equity			
(a)	Equity share capital	-	6,870	6,870
(b)	Instruments entirely equity in nature	-	300	300
(c)	Other equity	-	69,385	69,385
	Total Liabilities and Equity	1,45,314	3,33,034	4,78,348

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Note 39: Changes in Liability arising from Financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2020	Cash Flows	Other	As at 31 March 2021
Debt Securities	64,179	1,09,675	-	1,73,854
Borrowings other than debt securities	3,00,783	(18,476)	-	2,82,307
Subordinated liabilities	25,776	6,499	-	32,275
Lease liabilities	85	(65)	15	36
Total liabilities from financing activities	**3,90,823**	**97,633**	**15**	**4,88,472**

(In Rs. Lakhs)

Particulars	As at April 1, 2019	Cash Flows	Other	As at 31 March 2020
Debt Securities	62,056	2,123	-	64,179
Borrowings other than debt securities	1,98,704	1,02,078	-	3,00,782
Subordinated Liabilities	13,922	11,854	-	25,776
Lease liabilities	-	64	21	85
Total liabilities from financing activities	**2,74,682**	**1,16,120**	**21**	**3,90,822**

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Note 40: Financial instruments – Fair values

40.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year.

(Rs. In lakhs)

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	66,135	66,135
Bank balance other than cash and cash equivalents	-	-	82,181	82,181
Trade receivables	-	-	37	37
Loans		2,03,905	92,810	3,80,715
Investment	500	-	-	500
Other financial assets	-	-	14,560	14,560
Total	500	2,03,905	2,75,723	5,70,129
Financial liabilities				
(i) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	227	227
Debt securities	-	-	1,73,854	1,73,854
Borrowings (other than debt securities)	-	-	2,82,307	2,82,307
Subordinated liabilities	-	-	32,275	32,275
Lease liabilities	-	-	38	38
Other financial liabilities	-	-	9,046	9,046
Total	-	-	4,97,745	4,97,745

(Rs. In lakhs)

As at March 31, 2020	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	70,027	70,027
Bank balance other than cash and cash equivalents	-	-	41,784	41,784
Trade receivables	-	-	47	47
Loans	-	2,85,494	67,933	3,53,427
Other financial assets	-	-	9,243	9,243
Total	-	2,85,494	1,89,034	4,74,528
Financial liabilities				
(i) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	336	336
Debt securities	-	-	64,179	64,179
Borrowings (other than debt securities)	-	-	3,00,782	3,00,782
Subordinated liabilities	-	-	25,776	25,776
Lease liabilities	-	-	85	85
Other financial liabilities	-	-	8,541	8,541
Total	-	-	3,99,699	3,99,699

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets/liabilities, payables are considered to be the same as their face values, due to their short-term nature.

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40.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

(Rs. In lakhs)

As at March 31, 2021				
Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,93,908	-	2,93,908	-
Total	2,93,908	-	2,93,908	-

(Rs. In lakhs)

As at March 31, 2020				
Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,85,494	-	2,85,494	-
Total	2,85,494	-	2,85,494	-

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

During the current year, the Company has changed its accounting estimate for measuring the gain on fair valuation of it's micro-finance loan portfolios through Other comprehensive income from yearly discounting to monthly discounting of future cashflows. Accordingly, Other Comprehensive Income, Other equity and loan portfolio for the current year is lower by Rs. 1,073.27 lacs.

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Note 41: Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the company ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

(Rs. in lakhs)

Regulatory capital	As at 31 March 2021	As at 31 March 2020
Tier 1 Capital	85,806	69,703
Tier 2 Capital	22,552	21,836
Total capital	1,08,358	91,539
Risk weighted assets	3,91,160	3,42,351
Tier 1 CRAR	21.94%	20.36%
Tier 2 CRAR	5.77%	6.38%
Total capital ratio	27.71%	26.74%

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends . Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital instruments.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India.

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Note 42: Risk Management

1 Introduction and risk profile

Annapurna Finance Private Limited ("Company") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Company predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the Company has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the Company are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Company. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Company's policy is that risk management processes throughout the Company are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organization
- Review of HR management, training and employee attrition
- Review of new initiatives and product/policy/process changes.
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments,
- Discuss and recommend suitable controls/mitigations for managing operational risk and ensure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

1.4 Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Company to manage the various key risks.

Political Risk mitigation measures:
- Low cost operations and Low pricing for customers
- Customer centric Approach, High Customer Retention
- Rural Focus
- Systematic customer awareness activities
- High Social Focused Activities
- Adherence to client protection guidelines
- Robust Grievance Redressal Mechanism
- Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
- District Centric Approach
- District Exposure Cap
- Restriction on growth in urban locations
- Maximum Disbursement Cap per loan account
- Maximum loan exposure Cap per customer
- Diversified Funding Resources

Operational & HR Risk mitigation measures:
- Stringent customer enrolment process
- Multiple products
- Proper recruitment policy and appraisal system
- Adequately trained field force
- Weekly & fortnightly collections – higher customer touch, lower amount instalments
- Multilevel monitoring framework
- Strong, independent and fully automated Internal Audit Function
- Strong IT system with access to real time client and loan data

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Liquidity Risk mitigation measures:
- Diversified funding resources
- Asset Liability management
- Effective Fund management
- Maximum Cash holding Cap

Expansion Risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on Census Data & Credit Bureau Data
- Thrice level survey of the location selected

2 Impairment assessment/ Credit risk (Also refer Note 7a)

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area, income and market potential, and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

2.1 Definition of default, Significant increase in credit risk and stage assessment
For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or more on any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:

Stage 1: 0 to 30 DPD

Stage 2: 31 to 89 DPD (SICR)

Stage 3: above 89 DPD (Default)

2.2 Probability of Default
PD describes the probability of a loan to eventually falling into Stage 3. PD Stage is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum history of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 till March 2019 which is 8-years period of historical information.

2.3 Exposure at default
Exposure at default (EAD) is the sum of outstanding principle and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's exposure) pertaining to the Assigned Portfolio.

2.4 Loss given default
LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:
1. All Loans which are above 89 DPD as on March 31, 2013, are taken and the difference in the principal outstanding as on March 31, 2013 and March 31, 2020 is considered as recovery.
2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018, March 31, 2019, March 31, 2020 and recovery rate is computed for each year.
3. LGD= 1- Recovery rate which is computed for each period of observation

2.5 Grouping financial assets measured on a collective basis

The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Company will separately calculate credit losses for them.

2.6 Analysis of inputs to the ECL model under multiple economic scenarios
Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 Liquidity risk and funding management (Also Refer Notes 34 and 39)

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Company may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Company's treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Company continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

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4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to interest rate risk as follows:

4.1 Interest Rate Risk (IRR)

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

	Impact on Profit		Impact on Pre tax Equity	
Finance Cost	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
0.50 % Increase	(255)	(224)	(255)	(224)
0.50 % Decrease	255	224	255	224

5.0 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise mainly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Company currently doesnot have any exposure to Foreign currency.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 43: Liquidity Disclosure Template as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20

Rs. in crore		Total Unweighted Value(average)	Total Weighted Value(average)
High Quality Liquidity Assets			
1	Total High Quality Liquid Assets (HQLA)		
	Cash in hand	1	
	Balances with Banks in current accounts	420	
	Bank deposit with maturity of less than 3 months	440	
	Fixed deposit with remaining maturity of less than 12 months	396	
	Fixed deposit with remaining maturity of more than 12 months	426	
	Total cash, bank & fixed deposits	1,683	
	Less: Pledged fixed deposits against loans / borrowings	271	
	HQLA	1,412	1,412
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	295	340
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	295	340
Cash Inflows			
9	Secured lending		
10	Inflows from fully performing exposures	287	215
11	Other cash inflows	-	-
12	TOTAL CASH INFLOWS	287	215
			Total Adjusted Value
13	TOTAL HQLA		1,412
14	TOTAL NET CASH OUTFLOWS		125
15	LIQUIDITY COVERAGE RATIO (%)		1133%

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Note 44: Impact of COVID-19 on business and expected credit losses

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has offered moratorium on the payment of instalments and interest that had fallen due between March 1, 2020 and August 31, 2020 to all eligible borrowers who had such moratorium.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different from that being estimated.

Note 45: The disclosure as per para 10 of the RBI circular no. DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 is as below:

(in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended in terms of paragraph 2 and 3 of February 29, 2020	3,074.04	3,575.81
Respective amount where asset classification benefit is extended*	274.29	1,014.21
Provisions made in terms of paragraph 5 of the circular	27.95	87.43
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	-	-
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	27.95	87.43

excludes amounts in SMA / overdue categories, where the moratorium / deferment was extended on securitized, assigned and business correspondence loan portfolio.

Note 46: Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

(in Rs. Lakhs)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) of (B) aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution^
Personal Loans	-	-	-	-	-
Corporate persons					
of which MSMEs	-	-	-	-	-
Others	1,46,939	35,659	-	-	3,612
Total	1,46,939	35,659	-	-	3,612

* As of March 31, 2021 and including assigned portfolio

^ Provision held as at March 31, 2021

Para 41 of Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 requires the lending institutions which did not sign the inter-creditor agreement to keep provisions of 20% of the restructured debt and who had signed ICA are required to keep the provision of 10% on restructured debt.
However, the Company has created provision of 10% on the restructured debt on the basis of resolution passed by members of Microfinance Institutions Network (MFIN) through Extra Ordinary General Meeting dated December 24, 2020. Through this resolution, all such members who may be the co-lenders are automatic signatories for ICA and agree to provide restructuring support to the borrower (under stipulated guidelines of RBI) only and only if approached by the borrower for restructuring of the loans and make adequate provisions under guidelines (i.e. 10% of restructured debt).

Note 47: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

Note 48: Previous years figures have been regrouped / rearranged wherever necessary to conform with current year's classification.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Bhaswar Sarkar
Partner
Membership No.: 055596

Place: Kolkata
Date: June 30, 2021

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02715330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Sanjit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
3rd Floor, Block 'B'
Kolkata – 700 016, India
Tel: +91 33 6134 4000

INDEPENDENT AUDITOR'S REPORT

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Annapurna Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SA), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 44 of the Ind AS financial statements, which describes the economic and social disruption as a result of the COVID-19 pandemic on the Company's business and financial metrics, including the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	**How our audit addressed the key audit matter**
(a) <u>Transition to Ind AS accounting framework</u> *(as described in Note 43 of the Ind AS financial statements)*	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS.	Our audit procedures included the following: • Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Read changes made to accounting policies in light of the requirements of the new framework. • We understood the financial statement closure process and the additional controls (including IT controls)

Key audit matters	How our audit addressed the key audit matter
The transition has involved significant changes in the Company's financial reporting processes, including generation of reliable and supportable financial information. The transition has also required the management to exercise judgement in determining the impact of Ind AS on specific disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexities and significant judgement involved in implementing Ind AS, we have considered this area as a key audit matter.	established by the Company for transition to Ind AS. • Assessed the judgement applied by the Company in determining its business model for classification of financial assets. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant RBI Directions. • Assessed disclosures made by the management for compliance with Ind AS.
(b) <u>Impairment of financial assets at balance sheet date (including provision for expected credit losses)</u> *(as described in note 7 and note 42.2 of the Ind AS financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'.	Our audit procedures included the following: • Considered the Company's accounting policies for impairment of loan receivables and assessing compliance with the policies in terms of Ind AS 109. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3.

Key audit matters	How our audit addressed the key audit matter
2. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. 3. Determining effect of less frequent past events on future probability of default. **Additional considerations on account of CoVID-19** Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020 read with advisory issued by the Microfinance Institutions Network dated March 30, 2020 ("MFIN advisory"), the Company has extended a moratorium to its borrower in accordance with its Board approved policy as described in Note 44. In accordance with the guidance from the ICAI, extension of the moratorium to borrowers by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium period gets over. The Company has recorded a macroeconomic overlay of INR 3,567.02 lacs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (CoVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the macroeconomic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the macroeconomic overlay estimate takes into account reasonably and supportable	• Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management function to assess the impact of lock-down on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and MFIN advisory and tested the implementation of such policy on a sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including CoVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Compared the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of CoVID-19 on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
information without incurring significant cost. The actual credit losses for the next 12 months could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID-19 related developments, it is a key audit matter.	
(c) IT Systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls. • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting. • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a 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 Ind AS 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 Ind AS 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 control 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 with reference to financial statements 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 Ind AS financial statements,

including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;

(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, as amended 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 derivative contracts for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

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Location: Kolkata
Date: 2020.07.09 23:45:09 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership Number: 060352
UDIN: 20060352AAAACV4212
Place of Signature: Kolkata
Date: July 9, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Annapurna Finance Private Limited as at and for the year ended March 31, 2020

(i) (a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.

(b) Majority of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3 (vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues, applicable to the Company, have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues, applicable to the Company, were outstanding, at the year-end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs. In Lacs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,666.31	AY 2017-18	Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company did not have any dues of loans or borrowings to government during the year.

(ix) According to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, money raised by the Company by way of term loans / debt instruments were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilisation have been gainfully invested in fixed deposits/liquid assets funds.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 14.26 lacs and out of which no amount has been recovered.

(xi) The Company being a private Company, hence the provisions of section 197 read with Schedule V of the Act is not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with directors as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Digitally signed by Sanjay Agarwal
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Location: Kolkata
Date: 2020.07.09 23:44:51 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership Number: 060352
UDIN: 20060352AAAACV4212
Place of Signature: Kolkata
Date: July 9, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ANNAPURNA FINANCE PRIVATE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Annapurna Finance Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material

weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial

statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Digitally signed by Sanjay Agarwal
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Date: 2020.07.09 23:44:40 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership Number: 060352
UDIN: 20060352AAAACV4212
Place of Signature: Kolkata
Date: July 9, 2020

Annapurna Finance Private Limited
Balance Sheet as at March 31, 2020

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I ASSETS				
1 Financial assets				
Cash and cash equivalents	4	70,027	45,996	27,027
Bank balance other than cash and cash equivalents	5	41,784	20,429	12,626
Trade Receivables	6	47	60	153
Loans and Advances	7	3,53,427	2,70,001	1,55,254
Other financial assets	8.1	9,243	6,705	1,538
Total financial assets		**4,74,528**	**3,43,191**	**1,96,598**
2 Non-financial assets				
Current tax assets (net)	9.1	1,704	741	292
Deferred tax assets (net)	9.2	-	164	964
Property, plant and equipment	10	1,175	997	520
Intangible assets	11	213	157	136
Right-of-use assets	12	99	-	-
Other non-financial assets	8.2	629	493	206
Total non- financial assets		**3,820**	**2,552**	**2,118**
Total assets		**4,78,348**	**3,45,743**	**1,98,716**
II LIABILITIES AND EQUITY				
Liabilities				
1 Financial liabilities				
Payables				
(I) Trade Payables				
- Total outstanding dues of micro enterprises and small enterprises	13	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		336	319	161
Debt securities	14	64,179	62,056	36,714
Borrowings (other than debt securities)	15	3,00,782	1,98,704	1,19,169
Subordinated liabilities	16	25,776	13,922	13,938
Lease liabilities	12	85	-	-
Other financial liabilities	17.1	8,541	8,463	4,094
Total financial liabilities		**3,99,699**	**2,83,464**	**1,74,076**
2 Non-financial liabilities				
Provisions	18	668	247	42
Deferred Tax liabilities (net)	9.2	1,098	-	-
Other non-financial liabilities	17.2	328	183	94
Total non- financial liabilities		**2,094**	**430**	**136**
Total liabilities		**4,01,793**	**2,83,894**	**1,74,212**
Equity				
Equity share capital	19	6,870	6,870	4,302
Instruments entirely equity in nature	20	300	300	300
Other equity	21	69,385	54,679	19,902
Total Equity		**76,555**	**61,849**	**24,504**
Total liabilities and equity		**4,78,348**	**3,45,743**	**1,98,716**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:44:26 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: July 09, 2020

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik — Digitally signed by Gobinda Chandra Pattanaik Date: 2020.07.09 23:22:02 +05'30'

Gobinda Chandra Pattanaik
Managing Director

DIBYAJYOTI PATTANAIK — Digitally signed by DIBYAJYOTI PATTANAIK Date: 2020.07.09 23:22:30 +05'30'

Dibyajyoti Pattanaik
Director

SUBRATA PRADHAN — Digitally signed by SUBRATA PRADHAN Date: 2020.07.09 23:27:45 +05'30'

Subrat Pradhan
Company Secretary

SATYAJIT DAS — Digitally signed by SATYAJIT DAS Date: 2020.07.09 23:28:21 +05'30'

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

Annapurna Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	22	71,086	45,099
Fees and commission income	23.1	682	2,726
Net gain on derecognition of loans designated at FVOCI	23.2	5,664	3,032
Bad Debt Recovery		118	190
(I) Total revenue from operations		**77,550**	**51,047**
(II) Other income	24	**412**	**749**
(III) Total income (I + II)		**77,962**	**51,796**
Expenses			
Finance costs	25	37,737	22,686
Impairment of financial assets	26	5,270	1,574
Employee benefit expenses	27	17,727	12,869
Depreciation & amortisation expenses	28	874	559
Other expenses	29	6,363	4,663
(IV) Total Expenses		**67,971**	**42,352**
(V) Profit before tax (III-IV)		9,991	9,445
(VI) Tax expense:			
Current tax		3,060	3,029
Tax for prior year	9.3	(533)	-
Deferred tax charge/ (credit)		(825)	165
(VII) Profit for the year (V-VI)		**8,289**	**6,250**
(VIII) Other comprehensive income			
A Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan	33.3	(54)	(30)
Income tax relating to items that will not be reclassified to profit or loss	9.3	13	9
Subtotal (A)		**(41)**	**(21)**
B Items that will be reclassified to profit or loss			
Net change in fair value of loans measured at fair value through other comprehensive income		8,287	2,209
Income tax relating to items that will be reclassified to profit or loss	9.3	(2,086)	(643)
Subtotal (B)		**6,201**	**1,566**
Other Comprehensive Income (A+B)		**6,160**	**1,545**
(IX) Total comprehensive income (Comprising profit / (loss) and Other Comprehensive Income for the year) (VII)+(VIII)		**14,449**	**7,796**
(X) Earnings per equity share (face value of `₹10.00 each)			
Basic (Rs.)	30	12.07	11.69
Diluted (Rs.)		10.96	10.39

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:05:30 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: July 09, 2020

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik — Digitally signed by Gobinda Chandra Pattanaik, Date: 2020.07.09 23:23:33 +05'30'

Gobinda Chandra Pattanaik
Managing Director

DIBYAJYOTI PATTANAIK — Digitally signed by DIBYAJYOTI PATTANAIK, Date: 2020.07.09 23:23:52 +05'30'

Dibyajyoti Pattanaik
Director

SUBRATA PRADHAN — Digitally signed by SUBRATA PRADHAN, Date: 2020.07.09 23:28:49 +05'30'

Subrat Pradhan
Company Secretary

SATYAJIT DAS — Digitally signed by SATYAJIT DAS, Date: 2020.07.09 23:29:08 +05'30'

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

Annapurna Finance Private Limited
Cash Flow Statement for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
Cash flow from operating activities		
Profit before tax	**9,991**	**9,445**
Adjustments for:		
Depreciation and amortisation expenses on Property, Plant and Equipment, Intangible Assets and Right of Use Assets	874	559
Impairment of financial instruments	5,270	1,574
Provision for insurance claim receivable and others	457	348
Profit on sale of current investments	(87)	(486)
Liability no longer required written back	-	(75)
Net gain on derecognition of property , plant and equipment	(1)	-
Gain on derecognition of Loans designated at FVOCI	(5,664)	-
Share based payments to employees	263	536
Operating profit before working capital changes	**11,103**	**11,900**
Movements in working capital:		
(Increase)/Decrease in other financial and non financial assets	2,509	(5,800)
(Increase) in fixed deposits (net)	(21,354)	(8,184)
(Increase) in trade receivables	(13)	(93)
(Increase) in loans and advances	(80,408)	(1,14,113)
Increase in other financial and non financial liabilities	224	4,458
Increase in provisions	421	279
Increase in Trade payables	17	158
Cash (used) in operations	**(87,501)**	**(1,11,395)**
Income tax paid (net of refunds)	(3,477)	(2,945)
Net cash flows (used in) operating activities (A)	**(90,978)**	**(1,14,340)**
Cash flow from Investing activities		
Purchase of property, plant and equipment	(834)	(903)
Proceeds from sale of property , plant and equipment	4	-
Purchase of Intangible assets	(227)	(154)
Purchase of current investments	(28,200)	(1,40,700)
Proceeds from sale of current investments	28,287	1,41,190
Net cash flows (used in) investing activities (B)	**(970)**	**(567)**
Cash flow from financing activities		
Proceeds from issuance of equity share capital (including premium) (net of share issue expenses)	-	29,014
Proceeds from debt securities (net)	2,123	25,342
Repayment of Lease liabilities	(89)	-
Interest accretion on lease liabilities	13	-
Proceeds from Borrowings (other than debt securities) (net)	1,02,078	79,535
Proceeds/ (repayment) of Subordinated liabilities (net)	11,854	(16)
Net cash flows from financing activities (C)	**1,15,979**	**1,33,875**
Net increase in cash and cash equivalents (A+B+C)	**24,031**	**18,969**
Cash and cash equivalents at the beginning of the year	45,996	27,027
Cash and cash equivalents at the end of the year (Refer note 4)	**70,027**	**45,996**
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	24,439	24,232
deposit with original maturity of less than three months	45,391	21,593
Cash on hand	197	171
Total cash and cash equivalents at the end of the year	**70,027**	**45,996**
Cash flow from operating activities include interest received of Rs 62,238 lakhs (previous year Rs 45,950 lakhs) and interest paid of Rs 34,018 lakhs (previous year Rs 21,535 lakhs)		

Notes:

1. For reconciliation of liabilities arising from financing activities refer note no 39

2. Figures in () indicate cash outflow.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:44:04 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: July 09, 2020

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik — Digitally signed by Gobinda Chandra Pattanaik, Date: 2020.07.09 23:24:21 +05'30'

Gobinda Chandra Pattanaik
Managing Director

DIBYAJYOTI PATTANAIK — Digitally signed by DIBYAJYOTI PATTANAIK, Date: 2020.07.09 23:24:38 +05'30'

Dibyajyoti Pattanaik
Director

SUBRATA PRADHAN — Digitally signed by SUBRATA PRADHAN, Date: 2020.07.09 23:29:33 +05'30'

Subrat Pradhan
Company Secretary

SATYAJIT DAS — Digitally signed by SATYAJIT DAS, Date: 2020.07.09 23:29:51 +05'30'

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

Annapurna Finance Private Limited
Statement of changes in Equity for the year ended March 31, 2020

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	In Nos.	In Rs. Lakhs
As at 1 April 2018	**4,30,21,408**	**4,302**
Issued during the year	2,56,78,240	2,568
As at 31 March 2019	**6,86,99,648**	**6,870**
Issued during the year	-	-
As at 31 March 2020	**6,86,99,648**	**6,870**

b. Other Equity

(In Rs. Lakhs)

	Reserves and Surplus					
	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	**Securities premium**	**Stock option outstanding**	**Retained Earnings**	**Other items of Comprehensive Income (Fair valuation on portfolio)**	**Total**
Balance as at April 1, 2018	**1,130**	**13,771**	**371**	**4,630**	**-**	**19,902**
Profit for the year	-	-	-	6,250	-	6,250
Other comprehensive income	-	-	-	(21)	1,566	1,545
Total comprehensive income for the year	**-**	**-**	**-**	**6,230**	**1,566**	**7,796**
Transfer to Statutory reserves	1,165	-	-	(1,165)	-	-
Issue of new shares (net of share issue expenses)	-	26,446		-	-	26,446
Amortization of vesting expenses of Employee stock option plan	-	-	535	-	-	535
Balance as at March 31, 2019	**2,295**	**40,217**	**906**	**9,695**	**1,566**	**54,679**
Profit for the year	-	-	-	8,289	-	8,289
Other comprehensive income	-	-	-	(41)	6,201	6,160
Total comprehensive income for the year	-	-	-	**8,248**	**6,201**	**14,449**
Impact due to adoption of Ind AS 116 (net of deferred tax)	-	-	-	(5)	-	(5)
Transfer to/from retained earnings	1,874			(1,874)	-	-
Amortization of vesting expenses of Employee stock option plan	-	-	263	-	-	263
Balance as at March 31, 2020	**4,169**	**40,217**	**1,169**	**16,063**	**7,767**	**69,385**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352
Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:43:20 +05'30'

Place: Kolkata
Date: July 09, 2020

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik — Digitally signed by Gobinda Chandra Pattanaik Date: 2020.07.09 23:25:13 +05'30'

Gobinda Chandra Pattanaik
Managing Director

SUBRATA PRADHAN — Digitally signed by SUBRATA PRADHAN Date: 2020.07.09 23:30:13 +05'30'

Subrat Pradhan
Company Secretary

DIBYAJYOTI PATTANAIK — Digitally signed by DIBYAJYOTI PATTANAIK Date: 2020.07.09 23:25:28 +05'30'

Dibyajyoti Pattanaik
Director

SATYAJI T DAS — Digitally signed by SATYAJIT DAS Date: 2020.07.09 23:30:31 +05'30'

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

1.1 Corporate information

Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited) ("the Company") is a private company incorporated in India. The Company was registered as a non-deposit taking Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and was classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from October 22, 2013.

The Company's registered office is at Bhubaneshwar, Odisha, India. Its debentures are listed on Bombay stock exchanges in India.

The Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group (JLG).

The financials for the year ended March 31, 2020 were approved by the Board of Directors on July 9, 2020.

1.2 Basis of Preparation

These Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act 2013 ("the Act"). The financial statement has been prepared on going concern basis.

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Direction – Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

These Ind AS financial statements for the year ended 31 March 2020, are the first , that the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 - First time adoption of Indian Accounting Standards, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 43.

In view of the matters as mentioned in note 44, the Company has assessed the impact of the Novel Coronavirus (COVID 19) pandemic on its liquidity and ability to repay its obligations as and when they are due. With the gradual relaxation of lockdown rules, as well as resumption of commercial activities by borrowers in a majority of geographies in which the Company operates, management is confident that collections will resume, albeit likely at a lower level than earlier. In this regard, all branches of the Company are in a state of readiness with optimal workforce to deal with normal business operations, while continuing to comply with regulatory guidelines on businesses, social distancing etc. The Company has also commenced field visits to meet customers. Also, the management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC- MFI, current status/ outcomes of discussions with the Company's lenders to seek/ extend moratorium and various other financial support from other banks/ agencies in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

These Ind AS financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), all of which have been measured at fair value.

These Ind AS financial statements for the year ended March 31, 2020 have been prepared in Indian Rupee (INR), which is the functional currency of the Company, and all values are rounded to the nearest lakhs, except when otherwise indicated.

1.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 38.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Revenue recognition income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

(i) Interest income and expense
Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method . The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend Income
Dividend income is recognised when the right to receive payment is established, which is generally when the shareholders approve the dividend.

(iii) Net gain on derecognition of loans designated at FVOCI:
In case of Direct assignment agreements, Income from excess interest spread over the expected life of the agreement is recognised in the statement of profit or loss upfront based on the discounted cash flows and a corresponding receivable is recognised in the Balance sheet. Further, provision as per expected credit loss model is also recognised on such receivable. Also, interest income is recognised in subsequent periods on account of unwinding of such receivable.

(iv) Fees and Commission Income:
Income from services rendered in connection with loans given on behalf of banks to Self help groups and joint liability groups organized/ monitored by the Company are recognized on accrual basis as and when such services are rendered.

(v) Other Income and expenses :
All other income and expenses are recognised in the period they occur.

2.2 Cash and cash equivalents
Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

2.3 Property, plant and equipment ('PPE') and Intangible assets

Initial Recognition and measurement
PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

2.4 Depreciation and amortization

2.4.1 Depreciation
Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of Asset	Useful Life (Years)
Furniture and fittings	10
Office equipment	5
Vehicles	8
Computers	3

2.4.2 Amortisation
Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

2.5 Impairment of non- financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will he required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

2.7 Contingent liabilities and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognised a contingent liability but discloses its existence in financial statements, if any.
Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.8 Retirement and other employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

2.8.1 Defined contribution plan

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

2.8.2 Defined benefit plan

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Gains or losses through remeasurements of net benefit liabilities/ assets are recognised with corresponding charge/credit to the retained earnings through other comprehensive income in the period in which they occur.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

2.8.3 Other employee benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based or the actuarial valuation using the projected unit credit method at the enc of each financial year. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.9 Taxes

2.9.1 Current income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are as per Income tax Act, 1961. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.9.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting dale and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss [either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

2.10 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.11 Employee Stock Option Plan and Management Stock Option Plan

Equity-settled share based payments to employees and senior management executives, are measured at the fair value of the equity instruments at the grant date.
The cost of equity-settled transactions is measured using the fair value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves, at the date when the grant is made using an appropriate valuation model. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.12.1 Financial Assets

2.12.1.1 Initial recognition and measurement

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

2.12.1.2 Classification and Subsequent measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms that give rise to contractual cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding in accordance with the requirements of Ind AS 109.

2.12.1.2.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.12.1.3 Loans

2.12.1.3.1 Loans at amortised cost

Loans are measured at the amortised cost if both the following conditions are met:
(a) Such loan is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

2.12.1.3.1 Loans at fair value through other comprehensive income (FVOCI)

Loans are measured at the FVOCI if both the following conditions are met:
(a) Such loan is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.12.2 Financial Liabilities

2.12.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

2.12.2.2 Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.12.2.3 Reclassification of financial assets and liabilities

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.12.3 De-recognition of financial assets and liabilities

2.12.3.1 De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flow from the financial asset have expired. The Company also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if, either:
- It has transferred its contractual rights to receive cash flows from the financial asset

Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.
Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities {the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:
- The Company has transferred substantially all the risks and rewards of the asset

Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
The Company considers control to be transferred and only if, the transferee has the practical ability to sell the asset in its entirely to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount {measured at the date of derecognition) and (b} the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

2.12.3.2 De-recognition of financial liabilities

Financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.12.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL)

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups for the purpose of Expected credit loss computation.

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)
Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk/ SICR)
Stage 3 includes default loans. A loan is considered default at the earlier of (I) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or more on any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: 0 to 30 Days Past Due
Stage 2: 31 to 89 Days Past Due (SICR)
Stage 3: above 89 Days Past Due (Default)

2.13.1 The calculation of ECL

The Company calculates ECLs based on historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD). ECL is calculated by multiplying them. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a. **Probability of Default (PD):** PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 to March 2013 till March 2019 which is 7-years period of historical information

b. **Exposure at default (EAD):** Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

c. **Loss given default (LGD):** LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:
1.All Loans which are above 89 DPD as on 31 March 2013, are taken and the difference in the principal outstanding as on 31st March 2013 and 31st March 2019 is considered as recovery.
2.Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018 and recovery rate is computed for each year.
3.LGD= 1- Recovery rate which is computed for each period of observation

2.13.2 Forward Looking information

The Company performs an analysis of inputs to the ECL model, as referred above, under multiple economic scenarios at the end of each reporting period and adjusts the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

2.14 Fair value measurement
The Company measures financial instruments at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received lo sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:- In the principal market for the asset or liability, or- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. (Refer Note 40 to Ind AS Financial Statements for the year ended March 31, 2020)

2.15 Derivatives
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. Derivatives embedded are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

2.16 Write-offs
Loans are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write offs. All such write offs are charged to Profit and Loss statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

2.17 Convertible Preference Shares
Convertible preference shares are classified as Instruments entirely equity in nature as per the terms of the contract since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs, if any, are deducted from equity, net of associated income tax.

2.18 Segment information
The Company operates in a single business segment i.e. lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The (Company operates in a single geographical segment i.e. domestic.

2.19 Foreign currency
Transactions in foreign currencies are initially recorded by the Company at the exchange rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except for the tax charges and credits attributable to exchange differences on monetary items , which are recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.20 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.
The Company has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1st April 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Adoption of Ind- AS 116 doesn’t have any material impact on the financial statements of the Company.
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.
If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer 2.5 Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of Office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's Ind AS financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

a. Business model assessment (Refer note 2.12.1.2.1)

b. Fair value of financial instruments (Refer note 2.14)

c. Effective Interest Rate (Refer note 2.1(l))

d. Impairment of Financial assets (Refer note 2.13)

e. Provision (Refer note 2.6)

f. Useful life of Property, plant and equipment and Intangible assets (Refer note 2.4)

g. Actuarial valuation (Refer note 2.8)

h. Taxes- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses including unabsorbed depreciation can be utilised. Significant management estimate and assumptions is required to determine the amount deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. For details, refer note 2.9

I. Leases- Estimating the incremental borrowing rate- The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For details, refer note 2.20.

Standards issued but not yet effective:
There are no standards issued but not yet effective up to the date of issuance of the Company's financial statements.

Other amendments effective from current year including amendment to appendix C of Ind AS 12 (Income taxes), Ind AS 109 (Prepayment features with negative compensation), Ind AS 19 (Employee benefits), Ind AS 23 (Borrowing costs) do not have any material impact on the financial statements of the Company.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash in hand	427	471	43
Balances with Banks in current accounts	24,439	24,252	25,184
Bank deposit with maturity of less than 3 months	45,161	21,583	1,800
	70,027	**45,996**	**27,027**

Balances with banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Fixed deposit with remaining maturity of less than 12 months*	13,923	7,355	2,686
Fixed deposit with remaining maturity of more than 12 months*	27,861	13,074	9,940
	41,784	**20,429**	**12,626**

*Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.

Note 6: Trade Receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Accrued Commission on Business Correspondant activities (Unsecured, considered good)	47	60	153
	47	**60**	**153**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

Note 7: Loans and Advances

(In Rs. Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Amortised Cost	At fair value Through Other Comprehensive Income#	Total	Amortised Cost	At fair value Through Other Comprehensive Income#	Total	Amortised Cost	At fair value Through Other Comprehensive Income	Total
i) Term loans (including securitised pool)	64,989	2,94,207	3,59,196	51,171	2,21,237	2,72,408	1,57,439		1,57,439
ii) Staff Loan	284		284	296		296	77		77
Total (A) - Gross	**65,273**	**2,94,207**	**3,59,480**	**51,467**	**2,21,237**	**2,72,704**	**1,57,516**	-	**1,57,516**
Less: Impairment loss allowance	1,792	4,261	6,053	408	2,295	2,703	2,262		2,262
Total (A) - Net	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**
i) Secured	27,193		**27,193**	4,797	-	-	-	-	-
ii) Unsecured	38,080	2,94,207	**3,32,287**	46,670	2,21,237	2,67,907	1,57,516	-	1,57,516
Total (B) - Gross	**65,273**	**2,94,207**	**3,59,480**	**51,467**	**2,21,237**	**2,72,704**	**1,57,516**	-	**1,57,516**
Less : Impairment loss allowance	1,792	4,261	**6,053**	408	2,295	2,703	2,262	-	2,262
Total (B) - Net	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**
Loans in India									
i) Public Sector	-	-	-	-	-	-	-	-	-
ii) Others	65,273	2,94,207	**3,59,480**	51,467	2,21,237	2,72,704	1,57,516	-	1,57,516
Total - Gross	**65,273**	**2,94,207**	**3,59,480**	**51,467**	**2,21,237**	**2,72,704**	**1,57,516**	-	**1,57,516**
Less: Impairment loss allowance	1,792	4,261	**6,053**	408	2,295	2,703	2,262	-	2,262
Total - Net	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**
Loans outside India	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
Total - Net								-	
Total (C)	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**

Represents fair value of loans designated at FVOCI
The details of loans hypothecated against borrowings are presented in Note 14-15.

Reconciliation of Impairment allowance

Particulars	As at March 31, 2020			As at March 31, 2019		
	Amortised Cost	At fair value Through Other Comprehensive Income	Total	Amortised Cost	At fair value Through Other Comprehensive Income	Total
Opening Provision	408	2,295	2,703	159	2,153	2,262
Add: Impairment provision created during the year(Refer note 26)	1,431	3,838	5,269	305	1,269	1,574
Less: Amount written off	(47)	(1,873)	(1,919)	(6)	(1,127)	(1,133)
Less: Recovery made during the year	-	-	-	-	-	-
Closing Provision	**1,792**	**4,261**	**6,053**	**458**	**2,295**	**2,703**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

7(a)(2)(1) Term Loans

Gross carrying value of assets as at 31st March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,51,511	2,800	-	3,54,311
Non Performing assets	-	-	4,886	4,886
Total	**3,51,511**	**2,800**	**4,886**	**3,59,197**

Gross carrying value of assets as at 31st March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	2,68,470	560	-	2,69,030
Non Performing assets	-	-	3,378	3,378
Total	**2,68,470**	**560**	**3,378**	**2,72,408**

Gross carrying value of assets as at 1st April 2018

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	1,53,225	932	-	1,54,157
Non Performing assets	-	-	3,282	3,282
Total	**1,53,225**	**932**	**3,282**	**1,57,439**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at 31st March 2019	2,68,470	560	3,378	2,72,408
New assets originated during the year, Netted off for repayments and derecognised portfolio	85,617	2,626	464	88,707
Assets written off during the year			(1,919)	(1,919)
Movement between stages				
Transfer from Stage 1	(2,700)	2	2,698	-
Transfer from Stage 2	0	(386)	386	-
Transfer from Stage 3	118	1	(119)	-
Gross carrying value of assets as at 31st March 2020	**3,51,511**	**2,800**	**4,886**	**3,59,197**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 31st March 2019	1,051	32	1,620	2,703
New assets originated during the year, Netted off for repayments and derecognised portfolio	2,919	199	2,151	5,269
Assets written off during the year	-	-	(1,919)	(1,919)
ECL allowance as at 31st March 2020	**3,970**	**231**	**1,852**	**6,053**

a) ECL for stage 1 has increased primarily on account of new assets originated during the year.
a) ECL for stage 2 has increased primarily on account of new assets originated during the year.
c) ECL for stage 3 (net of write off) has increased on account of new asset originated during the year.
d) Increase is also on account of additional provision made on account of COVID 19 pandemic (Refer Note 44)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at 1st April 2018	1,53,225	932	3,282	1,57,439
New assets originated during the year, Netted off for repayments and derecognised portfolio	1,15,239	(129)	992	1,16,102
Assets written off during the year			(1,133)	(1,133)
Movement between stages				
Transfer from Stage 1	(184)	5	179	-
Transfer from Stage 2	1	(248)	247	-
Transfer from Stage 3	189	0	(189)	-
Gross carrying value of assets as at 31st March 2019	**2,68,470**	**560**	**3,378**	**2,72,408**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1st April 2018	567	52	1,643	2,262
New assets originated during the year, Netted off for repayments and derecognised portfolio	484	(20)	1,110	1,574
Assets written off during the year	-	-	(1,133)	(1,133)
ECL allowance as at 31st March 2019	**1,051**	**32**	**1,620**	**2,703**

a) ECL for stage 1 has increased primarily on account of new assets originated during the year.
b) ECL for stage 2 loans has declined primarily on account of transfers to stage 3 during the year.
c) ECL for stage 3 (net of write off) has declined on account of recoveries/ collections made by the Company during the year.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 8.1: Other financial assets (at amortised cost)

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Security deposits (Unsecured, considered good)	226	166	112
Retained interest on assets assigned	2,638	1,497	-
Interest accrued on loans designated at FVOCI	3,910	2,809	-
Fixed deposit with Financial institution*	1,361	1,420	1,040
Insurance Claim Receivable (Unsecured, considered good)	739	475	257
Others**	369	338	129
Total	**9,243**	**6,705**	**1,538**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.
**Includes staff advances and other work advance recoverable from employees.

Note 8.2:Other Non- financial assets

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Prepaid Expenses	469	393	206
Capital Advance	140	100	-
Other Advances (Unsecured, considered good)	20	-	-
Total	**629**	**493**	**206**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 9.1: Current Tax assets (net)

(In Rs. Lakhs)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance income tax (Net of provision)	1,704	741	292

Note 9.2: Deferred Tax Assets/Liabilities (net)
Effects of Deferred tax assets and Deferred tax liabilities

(In Rs. Lakhs)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred Tax Assets:			
Impairment of financial assets	1,272	1,022	655
Property, Plant and Equipment impact of difference between tax depreciation and depreciation charged for the financial reporting	193	158	89
Provision for Defined benefit obligation and leave encashment	168	86	68
Impact of Ind AS 116	2		
Impact due to amortization of Processing fees income	160	244	436
Others	210		
Deferred Tax Liabilities:			
Upfront recognition of Gain on Direct assignment agreements	(296)	(436)	-
Impact due to amortization of Processing fees expenses	(78)	(162)	(284)
Gain on Fair value of portfolio loans	(2,729)	(643)	-
Others	-	(105)	-
Deferred tax relating to origination and reversal of temporary differences (Net of liabilities)	**(1,098)**	**164**	**964**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Note 9.3: Income Tax expense

(In Rs. Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income tax expense in the statement of profit and loss consists of:		
Current Income Tax:		
Income Tax	3,060	3,029
Deferred Tax	(825)	165
Income Tax expense reported in respect of current year	**2,235**	**3,194**
Tax in respect of earlier years	(533)	-
Total Income Tax expense reported in the statement of profit or loss	**1,702**	**3,194**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/(losses) on defined benefit plans	(13)	(9)
Deferred tax arising on fair value gain on loan portfolio	2,086	643
Total	**2,073**	**634**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31 March 2019 is, as follows:

(In Rs. Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	9,991	9,445
At India's statutory income tax rate of 25.17% (2019: 29.12%)	2,515	2,750
Adjustment in respect of current income tax of prior years		
Change in tax rates	124	21
Income not subject to tax (Refer Note 42)		
Others (upfront gain on direct assignment deals, net of actual gain realised)	(1,162)	(1,465)
Non-deductibe expenses		
Expendiuture on CSR	109	72
Others	822	1,874
Additional tax allowances	(173)	(58)
Income tax expense reported in the statement of profit or loss	**2,235**	**3,194**
Income tax adjustment in respect of current income tax of prior years	**(533)**	**-**
Total income tax expense reported in the statement of profit or los	**1,702**	**3,194**

The effective income tax rate for 31 March 2020 is 25.17% (31 March 2019: 29.12%).

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised Provision for Income Tax for the year and re-measured its Deferred tax asset (or/and deferred tax liability) basis the rate prescribed in the said section. Accordingly, deferred tax asset have reduced by Rs. 123 lakhs. The tax charge or (credit) for the year have increased by Rs. 123 lakhs.

Movement in deferred tax balances for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	Net balance April 1, 2019	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2020	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Impact of difference between tax depreciation/ amortisation	158	35	-	-	193	193	-
Provision for Defined benefit obligation and leave encashment	86	82	13	-	168	168	-
Impairment allowance for Loans	1,022	250	-	-	1,272	1,272	-
Impact of ammortisation of expense , offered to tax on upfront basis	(162)	84	-	-	(78)		(78)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	245	(85)	-	-	160	160	-
Gain on Direct assignment deals, accounted for upfront, offered to tax on accrual basis	(436)	144	-	-	(292)	-	(292)
Gain on Fair value of portfolio loans	(643)	-	(2,086)	-	(2,729)	-	(2,729)
Impact of Ind AS 116 adoption	-	-	-	(2)	(2)	-	(2)
Other items	(106)	316	-	-	210	210	
Net Deferred tax assets / (liabilities)	**164**	**825**	**(2,073)**	**(2)**	**(1,098)**	**2,003**	**(3,101)**

Movement in deferred tax balances for the year ended March 31, 2019

(In Rs. Lakhs)

Particulars	Net balance April 1, 2018	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2019	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Impact of difference between tax depreciation/ amortisation	89	69	-	-	158	158	-
Provision for Defined benefit obligation and leave encashment	68	(9)	9	-	86	86	-
Impairment allowance for Loans	655	367	-	-	1,022	1,022	-
Impact of ammortisation of expense , offered to tax on upfront basis	(284)	(122)		-	(162)	-	(162)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	436	191	-	-	245	245	-
Gain on Direct assignment deals, accounted for upfront, offered to tax on accrual basis	-	(436)	-	-	(436)	-	(436)
Gain on Fair value of portfolio loans	-		(643)	-	(643)	-	(643)
Other items	-	106	-	-	(106)	-	(106)
Net Deferred tax assets / (liabilities)	**964**	**165**	**(634)**	**-**	**164**	**1,511**	**(1,347)**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 10: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Land-Freehold	Office equipment	Furniture & Fixures	Vehicles	Computers	Total
Cost:						
At 1 April 2018	**14**	**338**	**331**	**92**	**423**	**1,198**
Additions	-	340	225	24	314	903
Disposals	-	-	-	-	-	-
At 31 March 2019	**14**	**678**	**556**	**116**	**737**	**2,101**
Additions	-	325	187	40	278	830
Disposals	-	-	-	(3)	-	(3)
At 31 March 2020	**14**	**1,003**	**743**	**153**	**1,015**	**2,928**
Depreciation and impairment:						
At 1 April 2018	-	203	138	50	287	678
Depreciation charge for the year	-	143	81	15	187	426
Disposal	-	-	-	-	-	-
At 31 March 2019	**-**	**346**	**219**	**65**	**474**	**1,104**
Depreciation charge for the year	-	237	119	24	269	649
Disposal	-	-	-	-	-	-
At 31 March 2020	**-**	**583**	**338**	**89**	**743**	**1,753**
Net book value:						
At 1 April 2018	**14**	**135**	**193**	**42**	**136**	**520**
At 31 March 2019	**14**	**332**	**337**	**51**	**263**	**997**
At 31 March 2020	**14**	**420**	**405**	**64**	**272**	**1,175**

The details of property, plant and equipment hypothecated against borrowings are presented in Note 14.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 11: Intangible assets

(In Rs. Lakhs)

	Computer software
Deemed Cost:	
At 1 April 2018	**280**
Additions	154
Disposals	-
At 31 March 2019	**434**
Additions	227
Disposals	-
At 31 March 2020	**661**
Accumulative amortisation:	
At 1 April 2018	144
Amortisation charge for the year	133
Disposal	-
At 31 March 2019	**277**
Amortisation charge for the year	171
Disposal	-
At 31 March 2020	**448**
Net book value:	
At 1 April 2018	**136**
At 31 March 2019	**157**
At 31 March 2020	**213**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 12:
As a Lessee:

The Company has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 to 5 years.

The Company also has certain leases with lease terms of 12 months or less and leases with low-value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	**Total**
As at April 1, 2019 (Restated)	87
Additions during the year	42
Security Deposits Reclassified as per IND AS 116	24
Depreciation expense	(54)
As at March 31, 2020	99

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	**Total**
As at April 1, 2019 (Restated)	95
Additions during the year	42
Accretion of interest	13
Payments	(65)
As at March 31, 2020	85

The maturity analysis of Lease liabilities are disclosed in Note 36

The effective interest rate for lease liabilities is 11.77% to 13.01% with maturity between 2017- 2022.

The following are the amounts recognised in profit or loss: (In Rs. Lakhs)

Particulars	**Year ended 31 March 2020**
Depreciation expense of right-of-use assets	54
Interest expense on lease liabilities	13
Expense relating to short-term leases and other low value assets leases (included in other expenses)	1,104
Total amount recognised in profit or loss	**1,171**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 13: Trade Payables

(In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	336	319	161
Total	**336**	**319**	**161**

Note 13.1 Dues to the Micro Enterprises and Small Enterprises

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
1. The principal amount remaining unpaid to supplier as at the end of accounting year	-	-	-
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-	-
3. The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2019-20	-	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-	-
5. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-	-
Total	**-**	**-**	**-**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 14: Debt securities (at amortised cost) (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Redeemable Non- convertible Debentures (secured)*	64,179	59,278	36,714
Redeemable Non- convertible Debentures (unsecured)#	-	2,778	-
Total	**64,179**	**62,056**	**36,714**
Debt securities in India	3,307	9,602	4,870
Debt securities outside India	60,872	52,454	31,844
Total	**64,179**	**62,056**	**36,714**

*Non -convertible Debentures are secured against hypothecation of all the underlying receivables/book debts to the extent 1- 1.10 times of the principle loan amount and charge over property, plant and equipment of the company.Secured NCDs are repayable in semi annual installments & bullet payment carrying interest ranging from 9.68% - 15.50% p.a.
#Unsecured Debentures are repayable monthly carrying interest rate 12.11%

Redeemable Non- convertible Debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures			Face value	Amount in Lakhs		
	March 31, 2020	March 31, 2019	April 1, 2018		March 31, 2020	March 31, 2019	April 1, 2018
13.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Forty eight months from from the date of allotment i.e. October 8, 2014,			240	10,00,000	-	-	2,556
13.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Forty eight months from from the date of allotment i.e. November 27, 2014,			150	10,00,000	-	-	1,570
11.90% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. May 29, 2015, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	384	384	384	10,00,000	3,980	3,984	4,029
15.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 29, 2015,	20	20	20	10,00,000	199	200	200
11.11% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Forty seven months from from the date of allotment i.e. September 14, 2015,		330	330	10,00,000	-	3,309	3,322
14.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par in two installments.		219	292	10,00,000	-	2,307	3,080
13.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Thirty six months from from the date of allotment i.e. December 04, 2015,			396	10,00,000	-	-	4,161
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 08, 2015,	2,004	2,004	2,004	1,00,000	2,054	2,074	2,068
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 10, 2015,	2,670	2,670	2,670	1,00,000	2,677	2,679	2,686
13 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from from the date of allotment i.e. June 15, 2016,	600	600	600	10,00,000	6,224	6,226	6,239
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Seventy two months from from the date of allotment i.e. August 30, 2017,	325	325	325	10,00,000	3,272	3,277	3,284
11.53% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	460		10,00,000	4,794	4,800	-
12.50 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from from the date of allotment i.e. December29, 2016	-	350	350	10,00,000	-	3,510	3,519
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. December 19, 2018.	60,00,000	60,00,000	-	100	6,199	6,203	-
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from from the date of allotment i.e. December 20., 2018.	350	350	-	10,00,000	3,654	3,614	-
11.82% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	-	10,00,000	10,071	10,083	-
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the company at the end of thirt six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	-	10,00,000	7,006	7,012	-
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	-	-	9,00,000	6,365	-	-
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from from the date of allotment i.e. October 16, 2019.	730	-	-	10,00,000	7,684	-	-
Total					**64,179**	**59,278**	**36,714**

Redeemable Non- convertible Debentures (unsecured) (at amortised cost)

Terms of debentures	Number of debentures			Face value	Amount in Lakhs		
	March 31, 2020	March 31, 2019	April 1, 2018		March 31, 2020	March 31, 2019	April 1, 2018
500 , 12.11% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of every month from the date of allotment i.e. May 24 2018		277.8		10,00,000.00		2,778	
Total					**-**	**2,778**	**-**

Grand Total of secured and unsecured NCD	**64,179**	**62,056**	**36,714**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 15: Borrowings other than debt securities (at amortised cost) (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Term loans (secured)*			
Banks	1,85,838	1,20,032	72,724
Financials institutions	52,836	36,452	21,644
Non Banking financial companies	19,405	10,754	20,702
External Commercial Borrowings**	20,943	8,593	1,691
Term loans (unsecured)			
External Commercial Borrowings**	16,016	1,517	-
Non Banking financial companies		1,143	2,380
Vehicle Loans (secured)	3	12	28
Borrowings under Securitisation arrangements (secured)			
- Financial Institutions	5,741	20,201	-
Total	**3,00,782**	**1,98,704**	**1,19,169**
Borrowings in India	2,63,823	1,88,594	1,17,478
Borrowings outside India	36,959	10,110	1,691
Total	**3,00,782**	**1,98,704**	**1,19,169**

*Term loans are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05/1.1 times of the principle loan amount.Secured Term loans are repayable in equated prinipal plus interest as well as in equated instalments carrying interest rate ranging from 6.43% - 14.25%. The above loans are also secured by personal guarantee of promoters.

**External Commercial Borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured Term loans are repayable in bullet payments/semi annual payments carrying interest rate ranging from 10.50% - 12.18%.

Borrowings under Securitisation arrangements
Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities with a corresponding debit to loans and advances.

#Vehicle loans are secured against hypothecation of vehicles purchase against such loans and are repayable in equated monthly instalments carrying interest rate ranging from 8.50% -9.50% p.a.

Note 16: Subordinated liabilities (at amortised cost) (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Sub debt (unsecured)- Debentures*	22,249	10,397	10,437
Sub debt (unsecured)- Term Loans#	3,527	3,525	3,501
Total	**25,776**	**13,922**	**13,938**
Borrowings in India	18,404	13,922	13,938
Borrowings outside India	7,372	-	-
Total	**25,776**	**13,922**	**13,938**

*Sub Debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% - 17% p.a.
#Sub Debt Term loans are repayable in bullet payment carrying interest rate ranging from 13.5% - 16.5% p.a.

Sub debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures			Face value	Amount in Lakhs		
	March 31, 2020	March 31, 2019	April 1, 2018		March 31, 2020	March 31, 2019	April 1, 2018
17% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 30, 2015.	50	50	50	10,00,000	500	498	500
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 15, 2016.	200	200	200	10,00,000	2,007	2,006	2,012
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 28, 2016.	50	50	50	10,00,000	499	499	501
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from from the date of allotment i.e. September 29, 2016.	250	250	250	10,00,000	2,494	2,492	2,500
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 24 2017	34,000	34,000	34,000	10,000	3,410	3,405	3,422
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 27 2018	150	150	150	10,00,000	1,499	1,497	1,502

12.87% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. May 2 2019	30,00,000	-	-	100	2,991	-	-
13% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from from the date of allotment i.e. March 24 2020	396	-	-	10,00,000	3,960	-	-
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. March 31 2020	340	-	-	10,00,000	3,391	-	-
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 27, 2020	15,000	-	-	10,000	1,498	-	-
Total					**22,249**	**10,397**	**10,437**

Sub debt (unsecured)- Term Loans (at amortised cost)

Terms of term loan	**Rate**	**As on March 31, 2020**	**As on March 31, 2019**	**As on March 31, 2018**
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.50%	2,527	2,526	2,502
13.5% Unsecured term loan , having tenure of 66 months, maturing in FY 2023-24	13.50%	1,000	999	999
Total		**3,527**	**3,525**	**3,501**

Grand Total of secured and unsecured NCD	**25,776**	**13,922**	**13,938**

Note 17.1: Other financial liabilities (at amortised cost)

(In Rs. Lakhs)

Particulars	**March 31, 2020**	**March 31, 2019**	**April 1, 2018**
Insurance Premium payable	573	971	681
Employee Dues	909	778	454
Payable towards securitization	6,684	6,425	2,847
Other payables	375	289	112
Total	8,541	8,463	4,094

Note 17.2: Other non-financial liabilities

(In Rs. Lakhs)

Particulars	**March 31, 2020**	**March 31, 2019**	**April 1, 2018**
Statutory dues payable	328	183	94
Total	**328**	**183**	**94**

Note 18: Provisions

(In Rs. Lakhs)

Particulars	**March 31, 2020**	**March 31, 2019**	**April 1, 2018**
Provision for employee benefits:			
Gratuity (Refer Note 33)	265	118	-
Leave encashment and availment	403	129	42
Total	**668**	**247**	**42**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Terms of repayment of borrowings as on March 31, 2020

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 Yrs.	6.43%-16.5%	603	82,441	316	46,390	106	14,922	1	269	-	-	-	-	**1,44,022**
Above 3 Yrs.	11.75%-13.65%	31	994	13	415	-	-	8	60	-	-	-	-	**1,469**
Monthly Total		**634**	**83,435**	**329**	**46,805**	**106**	**14,922**	**9**	**329**	**-**	**-**	**-**	**-**	**1,45,491**
Quarterly														
1-3 Yrs.	10.35%-12.50%	133	50,694	78	30,106	9	1,803	1	207	-	-	-	-	**82,810**
Above 3 Yrs.	11.85%	4	499	2	249	-	-	-	-	-	-	-	-	**748**
Quarterly Total		**137**	**51,193**	**80**	**30,355**	**9**	**1,803**	**1**	**207**	**-**	**-**	**-**	**-**	**83,558**
Half Yearly														
1-3 Yrs.		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Yrs.	9.68%-12.35%	10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	**36,912**
Half Yearly Total		**10**	**9,573**	**12**	**10,090**	**10**	**7,939**	**8**	**5,200**	**5**	**4,110**	**-**	**-**	**36,912**
Bullet														
1-3 Yrs.	10.25%-12.78%	9	17,142	2	4,929	5	15,913	-	-	-	-	-	-	**37,984**
Above 3 Yrs.	11.17%-14.75%	5	10,099	11	23,006	5	17,028	4	10,606	3	14,239	4	11,811	**86,789**
Bullet Total		**14**	**27,241**	**13**	**27,935**	**10**	**32,941**	**4**	**10,606**	**3**	**14,239**	**4**	**11,811**	**1,24,773**
Grand Total		**795**	**1,71,441**	**434**	**1,15,185**	**135**	**57,605**	**22**	**16,343**	**8**	**18,349**	**4**	**11,811**	**3,90,734**

Note: Vehicle Loans (Rs. 3 lakhs) have not been included in the above disclosure.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Terms of repayment of borrowings as on March 31, 2019

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 Yrs.	6.95%-16.50%	580	73,410	269	31,533	22	3,476	-	-	-	-	-	-	**1,08,419**
Above 3 Yrs.	11.60%-13.65%	65	2,294	37	1,108	5	166	-	-	-	-	-	-	**3,568**
Monthly Total		**645**	**75,704**	**306**	**32,641**	**27**	**3,642**	**-**	**-**	**-**	**-**	**-**	**-**	**1,11,987**
Quarterly														
1-3 Yrs.	9.85%-12.50%	109	32,112	55	18,978	14	3,593	1	241	-	-	-	-	**54,924**
Above 3 Yrs.	11.50%	4	499	4	498	2	248	-	-	-	-	-	-	**1,245**
Quarterly Total		**113**	**32,611**	**59**	**19,476**	**16**	**3,841**	**1**	**241**	**-**	**-**	**-**	**-**	**56,169**
Half Yearly														
1-3 Yrs.		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Yrs.	10.95%-11.5%	6	4,792	6	4,042	6	2,798	4	647	2	398	-	-	**12,677**
Half Yearly Total		**6**	**4,792**	**6**	**4,042**	**6**	**2,798**	**4**	**647**	**2**	**398**	**-**	**-**	**12,677**
Bullet														
1-3 Yrs.	10.25%-13.60%	27	14,540	2	4,580	2	4,929	-	-	-	-	-	-	24,049
Above 3 Yrs.	10.15%-17%	3	8,264	-	8,502	11	23,003	3	12,446	4	10,604	2	6,969	69,788
Bullet Total		**30**	**22,804**	**2**	**13,082**	**13**	**27,932**	**3**	**12,446**	**4**	**10,604**	**2**	**6,969**	**93,837**
Grand Total		**794**	**1,35,911**	**373**	**69,241**	**62**	**38,213**	**8**	**13,334**	**6**	**11,002**	**2**	**6,969**	**2,74,670**

Note: Vehicle Loans (Rs. 12 lakhs) have not been included in the above disclosure

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Terms of repayment of borrowings as on April 1, 2018

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 Yrs.	6.95%-16.5%	482	39,422	219	24,675	42	7,139	-	-	-	-	-	-	**71,236**
Above 3 Yrs.	11.60%-13.70%	97	3,143	65	2,296	37	1,109	5	166	-	-	-	-	**6,714**
Monthly Total		**579**	**42,565**	**284**	**26,971**	**79**	**8,248**	**5**	**166**	**-**	**-**	**-**	**-**	**77,950**
Quarterly														
1-3 Yrs.	9.80%-12.50%	71	16,340	33	6,896	10	1,177	-	-	-	-	-	-	**24,413**
Above 3 Yrs.	11.50%	5	639	4	498	4	498	2	249	-	-	-	-	**1,884**
Quarterly Total		**76**	**16,979**	**37**	**7,394**	**14**	**1,675**	**2**	**249**	**-**	**-**	**-**	**-**	**26,297**
Half Yearly														
1-3 Yrs.	11.5%	2	1,991	-	-	-	-	-	-	-	-	-	-	1,991
Above 3 Yrs.	10.95%-11.5%	4	2,865	4	2,170	4	1,653	4	408	2	249	-	-	**7,345**
Half Yearly Total		**6**	**4,856**	**4**	**2,170**	**4**	**1,653**	**4**	**408**	**2**	**249**	**-**	**-**	**9,336**
Bullet														
1-3 Yrs.	10.5%-13.60%	6	8,244	1	3,486	-	-	-	-	-	-	-	-	11,730
Above 3 Yrs.	12.49%-17%	4	8,885	2	3,873	5	8,502	7	10,129	1	2,489	4	10,603	44,481
Bullet Total		**10**	**17,129**	**3**	**7,359**	**5**	**8,502**	**7**	**10,129**	**1**	**2,489**	**4**	**10,603**	**56,211**
Grand Total		**671**	**81,529**	**328**	**43,894**	**102**	**20,078**	**18**	**10,952**	**3**	**2,738**	**4**	**10,603**	**1,69,794**

Note: Vehicle Loans (Rs. 27 lakhs) have not been included in the above disclosure

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorised			
8,30,00,000 (March 31, 2019: 8,30,00,000; April 1, 2018: 5,10,00,000) equity shares of Rs.10/- each	8,300	8,300	5,100
30,00,000 (March 31, 2019: 30,00,000 ; April 1, 2018: 50,00,000) preference shares of Rs.10/- each	300	300	500
	8,600	**8,600**	**5,600**
Issued, subscribed and fully paid up			
6,86,99,648 (March 31, 2019: 6,86,99,648; April 1, 2018: 43,021,408) equity shares of Rs.10/- each (in Rs Lakhs)	6,870	6,870	4,302
	6,870	**6,870**	**4,302**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Nos.	In Rs. Lakhs
As at 1 April 2018	**4,30,21,408**	**4,302**
Issued during the year	2,56,78,240	2,568
As at 31 March 2019	**6,86,99,648**	**6,870**
Issued during the year	-	-
As at 31 March 2020	**6,86,99,648**	**6,870**

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Company. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

Details of shareholders holding more than 5% shares in the Company

Name of shareholder	March 31, 2020		March 31, 2019		April 1, 2018	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Equity Shares of Rs.10 each fully paid						
Gobinda Chandra Pattanaik	67,60,343	9.84%	67,60,343	9.84%	62,92,731	14.63%
RIF East 2 (Investor)	-	-	-	-	27,68,497	6.44%
Belgian Investment Company for Developing Countries NV - SA (Investor)	95,27,723	13.87%	95,27,723	13.87%	95,27,723	22.15%
SIDBI Trustee Company Limited A/c ("Samridhi Fund") (Investor)	-	-	-	-	56,01,853	13.02%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	75,40,536	10.98%	75,40,536	10.98%	64,78,589	15.06%
Women's World Banking Capital Partners, LP	58,00,000	8.44%	58,00,000	8.44%	58,00,000	13.48%
Bamboo Financial Inclusions Fund II	46,45,695	6.76%	46,45,695	6.76%	34,06,757	7.92%
Oman India Investment Fund	1,80,48,942	26.27%	1,80,48,942	26.27%	-	-
Asian Development Bank	1,16,88,702	17.01%	1,16,88,702	17.01%	-	-
Total	**6,40,11,941**	**93.17%**	**6,40,11,941**	**93.17%**	**3,98,76,150**	**92.70%**
Compulsory Convertible Preference Shares of Rs. 10 each fully paid						
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	100.00%	30,00,000	100.00%	30,00,000	100.00%
Total	**30,00,000**	**100.00%**	**30,00,000**	**100.00%**	**30,00,000**	**100.00%**

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Shares reserved for issue under options
For details of shares reserved for issue under the management stock option plan (MSOP) and employee stock option (ESOP) of the Company, please refer Note 37.1 and 37.2.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 20: Instruments entirely equity in nature **In Rs. Lakhs**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Compulsorily Convertible Preference Shares (30,00,000 shares of Rs 10 each fully paid up)	300	300	300
Total	**300**	**300**	**300**

Compulsorily convertible Preference shares are non interest bearing and convertible at par at the option of the holder of the instrument

Note 21: Other equity* **In Rs. Lakhs**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,169	2,295	1,130
Securities premium	40,217	40,217	13,771
Stock option outstanding	1,169	906	371
Retained earnings	16,063	9,695	4,630
Other Comprehensive income	7,767	1,566	-
Total	**69,385**	**54,679**	**19,902**

* For detailed movement of reserves refer Statement of Changes in Equity for the year ended March 31, 2020

Nature and purpose of reserve

21.1 **Securities premium reserve**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 **Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)**
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 **Stock option outstanding**
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 **Other comprehensive income**
The Company recognises changes in the fair value of Loan portfolio held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 **Retained Earnings**
Retained earnings represent the cumulative profit/(loss) of the Company and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 22: Interest income

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020			For year ended 31 March, 2019		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Interest income on loans	56,055	7,148	63,203	38,895	2,271	41,166
Interest income on securitised loans		4,223	4,223		2,228	2,228
Interest income on fixed deposits with Banks	-	3,574	3,574	-	1,639	1,639
Interest income on margin money deposits with NBFC/FI	-	86	86	-	66	66
Total	**56,055**	**15,031**	**71,086**	**38,895**	**6,204**	**45,099**

Note 23.1: Fees and Commission income

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Loan Portfolio servicing fees	682	2,726
Total	**682**	**2,726**

Note 23.2: Net gain on derecognition of loans designated at FVOCI

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Net gain on derecognition of loans designated at FVOCI	5,664	3,032
Total	**5,664**	**3,032**

Note 24: Other income

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Net gain on derecognition of property , plant and equipment	1	-
Profit on sale of current investments	87	486
Liabilities no longer required written back	-	75
Miscellaneous income	324	188
Total	**412**	**749**

Note 25: Finance costs (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Interest on debt securities	7,709	5,128
Interest on borrowings other than debt securities	25,575	14,612
Interest on subordinated liabilities	2,351	1,959
Interest on Lease liabilities	13	-
Other borrowing costs (includes documentation fees and stamp duty charges)	2,089	988
Total	**37,737**	**22,686**

Note 26: Impairment of Financial assets (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020			For year ended 31 March, 2019		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Impairment on portfolio loans	3,838	1,432	5,270	1,269	305	1,574
Total	**3,838**	**1,432**	**5,270**	**1,269**	**305**	**1,574**

Note 27: Employee benefit expenses (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Salaries, wages and bonus	16,032	11,417
Contributions to provident fund and other funds	891	555
Gratuity expense (Refer Note 33)	204	98
Expenses on Employee Stock Option Plan	263	536
Staff welfare expenses	337	263
Total	**17,727**	**12,869**

Note 28: Depreciation & amortisation expenses (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Depreciation on tangible assets	649	426
Depreciation on Right of use asset (Refer Note 12)	54	-
Amortisation on intangible assets	171	133
Total	**874**	**559**

Note 29: Other expenses **(Rs. in Lakhs)**

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Rent		
- On Building	1,104	807
-On Others	64	20
Rates and taxes	350	233
Office maintenance	239	114
Office Expenses	482	333
Director sitting fees	11	9
Travelling and conveyance	584	334
Communication expenses	248	227
Printing & stationery	187	200
Legal and professional fees	1,209	903
Payment to auditors (Refer Note 29.1)	78	58
Remuneration to Directors	193	151
Insurance Cost	58	38
Provision and other contingencies*	457	348
Advertisement	11	5
Training & meeting expenses	605	473
Electricity charges	139	107
Corporate Social Responsibility Expenses (Refer Note 29.2)	109	49
Miscellaneous expenses	235	254
Total	**6,363**	**4,663**

* represents provision for insurance Claims in respect of dues from deceased borrowers

Note 29.1: Payment to auditors **(Rs. in Lakhs)**

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
As auditor:		
Audit fee (excluding taxes)	32	27
Limited Review	39	26
Other services (certification fees etc.)	2	2
Reimbursement of expenses	5	3
Total	**78**	**58**

Note 29.2: Corporate Social Responsibility

Gross amount required to be spent by the Company during the current year ended is Rs. 87.61 Lakhs (PY: Rs 59 Lakhs)

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020			For year ended 31 March, 2019		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction/ acquisition of any assets	-	-	-	24	-	24
On purpose other than (i) above	109	-	109	49	-	49
Total	**109**	**-**	**109**	**73**	**-**	**73**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 30: Earning per share
The following reflects the profit/loss after tax and equity share data used in the basic and diluted EPS calculations:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax as per the Statement of profit and loss (Rs in lakhs)	8,289	6,250
Net profit after tax as above for calculation of basic EPS and diluted EPS (Rs in lakhs)	8,289	6,250
Weighted average number of ordinary shares for basic earnings per share	687	535
Effect of dilution:		
Stock options granted under ESOP (Nos.)	69	67
Weighted average number of ordinary shares adjusted for effect of dilution	756	602
Earnings per share		
Basic earnings per share (Rs.)	12.07	11.69
Diluted earnings per share (Rs.)	10.96	10.39
Nominal Value per share (Rs.)	10	10

Note 31: Segment information
The Company operates in a single reportable segment i.e. lending to members, and other related activities which has similar risks and returns for the purpose of Ind AS-108 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. India.

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety
The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

(Rs. in lakhs)

	March 31, 2020	March 31, 2019
Securitizations		
Carrying amount of transferred assets measured at FVOCI	5,741	20,201
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	5,741	20,201
Fair value of transferred assets	5,741	20,201
Fair value of associated liabilities	5,741	20,201
Net position at fair value	-	-

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Reconciliation of present value of defined benefit obligation			
Obligation at the beginning of the year	282	143	80
Current service cost	199	98	46
Interest cost	22	11	6
Past service cost	-	-	-
Benefits settled	(3)	(1)	(0)
Actuarial (gains)/ losses recognised in other comprehensive income	-	-	11
- Changes in experience adjustments	(51)	4	-
- Changes in demographic assumptions	-	-	-
- Changes in financial assumptions	99	26	-
Transfer in			
Obligation at the end of the year	**548**	**281**	**143**
Reconciliation of present value of plan assets			
Plan assets at the beginning of the year, at fair value	164	147	60
Interest income on plan assets	17	11	5
Re-measurement- actuarial gain	(5)	(0)	(1)
Return on plan assets recognised in other comprehensive income	-	-	-
Contributions	110	6	84
Benefits settled	(3)	(1)	(0)
Plan assets at the end of the year, at fair value	**283**	**163**	**148**
Net defined benefit liability/ (asset)	**265**	**118**	**(5)**

33.2 Expense recognised in profit or loss

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Current service cost	199	98	46
Interest cost	22	11	6
Past service cost	-	-	-
Interest income	(17)	(11)	(5)
Net gratuity cost	**204**	**98**	**47**

33.3 Re-measurement recognised in other comprehensive income

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Re-measurement of the net defined benefit liability			
- Changes in experience adjustments	(51)	4	-
- Changes in demographic assumptions	-	-	-
- Changes in financial assumptions	99	26	-
Re-measurement of the net defined benefit asset	-	-	
Return on plan assets (greater)/Less than discount rate	6	-	-
Total Actuarial (gain)/ loss included in OCI	**54**	**30**	**-**

33.4 Plan assets

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Funds managed by insurer	100%	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Discount rate	6.70%	7.70%	7.75%
Future salary growth	7.00%	7.00%	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liabilty (in years)	29.31	29.80	29.74

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(Rs. in lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	482	629	250	320
Future salary growth (1% movement)	629	480	321	248
Attrition rate (1% movement)	538	558	280	283

33.7 Expected payment for future years

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	14	8
Between 2 and 5 years	119	69
Between 5 and 10 years	193	117
Beyond 10 years	1,365	785
Total expected payments	**1,691**	**979**

Annapurna Finance Private Limited

Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 34: Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2020: **(Rs. in lakhs)**

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (Refer note 1)	6,426	9,368	17,554	46,900	91,194	1,72,790	34,694	11,809	**3,90,734**
Advances (Refer note 2)	502	398	24,620	70,588	1,19,569	1,33,634	6,104	3,782	**3,59,196**
Investment in Fixed deposit (Refer Note 3)	29,093	11,229	5,069	3,059	1,614	300	-	-	**50,364**

Maturity pattern of assets and liabilities as on March 31, 2019: **(Rs. in lakhs)**

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	7,075	9,720	9,741	33,852	75,522	1,07,456	24,335	6,969	**2,74,670**
Advances	17,700	17,553	17,522	50,556	84,576	81,591	1,777	1,133	**2,72,408**
Investment in Fixed deposit (Refer Note 3)	14,566	7,027	-	2,034	3,051	201	-	-	**26,879**

Maturity pattern of assets and liabilities as on April 1, 2018: **(Rs. in lakhs)**

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	6,274	4,431	6,071	24,016	40,739	63,970	13,690	10,603	**1,69,794**
Advances	12,354	10,868	10,620	30,037	47,361	46,170	29	-	**1,57,439**
Investment in Fixed deposit (Refer Note 3)	1,800	-	-	-	-	-	-	-	**1,800**

Note 1: (i) The maturity pattern of borrowings has been presented considering the effect of moratorium on contractual repayments upto May 31, 2020 to the extent confirmed by the lenders subsequently.
(ii) Vehicle loans amounting to Rs 3 lakhs as on 31 March 2020 (Rs 12 lakhs as on 31 March 2019 and Rs 27 lakhs as on April 1,2018) have not been included in the above.

Note 2: (i) The maturity pattern of advances have been prepared considering the effect of revised contractual dues of loans pursuant to moratorium granted to its borrowers upto May 31, 2020.
Such maturity pattern does not reflect additional moratorium upto August 31, 2020 allowed by RBI vide its notification dated May 23, 2020 as it represents an event subsequent to the date of these financial statements.
(ii) The maturity pattern of advances shown above are gross of related impairment allowances.

Note 3: excludes fixed deposits held as margin money or security with Banks, NBFCs and Financial institutions

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 35.1: Additional disclosures pursuant to the Master Directions issued by RBI :

A) Information on Net Interest Margin

Computation of aggregate margin cap as on March 31, 2020:

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
a)	Average Interest charged by the Company on advances (%)	19.97	20.46
b)	Average effective cost of borrowings of the Company (%)	11.72	11.75
c)	Net interest margin (a-b) (%)	8.25	8.71

Note:

1 Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016 and RBI CIrcular dated March 13, 2020 on Implementation of Indian Accounting Standards.

2 Average loan outstanding determined for the purpose of calculating NIM is based on the carrying value of loans under Ind AS , excluding effect of the following-

(a) Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements;

(b) Fair value changes recognised through other comprehensive income and;

(c) Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109.

3 Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

B) Exposure to Gold Loan

The Company has no exposure to Gold Loan directly or indirectly.

C) Disclosures required as per the Non Banking Financial Company -Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars		Remarks
1.	Capital to Risk (Weighted) Assets Ratio	Refer Note No. 35 (D)
2.	Investments	The Company does not have any investment as on March 31, 2020, March 31, 2019 and March 31, 2018
3.	Derivatives	The Company has entered into Cross currency interest rate swaps during the year ended March 31, 2020 (2019- Nil, 2018- Nil).
i)	Forward Rate Agreement / Interest Rate Swap	
ii)	Exchange Traded Interest Rate (IR) Derivatives	The Company has no unhedged foreign currency exposure as on March 31, 2020, March 31, 2019 and March 31, 2018.
iii)	Disclosures on Risk Exposure in Derivatives	
iv)	Forward rate agreement/interest rate swap	
4.	Disclosures relating to Securitisation	
i)	Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer Note No. 35 (E.1)
ii)	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction during the current and previous year.
iii)	Details of Assignment transactions undertaken by NBFCs	Refer Note No. 35 (E.2)
5.	Details of non-performing financial assets purchased / sold	The Company has not purchased / sold non-performing financial assets during the current and previous year.
i)	Details of non-performing financial assets purchased :	
ii)	Details of Non-performing Financial Assets sold :	
6.	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 35 (P)
7.	Exposures	
i)	Exposure to Real Estate Sector	The Company has no exposure to real estate directly or indirectly.
ii)	Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.

8.	Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any holding or parent company.
9.	Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	The Company has not exceeded any limit in respect of qualifying asset SGL / GBL during the current and previous year.
10.	Unsecured Advances	Refer Note No. 35 (F)
11.	Miscellaneous	
i)	Registration obtained from other financial sector regulators	Refer Note No. 35 (G)
ii)	Disclosure of Penalties imposed by RBI and other regulators	No penalties were imposed by RBI and other regulators during the current and previous year.
iii)	Related Party Transactions	Refer Note No. 36
iv)	Ratings assigned by credit rating agencies and migration of ratings during	Refer Note No. 35 (H)
v)	Remuneration of Directors	Refer Note No. 36
vi)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Accounting policy
vii)	Revenue Recognition	Refer Accounting policy
viii)	Accounting Standard 21 -Consolidated Financial Statements (CFS)	The Company does not have any investment as on March 31, 2020, March 31, 2019 and March 31, 2018
12.	Additional Disclosures	
i)	Provisions and Contingencies	Refer Note No. 35 (I)
ii)	Draw Down from Reserves	There has been no draw down from reserves during the year ended March 31, 2020 (March 31, 2019 : Nil; April 1, 2018 : Nil).
iii)	Concentration of Deposits, Advances, Exposures and NPAs	
a)	Concentration of Deposits (for deposit taking NBFCs)	This Disclosure is not applicable as the Company as it is not a deposit taking NBFC.
b)	Concentration of Advances	Refer Note No. 35 (J)
c)	Concentration of Exposure	Refer Note No. 35 (K)
d)	Concentration of NPAs	Refer Note No. 35 (L)
e)	Sector-wise NPAs	Refer Note No. 35 (M)
f)	Movement of NPAs	Refer Note No. 35 (N)
iv)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The Company has no exposure or transaction with overseas assets.
v)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	There are no off balance sheet exposure as on March 31, 2020, March 31, 2019 and March 31, 2018.
13.	Disclosure of Complaints	Refer Note No. 35 (O)

D) Capital to Risk-Assets ratio (CRAR)

Particulars		31-Mar-20	31-Mar-19
i)	CRAR (%)	26.74	25.24
ii)	CRAR - Tier I capital (%)	20.36	22.31
iii)	CRAR - Tier II capital (%)	6.38	2.93
iv)	Amount of subordinated debt raised as Tier - II Capital	18,000	8,920
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

CRAR as on March 31, 2020 has been determined in accordance with the RBI Master Directions read with RBI Notification dated March 13, 2020, on Implementation on Indian Accounting Standard. Accordingly, CRAR for March 31, 2019 is not comparable.

E.1) The followings figures are being reported based on certificate issued by the auditors of the SPV

Particulars		31-Mar-20	31-Mar-19
1	No of SPVs sponsored by the NBFC for securitisation transactions	6	10
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	10,384	25,671
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a)	Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
b)	On-balance sheet exposures		
	• First loss	2,732	3,353
	• Others		-

4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	1,944	2,762
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-

E.2) The followings figures are being reported based on Direct Assignment undertken by the Company.

	Particulars	**31-Mar-20**	**31-Mar-19**
1	No of SPVs sponsored by the NBFC for Direct Assignment transactions (SPV Not required)	-	-
2	Total amount of Direct Assignment assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	55,975	24,060
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	5,898	2,405
	• Others	-	-
4	Amount of exposures to Direct Assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-

F) Unsecured Advances **(In Rs Lakhs)**

Particulars	**31-Mar-20**	**31-Mar-19**
Portfolio loans	3,32,003	2,67,611

G) Registration obtained from other financial sector regulators :

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

H) Ratings assigned by credit rating agencies and migration of ratings during the year:

A Credit rating agency had assigned a grading of A-' to the company on October 30, 2019, (Previous Year: A-).
A Credit rating agency had assigned a rating of 'A-' on the term loans of the Company on September 9, 2019 (Previous Year: BBB).

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

I) Provisions and Contingencies **(In Rs Lakhs)**

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account		31-Mar-20	31-Mar-19
i)	Provision towards NPA*	232	(23)
ii)	Provision made towards Income tax (including adjustment for deferred tax)	2,189	3,193
iii)	Portfolio loans written off	1,919	1,133
iv)	Payment made against the Securitised/ Managed Portfolio	188	243
iii)	Other Provision and Contingencies (withdetails)		
	a) Provision for Gratuity	204	98
	b) Provision for Leave Benefit	274	87
	c) Provision for insurance claims	269	105
iv)	Provision for Standard Assets**	3,118	463

* Represents impairment allowance on stage III loans

** Represents impairment allowance on stage I and stage II loans

J) Concentration of Advances **(Rs. In lakhs)**

Particulars	31-Mar-20	31-Mar-19
Total advances to twenty largest borrowers *	11,229	301
Percentage of advances to twenty largest borrowers to total advances of the NBFC	3.13%	0.11%

* Represents amount outstanding as per contract with customers

K) Concentration of Exposures **(Rs. In lakhs)**

Particulars	31-Mar-20	31-Mar-19
Total Exposure to twenty largest borrowers / customers *	11,229	301
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.13%	0.11%

* Represents amount outstanding as per contract with customers

L) Concentration of NPA's

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Total Exposure to top four NPA accounts	13	2

M) Sector-wise NPAs

Sector		% of NPAs to total advances in that sector as at March 31, 2020	% of NPAs to total advances in that sector as at March 31, 2019
i)	Agriculture & allied activities	1.57%	0.45%
ii)	MSME	1.34%	0.24%
iii)	Corporate borrowers	0.00%	0.00%
iv)	Services	0.10%	0.44%
v)	Unsecured personal loans	1.10%	-
vi)	Auto loans	-	-
vii)	Other personal loans	-	-

N) Movement of NPAs* **(Rs. In lakhs)**

Particulars		31-Mar-20	31-Mar-19
i)	Net NPAs to Net Advances (%)	0.86%	0.65%
ii)	Movement of Gross NPAs		
	a) Opening balance	3,378	3,282
	b) Additions during the year	3,427	1,229
	c) Reductions during the year (represents loan portfolio written-off)	(1,919)	(1,133)
	d) Closing balance	4,886	3,378
iii)	Movement of Net NPAs		
	a) Opening balance	1,758	1,639
	b) Additions during the year	1,276	119
	c) Reductions during the year	-	-
	d) Closing balance	3,034	1,758
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	1,620	1,643
	b) Provisions made during the year	2,151	1,110
	c) Write-off / write-back of excess provisions	(1,919)	(1,133)
	d) Closing balance	1,852	1,620

* refers to Stage 3 loans

Annapurna Finance Private Limited

Notes to the Ind AS financial statements for the year ended March 31, 2020

O) Disclosure of Complaints

Particulars		31-Mar-20	31-Mar-19
i)	No. of complaints pending at the beginning of the year	23	-
ii)	No. of complaints received during the year	13,447	8,760
iii)	No. of complaints redressed during the year	13,275	8,737
iv)	No. of complaints pending at the end of the year	195	23

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for Company to monitor and redress them.

The above information is as certified by the management and relied upon by the auditors.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

P) Public Disclosure on Liquidity Risk as on March 31, 2020 Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated November 4, 2019

Public Disclosures on liquidity risk management

i) **Funding Concentration based on significant counterparty (both deposits and borrowings)**

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Seven (27)	3,00,212	NA	74.72%

ii) **Top 20 large deposits** (Amount in Lakhs and % of total deposits) - Not applicable. The company being a Systematically Important Non Deposit taking NBFC registered with the RBI does not accept public deposits.

iii) **Top 10 Borrowings (amount in lakhs and % of total borrowings)**

Amount in Lakhs *	% of Total Borrowings
48,673	12.46%

iv) **Funding Concentration based on significant instrument/product**

Name of the instrument/Product	Amount in lakhs *	% of Total Liabilities
Term Loans from Banks	1,85,838	46.25%
Term Loans from FI	52,836	13.15%
Secured Redeemable Non Convertible debentures	64,179	15.97%
Term Loans from NBFC's	19,405	4.83%
External Commercial Borrowings	16,016	3.99%
Sub Debt (unsecured) - Debentures	22,249	5.54%
Total Borrowings	**3,60,523**	**89.73%**
Total Liabilities	**4,01,793**	

Note : The above does not include borrowings on account of securitisation agreements recognised as per Ind AS 109

v) **Stock Ratios**

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial Papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other Short term liabilities	5.14%	5.00%	4.20%

*****Represents amount outstanding as per contracts with lenders

v) **Institutional set up for liquidity risk management**

The company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the company to manage liquidity risk in accordance with the risk tolerance limit as decided by the board

The company also has a Risk Management Committee, which is a sub-committee of the board and is responsible for evaluating the overall risk faced by the company including liquidity risks.

Asset Liability Management Committee (ALCO) of the company is responsible for ensuring adherence to risk tolerance limits as well as implementing the liquidity risk management strategy of the company

Chief Risk Officer shall be a part of the process of identification, measurement and mitigation of liquidity risks

The ALM support group consists of CFO and Head-Treasury who shall be responsible for analysing, monitoring and reporting the liquidity profile to the ALCO

***Notes**

1. A significant counterparty is defined as a single counterparty or a group of connected or affiliated counterparties accuntig in aggregate for more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's .

2. A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amounts to more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's.

3. Total Liabilities has been computed as sum of all liabilities (Balance sheet figures) less equities and Reserves/Surplus.

4. Public funds shall include funds raised either directly or indirectly through Public Deposits, Commercial Paper's and debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC No. 206/03.10.001/2010-11 dated January 5, 2011.

5. The amount stated in the disclosure is based on the audited Financial statements for the year ended March 31, 2020.

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Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 35.2: Disclosure required as per RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As on March 31, 2020 **(In Rs. Lakhs)**

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying value	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	3,51,510	3,970	3,47,540	571	3,399
	Stage 2	2,800	231	2,569	127	104
Subtotal		**3,54,310**	**4,201**	**3,50,109**	**698**	**3,503**
Non- Performing Assets (NPA)						
Substandard	Stage 3	4,886	1,852	3,034	3,626	(1,774)
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		**4,886**	**1,852**	**3,034**	**3,626**	**(1,774)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,886**	**1,852**	**3,034**	**3,626**	**(1,774)**
Total	Stage 1	3,51,510	3,970	3,47,540	571	3,399
	Stage 2	2,800	231	2,569	127	104
	Stage 3	4,886	1,852	3,034	3,626	(1,774)
	Total	**3,59,196**	**6,053**	**3,53,143**	**4,324**	**1,729**

Note 1: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.
Note 2: Includes additional provision pursuant to the RBI notification dated April 17, 2020 on accounts classified as standard but overdue as at February 29, 2020.

Disclosures pursuant to RBI notification- RBI 2019-20/220 DOR. No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 SMA/ overdue categories, where the moratorium/deferment was extended ("RBI circular")

Details of moratorium granted to overdue accounts as at February 29, 2020

Asset classification as per Ind AS 109	Exposure as on March 31, 2020 (A)	Asset classification benefit*
Stage 1	110	-
Stage 2	2,801	948
Stage 3	4,887	-

* represents accounts out of A which were not classified as Stage III (non- performing assets) as at March 31, 2020.

Note: Amounts indicate in the above represent gross carrying value of these exposures before adjustment for impairment allowance as required under Ind AS 109 as at March 31, 2020.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 35.3: Frauds

1 Information on instances of fraud for the year ended March 31, 2020:

(Rs in Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	5	14	-	-	14

2 Information on instances of fraud for the year ended March 31, 2019:

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	2	25	1	-	24

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 36: Related Party Transactions

Name of the Related Parties (as per Ind AS 24)

Relationship	Name of the party
(i) Key Management Personnel	Mr. Gobinda Chandra Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das (w.e.f. 19th June 2018)- Chief Financial Officer Mr. Subrat Pradhan- Company Secretary Mr. Ashok Ranjan Samal- Independent Director Mr.K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel- Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Investment Fund

Related Party transactions during the year:

(in Rs. Lakhs)

Particulars	For the year ended March 31. 2020	For the year ended March 31. 2019
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	138	107
Mr. Dibyajyoti Pattanaik	55	45
Mr. Satyajit Das (w.e.f 19th June 2018)	49	33
Mr. Subrat Pradhan	15	15
	257	**200**
Sitting Fees Paid		
Mr. Ashok Ranjan Samal	5	4
Mr.K.K. Tiwary	3	2
Mr. Sean Leslie Nossel	3	3
	11	**9**
(ii) Enterprise having significant influence over the Company		
Investment in Equity shares	-	1,805
[Nil during 2019-20, 1,80,48,942 shares during 2018-19]	**-**	**1,805**

Note:
a) Related parties have been identified on the basis of the declaration received by the management and other records available.
b) The above remuneration to the key managerial personnel consitute the short term employee benefits and above does not include the provisions made towards post employement gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 37.1 Management Stock Option Plan (MSOP)

The Company provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2020 are MSOP Series- A and MSOP - Series -B.

Particulars	MSOP - Series A	MSOP - Series B (i)	MSOP - Series B (ii)
Date of Grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of Board Approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of Shareholder's Approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of Options expected to exercise within the vesting period	8,16,214	4,16,119	20,83,304
Exercise Price per Share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting Period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise Period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting Conditions	Performace milestones as set out in shareholder agreement dated June 29, 2012	Performace milestones as set out in shareholder agreement dated March 19, 2014	Performace milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

MSOP- Series A

Particulars	31-Mar-20		31-Mar-19	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	1,64,060	-
Adjustment of opening:	-	-	6,52,154	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

MSOP- Series B

Particulars	31-Mar-20		31-Mar-19	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	13,31,581	5.00
Adjustment of opening:	-	-	11,67,842	-
Granted During the year	-	-		-
Forfeited During the year	-	-	-	-
Exercised During the year	-	-	-	-
Expired During the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans (MSOP & ESOP) on the statement of profit and loss:

Particulars	March 31, 2020	March 31, 2019
Stock options outstanding (gross)	1,169	906
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	**1,169**	**906**

The Stock option outstanding contains of Rs 544 lakhs for MSOP (A & B) as on March 31, 2020 (March 31, 2019: Rs. 544 lakhs) and Rs. 625 lakhs (March 31, 2019: Rs. 362.14 lakhs) for ESOP

Notes :
i) The issue of shares will be in accordance with the provisions of the Companies Act, 2013.

Note 37.2 Employee Stock Option Scheme (ESOS)

On November 30, 2016 the board of directors approved the Annapurna Stock Option Scheme 2017 for issue of stock options to eligible employees of the Company. The relevant terms of the grant are as below:

Description	Grant - 2	Grant - 1
Date of Grant	01 July 2018	01 July 2017
Date of Board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of Settlement	Equity	Equity
Graded Vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		

The vested options can be exercised within a period of 5 years as per the table below:

End of the Year	Exercise period	Exercise period
1	Within 4 year of 1st Vesting	Within 5 year of 1st Vesting
2	Within 3 year of 2nd Vesting	Within 4 year of 2nd Vesting
3	Within 2 year of 3rd Vesting	Within 3 year of 3rd Vesting

Vesting Conditions	Continuous service with the company and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (₹)	49	41

The details of activity under the Scheme 2017 Plan are summarized below:

Grant 1

Description	31st March 2020 (No. of options)	31st March 2019 (No. of options)
Outstanding at the beginning of the year	10,34,300	10,24,700
Granted during the year	1,14,200	48,000
Forfeited during the year	20,100	38,400
Exercised during the year		-
Outstanding at the end of the year	11,28,400	10,34,300
Exercisable at the end of the year	11,28,400	10,34,300
Weighted average remaining contractual life of options (years)	3	4
Weighted average share price during the exercise period (in ₹)	41	41

Grant 2

Description	31st March 2020 (No. of options)	31st March 2019 (No. of options)
Outstanding at the beginning of the year	4,74,700	-
Granted during the year	80,300	4,93,800
Forfeited during the year	46,700	19,100
Exercised during the year		-
Outstanding at the end of the year	5,08,300	4,74,700
Exercisable at the end of the year	5,08,300	4,74,700
Weighted average remaining contractual life of options (years)	3	4
Weighted average share price during the exercise period (in ₹)	49	49

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs-

Particulars	Grant 2	Grant 1
Share Price on the date of Grant (Rs)	90.64	76.09
Exercise price (₹)	49.00	41.00
Dividend yield (%)	0%	0%
Expected volatility (%)	56.14-57.59%	43.88% - 46.22%
Risk-free interest rate (%)	7.23-7.32%	6.60% - 6.74%
Weighted average fair value of stock options (Rs)	61.13	48.29
Weighted average share price (₹)	90.64	76.09

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option scheme has been reconignised at fair value.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 38: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

(In Rs. Lakhs)

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2020			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	70,027	-	**70,027**
(b)	Bank balance other than cash and cash equivalents	13,923	27,861	**41,784**
(c)	Trade Receivables	47	-	**47**
(d)	Loans	2,11,760	1,41,667	**3,53,427**
(e)	Other financial assets	6,607	2,637	**9,243**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	-	1,704	**1,704**
(b)	Deferred tax assets (net)	-	-	**-**
(c)	Property, plant and equipment	485	690	**1,175**
(d)	Intangible assets	141	72	**213**
(e)	Right of Use Assets	47	52	**99**
(f)	Other non-financial assets	417	212	**629**
	Total Assets	**3,03,453**	**1,74,895**	**4,78,348**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	Payables			
	(I) Trade Payables			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	**-**
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	336	-	**336**
(b)	Debt securities	11,170	53,009	**64,179**
(c)	Borrowings (other than debt securities)	1,59,693	1,41,089	**3,00,782**
(d)	Subordinated liabilities	582	25,194	**25,776**
(e)	Lease liabilities	51	33	**85**
(f)	Other financial liabilities	8,541	-	**8,541**
(2)	**Non-financial liabilities**			
(a)	Provisions	417	251	**668**
(b)	Deferred Tax liabilities (net)	-	1,098	**1,098**
(c)	Other non-financial liabilities	328	-	**328**
(3)	**Equity**			
(a)	Equity share capital	-	6,870	**6,870**
(b)	Instruments entirely equity in nature	-	300	**300**
(c)	Other equity	-	69,385	**69,385**
	Total Liabilities and Equity	**1,81,119**	**2,97,229**	**4,78,348**

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2019			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	45,996	-	**45,996**
(b)	Bank balance other than cash and cash equivalents	7,355	13,074	**20,429**
(c)	Trade Receivables	60		**60**
(d)	Loans	1,87,121	82,881	**2,70,001**
(e)	Other financial assets	5,083	1,623	**6,705**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	741	-	**741**
(b)	Deferred tax assets (net)	-	164	**164**
(c)	Property, plant and equipment	426	570	**997**
(d)	Intangible assets	100	57	**157**
(e)	Other non-financial assets	354	139	**493**
	Total Assets	**2,47,235**	**98,508**	**3,45,743**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	Payables			
	(I) Trade Payables			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	**-**
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	319		**319**
(b)	Debt securities	13,076	48,980	**62,056**
(c)	Borrowings (other than debt securities)	1,22,779	75,925	**1,98,704**
(d)	Subordinated liabilities	66	13,856	**13,922**
(e)	Other financial liabilities	8,463	-	**8,463**
(2)	**Non-financial liabilities**			
(a)	Provisions	137	110	**247**
(b)	Other non-financial liabilities	183	-	**183**
(3)	**Equity**			
(a)	Equity share capital	-	6,870	**6,870**
(b)	Instruments entirely equity in nature	-	300	**300**
(c)	Other equity	-	54,679	**54,679**
	Total Liabilities and Equity	**1,45,023**	**2,00,721**	**3,45,743**

	Particulars	Within 12 months	After 12 months	Total
	As at April 1, 2018			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	27,027	-	**27,027**
(b)	Bank balance other than cash and cash equivalents	2,686	9,940	**12,626**
(c)	Trade Receivables	153	-	**153**
(d)	Loans	1,10,698	44,556	**1,55,254**
(e)	Other financial assets	744	794	**1,538**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	292	-	**292**
(b)	Deferred tax assets (net)	-	964	**964**
(c)	Property, plant and equipment	210	310	**520**
(d)	Intangible assets	86	50	**136**
(e)	Other non-financial assets	195	11	**206**
	Total Assets	**1,42,091**	**56,624**	**1,98,716**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	Payables			
	(I) Trade Payables			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	**-**
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	161	-	**161**
(b)	Debt securities	13,060	23,654	**36,714**
(c)	Borrowings (other than debt securities)	68,457	50,712	**1,19,169**
(d)	Subordinated liabilities	40	13,898	**13,938**
(e)	Other financial liabilities	4,094	-	**4,094**
(2)	**Non-financial liabilities**			
(a)	Provisions	42	-	**42**
(b)	Other non-financial liabilities	94	-	**94**
(3)	**Equity**			
(a)	Equity share capital	-	4,302	**4,302**
(b)	Instruments entirely equity in nature	-	300	**300**
(c)	Other equity	-	19,902	**19,902**
	Total Liabilities and Equity	**85,948**	**1,12,768**	**1,98,716**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 39: Changes in Liability arising from Financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2019	Cash Flows	Other	As at 31 March 2020
Debt Securities	62,056	2,123	-	64,179
Borrowings other than debt securities	198,704	102,078	-	300,782
Subordinated Liabilities	13,922	11,854	-	25,776
Lease liabilities	-	64	21	85
Total liabilities from financing activities	**274,682**	**116,119**	**21**	**390,822**

(In Rs. Lakhs)

Particulars	As at April 1 2018	Cash Flows	Other	As at March 31, 2019
Debt Securities	36,714	25,342	-	62,056
Borrowings other than debt securities	119,169	79,535	-	198,704
Subordinated Liabilities	13,938	(16)	-	13,922
Lease liabilities	-	-	-	-
Total liabilities from financing activities	**169,821**	**104,861**	**-**	**274,682**

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Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 40: Financial instruments – Fair values

40.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year .

As at March 31, 2020	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	70,027	70,027
Bank balance other than cash and cash equivalents	-	-	41,784	41,784
Trade Receivables	-	-	47	47
Loans	-	2,85,494	67,933	3,53,427
Other financial assets	-	-	9,243	9,243
Total	**-**	**2,85,494**	**1,89,034**	**4,74,528**
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	336	336
Debt securities	-	-	64,179	64,179
Borrowings (other than debt securities)	-	-	3,00,782	3,00,782
Subordinated liabilities	-	-	25,776	25,776
Lease Liabilities	-	-	85	85
Other financial liabilities	-	-	8,541	8,541
Total	**-**	**-**	**3,99,699**	**3,99,699**

As at March 31, 2019	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	45,996	45,996
Bank balance other than cash and cash equivalents	-	-	20,429	20,429
Trade Receivables	-	-	60	60
Loans	-	2,18,942	51,059	2,70,001
Other financial assets	-	-	6,705	6,705
Total	**-**	**2,18,942**	**1,24,249**	**3,43,191**
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	319	319
Debt securities	-	-	62,056	62,056
Borrowings (other than debt securities)	-	-	1,98,704	1,98,704
Subordinated liabilities	-	-	13,922	13,922
Other financial liabilities	-	-	8,463	8,463
Total	**-**	**-**	**2,83,464**	**2,83,464**

As at April 1, 2018	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	27,027	27,027
Bank balance other than cash and cash equivalents	-	-	12,626	12,626
Trade Receivables	-	-	153	153
Loans	-	-	1,55,254	1,55,254
Other financial assets	-	-	1,538	1,538
Total	**-**	**-**	**1,96,598**	**1,96,598**
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	161	161
Debt securities	-	-	36,714	36,714
Borrowings (other than debt securities)	-	-	1,19,169	1,19,169
Subordinated liabilities	-	-	13,938	13,938
Other financial liabilities	-	-	4,094	4,094
Total	**-**	**-**	**1,74,076**	**1,74,076**

The carrying amounts of Cash and cash equivalents, Bank Balances other than cash and cash equivalents, other financial assets/liabilities, Payables are considered to be the same as their fair values, due to their short-term nature.

40.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

As on March 31, 2020

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,85,494	-	2,85,494	-
Total	**2,85,494**	**-**	**2,85,494**	**-**

As on March 31, 2019

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,18,942	-	2,18,942	-
Total	**2,18,942**	**-**	**2,18,942**	**-**

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

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Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 41: Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the company ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

(Rs. in lakhs)

Regulatory capital	**As at 31 March 2020**	**As at 31 March 2019**
Tier 1 Capital	69,703	56,403
Tier 2 Capital	21,836	7,416
Total capital	**91,539**	**63,819**
Risk weighted assets	3,42,351	2,52,950
Tier 1 CRAR	20.36%	22.30%
Tier 2 CRAR	6.38%	2.93%
Total capital ratio	26.74%	25.23%

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends . Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India.

Note 42: Risk Management

1 Introduction and risk profile

Annapurna Finance Private Limited Limited ("Company") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Company predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the company has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the company are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the company. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Company's policy is that risk management processes throughout the Company are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition
- Review of new initiatives and product/policy/process changes
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

1.4 Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Company to manage the various key risks.

Political Risk mitigation measures:
• Low cost operations and Low pricing for customers
• Customer centric Approach, High Customer Retention
• Rural Focus
• Systematic customer awareness activities
• High Social Focused Activities
• Adherence to client protection guidelines
• Robust Grievance Redressal Mechanism
• Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
• District Centric Approach
• District Exposure Cap
• Restriction on growth in urban locations
• Maximum Disbursement Cap per loan account
• Maximum loan exposure Cap per customer
• Diversified Funding Resources

Operational & HR Risk mitigation measures:
• Stringent customer enrolment process
• Multiple products
• Proper recruitment policy and appraisal system
• Adequately trained field force
• Weekly & fortnightly collections – higher customer touch, lower amount instalments
• Multilevel monitoring framework
• Strong, Independent and fully automated Internal Audit Function
• Strong IT system with access to real time client and loan data

Liquidity Risk mitigation measures:
• Diversified funding resources
• Asset Liability management
• Effective Fund management
• Maximum Cash holding Cap

Expansion Risk mitigation measures:
• Contiguous growth
• District centric approach
• Rural focus
• Branch selection based on Census Data & Credit Bureau Data
• Three level survey of the location selected

2 Impairment assessment/ Credit risk (Also refer Note 7a)

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

2.1 Definition of default, Significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or moreon any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:

Stage 1: 0 to 30 DPD

Stage 2: 31 to 89 DPD (SICR)

Stage 3: above 89 DPD (Default)

2.2 Probability of Default

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 to March 2013 till March 2020 which is 8-years period of historical information

2.3 Exposure at default

Exposure at default (EAD) is the sum of outstanding principle and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

2.4 Loss given default

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:

1. All Loans which are above 89 DPD as on 31 March 2013, are taken and the difference in the principle outstanding as on 31st March 2013 and 31st March 2020 is considered as recovery.

2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018, 31 March 2019 and recovery rate is computed for each year.

3.LGD= 1- Recovery rate which is computed for each period of observation

2.5 Grouping financial assets measured on a collective basis

The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Company will separately calculate credit losses for them.

2.6 Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 Liquidity risk and funding management (Also Refer Notes 34 and 38)

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Company may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Company's treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Company continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to Interest rate risk as follows:

4.1 Interest Rate Risk (IRR)

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principlely because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

	Impact on Profit		Impact on Pre tax Equity	
Finance Cost	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
0.50 % Increase	(224)	(246)	(224)	(246)
0.50 % Decrease	224	246	224	246

5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Company currently doesnot have any exposure to Foreign currency.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 43: First time adoption

These financial statements, for the year ended 31 March 2020, are the first financial statements of the Company and have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

Optional Exemptions applied:
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

> **Lease Arrangements:**
Ind AS requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

> **Property, Plant and Equipments & Intangible Assets:**
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2018, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 1, 2018

Mandatory Exceptions:

> **Classification and measurement of Financial assets:**
Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.
The Company has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.

> **De-recognition of Financial assets:**
As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "Derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event).
The Company has opted not to re-evaluate financial assets derecognized in the past including those sold under Securitisation agreements.

Estimates:
The estimates at 1 April 2018 and at 31 March 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
> Impairment of financial assets based on expected credit loss model
The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2018, the date of transition to Ind AS and as of 31 March 2019.

Reconciliation of Equity under Ind AS and previous GAAP **Amount (Rs in Lakhs)**

Particulars	Notes	As on 31st March, 2019	As on 1st April, 2018
Total Equity as per IGAAP		59,639	24,265
Add: Ind AS Adjustments			
Loan portfolio			
Impairment on financial assets		411	878
Measurement of financial assets at amortised cost using	**1**	(2,100)	(1,259)
Measurement of financial assets at Fair value through Other Comprehensive Income		2,209	-
Borrowings			
Measurement of financial liabilities at amortised cost usin	**2**	1,103	747
Others			
Gain on derecognition of Financial Assets measured at A	**3**	1,497	-
Recognition of Deferred Tax Liability		(908)	(127)
Total Equity as per Ind AS		**61,849**	**24,504**

Reconciliation of Profit under Ind AS and previous GAAP **Amount (Rs in Lakhs)**

Particulars	Notes	Profit Reconciliation for the year ended March 31, 2019
Profit as per previous IGAAP		5,824
Add: Ind AS Adjustments		
Loan portfolio		
Impairment on financial instruments		(468)
Measurement of financial assets at amortised cost using	**1**	(841)
Measurement of financial assets at Fair value through Other Comprehensive Income		2,209
Borrowings		
Measurement of financial liabilities at amortised cost using EIR method	**2**	357
Others		
Gain on derecognition of Financial Assets measured at	**3**	1,497
Recognition of Deferred Tax Liability		(780)
Total Comprehensive Income under Ind AS		**7,796**

Footnotes to the reconciliation of equity as at 1 April 2018 and 31 March 2019 and profit or loss for the year ended 31 March 2019

1. Loan Portfolio
a. Under previous GAAP, loan processing fees received in connection with loans portfolio is recognized upfront and credited to profit or loss for the year. Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.

b. Under the Ind AS, allowance is provided on the loans given to customers is on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses. Under the previous GAAP the allowance is provided on the basis of percentage decided by the management.

c. Under Indian GAAP, the Company had recognized its Loan Portfolio at transaction value. However, the Company has made a business model assessment for its Loan portfolio and recognised a part of its portfolio as financial assets measured at FVOCI. The difference between the fair value and the Indian GAAP carrying amount has

2. Borrowings

Under previous GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

3. Others

a. Under IGAAP, Income on Direct Assignments was recognised over the tenure of the Loans transferred based on the RBI guidelines. Under Ind AS, Loans sold under Direct Assignment agreements do not meet the de-recognition criteria as per Ind AS 109. The Company has elected the first time adoption exemption for not applying de-recognition criteria to Financial Assets recognised prior to date of transition. Hence, income on agreements entered post April 1, 2018 has been recognised upfront in the year in which such sale takes place.

b. Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

4. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

5. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

6. Major items of difference in income statement for the year ended March 31, 2020, on account of adoption of Ind AS is given below:

Particulars	Amount (In Rs. Lakhs) as per Upfront recognition (Indian GAAP)	Amount (In Rs Lakhs)under Amortisation as per EIR model (Ind AS)	Difference	Remarks
Processing fees income	4,191	3,557	634	Under Ind AS, loan processing fee is credited to statement of profit and loss using the effective interest rate method.
Income from direct assignment	5,664	4,503	1,161	Under Ind AS, loans sold under Direct Assignment (DA) agreements meets the de-recognition criteria as per Ind AS 109. Hence, income from DA has been recognised upfront in the year in which such sale takes place as per the provisions of that standard.
Processing fees expense	1,541	1,135	406	Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest rate method.

Particulars	Amount as per RBI norms	Amount as per Expected Credit loss model under Ind AS	Difference	Remarks
Provision on Loan Portfolio	4,324	6,053	-1,729	Under Ind AS, Provision is created on the basis of Expected credit loss model as defined under Ind AS 109 based on estimates. Hence, the Provision under Ind AS is higher than under IGAAP.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 44: Impact of COVID-19 on business and Expected Credit Losses

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements , to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach the borrowers.

The Company has major proportion of its borrowers and Asset under management (AUM) in rural geographies, where the impact of COVID-19 has been relatively lower so far compared to urban geographies. Additionally, the government has announced a series of relief measures for rural India, which will further support rural borrowers' repayment capacity.

As discussed above, the COVID -19 pandemic has impacted the Company's regular operations including lending and collection activities, consequently impacting the carrying value of the financial assets, financial position and performance of the Company.Further , pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020. The Company has extended/will be extending moratorium to its borrowers in accordance with it's Board approved policy.

In Management's view, providing moratorium to borrowers at a mass scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated and recorded a management overlay allowance in its provision for expected credit loss, based on information available at this point in time to reflect, among others things, the deterioration in macro economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic , including government and regulatory measures, on the business and financial metrics of the Company (including credit losses) could be different from that estimated by the Company.

In view of the matters mentioned in above, the Company has assessed the impact of COVID-19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the orders issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to operate in specified areas, the Company resumed operations in those specified areas from May 4, 2020 , by complying with the regulatory guidelines on the businesses , social distancing etc. With the gradual relaxation of lockdown rules thereafter, our employees were able to meet and collect from those borrowers willing to repay, due to minimal impact of the lockdown on them. As observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level that earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status /outcomes of discussions with the Company's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Company's liquidity position over the next 12 months from the end of the reporting period. Based on the foregoing and necessary stress tests considering various scenarios, ,management believes that the Company will be able to fulfil its obligations as and when these become due in the foreseeable future.

During the year ended March 31, 2020, the Company has made an additional provision of Rs. 3567.02 lakhs towards COVID -19.

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:42:59 +05'30'

Place: Kolkata
Date: July 09, 2020

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited

Gobinda Chandra Pattanaik
Digitally signed by Gobinda Chandra Pattanaik
Date: 2020.07.09 23:26:02 +05'30'

Gobinda Chandra Pattanaik
Managing Director

SUBRATA PRADHAN
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Date: 2020.07.09 23:30:59 +05'30'

Subrat Pradhan
Company Secretary

DIBYAJYOTI PATTANAIK
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Date: 2020.07.09 23:26:21 +05'30'

Dibyajyoti Pattanaik
Director

SATYAJIT DAS
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Date: 2020.07.09 23:31:28 +05'30'

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020