



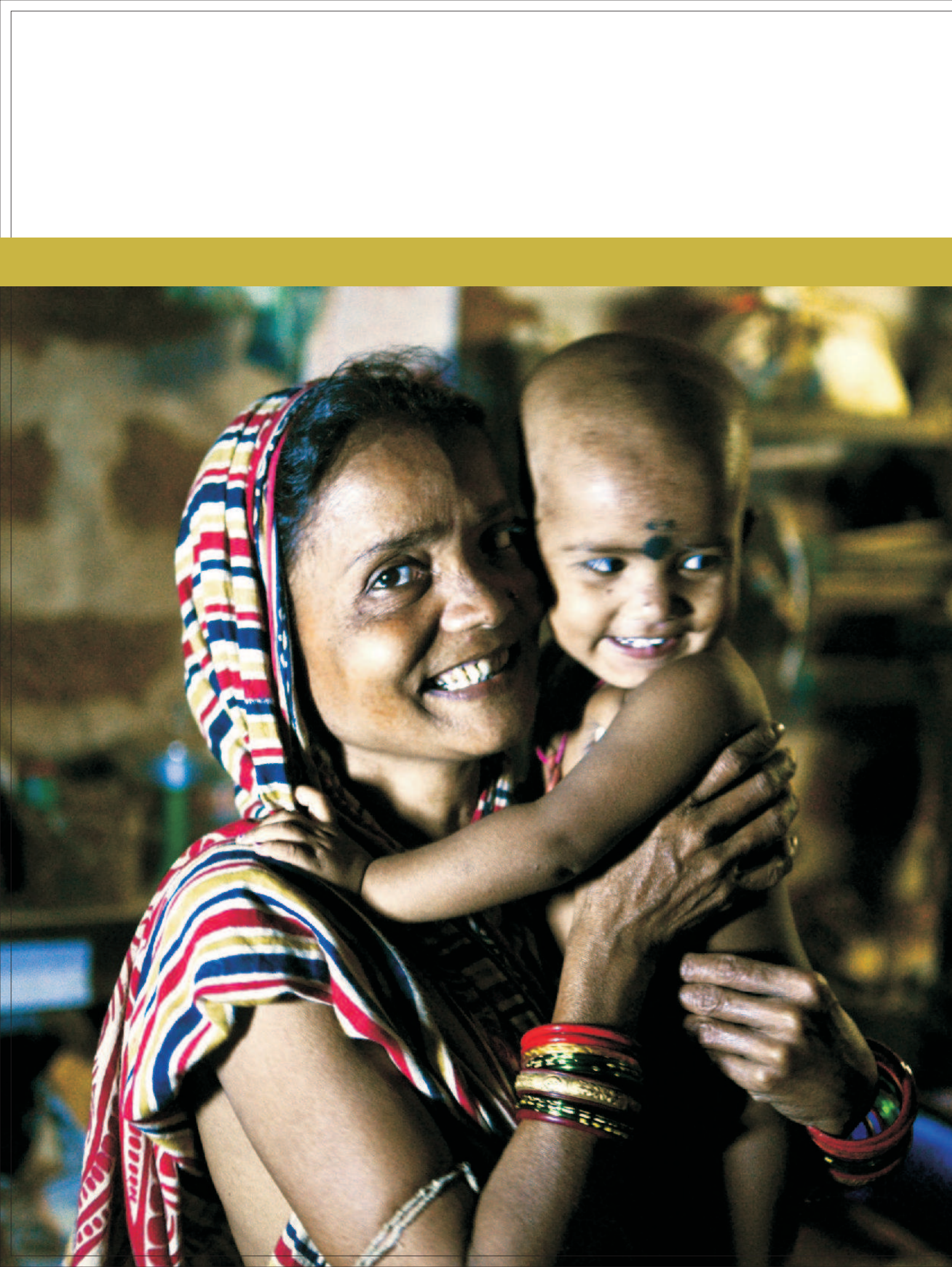
Annual Report 2014



Empowering Society



Annapurna Micro Finance



Annual Report

2013-2014

Annapurna
Micro Finance

CONTENTS



- CMD's Message
- Company Background
- Our Product and Services
- Credit and Risk Management
- MIS and Technological Interventions
- Operational Performance and Growth
- Audit Procedures and Policies
- SPM and Responsible Lending
- Environment Conservation
- Human Resource Development
- Director's Report
- Auditors Report
- Balance Sheet
- Case Studies

Board of Directors

BRIEF PROFILE

Mr. Gobinda Chandra Pattanaik

CHAIRMAN-cum-MANAGING DIRECTOR

With an experience of over two decades, Mr. Gobinda Chandra Pattanaik has worked towards various developmental and micro enterprise activities. His immense experience has enabled him to lay the foundation for this Institution with his deep understanding of the subtleties and nuances contributing to the process of sustainable livelihood for women. He has played a key role in setting up various community institutions and is an advisor to various district Administrations along with being a member in various committees formed by the government.

Mr. Dibyajyoti Pattanaik

DIRECTOR

He is a bachelor in social work from NISWASS under Utkal University, Orissa and a post graduate in management from Entrepreneurship Development Institute of India, (EDII) Ahmedabad with specialization in micro finance and micro enterprise management. He got a SIDBI fellowship to pursue his studies at EDII while he also holds a management certificate from Boulder institute of management, USA in micro finance. He joined People's Forum in April 2005 and is instrumental in building this programme from a team of 5 to 240 people in 4 years while working as a programme head and CFO at mission Annapurna of people's forum. He has played a vital role in transformation of mission Annapurna to Annapurna micro finance private limited, now a NBFC MFI.

Mr. Aditya Bhandari

INVESTMENT DIRECTOR

Aditya Bhandari joined the Board of Directors of Annapurna Microfinance Private Limited in July 2012 representing Rural Impulse Fund II (managed by Incofin Investment Management, Belgium).

He has over seven years of experience in private equity, venture capital, investment banking and corporate finance. His professional repertoire includes working with Aavishkaar Venture Capital, Goldman Sachs and Standard Chartered Bank.

He holds an Associate degree from the Institute of Chartered Accountants of India and Bachelors in Commerce from the University of Madras. He also has attended an executive programme on private equity education organized by the Indian School of Business.

Mr. K. K. Tiwary**INDEPENDENT DIRECTOR**

Mr. Tiwary is a senior Chartered Accountant and has the expertise in various fields of audit, taxation, Project consultancy, Micro Finance, NBFC takeovers and financing activities. He has an exclusive expertise over development, control, audit and monitoring the Financial organization for his MFI Clients.

Mr. Sean Nossel**INDEPENDENT DIRECTOR**

Mr. Nossel has an immense experience of over 20 years in the field of Insurance, Investment Banking, Structure Finance, Private Equity and Financial Markets. He has worked with JP Morgan Investment Bank, US as an Executive Director prior to his assignments with global Corporate like ABN AMRO Securities and Liberty Life. He is currently working with Resolution Group heading the US acquisitions.

Mr. P.K. Saha**INVESTMENT DIRECTOR**

As a development banker, Mr. P.K. Saha was involved in the formulation of various developmental programmes and policy level interventions initiated by SIDBI. He has been a member of various committees of the Bank at the highest level and had the opportunity to participate in various national and international programmes conducted by reputed organizations/agencies like Harvard Business School [USA], Asian Institute of Management [Philippines], Cranfield School of Management [UK] and Small Business Administration [USA]. He was also a part of Indian SME delegation to USA in the year 1999 and has led a MSME delegation to the World SME Expo [Hong Kong] in the year 2008. Currently, he is in the Board of four MFIs and a Member of the Sa-Dhan Board.

Ms. Laetitia Counye**DIRECTOR****INVESTMENT OFFICER**

Ms. Laetitia has an experience of 15 years in the field of Investment Banking, Private Equity and Financial Markets. She has worked with Bureau Van Ransbeeck, Incofin Investment Management, Partners@ Venture Securities and Liberty Life. She is currently working as Senior Investment Officer in Belgian Investment Company for Developing countries.



Message from Chairman-cum-Managing Director



I would like to start by communicating a story that I have often narrated to quite a few of my team members on several occasions. It would not hurt to recount it again as I would like it to reach to as many people as possible who can hopefully draw some inspiration from it when they feel de-motivated in their respective work.

The story starts with a stranger who sees a half-built temple with many workers working on it, carving stones and placing them one over the other. The stranger approaches one of the workers and asks him, "What are you doing?" The worker was tired in the hot glaring summer and replies with anger, "Are you blind? Can't you see that I am carving stones for this temple?"

The stranger then approaches another worker and asks him the same question. The second worker gets teary eyes and responds, "I am earning my bread and butter by carving these stones for the Temple."

The stranger then approaches another worker with the same question. The third worker with a look on his face replies in a pleasant tone, "I am constructing this temple."

All three workers are doing the same work but their attitude towards it is different. I personally live by the attitude of the third worker. We all are here to do something in life but with what outlook we approach it is what defines our life. I am not against achieving business target, making profit, introducing technology or expanding our business, but none of this should come in the way of compromising our vision and mission.

At the end of the day, our main objective is to see a healthy rural India which cannot be accomplished if we ignore our targeted audience of mothers and sisters. As long as they can achieve their business targets, adapt to new technology and expand their business, rural India is in safe hands.

My emphasis has always been on happiness which is really the true value of any nation. We ultimately aim to provide happiness to our people, be it people we work with or people we work for. On various occasions during various stressful occasions in life, we forget our true happiness. Achieving business targets and keeping that happiness may be difficult to bring about, and may take more time than desired but it would surely abolish poverty and sorrow from the country.

I have always been a true believer in god and have much faith in him to guide me, support me, bless me and punish. Therefore I never look back and keep faith in my abilities.

Lastly, to my team at Headquarters, I always say that you can get the best out of others as long as you can get the best out of yourself. To my extended family members who give their efforts tirelessly in the field, always know that the smallest seed of faith is better than the largest fruit of happiness. Have faith in yourself, in your organization and in your work. This world exists on this thread of faith and nothing else. So be trustworthy, evaluate your strength and build on them to achieve success in life. Live in the present, dream for the future but never forget the eternal learning from the truth of the past and do the right thing when nobody is watching you.

Jai Hind, Jai Bharat


Gobinda Chandra Pattanaik
CMD



Company Background and Its formation

Annapurna Microfinance Pvt. Ltd (AMPL) is a leading Non-Banking Financial Company(NBFC) in the Eastern region of the country mandated to meet the small credit requirements of the poor households through widely used institutional platform i.e. women SHG models. Even though, it is still in the formative stage as a NBFC registered under companies' act 1956 on 6th march 2010 followed by an NBFC, it is well established as Mission Annapurna since 2004 in the state of Odisha. The evolution of the company is rooted from the philanthropic activities focusing on women empowerment of the old and established development organization of People's Forum established in early nineties.

Mission Annapurna was one of the flagship program of Peoples Forum aiming to develop appropriate institutional platform of poor rural women and enabling individuals to achieve economic and social empowerment through collective endeavors. This was quite successful in reaching out to poor women in the interior villages of the state of Odisha which were difficult to penetrate in the past and bring them to SHG fold in a short span of time. Thousands of women SHGs evolved in due course of time that posed a lot of challenges in sustaining such institutions through institutional development, financial access and business development services.

The organization with such a readily available institutional network across the state on one hand and emergence of microfinance sector on the other created ample opportunities for transforming Mission Annapurna to NGO-MFI in the year 2009 and has started its formal microfinance operation since then. Annapurna transformed into a Reserve Bank of India (RBI) regulated Non-Banking Financial Company (NBFC-MFI) in 2013.

AMPL's main focus is on the growth of its micro finance portfolio and supports those clients who have successfully leveraged the micro finance services and setup micro enterprises in rural and semi urban regions. It aims to facilitate credit plus services such as enterprise development, business planning, finance management and product design and forward and backward linkages. The company was not that significant in terms of microfinance portfolio and geographical outreach at its early stages in comparison to other relatively well known MFIs which occupied a larger space of demand supply gap in the state. However AMPL is very strong and robust in terms of its internal systems, structural setup and governance system to address client requirement and has an effective regulatory environment right from the beginning. This was quite apparent even in the backdrop of Andhra Pradesh ordinance resulting in loss of credibility of the sector leading to withdrawal of most of the lending institutions barring AMPL. The firm managed to withstand in the adversity and while other larger MFIs of the state gradually vanished from the scene after this sectoral breakdown, AMPL came out strong in terms of portfolio management and client outreach in post Malegaon committee recommendations. Its steady and sustained performance made it a credible institution that attracted various investors including commercial and development financial institutions.

Now AMPL is the largest NBFC in the State of Odisha reaching out to 201,014 members& their families with a network of 54 branches that spreads over three states of Odisha, Chhattishgarh and Maharashtra through a team of 415 employees. The rapid transformation on many fronts like use of most updated software for MIS, integrating technologies for operational efficiency, client grievances readdressal system, well placed corporate governance and robust social performance management enabled the institution to touch new heights in a short time.

Now the company enjoys uninterrupted support of many commercial and development lending institutions, individual private investment companies and equity investors to fulfil its larger mandate with clearly outlined Mission and Vision Statements.



VISION

Establishment of a self-sustainable and economically empowered rural, tribal & suburban society.



MISSION

Empowerment of 2, 50,000 poor women and households for their economic security by 2015. Bring recognition, legitimacy, respect and opportunity for 50,000 micro-entrepreneurs by 2015.



Our Products and Services

AMPL has had its primary focus on SHG loans since its inception in 2009 and since then the company has aimed at enhancing its products that aims at development and addressing issues pertaining to it. There has always been a demand for credit and even though there have been interventions from Nationalized banks, implementations have not exactly gone as planned at the grassroots level. That is where AMPL steps in and provides loans to SHG for various purposes as mentioned above including the likes of Agricultural crops, Agri-equipments and Micro Enterprise. Depending upon that purpose, the guidelines for these loans would differ as well in terms of interest rate being charged, tenure, recollection frequency, insurance and more importantly the limit to the amount that can be disbursed. SWASTH is the most recent addition to the products being offered and the company aims to achieve similar success with this product in the coming time.

OUR PRODUCTS AND SERVICES

Sl	Particulars	1. Agricultural Crops	2. Agri- equipment financing	3. Agri Allied	4. Micro Enterprise	5. Handicraft and Handloom	6. SWASTH	
	Activities included	Cultivation of different crops like paddy, sugarcane, mushroom	Bullock and Bullock cart, threshers, tractor, power tiller, Paddy reaper, water pump set ,	Dairy farming, poultry, goatery, piggery, fishery, etc.	Spice making, dry food processing, individual business, beetle shop, fruit shop, fast food stalls, paddy processing	Weaving cotton sarees, bamboo products, coir production , brass work, etc.	WATER: 1.Hand borewell, 2.Pipe/water Connection	SANITATION: 1. New toilet(Single pit, double pit, Septic tank) 2. Renovation of toilet.
1	Loan Size (Amt. in Rs.)							
	1st Cycle	8000 — 15000	8000 — 14000	8000 — 15000	8000 — 15000	8000 — 12000	5000 — 15000	10000 — 25000
	2nd Cycle	15000 — 25000	15000 — 25000	15000 — 25000	15000 — 24000			
	3rd Cycle	20000 — 30000	20000 — 30000	20000 — 30000	20000 — 30000	19000 — 30000		
	Above 3rd Cycle	20000 — 30000	20000 — 30000	20000 — 30000	19000 — 30000			
2	Tenure	12-24 Months	12-24 Months	12-24 Months	12-24 Months	12-24 Months	12-24 Months	12-24 Months
3	Rate of Interest	24% Reducing	24% Reducing	24% Reducing	24% Reducing	24% Reducing	22% Reducing	22% Reducing
4	Processing fees	1% on loan amount	1% on loan amount	1% on loan amount	1% on loan amount	1% on loan amount	1% on loan amount	1% on loan amount
5	Insurance	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)	Rs.5.50 in every Rs.1000 of loan for 1 year(As per insurance co.)
6	Frequency	Fortnightly/ Monthly (as per Borrowers' choice)	Fortnightly/ Monthly (as per Borrowers' choice)	Fortnightly/ Monthly (as per Borrowers' choice)	Fortnightly/ Monthly (as per Borrowers' choice)	Fortnightly/ Monthly (as per Borrowers' choice)	Fortnightly/ Monthly (as per Borrowers' choice)	Fortnightly/ Monthly (as per Borrowers' choice)

NEW PRODUCT DEVELOPMENT

Annapurna set up a new Department for product development and innovations:

Incepted during the financial year 2013-14, the product development department is a new initiative by AMPL. The necessity of having the department is to exclusively bring in new range of innovative, need based and feasible financial products which the customers at the rural and semi-urban context can have access to, hence providing them a better standard of living. The department explores tailor-made products for refinancing and also seeks opportunity to refine and redesign the existing products that the organisation is already delivering. Thus by understanding the existing scenario, the department not just helps in diversification of the product portfolio and the growth of the organisation but also defines sustainability in having a long term relationship with its customers.

As per the RBI guideline, an NBFC-MFI can have the leverage to divert 15% of its portfolio in conventional financing and the rest 85% has to be confined to MFI micro lending. Henceforth, the department works to contribute to the 15% leverage space to come up with traditional financing products also.

The department aims to bring in new range of innovative, need based and feasible financial products catering to the rural and semi-urban context, leading to a better standard of living for the people. It strives to explore client perception assessment and implement 5 new products lines by 2016.

Working Approach

The working process of the department takes place in two wings, viz: i) The research wing and ii) The implementation wing.

The research wing plays an important role in the department performing research oriented activities like conducting market studies for understanding customer preferences and conducting feasibility studies for products in different geographies, performing data analysis and drawing logical conclusions for product planning. Apart from all these activities for the new product, the wing also redesigns and refines the existing products, performs client satisfaction studies, impact assessment, client protection measures etc.

On the other hand, the implementation wing operates on the front end and works in coordination with the operation department. The activities performed by the wing are more inclined towards successful launch of new product lines including conducting pilots, demos, planning implementation strategies, assigning resources, monitoring and evaluation, expansion planning, rectifying and refining product delivery etc.

New product lines:

The department in the financial year 2013-14 came up with two new products. One of which has been successfully launched and the other is on verge to get implemented:

A) SWASTH (Safe Water and Sanitation to Households)

AMPL came with this product with the goal to improve the quality and standard of life of rural poor by mobilizing households' access to appropriate water credit products and execution of low cost, user-friendly sanitary structures. The overall objective of extending sanitation facilities are as follows:

- To work towards creating a congenial environment in behavioural and attitudinal change for use of safe sanitary habits.
- To improve the social infrastructure of the deprived rural communities through promotion, construction and renovation of user friendly latrines and bathrooms.

- To create an enabling institutional mechanism and self governance for effective and efficient management of the programme for better outcomes.
- Enabling access to appropriately designed micro-finance products to rural households in addressing their hygiene and sanitation requirements.
- Collaboration and networking with technical and supporting institutions for developing low cost, fair quality and user friendly water and sanitary structures at household level.

Product features and specifications:

Product	Product type	Loan amount	Interest rate	Tenure	Loan processing fees + Service tax
Water	Water pipe connection	5-10 K	22% reducing	12-18 months	1% +12.36 of LPF
Water	Hand bore well	10-15 K	22% reducing	12-18 months	1% +12.36 of LPF
Sanitation	Single pit (New Toilet)	10-15 K	22% reducing	12-18 months	1% +12.36 of LPF
Sanitation	Twin pit (New Toilet)	15-20 K	22% reducing	12-18 months	1% +12.36 of LPF
Sanitation	Septic tank (New Toilet)	20-25 K	22% reducing	12-24 months	1% +12.36 of LPF
Sanitation	Renovation of Toilet	5-15 K	22% reducing	12-18 months	1% +12.36 of LPF

The product has been successfully launched with a total of 123 loans with 479 beneficiaries reaching various districts where AMPL already has its foot prints. Districts like Khurda, Bhadrak, Dhenkanal, Ganjam are some of the areas where majority of loans were provided. Recently, AMPL has also collaborated with organizations like WTO(World Toilet Organisation) and FINISH Society to smoothen and effectively reach out to the mass. AMPL is also working in synergy with Peoples forum (Parent organization of AMPL) which has partnered with water.org in water and sanitation programme. AMPL in coming months is planning to make the WATSAN loan available to all the 21 districts in Odisha through its currently active branches.

B) Education Loan:

AMPL has come with up a new product dubbed as Education loan, to ensure self-sustainability among youth by catering to the financial needs of the students in order to pursue their desired courses through the loan. AMPL in association with VITTANA and KIVA has initiated to meet the needs of the students who are not yet bankable or do not have access to financial services.

Some of the salient features of the Education loan are:

- Covers short term courses (1- 2yrs).
- Promoting job oriented professional (ITI/ITC, MSW, PHARMACY, NURSING etc) and vocational courses.
- Provide easy access to financial services to aspiring students.
- Reach out to the students in rural who are in need of financial services
- Make the students more bankable.
- Enables a person to realize his/her potential and strive for a better life.
- Improve the living standard of people by making them self-dependent.

Product features and Specification:

Product	Education Loan
Description	Loan for current and future post-secondary students attending university, diploma, pre-university college, technical or vocational school.
Purpose	To meet the Course Fee expense
Target Clients	Students pursuing courses (ITI/ITC, MSW, Pharmacy, Nursing, B.Ed., MFC, MCA & other vocational courses)
Loan Amount	Maximum 85% of course fee (Course fee should not exceed Rs. 1,00,000)
Loan Term	12-36 months
Grace Period	Maximum 3 Months
Security	Guarantor & Primary Debtor
Interest rate	17-18% reducing
Processing Fee	1%
Insurance Premium	Rs. 5.5 per Rs.1000 per annum
Repayment frequency	Monthly
Mode of Disbursement	Demand Draft or A/C payee cheque
Mode of Repayment	Post Dated Cheque or Cash

The product is on verge of getting launched in all the branches of AMPL with the projected target of achieving 500 education loan in the first year.

Products in pipeline:

The prospective product lines which the product development department is working on are:

- Commercial Vehicle,
- Pension product,
- Housing loan
- Warehouse receipt financing,
- Solar products,

Future ahead:

The Product development department looks forward to deliver multiple range of innovative potential products for the customers in rural and semi-urban space. This will lay down the foundation in future for creating a congenial win-win situation for customers in improving their standard of life. The organization aims to grow by diversifying their product portfolio and lending a hand to the last mile customers.

RISK AND CREDIT MANAGEMENT

Risk management practices

AMPL is one of the very few Microfinance institutions to start a dedicated Risk Department, aimed to achieve a well-defined framework, thereby strengthening the organization to adapt its structure, policies, and tools to the evolving risks of the sector.

AMPL's Risk Department identifies and analyzes the impact of several internal and external risks inherent to the Microfinance industry to strike a chord between risk and returns, supporting the company to operate with the double bottom line approach. AMPL takes a proactive approach to procedural, legal and regulatory compliance. The commitment to comply with all applicable laws, regulations and accepted best practices forms an integral part of all policies and procedures that guide its activities and positioning.

Interventions

AMPL has created a Risk Committee, which includes Heads of all departments for constructive efforts towards risk mitigation, where each Head is the risk owner of the particular department.

The company has structured a systematic Risk Matrix to illustrate the importance of risk management strategies, as a part of contingency planning. A risk event is mapped in the risk matrix based on the probability and the impact, for the formulation of the risk response strategies.

Risk matrix has several key advantages in AMPL, including its simple mechanism to increase visibility of risks and assist management decision making. It also monitors the risks based on a fixed interval, ensuring that the right people receive accurate and relevant information.

In order to analyze branch specific risks, the department has come up with the branch risk tool which accommodates a wide set of parameters based on which individual branches are evaluated on a periodic basis. This branch focused approach enables the organization to pinpoint areas of concern, assessing the severity of risk and thereby helping in the formulation of a tailor made risk mitigation strategy, specific to branches.

Way Forward

AMPL is planning for GIS integration in its day to day operations. Implementation of GIS would enable AMPL to mitigate risk factors better as it opens up a new dimension for operation analysis. GIS will enable to map their clients in terms of different geographical belts of homogeneous and heterogeneous regions in context with the livelihood activities, mobilization, market access, etc. GIS will help allow thorough understanding of the region of residence of AMPL's clients and its functioning.

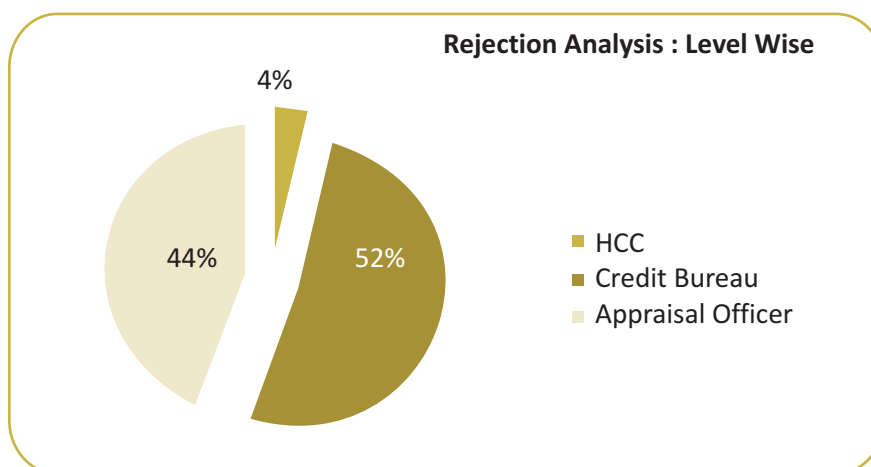
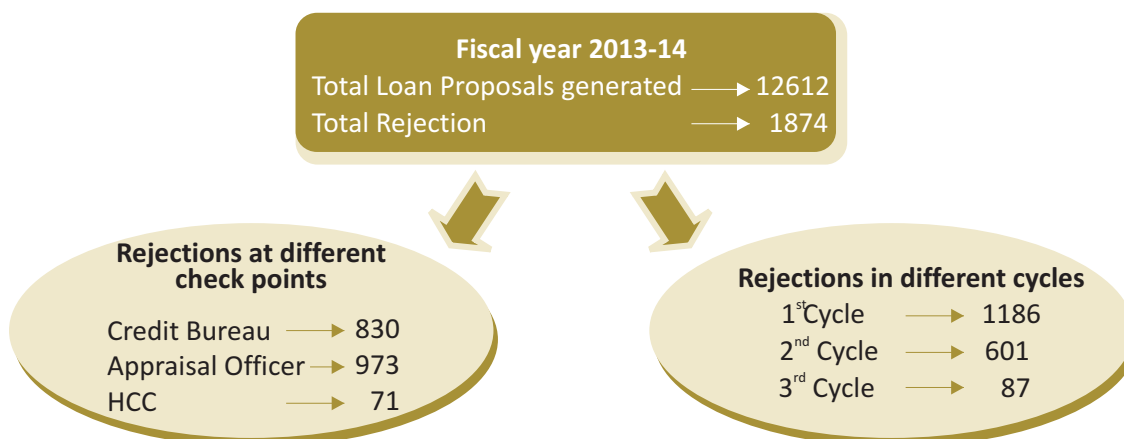
Significance of Credit Department

Credit Department in AMPL functions as a separate independent body for taking all kinds of credit decisions. The department analyses the customer's creditworthiness, fore-sighting the economical pattern of the households and their ability to withstand adverse conditions.

The Credit Department is highly strengthened by sharing and capturing client information from two different Credit Information Companies viz. Equifax and Highmark. AMPL has a dedicated Head office Credit committee (HCC) to take the final level approval of all loan proposals.

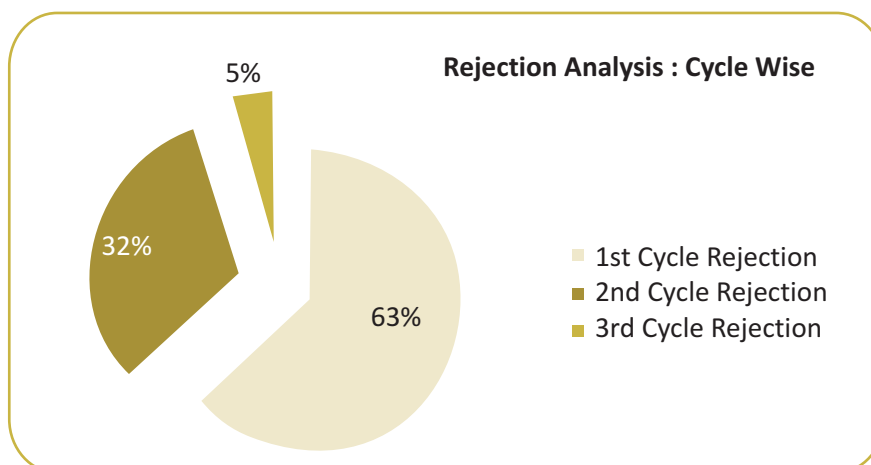
The credit analysis and interpretations helps AMPL in making future strategies.

Snap shot of credit decisions in the fiscal year 2013-14



Representation of rejections at different check points

AMPL has 3 level check points i.e. Credit Bureau check, Appraisal Officer Rating and Head Office Credit Committee (HCC) for approval of loan proposals. Appraisal officers and HCC have their own rating criteria to maintain a rich quality portfolio. Almost 96% of the proposals that come to the HCC get added to the portfolio.

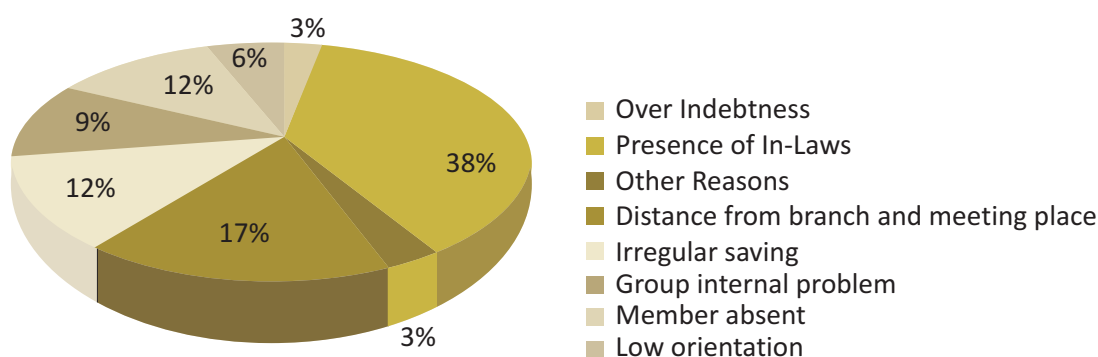


Representation of rejections in different Loan Cycles

AMPL filters low credit rated client during their 1st cycle loan so in the subsequent cycles there are fairly less chances of rejections.

The 2nd cycle rejections are mainly due to multi lending and over indebtedness and the 3rd cycle rejections are due to over age of clients.

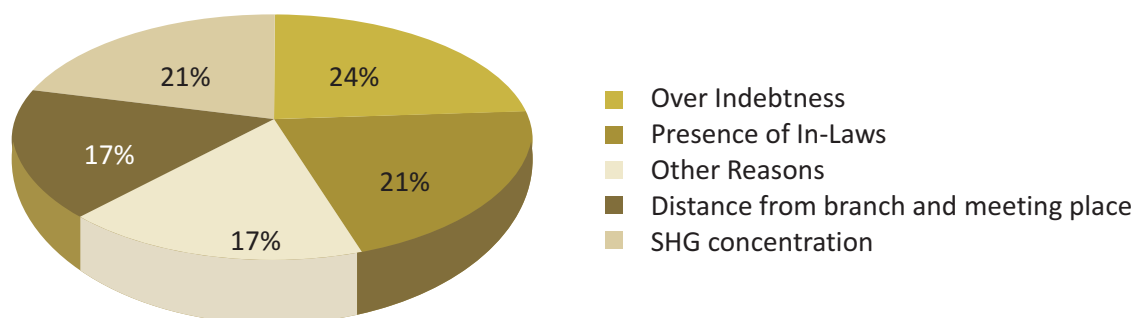
Appraisal Officer Rejection Reasons



Representation of rejection reasons by Appraisal Officers

AMPL has a structured credit rating tool for capturing in-depth information of clients and minimize delinquency for improving portfolio quality.

HCC Rejection Reasons



Representation of rejection reasons by Head Office Credit Committee

HCC does the last level check in adherence to the credit guidelines, performs a cross verification of the appraisal officer's remarks and finalizes the clients and their respective loan amount.

Way Forward

AMPL is introducing credit guidelines, training manuals and credit rating tools for improved credit decisions for all range of upcoming product line. Technological interventions in AMPL through Mobile Technology will further enhance the quality in credit decisions.

MIS AND TECHNOLOGICAL INTERVENTIONS

TABLET APPLICATION

With the objective to speed up the field operations, AMPL has introduced the tablet applications that converts all the paper work involved in the field into the tablet software. Working in collaboration with Jayam solutions, AMPL would be providing tablets to their FCO's for their field visits. The entire process of AMPL involves a branch manager and an appraisal officer as well after the intervention of the central MIS team. Keeping that in mind, the entire operation has been integrated with the new tablet software.

What AMPL aims to achieve through it?

1. The major agenda is to speed up the entire process and reduce transaction time.
2. As a trickledown effect, duration taken during disbursement and recovery would also reduce.

A foundation for future technology would be created allowing AMPL to be versatile enough to adapt to future changes.

Online version of e-FIMO

In order to meet the requirements of a speedy growth in portfolio, AMPL started using e-FIMO, an online version of the software being used previously. With the company spreading its operations geographically, it became important to establish control systems which can deliver efficiency to the overall operations of the company. The previous version of the software had many drawbacks like:

- Multiple databases(Branchwise individual database)
- Retrieval of data was tedious and error prone
- Dependence on branch for data
- Unreliable Backup
- Weaker control

e-FIMO is an online software solution provided by Jayam solutions which provides critical input to MIS operations for greater monitoring and control, and facilitates faster and effective decision-making. Important features of eFIMO include:

- User-friendly interface which can be used at field level
- Topic wise coverage of the operations
- User defined business rules
- Multiple user access levels
- Monitoring of the data entry
- Systematic tracking of the transactions
- Integrated design of all the topics, which helps in minimizing the data entry work greatly.
- Organized and Comprehensive reports
- Capacity to handle huge data with fast retrieving capacity
- Accurate Information

Previous Version	Online Version
<input type="checkbox"/> Individual databases were being maintained for different branches.	<input type="checkbox"/> Data for all the branches are now stored on a single database available on cloud.
<input type="checkbox"/> Multiple user access was unavailable. Databases had to be maintained on individual basis.	<input type="checkbox"/> Allows creation of multiple user levels each having its own username and password for accessing the data anytime, anywhere.
<input type="checkbox"/> KYC details were kept in the branch level databases.	<input type="checkbox"/> KYC details are now stored in a single database which has simplified the process of verifying the client information and credit history with the credit bureau.
<input type="checkbox"/> It was essential to install the software on a computer for accessing the data.	<input type="checkbox"/> The data can now be accessed from anywhere over an internet browser.
<input type="checkbox"/> Since, the databases were maintained individually, the process of taking back-up was tedious. Ex: For 'n' branches, back up of 'n' files had to be taken, collated at H.O level and kept in multiple Geography.	<input type="checkbox"/> With the single database, this has been simplified.

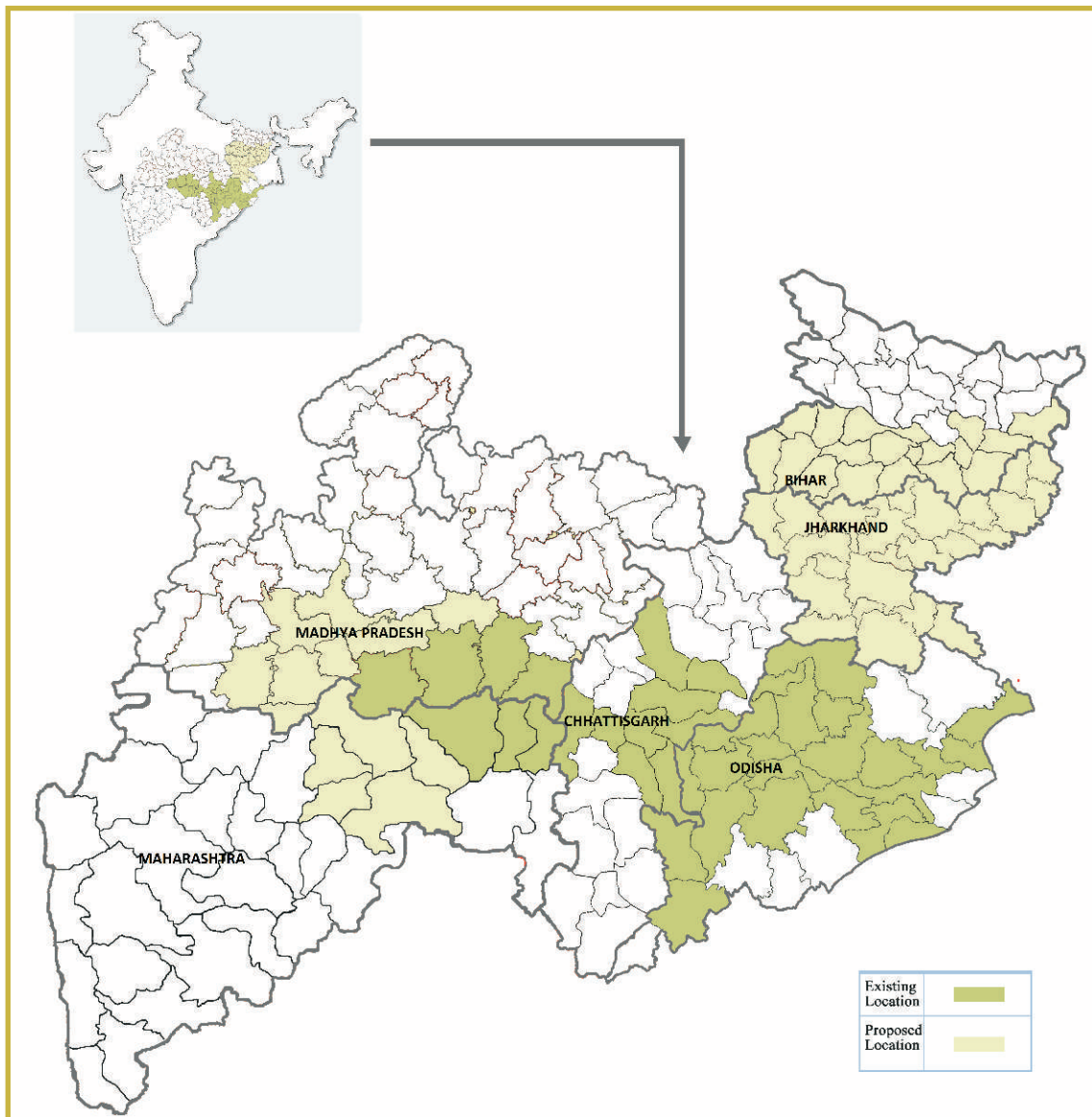
Security Features:

Security is one of the very important deliverable of any financial software. e-FIMO forbids unauthorized users of the project. Also, limiting the authorized users to operate only the permitted levels of the project is one of the important security features of e-FIMO that provides the management a control on the project. Following are the complete features:

- Multiple user levels can be created for accessing the database stored centrally.
- Management can specify the permission levels for various users. It means users can be restricted to operate only the permitted modules of the project.
- Users can change their passwords and maintain their own passwords.
- To prevent misuse of user levels, the software provides for Chance to temporarily or permanently In-Active any running user, in case of long leaves etc. This enables to restrict the misuse of those Usernames.
- e-FIMO forces the users to enter the transaction date while start using the project every day.
- e-FIMO allows recording the transactions only if as on date. Old or future records are not recorded. In case of necessary, users can record those transactions with the permission of the branch managers or supervisors, which are given 'Admin' powers.
- e-FIMO keeps a log of every transaction for verification of errors or investigation. Mismatching entries are captured under this system. Information of the entry and the username are captured, which is helpful in audit trails.

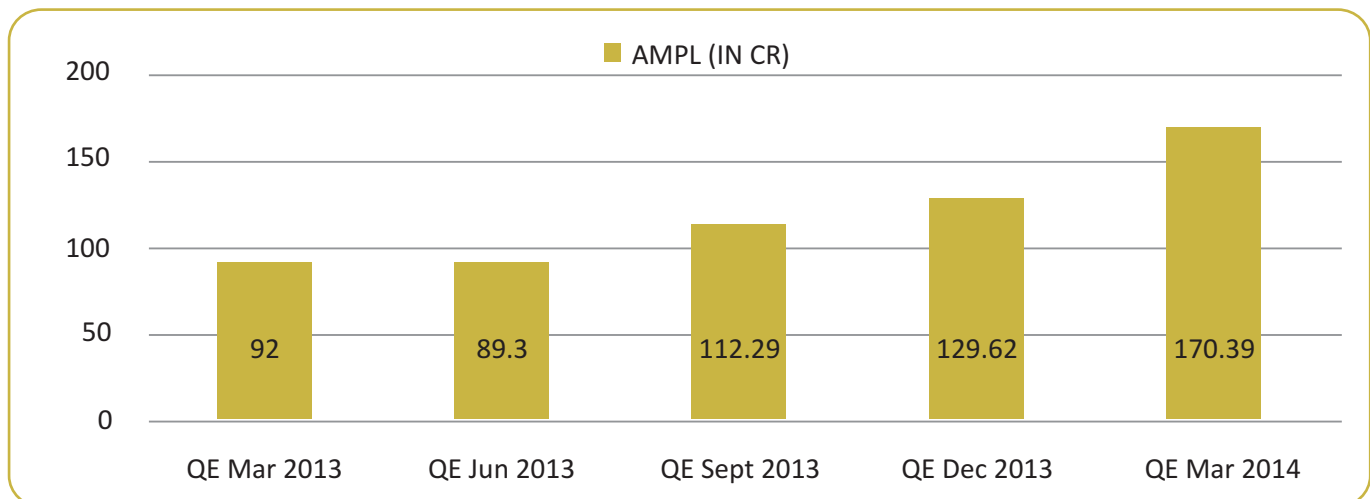
OPERATIONAL PERFORMANCE AND GROWTH

Operational Footprints



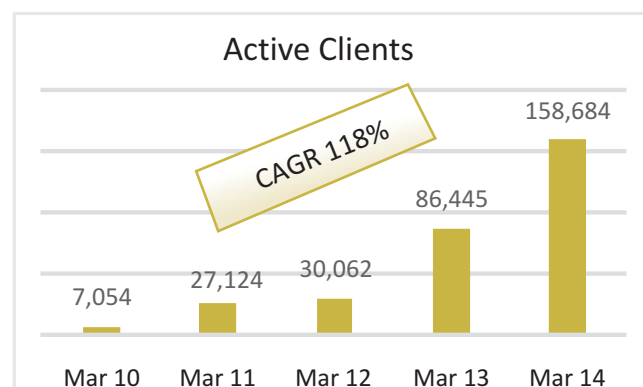
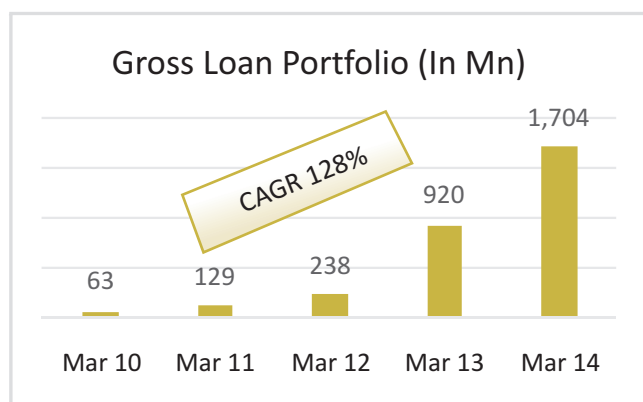
Operational Performance

Gross Portfolio



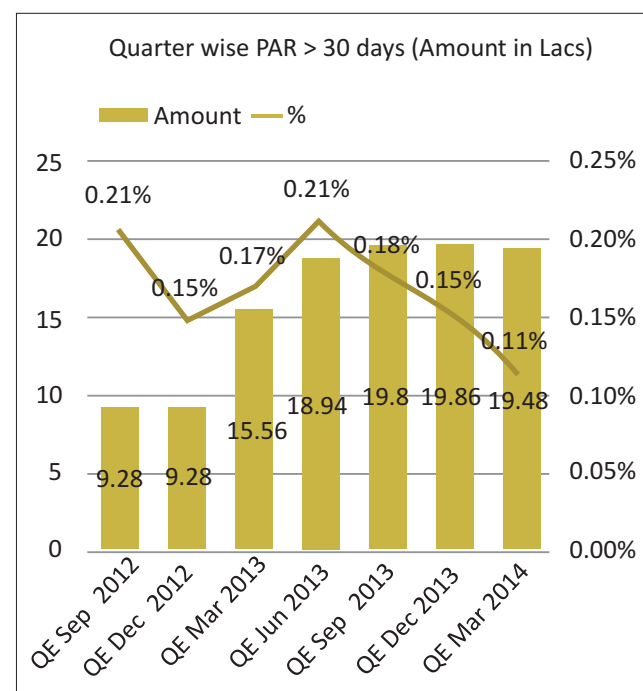
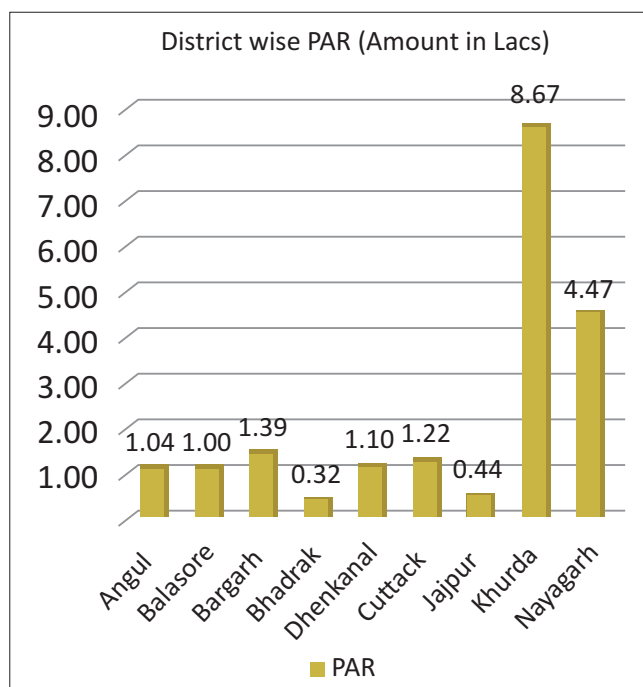
Operational Performance

A. Growth in Portfolio and active clients



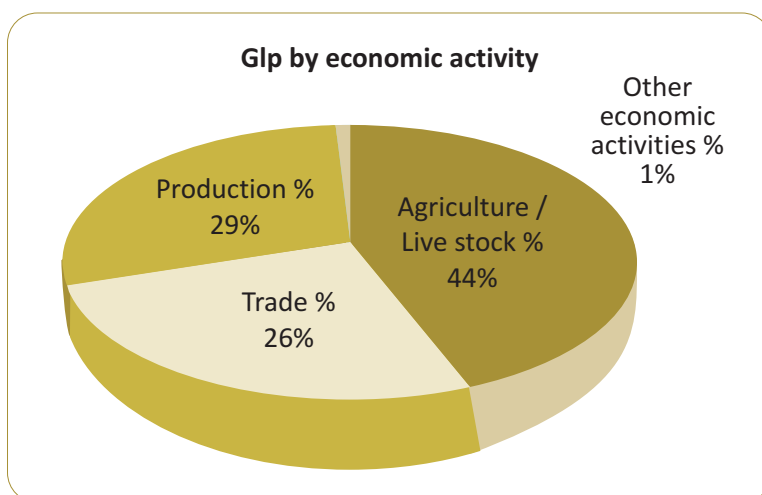
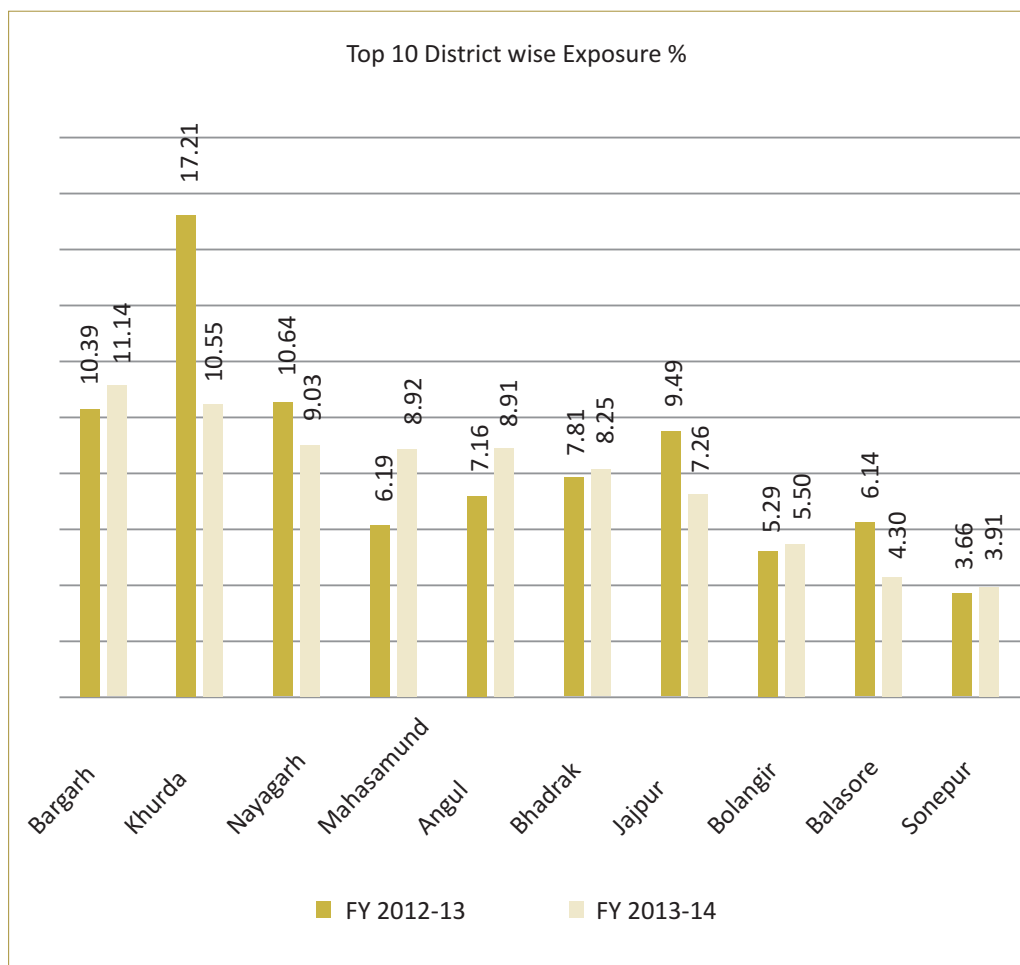
The company registered a remarkable growth of 84% in terms of gross loan portfolio from Rs. 92 Cr in FY 13 to Rs. 170.39 Cr in FY 14. The company was able to disburse around Rs. 179.21 Cr through its 54 branches in FY 14 as against Rs. 105.23 Cr through 38 branches in FY 13 which shows an improvement of 27% in disbursement. Taking a more rational approach and spreading the growth over last 5 years, the compounded annual growth rate is 128%. The number of active clients have also increased from 86445 to 158684 in FY 2013-14 with a CAGR of 118%. It shows the company's enhanced maturity in handling the operations which also corresponds to deeper market penetration in given areas of Operation.

B. Delinquency management (As on March 2014)



In spite of a significant increase in its portfolio, AMPL is maintaining an excellent portfolio quality. PAR>30 was reduced from 0.17% in FY 13 to 0.11% in FY 14. The company has been maintaining a repayment rate of almost 99%. Looking at the district wise exposure, the PAR seems to be evenly spread except for Khurda, the oldest branch bearing the highest delinquency burden along with the highest portfolio concentration.

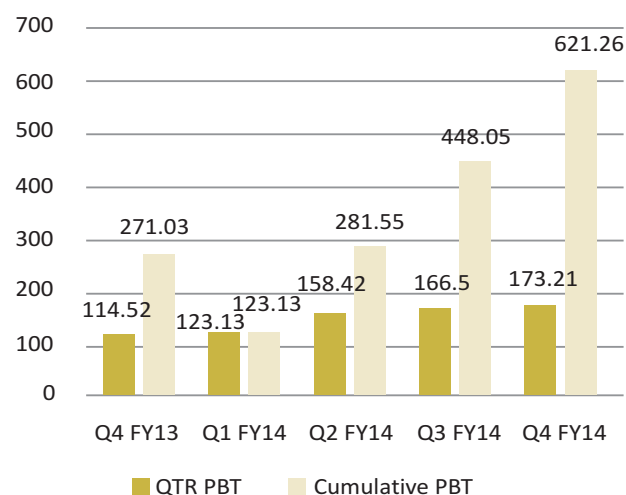
C. Exposure Details



Branch wise concentration of portfolio has improved with the company planning to keep the exposure below 10% across its branches. The company plans to expand into regions of MP and Maharashtra which will further lower down the risk of high geographical concentration.

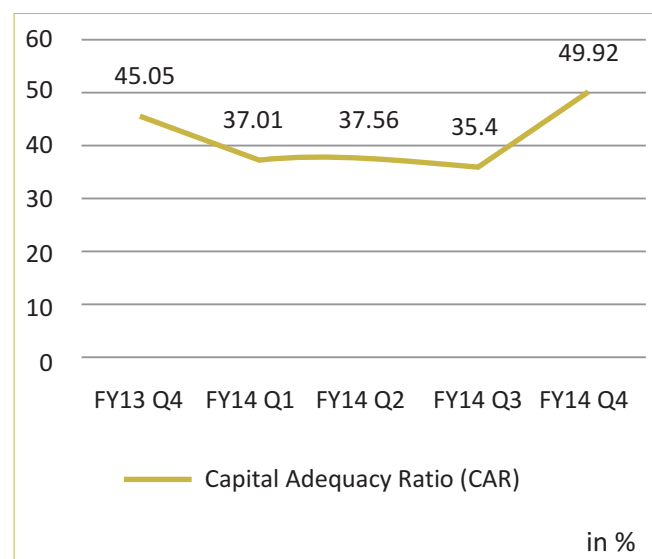
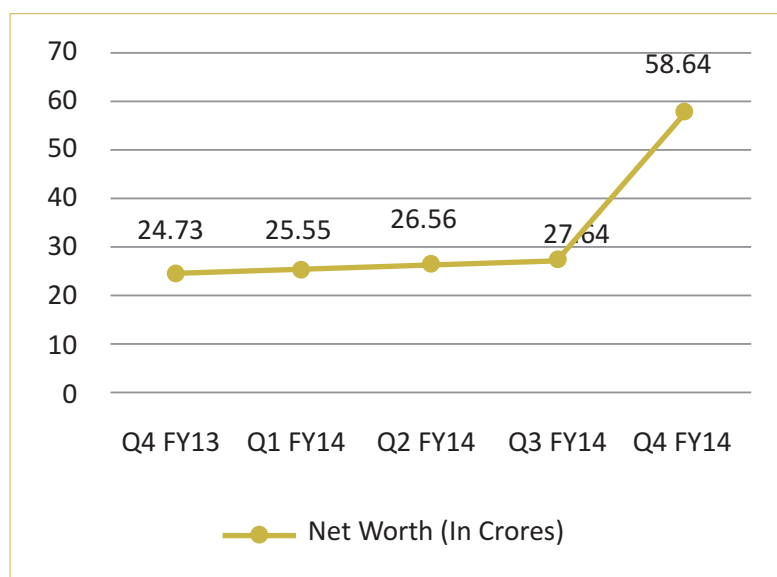
The growth in Asset Size and member base also got reflected in the Income as a positive enabler whereas the expenses also took an upward turn in a proportionate manner. The income grew by 145.40% and the expenses grew by 150.89% over the last financial year which shows a significant growth in operations. The income of the company has attained a quarterly average growth of 53.97% whereas the growth for expenses is 52.13%.

The margin between the income and expenses kept widening over the year as a result of scalability of operations registering a growth of 130% in PBT from Rs. 271.03 lakhs at the end of FY 13 to Rs. 621.26



F. Fund Management

Growth in Net Worth and CRAR



The net worth of the company registered a growth of about 138% over previous financial year. With the infusion of capital from new investor, the closing figure for Net Worth reached Rs. 58.64 Crores in FY 14 from Rs. 24.73 crores at the end of FY 13. The paid-up capital witnessed a growth of 103% whereas reserve and surplus grew by more than 200% which shows the efficient utilization of funds. The company had started leveraging its equity to raise debt for powering its operations due to which CRAR experienced a dip in the early quarters of FY 14. With the infusion of equity, the CRAR has improved providing the capital gearing required for achieving the projected growth.

D. Performance at a glance

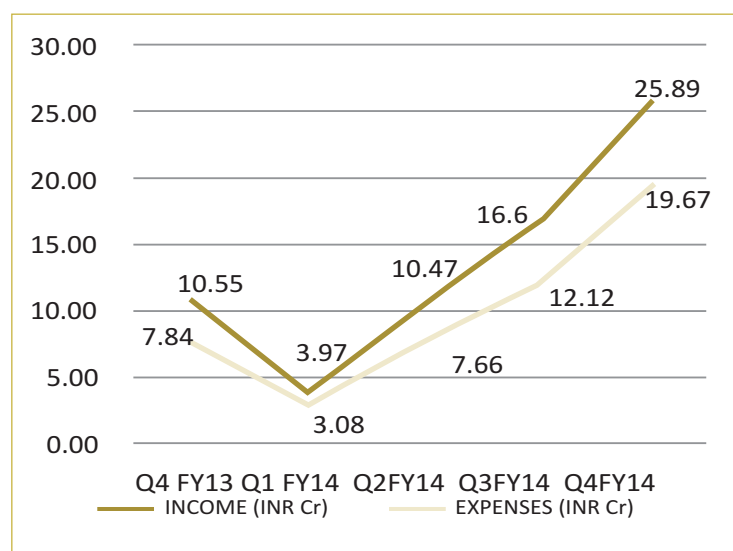
Indicators	As on 31.03.14 Industry	YoY % change	As on 31.03.14 Odisha	YoY % change	As on 31.03.14 AMPL	YoY % change
Branches	9780	7%	518	14%	54	42%
Employees	67838	10%	3106	6%	415	28%
Clients (in '000)	28000	20%	1470	26%	159	85%
GLP (in Cr)	27931	35%	1098	41%	170.39	85%
Loan Disbursed (in Cr)	34968	48%	968	54%	179.21	70%

Particulars	2013	2014	YOY%
Branches	38	54	42%
SHG	10767	19505	81%
Employees	324	415	28%
Field Level Staff	216	291	35%
Head office Staff	108	124	15%
Members (In '000)	117	201	72%
Active borrowers (in '000)	86	159	85%
No of loans disbursed (in '000)	8.24	10.74	30%
Disbursements (in Crore)	105.23	179.21	70%
Loans outstanding (In Crores)	92.01	170.39	85%
Securitized / Assigned / Managed Loans (In Crores)	37.59	72.20	92%

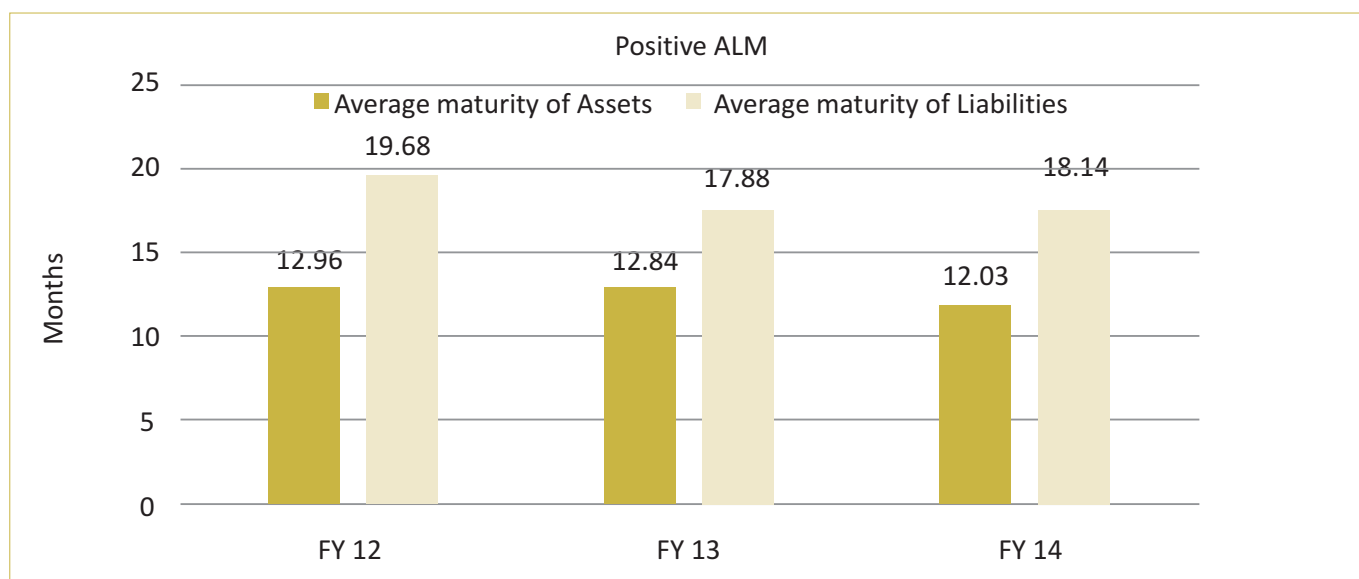
The industry outlook for the year 2013 – 14 has been encouraging. The industry has achieved positive turnaround since the AP crisis as evident from the table given above.

E. Business Efficiency

Profitability

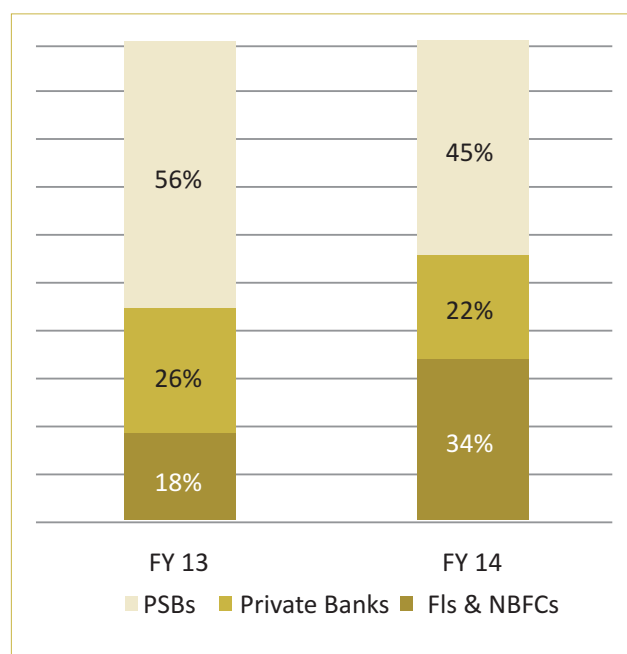
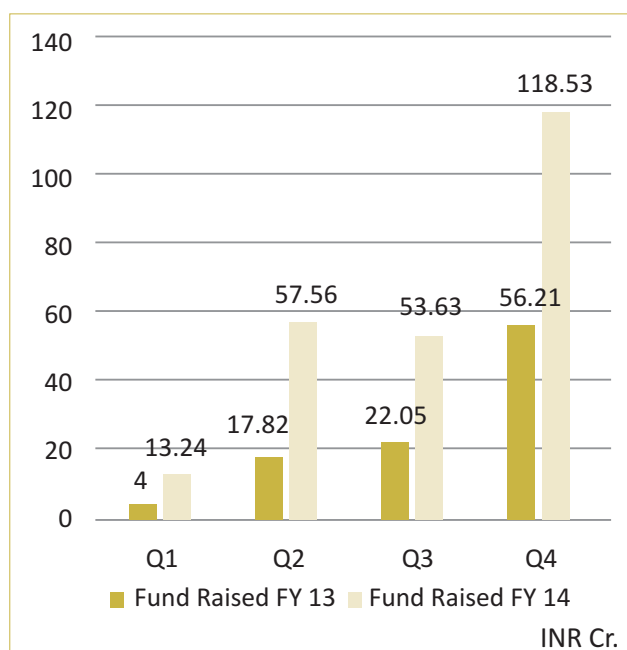


Asset Liability Mismatch (ALM)



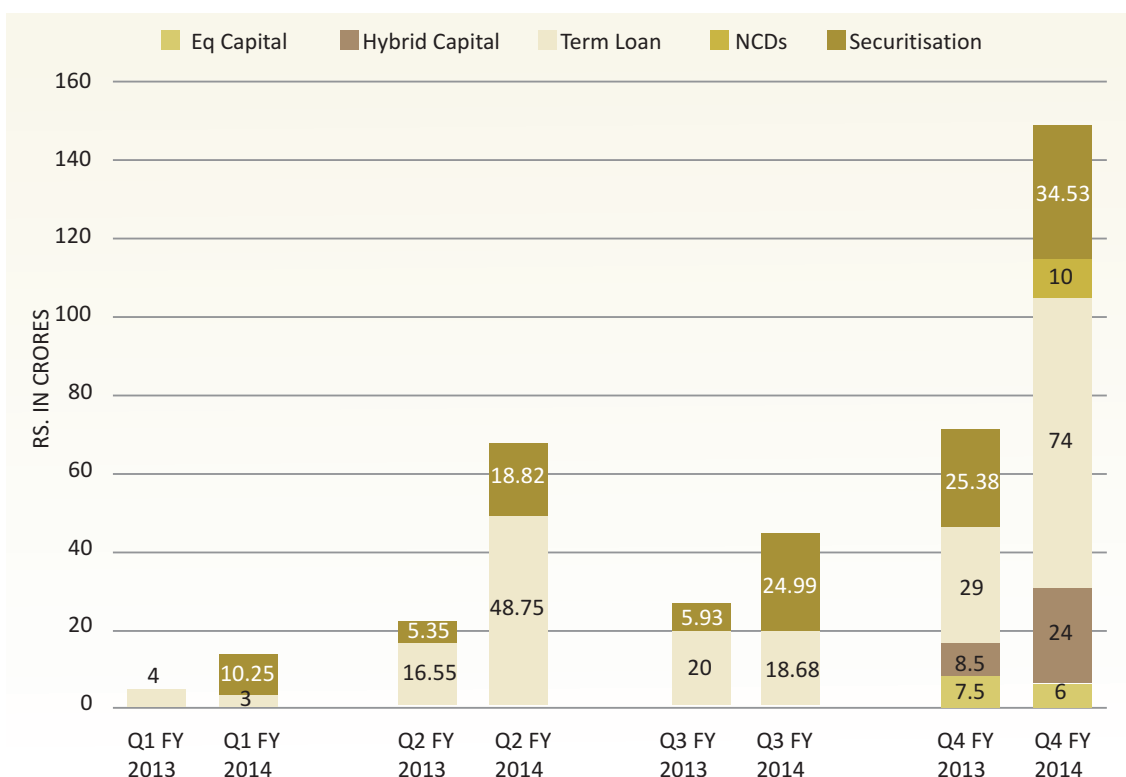
The ALM situation of the company as on 31st March 2014 had close resemblance to previous year and on an overall basis ALM of the company was unaffected by the staggering growth happened in the last year. The asset maturity period has shortened by almost 24 days whereas maturity of liabilities has increased by 7.8 days. There remains a gap of almost 6 months between both which is comfortable.

Quarter on Quarter fund raised vis a vis previous year's performance

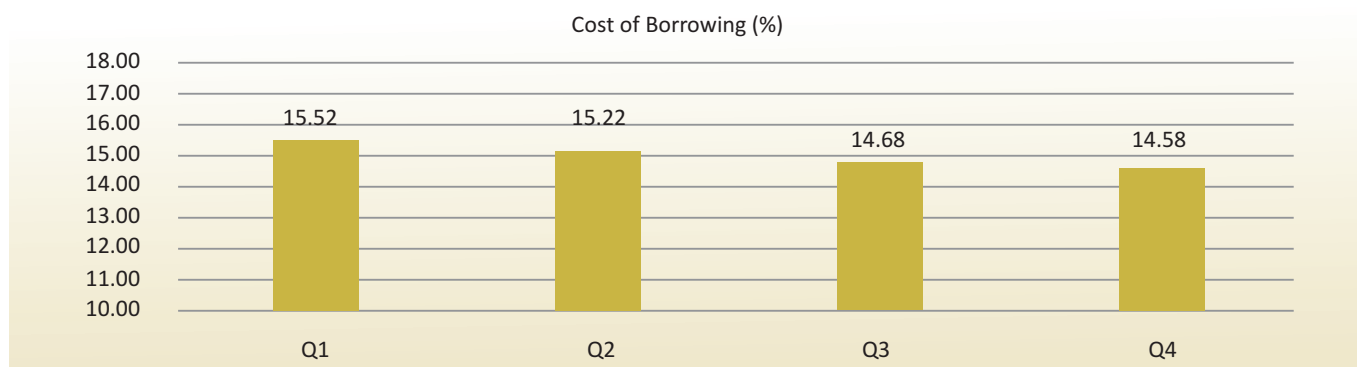


The efficient fund raising that happened throughout the financial year fuelled the expansion plan of the company. With the support of different banks and FIs, the company could raise Rs. 243 Crores to be disbursed through different branches registering a growth of 143% in quantum of fund raised.

The funds were raised from different categories of funders which included Public and Private Sector Banks and Financial Institutions. The increase in funding from Public banks like OBC, IOB, Canara and SIDBI is a healthy sign as these funds have a longer tenure and pose a lower cost burden. The pattern of funding has led to a decrease of 20 bps in cost of fund raised.



To reduce the dependence on one source of funding, the company has started making initiatives to raise funds from different channels. It successfully closed one NCD transaction at the end of FY 14 worth Rs. 10 Crores. The company also raised its second round of equity amounting to Rs.30 Crores from existing investor Incofin and new Investor BIO (Belgium Investment Company for Developing Countries). Out of the total debt raised, 37% was raised through securitization and remaining 63% through term loans and NCDs.



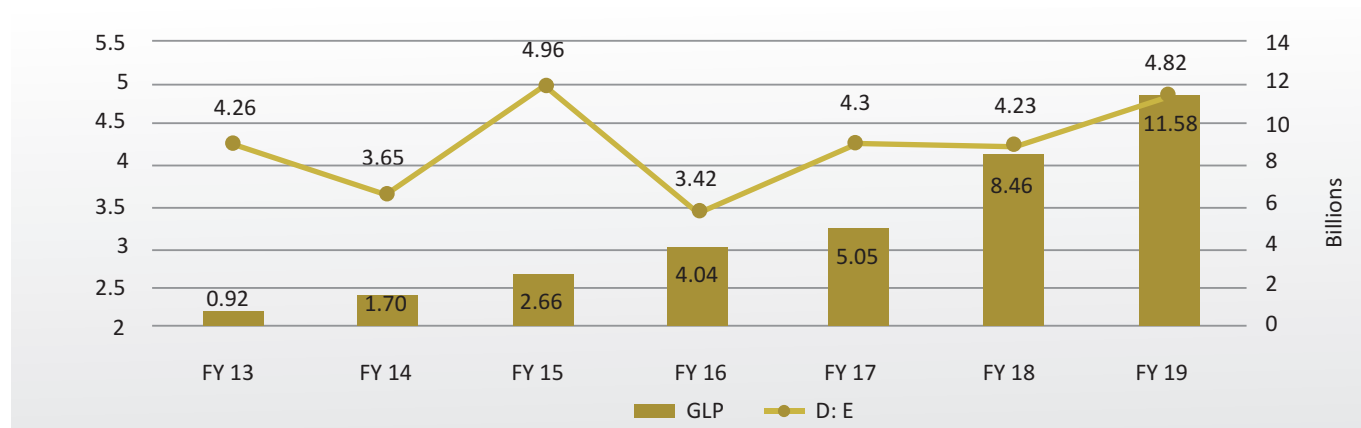
Cost of funding was gradually reduced over the year as more and more affordable funding started pouring in. Many banks entered the books of AMPL towards the end of financial year which brought down the overall cost of funding.

G. Abridged Business Plan

	March 2013 (A)	March 2014 (A)	March 2015 (P)
No. Of Branches	38	54	100
Amount of Loan Disbursed(INR Crores)	105.23	179.21	275
No. Of Borrowers	86445	158684	214223
Loan Portfolio(INR Crores)	92.00	170.39	266
Liabilities			
Equity Capital and Share Premium	1385.89	2635.90	5035.90
Quasi Equity Capital	1087.62	3198.45	1470.89
Net Worth	2473.51	5834.35	6506.79
Loan Loss Reserve	54.40	98.19	157.35
Term loan	10542.65	21391.03	32193.95
Other Liabilities	460.04	1807.85	2161.74
Total	13530.60	29131.42	41019.83
Assets			
Net fixed assets	21.25	85.99	159.23
Microcredit loans extended	9200.51	17039.24	26050.69
Current assets	2293.95	8863.36	10775.21
Investments/FD	2014.89	3142.83	4034.70
	13530.60	29131.42	41019.83

AMPL is projecting to grow its Assets under Management to Rs. 266 Crore. To achieve this ambitious target the company needs to streamline its financial and operational functions in order to make sure that funds are raised and utilized efficiently throughout the year. The company plans to raise around Rs. 300 Crores for which it is targeting to reach different categories of funders and sources that can ensure longer tenure and low cost funding.

H. Capital Gearing



With The debt equity ratio at the end of FY 13 stood at 4.26 which indicated the infusion of more equity in order to expand into newer geographies and products. With the sector recovering from the AP crisis, the investor sentiment is getting positive towards microfinance institutions which enabled the company to successfully raise equity amounting to INR 30 Crores. This equity provided the required leverage to disburse and generate portfolio amounting to Rs. 170.39 Crores. The company will utilize the funds to further strengthen its operations across the eastern-central region of the country.

AUDIT PROCEDURES AND POLICIES

Introduction

AMPL has grown from strength to strength since its inception a few years back and requires more precautions than ever to prevent the firm from frauds and misappropriations. Currently the fastest growing MFI of the country, AMPL is currently operating in four states namely Odisha, Chhattisgarh, Madhya Pradesh and Maharashtra.

Annapurna has a well defined Internal Audit and Control system which looks at adherence to systems, policies and procedures. The audit team in Annapurna is dedicated towards checking frauds and mitigates risks. The Internal Audit Department is headed by senior management personnel reporting directly to the Audit Committee of the Board, Managing Director and Chief Executive Officer. The Internal Audit plan is approved by the Board Audit Committee at the beginning of each financial year and is reviewed quarterly.

Internal audit is done at all the branches of Annapurna throughout the year while balance confirmation takes place at the end of each financial year.

The objective of the department is to monitor and evaluate the internal control system of the organization along with its adherence to various statutory and regulatory compliances.

Two types of audit are conducted at AMPL where one is called scheduled and the other surprise audit. For the former a date is specified for a particular branch on which audit will be conducted so that branch staff could do a self-audit beforehand and rectify their errors. This makes the process of audit easy as all the files and documents are available for auditing by the branch staff. Surprise audits are also paramount in making it easy to detect frauds and misappropriations.

This process reduces mistakes of the branch staff and controls fraud and thefts. A Loan utilization check is also conducted that indicates how the money disbursed is being put to use by the organization. The entire process leads to AMPL coming out with the information of the clients which shows how much they have benefitted from the loan products and indicates their awareness level about the rate of interest. This entire process strengthens the branch operations resolve mistakes, meets compliance and addresses the gap of information between customer and the organization.

New initiatives taken for this fiscal year:

- **New format of database for Grievance Redressal:** Grievance Redressal is one of the customer protection initiatives of AMPL. The company has updated the database in order to resolve client grievances more effectively. The grievance call will be categorized based on the issue and the risk associated with it i.e. high, medium or low. The closing date of the issue would be maintained as well in order to track the number of days it has taken for the grievance to be resolved.
- **Introduction of Branch Scoring Model as a pilot study in few Branches:** Branches will be given a score on the basis of different indicators like Cash management, Accounts management, Branch management, Insurance claim management, Process adherence and Field visit. The score obtained by a branch will decide its frequency of audit which may be monthly, bi-monthly or quarterly basis. This will increase the efficiency of branches and automatically control their tendency to commit errors with the incentive to obtain a better score.

Introduction of New Policies

Cash Retention Policy:

AMPL has come out with the Cash Retention Policy focusing on cash holding limits, inter-branch cash transfers and cash retention guidelines for every branch so that the risk associated with it is reduced and cash involved is better utilized.

AML, KYC and Exclusion Policy:

Annapurna has AML, KYC and Exclusion policy to help put in place systems and procedures for controlling financial frauds, identifying money laundering and monitoring transactions of suspicious nature. It helps Annapurna comply with RBI KYC principles and adds an exclusion list where it forbids financing any business activity of illegal or socially unacceptable nature.

Vault Key Management Policy:

This policy was laid down for avoiding or mitigating the risk associated with keeping of cash in the branch along with other important documents. The Policy involves dual key management and refers to all the procedures and practices to be adopted in case of key handling, transfer, rotation and their retrieval.

Whistle Blower Policy:

Annapurna believes in high standards of integrity, ethics, honesty and discipline that safeguard the interests of employees, customers and other stakeholders of Annapurna. Therefore a whistleblower team has been formed which consists of top management of the firm headed by CMD (Mr. Gobinda Chandra Pattanaik) to ensure strict adherence to moral and behavioral code of conduct

IVRS (Internal Voice Recording System):

IVRS is another new initiative taken by Annapurna to strengthen the Client Grievance Redressal Mechanism. Through it every client call can be recorded with his or her permission for the purpose of future references and augment quality control for Client Grievance Redressal.

The Way Forward

Asset Tracking Code:

This method would generate a unique tracking code for all the existing and new branch assets increasing auditing efficiency and ensure better management of assets.

Training Module for Internal Auditors:

Developing a separate training module for the internal auditors wherein all the new and experienced auditors will be provided training on internal auditing giving them the opportunity to gain required skills

Technical Assistance Program with Microsave:

AMPL is a growing organization and as its size would increase, the complexity would increase further. Therefore there is a need to constantly evolve its current audit process and structure. To accomplish this, an assistance program will be done with Microsave to explore new opportunities for improvement in existing method.

SPM AND RESPONSIBLE LENDING

Smart campaign Assessment and client protection

Annapurna Microfinance went under the Smart campaign assessment for Client Protection in the year 2013. Annapurna did well on all the fronts and appropriate changes in the operations, training and policy level were made in the subsequent months.

On the policy level, Annapurna developed a Loan rescheduling policy which clearly defines the conditions and procedures on an exceptional basis for late clients who have the “willingness” to repay but not capacity for the same.

Field staff and clients are given training on client protection principles and appropriate behavior and practices. Employees have an employment contract, which includes the Code of Conduct. This is reinforced during the induction program and quarterly refresher trainings for the staff. A specific module on collection practices and delinquency management for field staff has been defined, which clearly mentions the acceptable and unacceptable practices

related to collection and meeting with clients. AMPL communicates the relevant aspects of the Code of Conduct related to acceptable collection practices and grievance redressal. In case of any violation of the Code, penalties for non-compliance with Code of Conduct or collection policies are clearly defined.

The acceptable and unacceptable practices regarding privacy of client data have always been a part of AMPL's code of ethics. The penalties specific to each case of violation have been well defined, and the staff are made aware of these from time to time. AMPL trains its staff to protect the confidentiality, security, accuracy and integrity of customers' personal and financial information. The client waiver form is used to ask for consent of client in case of using the photo and information of client for sharing. The data sharing clause has been written in vernacular language, and it is verified that it has been clearly understood by the client before signing the loan agreement.

AMPL maintains absolute transparency in its fee structure. The details of all the fees charged to the client, along with non-credit products like insurance, the details of the interest rate, and repayment installments are clearly mentioned on the loan card. All loan documents are in vernacular language, and it is made sure that they are clearly understood by the client.

AMPL regularly reports its operational and social performance data to the Mix Market and has been doing so from the past year. AMPL believes in transparency in its processes and initiatives at all levels.

Grievance Redressal

The Grievance Redressal System is clearly defined and the toll free helpline number is displayed in all of the AMPL branches, Loan card, and at the time of meetings. In case the complaint is not resolved, the number of Grievance redressal officer is displayed at all of the branches. The process is reinforced and explained to the client at regular intervals. AMPL introduced IVRS (Internal Voice Recording System) to record incoming calls on the help line number at all times. Apart from this, an alternate channel of communication has been added. There is a complaint box available at all the branch offices and with the FCO's, where clients can drop their complaints. The turnaround time for each grievance ranges from one to two days. Stress is given on addressing the problem on day zero itself.

Client feedback and satisfaction

A client satisfaction survey was also conducted covering different districts of Odisha and Chhattisgarh to get the feedback of clients as a whole which is an annual exercise.

A comprehensive client feedback form has been developed which is available at all the branches and with the FCO's. This feedback form is in vernacular language, and captures various feedback of the client related to product (new and existing), process, awareness, behaviour of staff, service provided, and any other feedback or complaint and suggestions.

Use of PPI

The PPI tool has been used as a tool for finding the poverty level of the client. AMPL recently started use of this tool in its branches, with the training and implementation done in the month of March and April 2014, and soon it will be available integrated with the Tab application in all the branches. AMPL aims at redefining its target client based on the PPI score of the clients. Almost all of the company's clients are women, specifically in the poorer regions. This tool will help in better monitoring and tracking of the impact of intervention over time.

PWD

AMPL has always been very positive towards inclusion of people with disability. The company is in process of standardizing all its systems and processes to be PWD friendly. People's Forum and KIVA as partners, always shared the vision of empowering and providing opportunities to PWD clients. Annapurna has tied up with V-shesh, which is the Knowledge partner in AMPL's intervention, and has conducted various trainings and assessments of AMPL regarding PWD. V-Shesh has also helped AMPL recruit PWDs as employees in the past and will continue to do so in the future.

ENVIRONMENT CONSERVATION UNDER SOCIAL PERFORMANCE ACTIVITIES

Annapurna is committed towards environment conservation and follows IFC exclusion list of activities thoroughly in its process. The organization ensures that its usage of paper is kept to minimum and for the same it has introduced Tab application for the collection of data and relies on soft copies wherever possible in place of paperwork and documentation. In its premises, Annapurna uses clearly marked dustbins as biodegradables and non-biodegradables. As a part of social responsibility the organization has village cleanliness drive, promotes use of toilets and discourages open defecation and has a drive to check open defecation in Chilika Lake. The impact of contamination of water bodies has been explained to the residents. The organization has much concern towards energy efficient devices which do not produce greenhouse gases. The firm has a plan to introduce solar powered and solar cooking devices whereas to stop destruction of Chilika ecosystem initiative was taken where fishermen were sensitized to use fishing nets with the specified mesh size. They were also advised against shallow water fishing. The handloom clusters in Dhenkannal region were given trainings on how to use organic colors for their process.

Human Resource Development

HR at AMPL

In consonance with the Vision of AMPL, HR recognizes Employees as biggest asset of the organization. To assist and facilitate transparency, it is imperative to institutionalize processes across all functions and hierarchies which are accessible to all.

AMPL's Human Resource policies and procedures is an attempt to bring transparency in all that touches our daily life at our workplace and thus help us synchronize what is expected of us with what we expect of the system.

Our People is Our Strength

AMPL at the end of the financial year 2013-14 has a total strength of 415 employees spread across the organizational units; therefore managing our talent requires the effort of many. The organization is keen to ensure the success of gross addition of 155 new employees for the 2013-14 fiscal years and achieve a growth rate of 30%.

The HR team is committed towards recruiting best candidates through both internal and external sources. AMPL's presence at Top B schools like IIFM, XISS, IRM, KSRRM etc. has provided the organization an opportunity to attract candidates as well as promote AMPL as an ideal organization for employees.

The goal for the firm is to provide best candidates for business needs and ensuring that people are placed in the right position at the right time. The firm also understands the need to capture further analytics surrounding the recruitment efforts and enable better comprehension of our workforce needs, levels and the effectiveness of recruitment strategies.

Training and Development

Employees today are looking for development opportunities, future career options, empowerment and work-life balance in an organization. To retain leadership position, the Company continuously innovates and customizes its human resource (HR) strategy to meet changing employee needs.

The global diverse talent base of 415 competent people, consisting 16% women, 84% men are the key asset to retain the competitive edge and leadership position in the market.

The Company's HR processes cope up with the scale and complexity to manage this diverse talent base spread across the country. AMPL continues to invest in people to upgrade their technical, domain and leadership capability.

1. For a total of 155 candidates, lot of effort was invested in the year 2013-14 on various learning and development programmes including the Initial Learning Programme (ILP) offered to trainees joining the Company.
2. For a total of 210 candidates, there was a significant effort involved in the year 2013-14 on various learning and development programmes including the refresher courses internally.
3. For a total of 12 candidates, more effort was invested in the year 2013-14 on various Leadership and development programmes externally.

Rewards and Recognition

AMPL always recognizes standout performances by its employees and has its own reward and recognition scheme designed to encourage employees to contribute individually or through team work for meeting the following objectives:

- To recognize positive behaviours that support individual or team goals and overall objectives.
- To provide multiple-levels of recognition based on the significance of contribution.
- To provide recognition and rewards for all levels of employees.
- To improve employee productivity and quality of work.
- To improve customer service.

This year at Annual Fest, conducted at Hotel Chariot, Puri Odisha, AMPL awarded 12 commendable employee/team for their admirable contribution to the growth of the organization.

Looking Forward

The upcoming year will continue to be a time of change for HR department. Major initiatives undertaken by the organization include developing programs to support our workforce, streamlining processes to increase client satisfaction, developing new policies and enhancing the existing ones to support and guide the actions of administrators and employees along with building capacity of our current technology. Specific goals and priorities include:

1. Development Programs

Developing the talents of existing employees and ensuring that they have the right skills and competencies is a priority that will continue to uphold over the next several years for AMPL. The department is committed towards provide employees and administrators the tools and skills needed for employees success.

2. Policy Enhancement

Policy development and enhancements related to employment practices along with people development is a renewed focus point as AMPL moves forward with our objectives. Specific attention to the areas of training and development, respectful workplace, independent contract vs. employment work, compensation, and job evaluation will help ensure that the organization has an effective policy to support the actions of clients and the work it does.

3. HR Technology

AMPL will continue to focus on its current technology by enhancing the reporting capabilities with Banner HR and changing processes to allow the firm to gain efficiencies in how it works. AMPL will also develop key indicators that can be tracked and reported within these technologies to further its workforce planning objectives. The company will also strive to address gaps which still exist in its technology that will assist the organization in activities such as talent acquisition.

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Annual Accounts of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended 31st March, 2014. The summarized financial results for the year ended 31st March, 2014 are as under:

Financial Results:-

Particular	31 st March, 2013	31 st March, 2014
	Amount in Rs.	Amount in Rs.
Net Profit / (Loss) Before Tax	2,71,03,274.00	6,21,26,261.84
Provision for Tax	1,06,95,956.00	2,13,79,912.86
Deferred Income Tax	14,57,560.00	12,42,738.00
Profit / (Loss) after Tax	1,78,64,878.00	4,19,89,086.98
Profit / (Loss) brought forward	48,02,373.05	1,85,81,197.05
Balance Carried over to Balance Sheet	185,81,197.05	4,92,26,775.03

Financial Review

During the year under review, the Company has earned of Rs. 25,88,80,483/- The net profit for the year under review has been Rs.4,19,89,087/- as against Rs.1,78,64,878/- during the previous financial year. Your Directors are continuously looking for avenues for future growth of the Company in Microfinance industry.

Transfer to Reserves

According to Section 45-IC of the Reserve Bank of India Act, 1934 an amount equivalent 20 % of the profit after tax which is Rs. 83,97,817/- has transferred to Special Reserve as required.

Operational Review

During the year under review the Company has disbursed 1,15,223 Numbers of loan totaling to Rs. 179.21 crore to 10738 nos of SHG's. In the year 2013-14 it has participated in 12 Nos of multi originated securitization transaction which amounting to Rs.81.79 crore It has opened 20 Nos of new branches in Titlagarh, Champa, Baloda Bazar, Pal Lahada, Banej, Boinda, Belpahar, Jeypore, Junagarh, Kantamal, Kesinga, Mahasamund, Kuchinda, Nawarangpur, Panposh, Rajgangpur, Rajim, Semiliguda, Seorei Narayan, Salepur.

Future Outlook

Geographical Expansion: Your Directors are pleased to inform you that in the year 2014-15 the Company planning to enter into a new geographical area by expanding its business operation in the state of Madhya Pradesh & Maharashtra. After the inclusion of these two new states the Company will able to reduce its portfolio concentration & diversify its portfolio in these four states. As per the business projection for the coming year, it expecting to hold 20 % of the total portfolio in these new states.

Technological Advancement: In this year the Company is planning to phase out its Loan Documentation process by introducing TAB application in the field which will help to reduce paper work of the field staff & will also help to reduce the processing time for a loan application.

Introduction of New Product: In addition to SHGs lending, water and sanitation loan the Company is planning to launch a new product called small commercial financing which will be an additional product for the Annapurna's client. This new loan is an income generating product for the customer but as the loan size is higher than the RBI's prescribed guideline on qualifying assets, it will not come under qualifying asset/micro finance loan.

Fresh Equity Infusion through FDI

In last quarter of financial year 2013-14 the Company has successfully closed a FDI transaction of Rs. 30.00 Crore. The entire FDI was for subscription of Company's ordinary equity shares & compulsory convertible Debenture in the proportion of 20% equity & 80 % CCD. It was the second round equity infusion for the Company by foreign investor. In this second round a new investor called BIO, a Belgian investor invested Rs. 25.00 crore and RIF East 2, the existing foreign investor invested Rs. 5.00 crore as its second round equity infusion. This second round infusion of FDI will help the Company strengthen its capital base and the company will leverage this equity infusion for achieving its business plan.

Authorized Share Capital: During the year under review, the Company has increased its Authorized Share Capital from Rs.18,00,00,000/- (Rupees Eighteen Crore Only) divided into 1,60,00,000 nos of equity Shares of Rs. 10/- each and 20,00,000 nos of preference share of Rs. 10/- each to Rs.35,00,00,000 (Rupees Thirty five crore) divided into 3,30,00,000 nos of equity Shares of Rs. 10/- each and 20,00,000 nos of preference share of Rs. 10/- each.

Issued & Paid-up share Capital: During the year under review, The Company has issued the following securities:

- a) 65,00,000 nos of Compulsory convertible Debenture which was issued to RIF East 2 has been converted into 33,83,654 nos of fully paid up Equity Shares.
- b) 19,35,734 nos of fully paid up equity shares of face value Rs. 10/- each has been issued to BIO at a premium of Rs. 15.83/- per share.
- c) 3,87,147 nos of fully paid up equity shares of face value Rs. 10/- each has been issued to RIF East 2 at a premium of Rs. 15.83/- per share.
- d) 40,00,000 nos of 0% Compulsory Convertible Debenture was issued to RIF east 2.
- e) 2,00,00,000 nos 0 % Compulsory Convertible Debenture was issued to BIO.
- f) Received Rs.10,00,00,000/- from Hinduja Leyland Finance Limited as application money to issue Non-Convertible Debenture.

At present the Company's Paid up capital is Rs.18,64,47,640. Consist of 1,66,44,764 nos of equity shares & 20,00,000 nos of preference share.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March, 2014 for the equity shares. Further as per the Company's common shareholders agreement dated 21st November, 2012 & Shareholders' Agreement dated 19th March, 2014 your Directors recommend a dividend at the rate of 9% percent, per annum on the preference share held by the SIDBI for the year ended 31st March, 2014.

Directors

Presently the Board of Directors comprise of six Director. During the year, Mr. Pradip Kumar Saha was inducted as Nominee Director of the Company as SIDBI representative w.e.f. 13/07/2013 under section 260 of the Companies Act, 1956 and subject to the Articles of Association of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

Deposits

The Company has neither invited nor accepted any fixed deposit from the public during the year within the meaning of section 58A of Companies Act, 1956 and Companies Acceptance & Deposits Rules, 1975 as amended from time to time. The Company has not also invited or accepted any deposits from the public. The Company has made all compliances in terms of Non-Banking Financial Companies (Reserve Bank) Directions, 1998.

Disclosures under Section 217(1) (d) of the Companies Act, 1956

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

Particulars of Employees

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Auditors

B.S Subudhi & Co, Chartered Accountants, having its office at Saheed Nagar, Bhubaneswar, will retire at the ensuing Annual General meeting of the Company. Further The Board in its meeting dated 19th December, 2013 decided to appoint Ernst & Young as the statutory Auditor of the Company from the ensuing Annual General Meeting.

Your directors recommends their appointment as Statutory Auditors of the Company.

Auditors' Report

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under the provisions of Section 217(1) (e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption, your Company's operations involve low energy consumption. Wherever possible, energy conservation measure have already been implemented and there are no major areas where further energy conservation measure can be taken.

Further during the year under review, the foreign exchange inflow was INR 30,22,22,504/- and outflow was INR 16,03,407/-, Out of the total inflow of the foreign exchange, Rs. 30.00 Cr has come as Foreign Direct Investment.

Risk Management

To analyse and develop an appropriate risk matrix and integrating the risk controlling policy in the existing operational mechanism. The Company has done Risk Assessment Study through Microsave which developed a Risk diagnostic report including a risk portfolio analysis and a policy and strategy on risk management in the areas of financial, liquidity, operational integrity and external risk as available.

Microsave helped to design a risk matrix for all departments showing departmental risks, its trend, impact, risk owners, high level monitoring in-charge, tactics and strategies to control risks and reports to capture the outcomes. Microsave also conducted risk training for all the Area Managers, Zonal Managers, Departmental Heads and Senior Management team so that the organization as a whole can understand to identify, measure and take possible steps at each hierarchy. Overall it gained to integrate risk factors in its standard business processes and got to improve the quality of work through risk taking, avoiding or controlling ability.

Social Performance Management

To develop a social performance measurement tool and a client satisfaction protocol and an impact assessment report through client feedback survey, your Company carried out a Social Performance assessment to assess & identify the area where the social intervention can be practice.

The Company has developed a Common Application Form which has PPI questions attached. The PPI sheet along will also be checked by the appraisal officer and will further be verified by the audit team. Proper in-house trainings are given to the staffs at different level by the senior management of the Company.

The market strategy of targeting clients according to their poverty levels is now been practiced with a greater effort and newer areas in Chattisgarh and Odisha has been chosen to expand looking at the poor and untouched clients. Newer products like financial support for Water & Sanitation have started its pilot phase looking at the clients' demand and a step to eliminate health issues.

Corporate Social Responsibility

Being in the Microfinance Sector to provide small finance to help the marginalised section of the society, the Company has provisioned to spend two percent of its profit each year on CSR activities. Looking into the positivity of the purpose the Company has formed a CSR Committee to monitor the utilisation of the CSR fund as per the Company's norm.

Corporate Governance Report

Your Company has been practicing the principle of good Corporate Governance, which is a continuous and ongoing process. Clause 49 of the standard listing agreement and the Corporate Governance report under this clause are not applicable to the Company. Notwithstanding this, a report on Corporate Governance practices followed by your Company is attached and forms part of the Directors' Report.

Acknowledgments

Your Directors place on record their thanks to Mr. Aditya Bhandari for his support & guidance in closing the series B investment. It also thankful toward BIO & Mrs. Laetitia Counye for their guidance during the series B transaction. It also thankful for SIDBI's support & Mr. P.K Saha's contribution to the Board. Further your directors put their special thanks to Mr. Sean Leslie Nossel & Mr. Krishna Kumar Tiwary, Independent Directors of the Company for giving their valuable time to strengthen the Company. At last the Directors wish to place on record their appreciation of the contribution made by the Employees of the Company at all levels. The Directors are also grateful to the all shareholders, Bankers and other stakeholders for their kind cooperation.

Date: 21/05/2014

Place: Bhubaneswar

For and on behalf of the Board

Sd/-

Gobinda Chandra Pattanaik

CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance:-

Annapurna firmly believes in and has consistently endeavored to practice good corporate governance. It follows a sound governance process consisting of a combination of business practice, which results in enhanced shareholders value and enables the company to fulfill its obligations to customers, employees, financiers and to the society in general. The company further believes that, such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environment consciousness. The company makes its best endeavor to uphold and nurture these core values across all aspects of its operations.

BOARD STRENGTH & REPRESENTATION

Composition and Category

The current policy is to have an appropriate mix of executive and Non Executive directors to maintain independence of the Board. The Board consists of:

- Two Executive Director
- Four Non-Executive Director

The composition of Board of Directors is as under:

<i>Name of the Director</i>	<i>Category</i>
Sri Gobinda Chandra Pattanaik	CMD
Sri Dibyajyoti Pattanaik	Director
Sri Krishna Kumar Tiwary	Independent Director
Sri Sean Leslie Nossel	Independent Director
Sri Aditya Bhandari	Nominee Director
Sri Pradip Kumar Saha	Nominee Director

Change in board

During the year under review Mr. Pradip Kumar Saha was inducted as Nominee Director of the Company as SIDBI representative w.e.f. 13/07/2013 under section 260 of the Companies Act, 1956 and subject to the Articles of Association of the Company.

Conduct of Board Procedure

The day-to-day business is conducted by the executives and the business heads of the Company under the direction of the designated CEO and the supervision of the Board led by the Chairman. The Board holds a minimum of four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

- Review, monitor and approve major financial, business strategies and corporate actions;
- Assess critical risks faced by the Company – review options for their mitigation;
- Provide counsel on the selection, evaluation, development and compensation of senior management;
- Ensure that processes are in place for maintaining the integrity of:
 - a. The Company;
 - b. The financial statements;
 - c. Compliance with law;

Committees of the board

Audit Committee

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

Mr. Krishna Kumar Tiwary - Chairman

Mr. Aditya Bhandari - Member

Mr. Gobinda Chandra Pattanaik - Member

The committee holds a meeting each quarter to review, the audited/un-audited Financial Statements, Oversight of the Company's Financial Reporting Process, Reviewing of Quarterly Financial Statements, Reviewing the adequacy of Internal Audit Function, Reviewing the performance of Statutory and Internal Auditors and adequacy of Internal Control Systems.

Following are the defined scope of the Audit Committee:

This committee is mandated to put a framework of financial accountability, control and corporate governance, which is commensurate with the size of organisation and to ensure that the stipulated policy and process is followed in letter and spirit. The role of this committee is to advise the Board and Accounting officer on these matters, as well as to ensure compliance to relevant covenants. This committee provides direction to the audit function and monitors the quality of concurrent, internal and statutory audit and monitors any other audits that have been commissioned either by the company itself, or by other stakeholders (lenders, shareholders, regulators, government etc) from time to time. The responsibilities of this committee shall, inter alia, include the following.

Internal:-

- To oversee the internal audit, compliance and financial reporting process and ensuring correct, adequate and credible disclosure of financial information, at stipulated frequency (monthly, quarterly, annually) as per extant regulatory & statutory guidelines.
- To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half-yearly) for its improvement.
- To report, on a quarterly basis, the key audit findings of the quarter, as well as the action taken report on the same for previous quarters, to the Board of the company.

External:-

- To facilitate in smooth conduct of audits by external agencies – statutory auditors, Reserve Bank of India(RBI), CDR forum/lenders and any other external auditor as appointed by the company or any other stakeholder (lenders, shareholders, regulators, government etc).
- To review with management, verifying and recommending adoption of quarterly, half yearly and annual accounts to Board of the company with special emphasis on accounting policies and practices, provisioning norms adopted by the company and any amendments adopted during the year, adherence to Capital Adequacy norms, compliance with accounting standards and other requirements concerning financial statements that may arise.
- To report, on a quarterly basis, the key audit findings of the quarter, as well as the action taken report on the same for previous quarters, to the Board of the company.

Compliance:-

- To prepare a calendar detailing the list of compliance/covenants that need to be monitored, and the frequency of its reporting to the Board of the company as well as to regulatory agencies and other stakeholders.
- To review statement of significant related party transactions and examination of reasons for substantial defaults, if any, in payment to stakeholders.
- To review compliance with stipulated statutory and regulatory requirements particularly in relation to financial management and reporting.
- To review compliance of the various inspection and audit reports of internal, concurrent and statutory auditors and commenting on the action taken report prepared by the management and ensuring submission to the Board of the company from time to time.
- To review the consolidated compliance report and the final accounting system for the financial year before it is submitted to the Board of the company for adoption.
- To internalise guidelines issued by the regulator specifically for the microfinance industry or any other such guidelines as may be relevant to the company and monitor adherence to the same.

Administrative:-

- To recommend appointment and removal of external auditors on company's request, or as mandated by the regulator, lenders or other stakeholders.
- To draft a scope of audit on the basis of requirement and reviewing the policies, procedures, techniques and findings of such audits.
- To oversee that contracted fees are paid to the various audit firms, at stipulated frequency, on receipt of their reports.
- To establish procedures for receipt and treatment of complaints received regarding accounting and auditing matters and engage independent counsel, if required, for such conflict resolution. Updating the Board of the company on the status of the same, every quarter.

Management Discussion And Analysis

RBI circular on NBFC-MFI and there regulation gave enough space for the growth to Microfinance sector. In addition to that the Priority sector lending guideline of RBI again reenergizes the growth of the sector. Moving towards a clear goal the Company's performance was appreciable and it succeeded to create a niche in Microfinance operation in its home state Odisha. Besides that it took initiatives to diversify its operation in other states i.e Chhattisgarh, Maharashtra, Madhya Pradesh.

Internal Control Systems And Their Adequacy

The Company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from misuse or disposition and that transaction are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive program of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

AUDITOR'S REPORT



To
The Members
Annapurna Microfinance Private Limited
Bhubaneswar

Report on the Financial Statements

We have audited the accompanying financial statements of Annapurna Microfinance Private Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information with notes on accounts thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B S Subudhi and Co.
Chartered Accountants
316006E



(B S Subudhi, FCA)
(Sr. Partner)
M.No-0525512



Place : Bhubaneswar
Date : 21/05/2014

ANNEXURE1 TO THE AUDITORS REPORT

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of fixed assets by which all the fixed assets are verified in a phased manner over a period of one year. In our opinion the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) The company has not disposed any fixed assets during the year and therefore don't affect the going concern assumption.
- ii) (a) The company is a non banking financial company(NBFC) engaged in the business of micro finance activities in providing loans to SHGs. Accordingly, it doesn't hold any physical inventories. Hence paragraph 4(ii) of the order is not applicable.
- iii) (a) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- iv) In our opinion and according to information & explanations given to us there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and with regard to services rendered by the company. The activities of company don't involve purchase of inventory and sales of goods. We have not observed any major weakness in internal control system during the course of our audit.
- v) In our opinion and according to information & explanations given to us there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Companies Act 1956.
- vi) As explained to us, the company has not accepted deposits from the public.
- vii) In our opinion the Company has an in-house internal audit system commensurate with size and nature of its business.
- viii) The central govt has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act,1956 for any of the services rendered by the company.
- ix) (a) According to the information and explanation given to us and on the basis of the examination of the records of the company, it has been generally regular in depositing amount deducted in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income



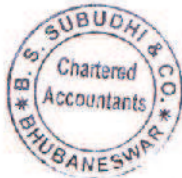
tax, service tax and other material statutory dues with the appropriate authorities during the year though there have been slight delays in few cases.

- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, VAT, Service Tax were in arrears as at 31st March'2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there is no dues of Income Tax, VAT, Service Tax which have not been deposited with the appropriate authority on account of any dispute.
- x) As per our examination of books of accounts of the company, the company does not have any accumulated losses at the end of the financial year. The company has not incurred cash losses in such financial year and in the financial year covered by our audit and the immediately preceding financial year also.
- xi) As per our examination of books of accounts, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us company is not Chit Fund/Nidhi/Mutual Benefit fund/Society .
- xiv) As explained to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) As explained to us, Term Loan taken by the company has been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment and vice versa.
- xviii) According to information and explanation given to us company has not made any preferential allotment of share to parties covered in the Register maintained under section 301 of the Act.
- xix) According to information and explanation given to us, during the period covered by our audit, the company has issued 2,40,00,000 0% compulsory convertible debentures of Rs 10.00 each. As the debentures are compulsorily convertible, no security or charges has been created in respect of compulsory convertible debenture issued.



- xx) The company has not received any money by means of public issue;
- xxi) According to the information and explanation given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the year.

For B S Subudhi and Co.
Chartered Accountants
316006E



(B S Subudhi, FCA)
(Sr.Partner)
M.No-052512

Place : Bhubaneswar
Date : 21/05/2014

ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

SIGNIFICANT ACCOUNTING POLICY

The Company started with a vision in making a play role to self-sustainable and economically empowered rural, tribal and sub urban society. The company wants to provide financial solutions for the segment where banks are not able to serve and provide financial products which are customised for the need of the segment. The Key characteristics of the company are as bellows:

1. The Company is engaged in microfinance activities directed towards ultimate benefit of the poor women and deprived (organised in the form of Self Help Groups) for enhancement of their lively hoods in a financially viable manner and provides capacity building support to these groups.
2. The operations of the Company are spread over Orissa and Chhattisgarh only.

Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements are presented in Indian rupees rounded off to nearest rupee.

Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Inventories

As The Company is an NBFC and as per its nature of business, it does not have any inventories. Henceforth AS 2 is not applicable to the Company.

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand. Cash equivalents are cash at bank that are readily available for convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Depreciation and amortisation

Depreciation has been provided on the WDV method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Revenue recognition

Interest income

The Company has the policy to recognise the interest income charged to SHGs on accrual basis.

Income from services

Revenues from services such as income from sale of portfolio priced on a time and material basis are recognised when services are rendered and related costs are incurred over the life of the contracts using the maturity of the SHGs interest. Foreseeable losses on such contracts are recognised when probable.

Other income

Interest income on FD is accounted on accrual basis.

Tangible fixed assets and Depreciation

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Advances Paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under work advance. The cost of Fixed assets acquired but not ready for the intended use before such date are shown under capital work in progress.

Depreciation is provided under WDV method as per the rates of depreciation provided in Schedule XIV of the Companies Act 1956. Depreciation is calculated on a pro-rata basis from the date of assets purchased/sold.

Foreign currency transactions and translations

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost.

Government grants, subsidies and export incentives

No Government grants, subsidies and export incentives has been sanctioned to nor received by the Company.

Investments

Long-term investments (excluding investment properties), are carried individually at cost, Provision for diminution in the value of long term investment is made only if such a decline other than temporary. Investments that are readily realisable and intended to be held for a period not more than one year are classified as current investment. All other investment are classified as long term investment.

Employee benefits

The Company gives any employee benefits which include provident fund, ESI. Contribution payable to recognised provident fund which is defined contribution scheme, is charged to Profit and Loss account.



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

Classification of loan portfolio and provisioning policy

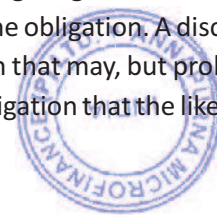
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Change in accounting policy

Company has changed its accounting policy with respect to amortisation of consultancy fees on borrowings over the tenure of the borrowing.

Provision and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount for the obligation. A disclosure of the contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclose is made.



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Statement of Profit and Loss for the period 31st March, 2014

	Particulars	Note No	As at 31 st Mar 2014	As at 31 st Mar 2013
			Amount (inRs.)	Amount (inRs.)
A	CONTINUING OPERATION			
1	Revenue from Operations (Gross) Revenue from Operations (Net)	12	19,26,61,640.16 19,26,61,640.16	9,01,19,717.00 9,01,19,717.00
2	Other Income	13	6,62,18,843.21	1,53,55,023.00
3	Total Revenue (1+2)		25,88,80,483.37	10,54,74,740.00
4	Expenses			
	(a) Employee Benefit expense	14	3,73,09,185.00	1,62,66,409.00
	(b) Finance Cost	15	12,92,32,408.53	4,57,37,506.00
	(c) Depreciation and amortisation expense		14,91,289.00	4,72,274.00
	(d) Other expenses	16	2,87,21,339.00	1,58,95,277.00
	Total Expenses		19,67,54,221.53	7,83,71,466.00
5	Profit/(Loss) before exceptional and extraordinary item and tax		6,21,26,261.84	2,71,03,274.00
6	Profit / (Loss) before extraordinary items and tax (5 ± 6)		6,21,26,261.84	2,71,03,274.00
7	Profit / (Loss) before tax (7 ± 8)		6,21,26,261.84	2,71,03,274.00
8	Tax expense:	17	2,13,79,912.86	1,06,95,956.00
	(a) Current tax expense for current year	18	12,42,738.00	14,57,560.00
	(b) Deferred Tax Asset			
9	Profit / (Loss) from continuing operations (9 ± 10)		4,19,89,086.98	1,78,64,878.00
10	Profit / (Loss) for the year		4,19,89,086.98	1,78,64,878.00
12.i	Earnings per share (of Rs.10/- each):	19		
	(a) Basic			
	(i) Continuing operations			1.95
	(ii) Total operations			1.95
	(b) Diluted			
	(i) Continuing operations			1.61
	(ii) Total operations			1.61
	See accompanying notes forming part of the financial statements			

Subject to our report of even date.

For B.S.Subudhi & Co
Chartered Accountants
Firm Regd. No:316006E

B.S.Subudhi
Partner

M.No-052512

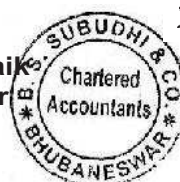
Place: Bhubaneswar

Date: 21/05/2014

for and on behalf of board of directors

Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

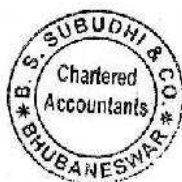
BALANCE SHEET AS ON 31ST MARCH 2014

Particulars		Note No.	As at Mar, 2014	As at Mar, 2013
			Amount (in Rs)	Amount (in Rs)
A	EQUITY AND LIABILITIES			
1	Share Holders' Funds			
	(a) Share Capital	1	18,64,47,640.00	12,93,73,460.00
	(b) Reserve and Surplus	2	15,99,47,619.03	5,29,78,341.05
			34,63,95,259.03	18,23,51,801.05
2	Share Application and Pending allotment		0.00	0.00
3	Non Current Liabilities			
	(a) Long Term Borrowings	3	59,15,72,463.27	23,88,03,283.00
			59,15,72,463.27	23,88,03,283.00
4	Current Liabilities			
	(a) Other Current Liabilities	4	124,34,17,939.84	54,59,78,052.00
	(b) Short Term Provisions	5	43,99,603.86	45,04,956.00
			124,78,17,543.70	55,04,83,008.00
	Total		218,57,85,266.00	97,16,38,092.05
B	ASSETS			
1	Non-Current Assets	6	85,98,632.00	21,24,943.00
	(a) Fixed Assets		0.00	0.00
	(i) Tangible Assets		0.00	0.00
	(ii) Intangible Assets		0.00	0.00
	(iii) Capital Work in Progress		0.00	0.00
	(iv) Intangible Assets under Development		0.00	0.00
	(v) Fixed Assets held for sale		0.00	0.00
			85,98,632.00	21,24,943.00
	(b) Non-Current Investment	7	31,42,83,228.10	20,14,88,647.00
	(c) Long Term Loans and advances	8	24,06,01,503.00	11,58,51,561.00
	(d) Deferred Tax Assets (Net)		27,00,298.00	14,57,560.00
	(e) Other Non-Current Assets		0.00	0.00
			55,75,85,029.10	31,87,97,768.00
2	Current Assets			
	(a) Cash and Cash equivalents	9	83,03,89,433.89	20,31,25,935.05
	(b) Short Term Loans and Advances	10	73,61,82,688.28	42,87,77,188.00
	(c) Other Current Assets	11	5,30,29,482.73	1,88,12,258.00
			161,96,01,604.90	65,07,15,381.05
	TOTAL		218,57,85,266.00	97,16,38,092.05
	See accompanying notes forming part of the financial statements			

Subject to our report of even date
For B.S.Subudhi & Co
Chartered Accountants
Firm Regd. No.: 316006E

for and on behalf of board of directors

B.S.Subudhi
Partner
M.No-052512
Place: Bhubaneswar
Date: 21/05/2014



Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

CASH FLOW STATEMENT

Cash Flow Statement for the year ended 31st March 2014

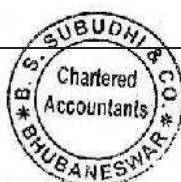
Particulars	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
	Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
A. Cash flow from operating activities		6,21,26,261.84		2,71,03,274.00
Net Profit / (Loss) before extraordinary items and tax				
<u>Adjustments for:</u>				
Depreciation	14,91,289.00		4,72,274.00	
Loan Loss Provision	43,78,437.00		45,24,290.00	
Interest on Term Loans	11,52,30,479.26	12,11,00,205.26	3,76,00,954.00	
				4,25,97,518.00
		18,32,26,467.10		69,700,792.00
Deduct:	-17,47,30,700.16	-17,47,30,700.16	-8,04,64,224.00	-8,04,64,224.00
Interest Income from SHGs				
		84,95,766.94		(1,07,63,432.00)
Operating profit / (loss) before working capital changes				
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Other current assets	-1,43,24,140.73		-2,98,51,468.00	
Disbursement to SHGs	-1,79,21,64,000.00		-1,05,23,44,000.00	
Collection of Principal from SHGs	536,382,912.84		21,04,21,035.00	
Proceeds from Securitisation transactions (Principal only)	817,937,409.00		38,94,93,813.00	
Collection of EMI of Securitisation transaction	577,286,096.00		18,87,13,750.00	
Payment of collected EMI of Securitisation transaction	-577,286,096.00		-18,87,13,750.00	
Interest received from SHGs	154,837,616.16		6,64,69,906.00	
Investment in FDs	-1,046,558,517.00		-167,339,501.00	
Proceed from FD maturity	933,763,935.90			
Adjustments for increase / (decrease) in operating liabilities:				
Other current liabilities	3,30,71,360.84		3,16,31,204.00	
Prepaid expenses	13,09,798.72	-37,57,43,624.27	-58,99,419.00	-55,74,18,430.00
		-36,72,47,857.33		-55,74,18,430.00
Cash flow from extraordinary items		0.00		0.00
Cash generated from operations		-36,72,47,857.33		-55,74,18,430.00
Net income tax (paid) / refunds		-24,282,842.84		-15,423,575.00
Net cash flow from / (used in) operating activities (A)		-39,15,30,700.17		-57,28,42,005.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

B. Cash flow from investing activities		-36,72,47,857.33		-55,74,18,430.00
Purchase of Fixed Assets		-24,282,842.84		-15,423,575.00
Purchase of long term investments				
- Subsidiaries		-39,15,30,700.17		-57,28,42,005.00
- Associates				
- Joint ventures				
- Business units				
- Others				
Proceeds from sale of long-term investments	-79,64,978.00		-25,97,217.00	
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others				
Proceeds from sale of Fixed Assets				
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others				
Net cash flow from / (used in) investing activities (B)		-79,64,978.00		-25,97,217.00
		-79,64,978.00		-25,97,217.00
C. Cash flow from financing activities				
Proceeds from issue of equity shares including share premium	6,00,00,062.00		10,25,67,310.00	
Share application money received / (refunded)				
Proceeds from - long term borrowings	1,39,40,00,000.00		74,29,76,973.00	
Proceeds from CCD	24,00,00,000.00		6,50,00,000.00	
Proceeds from NCD	10,00,00,000.00		0.00	
Repayment of- long term borrowings	-65,51,91,462.73		-160,119,828.00	
Interest paid on term loans	-11,18,93,642.26		-34,916,483.00	
Dividends paid including DDT	-1,55,780.00			
Net cash flow from / (used in) financing activities (C)		1,02,67,59,177.01		715,507,972.00
		1,02,67,59,177.01		715,507,972.00
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		62,72,63,498.84		165,346,902.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Cash and cash equivalents at the beginning of the year		20,31,25,935.05		3,77,79,033.05
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		0.00		0.00
Cash and cash equivalents at the end of the year		83,03,89,433.89		20,31,25,935.05
Cash and cash equivalents as per Balance Sheet (Refer Note 19)		83,03,89,433.89		20,31,25,935.05
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		0.00		0.00
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		0.00		0.00
Cash and cash equivalents at the end of the year *		83,03,89,433.89		20,31,25,935.05

See accompanying notes forming part of the financial statements

Subject to our report of even date

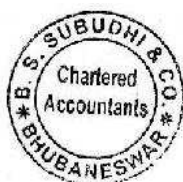
For B.S.Subudhi & Co

Chartered Accountants

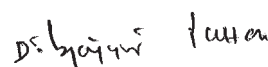
Firm Regd. No.: 316006E

for and on behalf of board of directors
M/s Annapurna Microfinance Private Limited


B.S.Subudhi
Partner
M.No-052512
Place: Bhubaneswar
Date: 21/05/2014



Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director



SUCCESS STORIES



Fatima Bibi, Tailoring Shop

Fatima Bibi is a 55 years old woman. She lives with her husband and four children in a small village called Mukundadaspur in Khurda district of Odisha. She has three years of experience in tailoring and stitches ladies clothes like blouses, frocks, uniforms of school girls, suits (traditional dress in Odisha), etc.

Two years ago Fatima Bibi was making a profit of 2,000 INR per month through tailoring business. The money was insufficient to fulfill her family's monthly expenses so she wanted to help her husband by sharing the expenditure of the family. She wanted to develop her business and save some money for family's future. She took orders from the village people for making dresses and charged them for tailoring. Still sufficient profit could not be generated. She wanted to make dresses for children and girls using her own materials that could be sold at festivals. However there were financial problems and she was unable to invest money into her tailoring business. Therefore she decided to take loan from any financial institute and invest into her business. After that she joined a self help group called Jahara Mahila Samiti and got a loan of 15,000 INR in July 2013 from Annapurna Micro-Finance, Balipatana Branch. She was able to purchase new sewing machine, cloth, ribbons, buttons, etc. in bulk and through it make dresses and earn a healthy living.

Currently Fatima Bibi is making a profit of 5,000 INR per month from the business and is able to save some amount for her future as well. She says "I am very thankful to AMPL whose small loan has changed my life".



Arti Pati, Mushroom Cultivator

Arti Pati is 55 years old and lives with her husband and two children in a small village called Daisapatna in Khurda district of Odisha, India. She does Mushroom cultivation and sells it in the market. Her husband is a farmer and helps Arti in selling mushrooms as well. Arti had planned to buy standard quality seeds, fertilizers and pesticides for producing mushroom on a larger scale and increase her net income. Since she is an active member of Lakshewari self help group from AMPL Balipatna branch, Arti along with her group members got a loan from Annapurna Micro Finance (P) Ltd in January 2013 to invest in their business activities. Arti used her portion (Rs. 13,000) to purchase standard quality seeds, fertilizers, and pesticides for Mushroom cultivation.

Now Arti is very happy with her growing business and plans to construct a house for her family. She is making a profit of 5,000 INR to 6,000 INR per month which is much better than what she was making before getting the loan. She says "Now I can make a house for my family and can save some money for the future".

All members of the Lakshewari self help group are involved in different activities such as betel leaf cultivation, milk selling, paddy and vegetable cultivation, etc. These hardworking women have a willingness to learn new business trends. They all help and support each other. Whatever they are earning from their businesses is used for their monthly household expenses.

She says, on the behalf of the group members, "Thank you, AMPL, for providing this opportunity for us!"



Minati Behera, Water & Sanitation

Minati Behera, age 28, is an existing member of AMPL who resides in SD colony of Khurda district, Khurda block, Odisha. She represents an SHG called Baba Raghunath SHG and along with 9 other members, she took her 1st loan from AMPL in the year 2008 to establish a coir making enterprise. But gradually they were able to generate demand in the market and now traders come to them for an advance booking of their products, earning the group a healthy profit out of the venture. Her husband is a daily wage labour who used to be the only source of income for the family. Now she is able to contribute to the overall income as well and thereby uplift the family's living standard.

AMPL is diversifying its products in the market with the motive to improve the living standard of people. The firm thus took the WATSAN product for refinancing and to serve the motive based on the baseline study conducted within their existing clients. It was found that approximately 65% of the households do not have access to sanitation and the major reason behind it was lack of awareness of having sanitary benefits along with financial constraint of having one.

SD colony in Khurda where Minati Behera resides is one of the areas where the problem of sanitation is huge. Therefore she and her family had to go outside to the nearby river and ponds for the same. Her family continually suffers from water borne diseases like cholera & dysentery, hence incurs health expenses every now and then. They also faced problem and difficulties in going outside during night time, ill health or during summers and rainy days. She exclaimed that both safety and privacy were the issues to ponder upon.

After the product information with benefits of having the product was disseminated to her. She immediately opted to take it. She took the loan in the month of February 2014 and constructed the toilet within 10 days. Now when she is able to use the toilet and feels empowered by the fact that she does not need not to go outside and is able to save time in the process as well. All the family members are using the toilet happily and feel safe in doing so.

"I am happy to have a clean and safe toilet & I find my home a complete one." – Minati Behera



Chinamati Behera, Goat Rearing

Chinamati Behera is 35 year old widow living with her parents-in-laws and a son in a small village called Jharabolaskumpa in Kandhamal district of Odisha. She is an active member of Sagarika self help group which belongs to her village. Her husband passed away five years ago.

Chinamati is engaged in goat rearing business. She is the only earning person in her family. After the death of her husband her family faced severe financial problem. To deal with it, Chinamati engaged herself in goat rearing business earning 1,500 INR to 2,000 INR per month which was still not enough for her family's monthly expenditure. She got a loan of 10,000 INR in December 2012 from Annapurna Micro-Finance, Phulbani branch. She used this loan to purchase young goat and prepare shades for them. After raising these goats, she would sell them to the local butcher for a respectable price. The process of raising these goats till is appropriate enough for sale is about 8 to 9 months. She goes out in the morning to bring the goats to graze in the fields and returns by noon. For keeping the goats healthy and fit, Chinamati would cook food herself and feed it to them. Her parents helped her throughout this process as well.

Chinamati currently is very happy and says "This loan has changed my life, now i am able to make 4,000 INR to 5,000 INR per month and can afford to send my son to school".

Ganjumati Digal, Leaf Plate Making

Ganjumati Digal is 55 years old widow lady living with her daughter-in-law and her grandson in a village called Majhipada in Kandhamal district of Odisha. Ganjumati's daughter-in-law named Enamati who is also a widow is an active member of Maa Santoshi self help group. Both are engaged in making leaf plate and sell it to the market nearby and earn a living thereby fulfilling their household needs.

Two years ago both of them faced lots of financial problem then being the only earning members. Both of them earned through daily wage labor and earned 1,000 INR to 1,500 INR per month. To earn a better living they decided to take loan from AMPL through Enamati's SHG so as to invest money in leaf plate making business. They received a loan of 10,000 INR in December 2012 from AMPL, Phulbani branch and purchased leaf plate making machine, leafs, niddle and threads for furthering their business.

Today Ganjumati and Enamati produce leaf plates in bulk and sell it to the local market generating a profit of 7,000 INR to 8,000 INR per month. Now Ganjumati is able to send her grandson to the school and is now leading a happy life.





Aintha Behera, Milk Processing

Aintha Behera, a housewife in her Mid 40s lives in the Machhipara village of Nayagarh District. She is into milk processing since the last twenty years but was unhappy with the marginal income that she earned from the collected milk. With a family of seven members among which four were daughters and one son, it was very difficult for her to save for her daughters' marriages as well as sustain her family. But in the last five years things have changed since she joined Maa Mangala SHG. The SHG heard about Annapurna Microfinance (P) Ltd. (AMPL) from a nearby village and came to know about its various loan products and applied for 1st Cycle loan of Rs. 12, 000 to each member. With that money she bought a Cross-breed cow which was giving around 10-12 liters of Milk everyday which meant that the family was now earning around Rs. 200-250 additional income daily. The income was now supporting her to incur her daily expenses, repay the nominal EMI which was for 18 months and also save some amount for her emergencies. Although she faced a period of reduced income when the cow was inseminated, her Milk processing business kept things running during the crisis.

After successfully repaying her first cycle loan, she has now borrowed Rs. 20, 000 from AMPL from which she bought another cow with a calf. Now she has doubled her income with two cows and three calves' out of which two are heifers. In the next two years she plans to save money for more cows and after repayment of the second cycle loan she plans to borrow money for building a bigger shed where she could accommodate seven to eight cows.

She says, "I am very optimistic about this milk processing business now and want to see my son lead a prosperous life as all my daughters now are well settled with their families."



Madhusmita Das, Cloth Embroidery

Madhusmita Das, a young and smart woman of Odagaon block had a great interest for embroidery designs and learnt it from her mother since she was in school. She had an early marriage when she was 17 years old and now after being left by her husband has returned to her mother's place. After returning she decided to pursue her interest as a profession and started making Chandua Arts design in clothes for Sofa sets, Tea-tables, beds etc.

Since she required money to buy clothes and threads she decided to join the Madhusmita SHG as she was now eligible to borrow (i.e. 18 years old and married.) She borrowed Rs. 15,000 from AMPL and used the entire amount for her raw materials. She makes around 20-25 pieces of cloth every month as she also has to take care of other household commitments. She sells her hand made clothes for an average price of Rs. 250-300 each. She also participates in trade fairs and melas around Odisha and receives orders on special occasions as well.

She plans to do it on a bigger scale in coming years and is training local girls in the Art in order to employ them and increase her own income in the process and revive Chandua arts.



Ganesh Kumar Sahu, Mushroom Cultivation

Ganesh Kumar Sahu a differently-abled entrepreneur of Odagaon had been struggling for the last seven years to start mushroom cultivation in his area. For the same he did training under the agro-department and also applied for loan in government departments and banks. But a rural entrepreneur, that too physically challenged was not high on their preference list. With small loans from money lenders he was still pursuing his interest as well as applied for training in spawn cultivation under OUAT.

This is when he came to know about Peoples' Forum, and its micro-credit project supported by KIVA, a US based micro lending Organization that serves under-served entrepreneurs all over the world.

He applied for a loan and with obvious reasons received an amount of Rs. 70, 000 to start his cultivation. But the nature has its own course, which this time fell upon this entrepreneur. In October 2013, the cyclone Phailin destroyed his mushroom shed and Ganesh had to bear a huge loss because of it. He could not pay two EMIs but his confidence was still not shaken and he applied for an additional loan of Rs. 30,000.

Now he pays regular installments and makes an average profit of Rs. 10, 000 per month. He has employed three men in his farm and now spends more time in his spawn unit which he plans to launch soon. He has a supporting wife who takes care of their two kids and helps him in the mushroom unit regularly as well.



financing livelihood

Annapurna Microfinance Pvt. Ltd

Corporate office: Plot number 1215/1401,
Khandagiri Bari, in front of Jaydev Vatika,
Bhubaneswar-751030, Odisha