



PRODUCT CYCLE
THAT HAS IMPACTED
1 MILLION
CLIENTS AND COUNTING

ANNAPURNA MICROFINANCE PVT LTD
Annual Report 2017



financing livelihood

ANNAPURNA MICROFINANCE PVT LTD
Annual Report 2017



MISSION

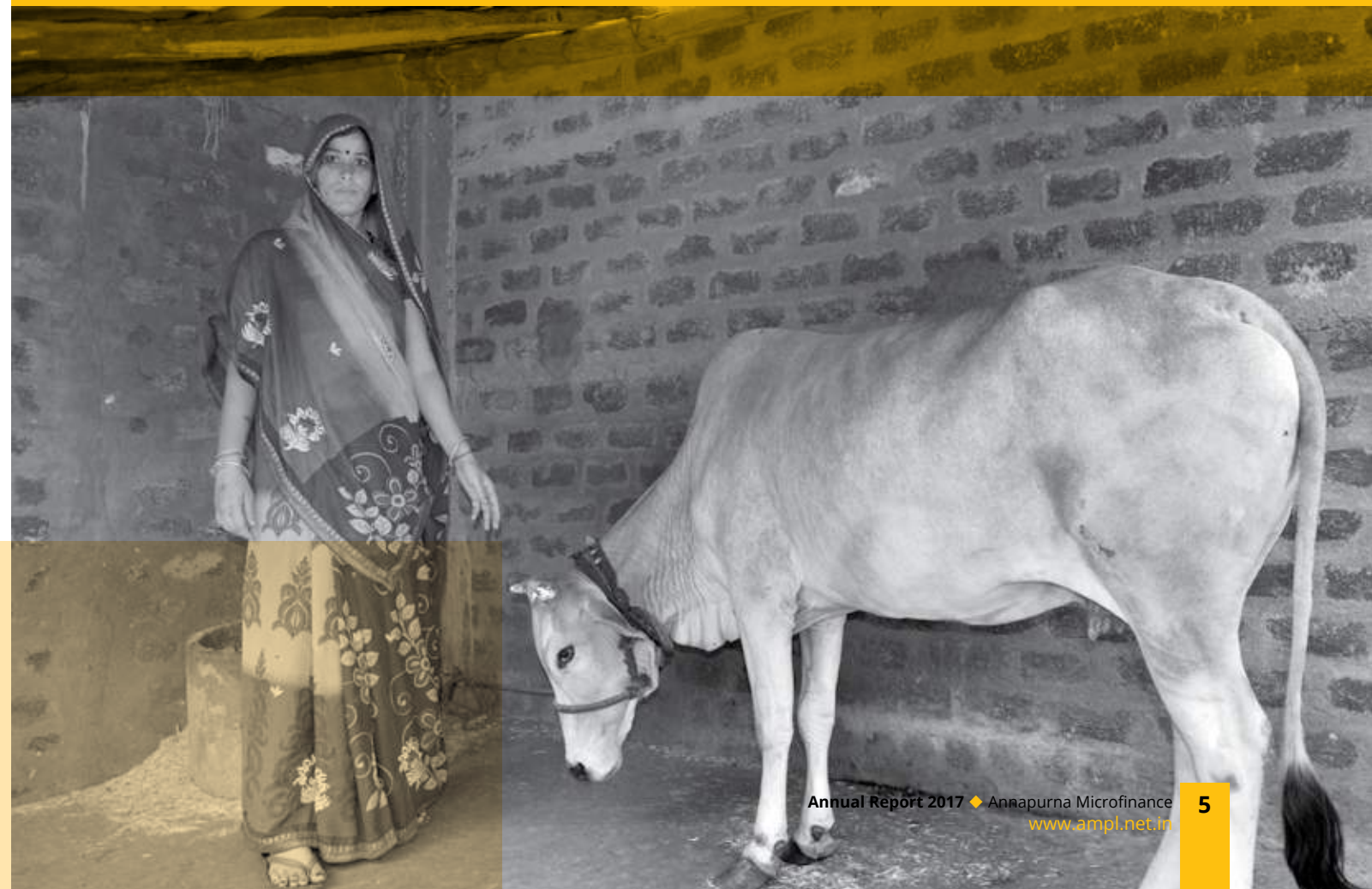
Empowerment of 10,00,000 poor women
and households for their economic security
by 2018. Bring recognition, legitimacy,
respect and opportunity for
2,50,000 micro-entrepreneurs by 2018.

VISION

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

GOAL

Increase availability of wider range of micro finance services &
improve ability of **10,00,000 poor women for efficient use of**
such services by the year 2018.





	Directors Report & Financials	57
---	--	-----------

Board of Directors	8
---------------------------	----------

CMD's Message	12
----------------------	-----------

	1	18
Finance & Operation		

	28
Products and Services	

Human Resource Management (HRM)	36
--	-----------

	44
Tech: Transformation	

Risk Management	48
------------------------	-----------

Credit and Appraisal	50
-----------------------------	-----------

Internal Audit and Control Systems	40
---	-----------

CSR & SPM	52
----------------------	-----------



Mr. Gobinda Chandra Pattanaik
Managing Director

Mr. Pattanaik has in-depth understanding of microfinance and has more than two decade of experience in implementing various developmental and micro enterprise activities. He is well known in the development sector for his thoughtful and innovative approaches. He long dreamt about setting up of this institution to be a pioneer in the field of women empowerment by creating sustainable livelihood avenues for them. He has also played key role in setting up various community based institutions; is an advisor to various District Administrations; besides being a member in various committee formed by the State Govt.

Mr. Dibyajyoti Pattanaik
Director

Mr. Pattanaik has over 12 years of experience in microfinance, micro-enterprise development and development sector consulting. He has worked with Public and Development Sector institutions in various roles before joining Peoples' Forum as Program Head & CFO in 2007. He played a crucial role in the transformation of mission Annapurna to Annapurna Micro Finance Private Limited, which now operating as an NBFC-MFI across 10 states of India. He holds a Post Graduate in Management from Entrepreneurship Development Institute of India (EDII), Ahmedabad with specialisation in micro finance and micro enterprise management; he also holds a management certificate in microfinance from Boulder Institute of Management, USA.



BOARD OF DIRECTORS



BOARD OF DIRECTORS

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 years of experience in development, control, audit and monitoring on microfinance activities.

Mr. **Sean Leslie Nossel** Independent Director

Mr. Nossel has 20 years of immense experience 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 with Resolution Group heading the US acquisitions.

Mr. **Ashok Ranjan Samal** Independent Director

Mr. Samal has rich experience of more than three decades in development banking with diverse and long association with Microfinance sector. He was serving as General Manager at SIDBI's Head Office Lucknow looking after SIDBI Foundation for Microcredit (SFMC). He has extensive experience of dealing with NBFC-MFI by virtue of his long association with SFMC for more than 12 years as Deputy General Manager and General Manager. Mr. Samal is a Certified Associate of Indian Institute of Bankers (CAIIB) and Post Graduate in English from Utkal University.

Mr. **R.V. Dilip Kumar** Nominee Director, SVCL

Mr. R. V. Dilip Kumar has been with SIDBI Venture Capital Limited (SVCL) since its inception in 1999 and was part of the core team which had set up SIDBI Ventures, SIDBI Trustee Company and NFSIT. He represents SVCL on the Boards of some portfolio companies, where he has played an active role in building up systems and processes. Prior to joining SVCL in 1999, he was with SIDBI for nearly 8 years with experience in credit appraisal, accounts and audit functions. He is a Post Graduate in Commerce and Economics, AICWA, CS (Inter), PGDBA and CAIIB.



Ms. **Laetitia Counye** Nominee Director, BIO

Ms. Laetitia Counye has over 20 years long experience in the field of Investment Management, Private Equity and Development Finance. She has worked with ING, Partners @ Venture and Incofin Investment Management before joining BIO in 2012. She is currently working as Manager of the Financial Sector team.

Mr. **Timir Haran Rashmi Samad** Nominee Director, SIDBI

Mr. Samad has an association of more than 25 years while working with SIDBI in various capacities at its Branch, Regional & Head Office. His association with SIDBI has given him a primacy in the microfinance industry. He currently serves as Deputy General Manager at the Bhubaneswar BO of SIDBI. Mr. Samad holds a Bachelors in Science (Geology).

Mr. **Florian Grohs** Nominee Director, Oikocredit

Mr. Grohs has more than 20 years of experience, in the development sector, having spent the last 15 years focused on rural finance and financial inclusion. Most of that time he worked for Oikocredit where he has held different positions including Director of Credit where he was responsible for the institution's portfolio of approximately 900 Mn and managing 33 offices worldwide. He has also held several board positions in investee companies in Eastern Europe, as well as in Maanaveeya, Indian subsidiary of Oikocredit.

Ms. **Christina Stefanie Juhasz** Nominee Director, WWB

CJ Juhasz is the Chief Investment Officer of WWB Asset Management, a subsidiary of Women's World Banking, which makes equity investments in inclusive finance institutions primarily in the Women's World Banking network. CJ is currently responsible for over \$50mm in investment capital. Prior to launching Women's World Banking's equity investment fund, CJ was the director of the capital markets group, with primary responsibility for promoting network members' access to commercial sources of funding.

Before joining Women's World Banking in 2007, CJ gained 12 years' structuring and marketing experience in international secured and unsecured debt and quasi-equity transactions for banks and financial institutions globally. From 2004-2007 she served as a director in Deutsche Bank's fixed income syndicate group in New York. Previously she worked as a Vice President in Deutsche Bank's capital markets group in London and Merrill Lynch's capital markets group in New York. While at Deutsche Bank, she also volunteered her time conducting credit analysis on microfinance institutions applying for Deutsche Bank's microfinance funds. CJ began her career as a military police platoon leader in the United States Army, serving in Germany and the US. CJ holds a BS from the United States Military Academy at West Point and an MBA from Stanford University. She is a 2013 Eisenhower Fellowship recipient.

CMD'S MESSAGE



Respected All/Readers,

On behalf of AMPL team, I once again take this unique pleasure to share with you the Annual Report of Annapurna for the year 2016-17. I see growth in three different angles – growth of our borrowers, staffs, alongside the growth of the company. The growth that correlates with the vision of our company. This year we have added many feathers to our cap, the journey which was a matrix of addressing client needs, employee engagement and strategic decision making. These are the three most important areas that I believe in the sector for any organisation to adopt and efficiently manage these to achieve the panacea of all corporate ills.

When I talk about client needs, that means how we have been able to meet their expectations of improving their life standards in their respective residing areas. Our company left no stone unturned to work on the existing operational imbroglio and bring in smooth service delivery for the clients. We emphasised on some of the very necessary products like Home Improvement and Dairy Development Loan during the year, which we believe are just extremely beneficial for a low income family to have credit at their doorstep to either renovate an existing house or extending that to some extent. Likewise, we have made the client grievance mechanism a lot more user-friendly with a dedicated team of tele-callers who make outbound calls to clients, keeping a check on frauds and assessing borrower feedback at the same time. This has invariably helped us in retaining our clients over the loan cycles. (More elaborate figure given inside the report)

In my recent visit to some of Annapurna's operational states, I got the chance to meet the budding women micro-entrepreneurs in those states who are running successful micro-enterprises like sewing saree, making candles, supplying aprons, selling dry fish, running grocery stores, making handicraft items among others. Though from outside it may not look like highly profitable, but these initiatives have given them a reason to hope, a defined space in the society and more importantly they were able to send their children to school. I was so much pleased looking at all those happy faces that I felt like I have had my dream come true.

I am fortunate enough to have the guidance and support of peoples from various spectrum to help AMPL reaching and serving the clients who have very limited access to finance from the mainstream sector. I am thankful to our investors, more than 40 Public/Private Sector Banks & FIs who have continuously shown their trust on AMPL which has helped the company reaching the goals. I reserve my special gratitude towards my Auditors, Rating & Consulting Agencies, Credit Bureaus, Networking Partners and my well wishers for their untiring effort either presenting the frequently sought after reports or sharing their invaluable suggestions when it was required the most.

Last but not the least, my staffs. Let me tell you, bereft all those challenges of demonitisation, farmer issues, regulatory changes and other operational hurdles, they have never lost their hope but always there by my side. Where you find Annapurna at the end of this year, that's because of their persistent effort and hard work. I, personally feel humbled to have such a dedicated workforce and I share my best wishes to them to be successful in every spectrum of their life.

Before I put down my pen, I would like to share with you some beautiful words from Swami Vivekananda – "The more we come out and do good to others, the more our hearts will be purified and God will be in them." I believe this noble thoughts of Swami Vivekananda will guide us all in our future journey.

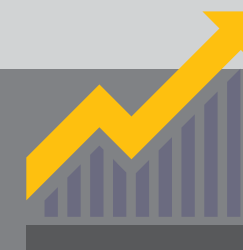
Jai Hind

Gobinda Chandra Pattanaik
Chairman-cum-Managing Director



ANNAPURNA MICROFINANCE PVT LTD

ABOUT THE COMPANY



Annapurna Microfinance became an NBFC-MFI in the year 2013. It was established with an objective of serving economically backward clients who have limited or no access to the basic financial services. The focus has been clear, to reach the areas where formal financial institutions find it unprofitable to settle in. Its objectives have not only limited to just reach and serve but also by providing financial and technical support to strengthen entrepreneurial skill for effective and efficient undertaking of business activities. The company provides as many as various products offered for the development of our clients.

The wide spectrum of products offered by the company reveals the diversity in its services. It is the only company in the Eastern zone to have a wide gamut of products provided for the holistic development of its clients. Annapurna started with providing loans to Self Help Groups for income generating activities but later started working towards making their lives better by not just extending credit facilities but also looking after their health, education, enterprise development, scaling up their dairy business and providing loans to those segments of the society who are socially and economically excluded. Presently, company provides products such as, SWASTH, Crop Loans, Dairy Development Loans, Student Education Loans, Micro Enterprise Loans, Home Improvement Loans and SAMARTH Loans.

The Safe Water and Sanitation to Households (SWASTH) provides sanitation and clean drinking facilities to its clients by giving credit to construct toilets, hand bore wells, water connection, water purifiers, etc. SWASTH loans are extended to our clients to help them reduce the time spent on collecting water from common sources and also by focusing on their hygiene. The product also offers trainings to its clients for improving their health and maintaining hygiene.

SAMARTH Loans are extended towards those isolated by the society due to various social ills and superstitious believes. Under this products, loans are provided to people with disabilities, widow/single mothers, transgender and eunuch communities and also for the family members of leprosy affected persons. These loans are accessible by the affected persons or their family members with much ease.

The objectives of the company are designed in a manner that the most vulnerable and unreached or under-reached segments are benefitted through the credit facilities available.

PRODUCT CYCLE THAT HAS IMPACTED
1 MILLION
CLIENTS AND COUNTING

HIGHLIGHTS/SNAPSHOTS OF THE YEAR

The year witnessed AMPL reaching to the doorsteps of **1 million clients** while providing them with affordable financial, non-financial and technical services.

AMPL started its **Join Liability Group** (JLG) model to distribute its affordable and need based financial services to rural folks at their doorsteps.

Operations going Cashless:

With the rejection of high value notes coming into effect in the later part of 2016 by the directives of Central Govt., AMPL made itself ready to kick-start the cashless mode of disbursement. This alternate mode of disbursement began in its North-East operations, while going in full-swing in other states in the later months.

AMPL tied up with financial **technology** firm Artoo to improve its loan processing in the Micro Enterprise Loans by piloting the loan application process through **tablets**.

AMPL welcomed Catholic Syrian Bank, SBER Bank of Russia, Mahindra Finance, Water.org, Hero Fincorp, Tata Capital, BNP Paribas and South Indian Bank as its **new lending partners** this year.

Visitors like, **Mr. Murli M. Natarajan** – CEO of DCB Bank, **Ms. Marry Ellen Iskenderian** – CEO of WWB CP, **Ms. Vijalakshmi Das** – Former head of Ananya Finance (Currently at the helm of affairs – FWWB), other prominent bankers paid a visit to AMPL and interacted with the clients as well as staffs of Annapurna at its offices.

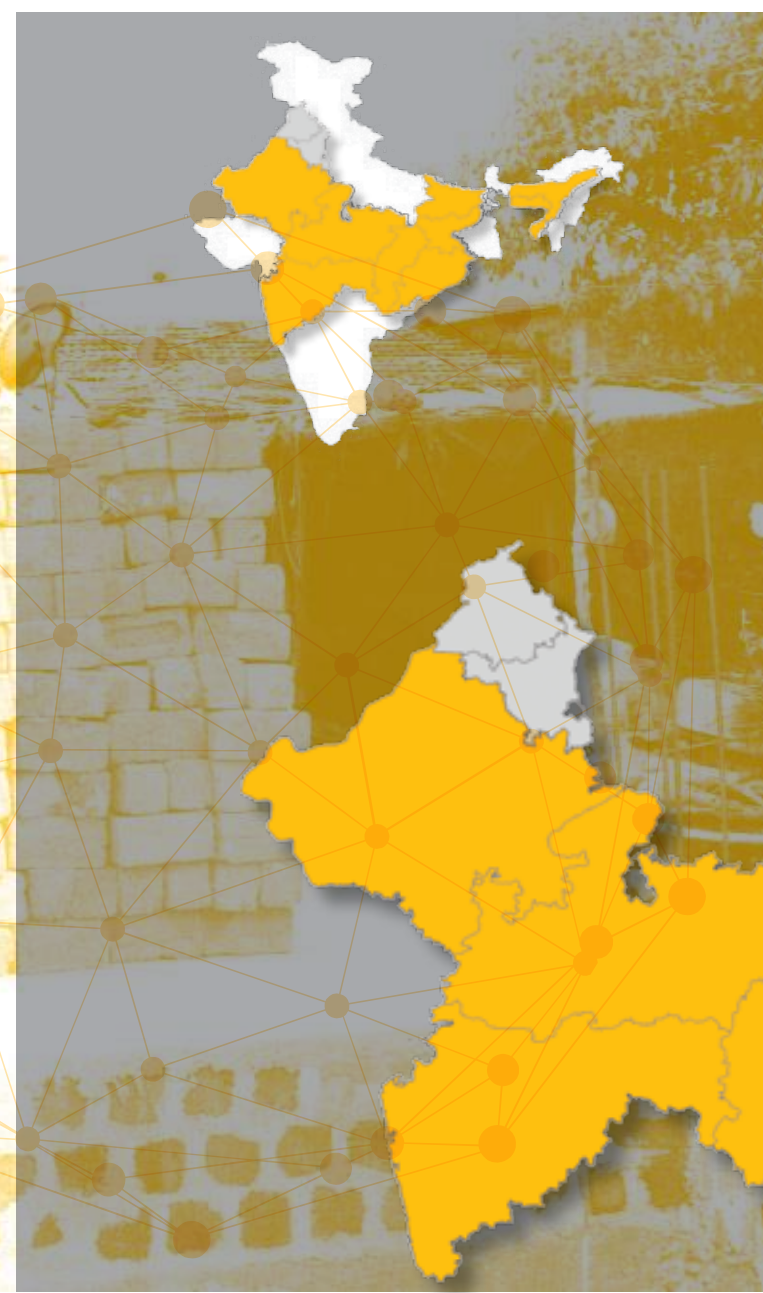
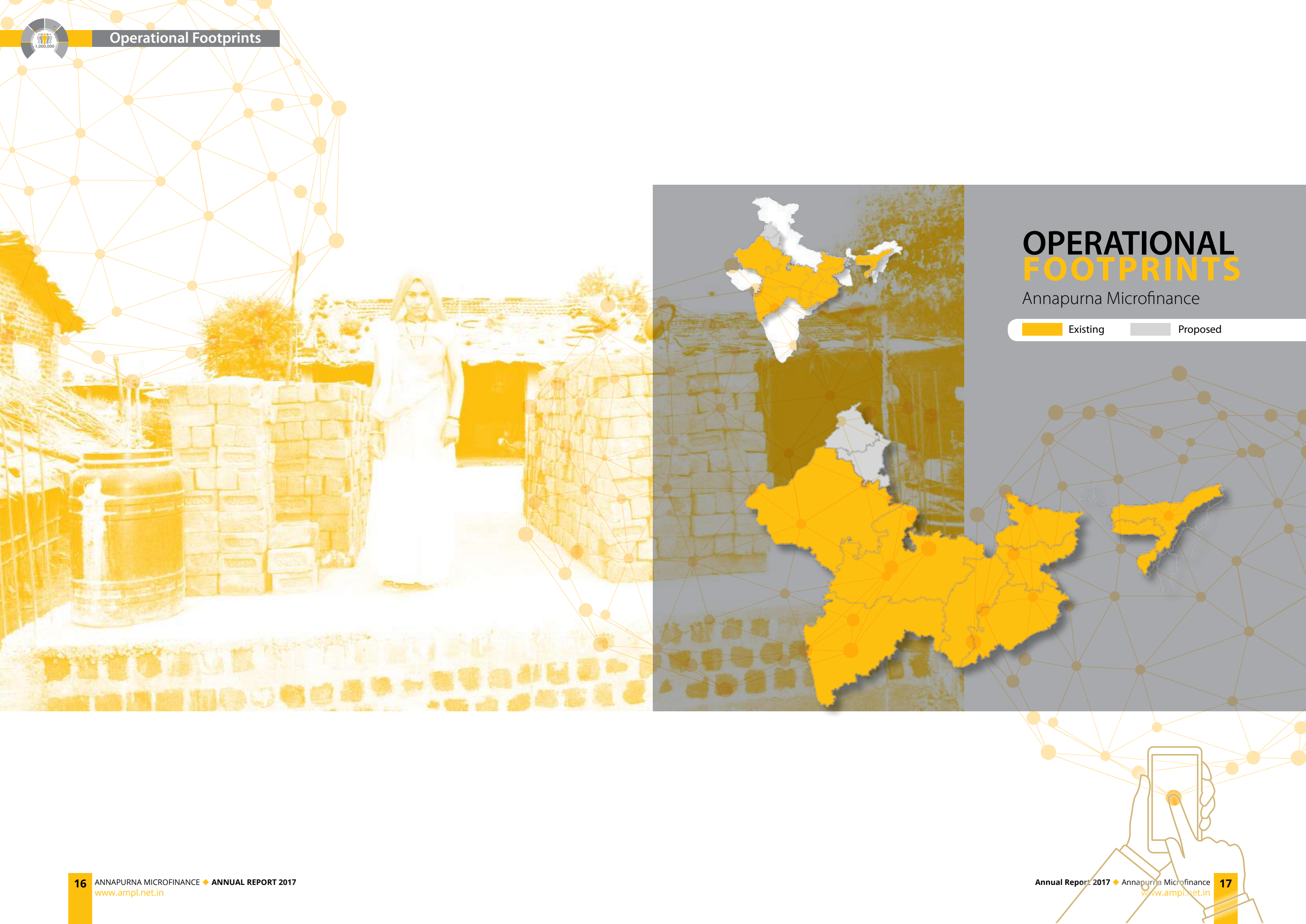
AMPL during the year entered into a partnership with National Housing Bank for the implementation of **Pradhan Mantri Awas Yojana – Urban**, here an interest subsidy of 6% will be provided to Economically Weaker Sections and Lower Income Groups to build a house of their own.

Training of the Workforce

given prominence during the year, where trainings like Gender Sensitisation, Work-life Balance, Training on interaction with PwD Clients, Training on Advance Excel, Induction Program, Refresher Training on the Microfinance Code of Conduct, NBFC-MFI Guidelines to name a few organized at various levels at AMPL.

Women's World Banking Capital Partners (**WWB CP**), one of the pioneers in the microfinance movement around the world joined hands with AMPL as one of its shareholders.

AMPL's branch network increased to **246** numbers in the 10 operational states, while employee base jumped to more than **2200** during the years.



OPERATIONAL FOOTPRINTS

Annapurna Microfinance

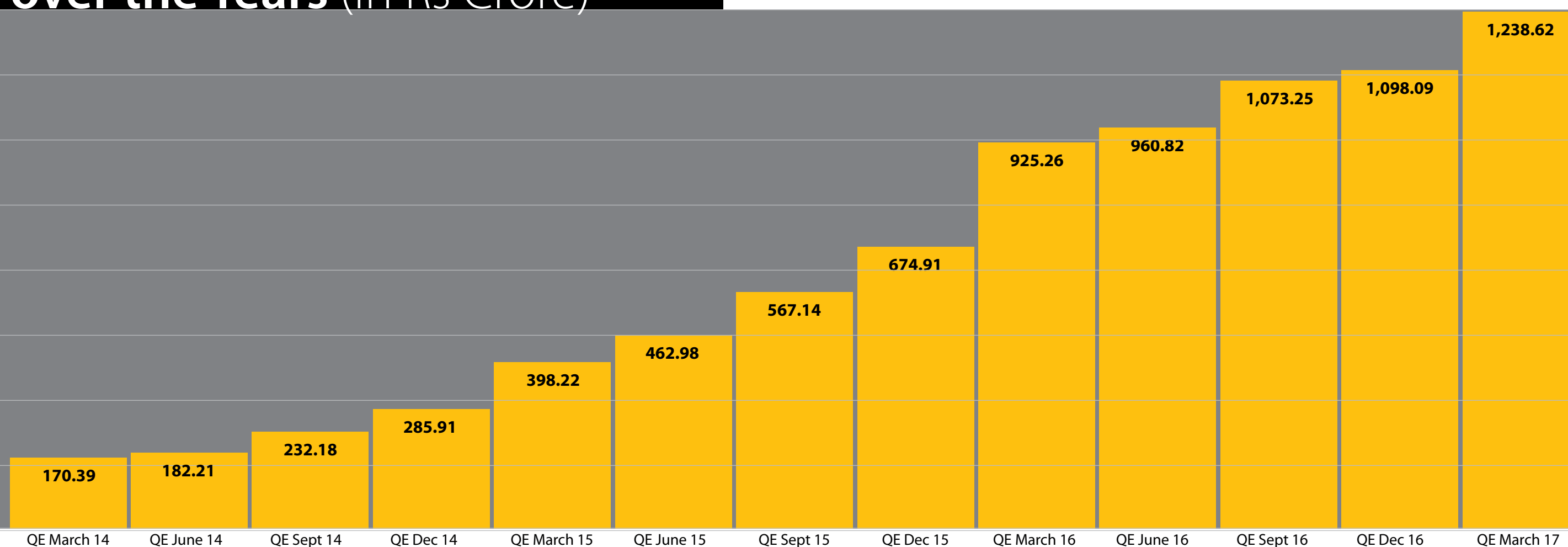
Existing Proposed





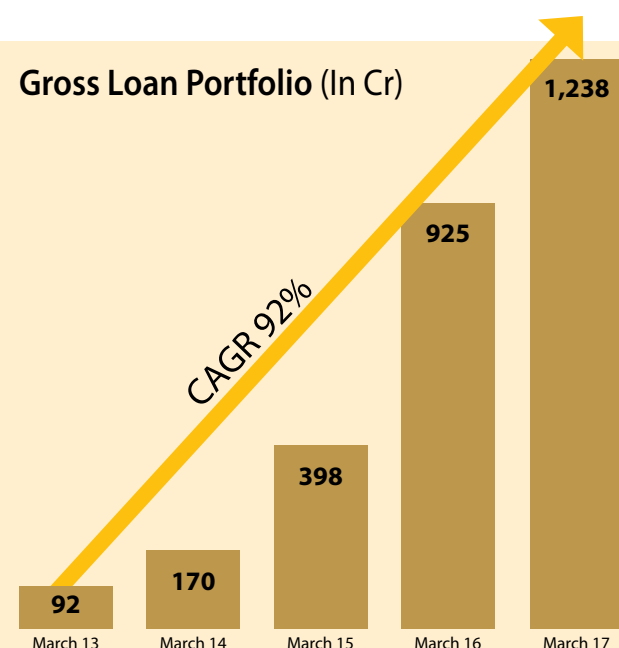
FINANCE & OPERATION

Quarterly Portfolio Growth over the Years (in Rs Crore)

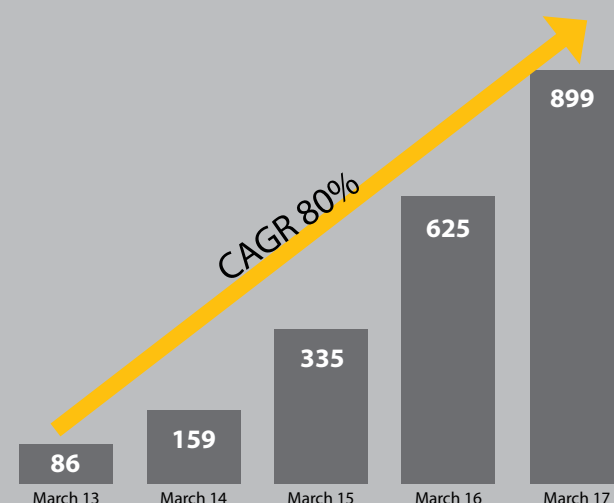




Gross Loan Portfolio (In Cr)



Active Clients (In '000)

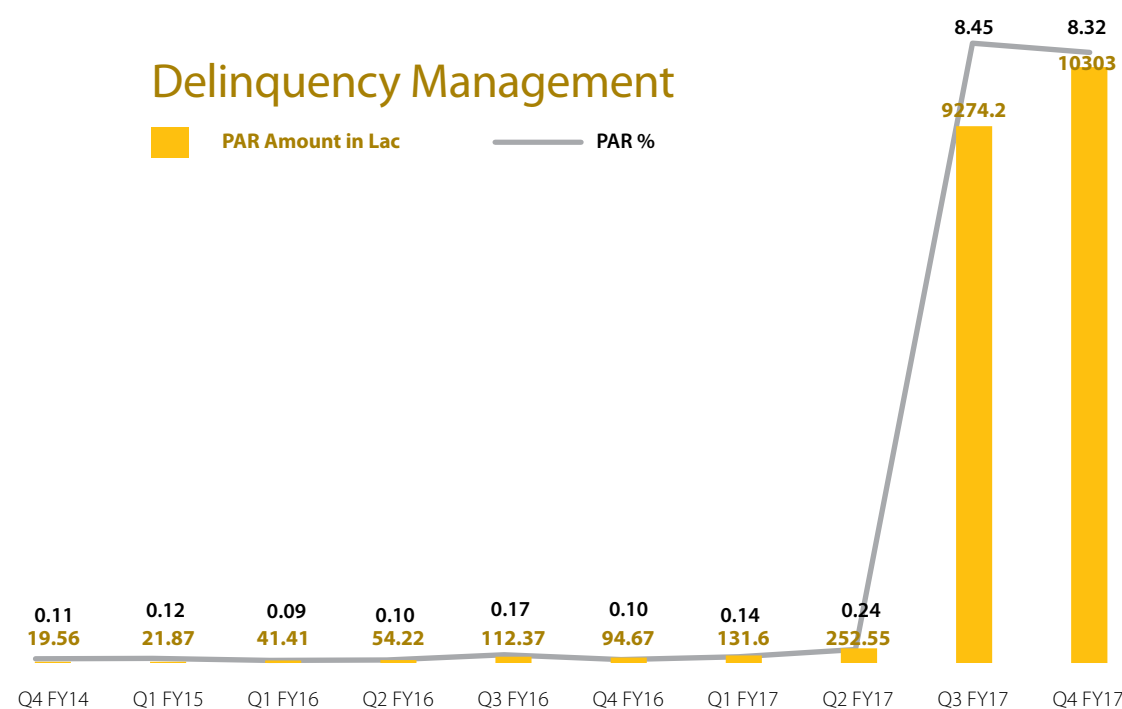


- This year brought an effective change in the outreach as well as increase in the impact of Annapurna's Microfinance services in various servicing states of the country even after the Demonetization.
- The company made its presence felt in terms of client outreach and a significant portfolio growth.
- The Company registered a Compounded Annual Growth Rate (CAGR) of 92% in terms of Gross Loan Portfolio, from INR 92 Cr in FY 13 to INR 1,238 Cr in FY 17.
- The Company was able to disburse INR. 1147 Cr through its 255 branches in FY 17 as against INR 1,035 Cr through 176 branches in FY 16, showing an increase of 11% in disbursement.
- Company has been able to reach out from about 6,25,000 clients in 2016 to 8,99,743 clients in 2017, increasing its active client base at a CAGR of 80%.

Delinquency Management

PAR Amount in Lac

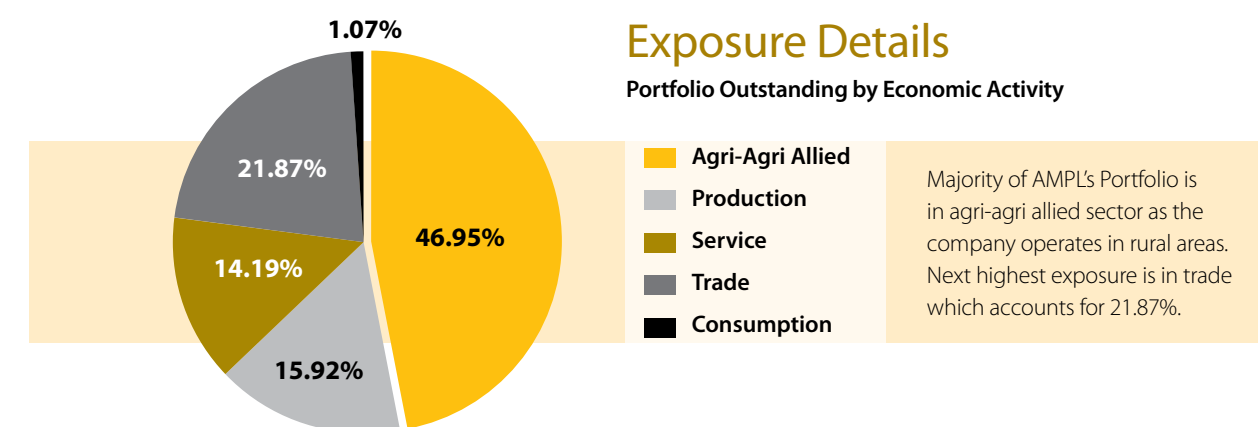
PAR %



The company is focused on process implementation and control mechanisms. The entire microfinance sector has been hit by demonetization. PAR>30 day of NBFC-MFI Industry stood at 14.15% as on March 2017 whereas for AMPL it was 7.70%.

Exposure Details

Portfolio Outstanding by Economic Activity



Annapurna: Performance at a Glance

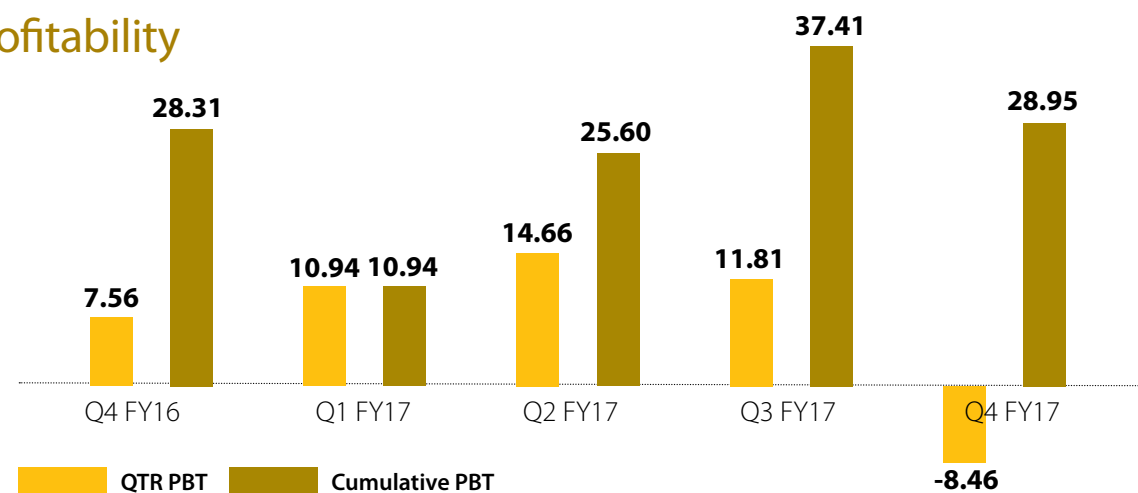
Odisha vis-à-vis other states

	2016		2017	
	Odisha	Non-Odisha	Odisha	Non-Odisha
Disbursement (in Cr)	633.01	401.87	627.05	520.28
Branches	70	106	77	169
Portfolio (in Cr)	528.24	397.02	680.83	557.8

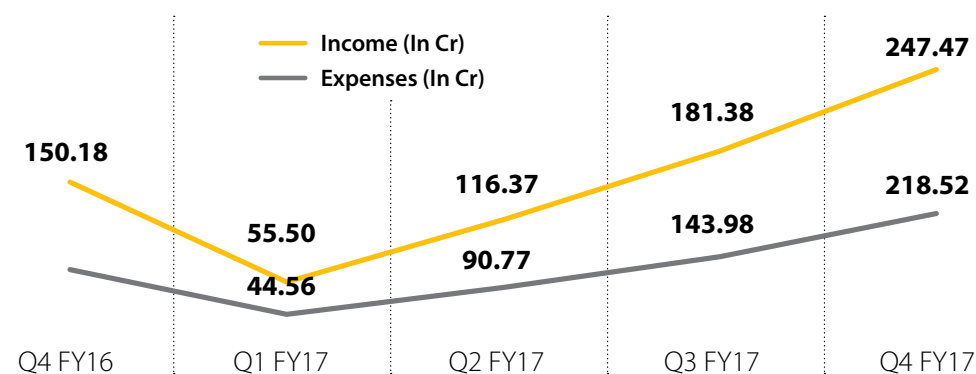
The Disbursement in Odisha has been steady with the vision of diversification of portfolio in other territory while Non-Odisha disbursement witnessed a growth of 29.43% YoY. Gross Loan Portfolio grew by 28.89% YoY in Odisha whereas Non-odisha states witnessed a growth of 40.50%.



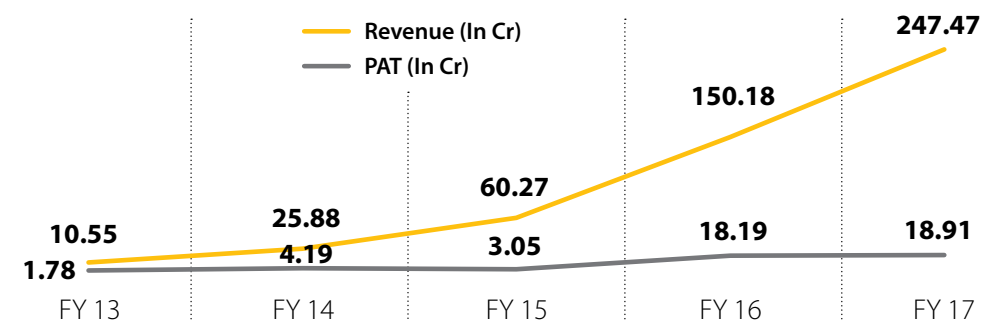
Profitability



PBT has increased Quarter on Quarter over the last four quarters to reach INR 28.95 crores. The company's PBT for FY 16 was INR 28.31cr whereas in FY 17 PBT has increased marginally to INR 28.95 Cr. This low growth in PBT was due to demonetization impacting disbursement and also because of change in accounting for expense on processing fees paid for raising debts. In FY 16, processing fees was amortized over the tenure of the loan but in FY 17, as per the RBI guideline, entire Processing fees has been booked upfront which had been the major contributor to the fall in Q4 PBT.

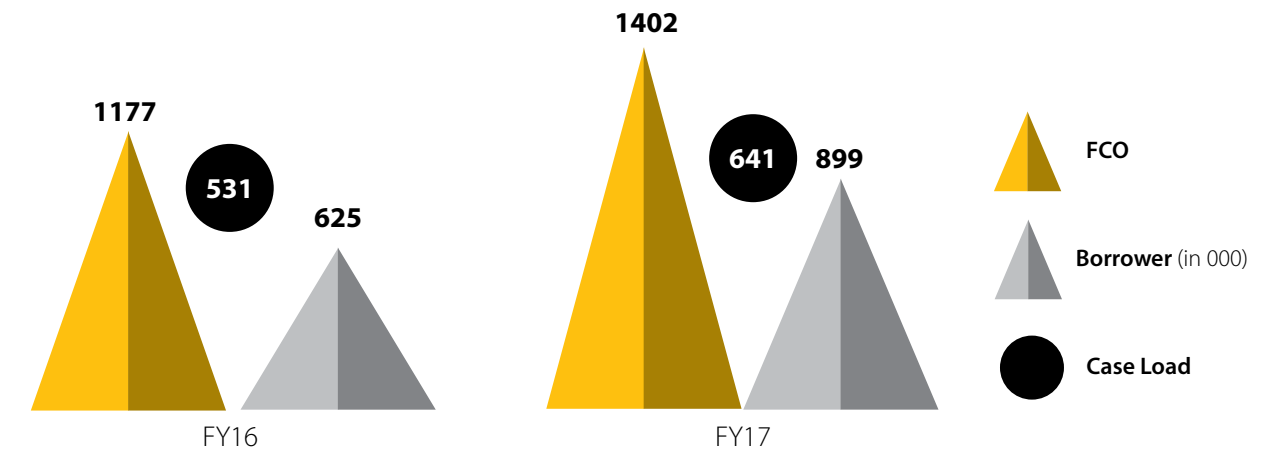


As the number of districts, branches and client base grew, the income and expenses of the company increased by 65% & 79% respectively. As the growth in Income was less as compared to expenses, Company was able to register a Net Profit after Tax of INR 18.90 Crore in FY 17. As menti As the number of districts, branches and client base grew, the income and expenses of the Company increased by 65% and 79% respectively. As mentioned above, the Company had to book additional INR 11.36 Crore as processing fees upfront against the erstwhile practice of amortising it over the tenure of the loan which increased other borrowing cost of the Company by 231%.



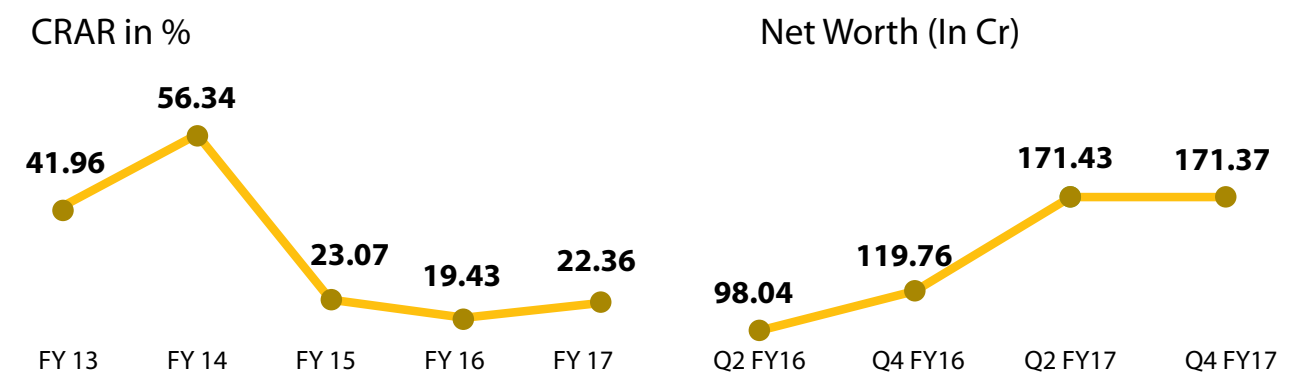
With the increase in the number of districts, branches and clients has enhanced the Microfinance Operations of the company which witnessed an upward inflow of revenue during the year. Revenue witnessed a growth of 65% from FY 16. There was a marginal growth of 3.96% in PAT due to demonetization, impacting disbursement which in turn impacted Interest Income and processing fees income. Further, the year also witnessed the impact on PAT due to change in accounting policy as mentioned earlier.

Operational Efficiency (Caseload)



It was a good run during the year for Annapurna from various prospective, as it took the company closer to its vision of serving more and more deserving micro-entrepreneurs in the under-served rural areas of India. The borrower base also touched new heights. Case load has increased to 641 in FY 17 from 531 in 2016, thus, increasing efficiency.

Growth in Net Worth and CRAR

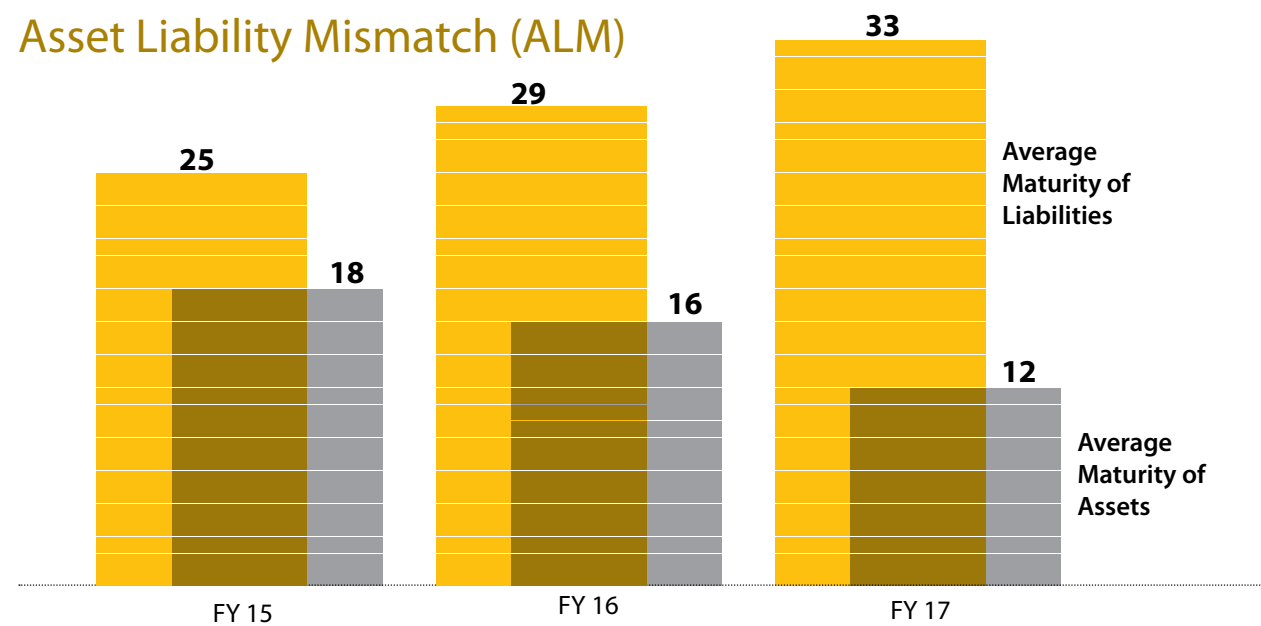


The net worth of the Company grew by 43% over the previous financial year. During the year the company received Capitals from Oikocredit and WWB CP to the tune of INR 35 Cr and INR 50.5 Cr respectively. The closing figure for Net Worth reached to INR 171.37 Cr in FY 17 from INR 119.76 Cr at the end of FY 16.

The paid-up capital witnessed a growth of 10% whereas reserve and surplus grew by more than 57%. OCPS of INR 1 Cr was also redeemed in Feb 2017.

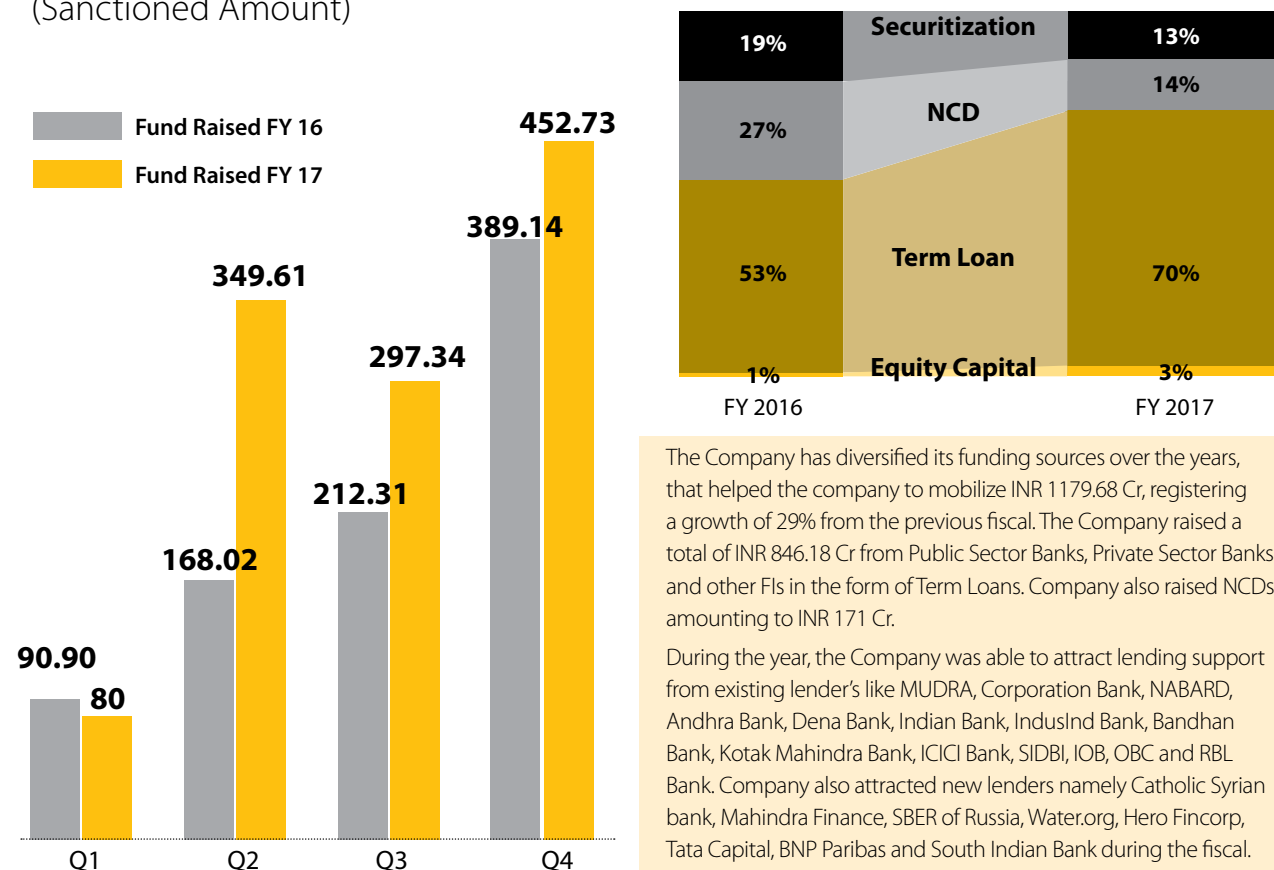


Asset Liability Mismatch (ALM)



The ALM Gap of the company has increased from 7 months in FY 15 to 21 months in FY 17. The maturity mentioned is the weighted average maturity, On the asset side liquid investment has increased from INR 95.48 Cr in FY 15 to INR 382.77 Cr in FY 17. As maturity of cash and liquid investment falls in 0-30 days bucket, this has reduced the weighted average maturity of Assets from 18 to 12. Also, 67% of loan has been disbursed as 1st cycle loan with tenure ranging from 12-18 months. This also resulted in decrease in weighted average maturity of Assets. In the liability side, weighted average maturity has increased from 25 months in FY 15 to 33 months in FY 17. Weighted average tenure of fund raised has increased from 16 months in FY 15 to 33 months in FY 17. This led to increase in maturity of Liability from 25 months in FY 15 to 33 months in FY 17.

Quarter on Quarter Fund raised vis-à-vis Previous Year's Performance (Sanctioned Amount)



The Company has diversified its funding sources over the years, that helped the company to mobilize INR 1179.68 Cr, registering a growth of 29% from the previous fiscal. The Company raised a total of INR 846.18 Cr from Public Sector Banks, Private Sector Banks and other FIs in the form of Term Loans. Company also raised NCDs amounting to INR 171 Cr.

During the year, the Company was able to attract lending support from existing lender's like MUDRA, Corporation Bank, NABARD, Andhra Bank, Dena Bank, Indian Bank, IndusInd Bank, Bandhan Bank, Kotak Mahindra Bank, ICICI Bank, SIDBI, IOB, OBC and RBL Bank. Company also attracted new lenders namely Catholic Syrian bank, Mahindra Finance, SBER of Russia, Water.org, Hero Fincorp, Tata Capital, BNP Paribas and South Indian Bank during the fiscal.

Financial Performance

Annapurna successfully raised INR 35 crore of equity from Oikocredit in FY17. Increase in Long Term Loan from 813.84 cr in FY 16 to 1209.29 Cr in FY 17 was the result of fund raised in FY 17 amounting to INR 1017.18 crore from various sources. On 30th November, Incofin Investment (RIF East II) partially exited from the company and transferred 58.00 Lacs Shares to Women's World Banking Capital Partners (WWB CP), a new shareholder of AMPL. SIDBI's OCPS of INR 1 cr was also redeemed in Feb 2017.

With disbursement of INR 1147.33 Cr in FY 16, GLO increased by 42% from INR 718.57 crore in FY 16 to INR 1018.28 Crore in FY 17. Projected GLP figures could not be achieved due to demonetization impacting disbursement from November 2016 to January 2017.

Investment in FD consists of INR 115.00 Cr as unpledged FD in FY 17, while in FY 16 same figure amounted to INR 9.99 Cr. This led to an increase in FD by 162%.

Liabilities (in Crore)	2016	2017
Equity Capital	36.38	40.35
General Reserve & Surplus	83.38	131.02
CCD	0.00	0.00
Net Worth	119.76	171.37
Loan Loss Reserve	7.19	10.18
Long term loans	813.55	1209.29
Other Liabilities	41.38	41.29
Sub Debt	40.00	99.00
Total	1021.88	1531.13
Assets (in Crore)	2016	2017
Net Fixed Assets	3.98	4.85
Microcredit Loans Extended	718.57	1018.28
Current Assets	222.51	306.97
Investments/FD	76.82	201.03
Total	1021.88	1531.13

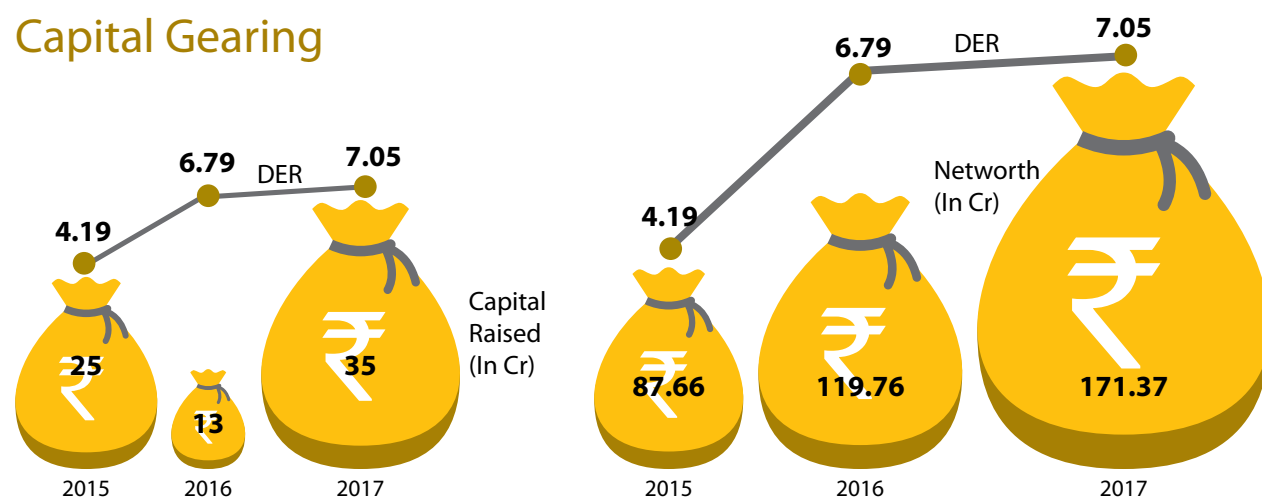
Operational Performance

Particulars	2016	2017
Number of Borrowers	6,25,480	8,99,743
Number of Districts	91	129
Number of Villages	12300	34579
Number of Branches	176	255
Disbursement (in Crore)	1034.89	1147.33
Gross Loan Portfolio (in Crore)	925.26	1238.63
Equity Infusion - During the year (in Crore)	13	35
PAT (in Crore)	18.19	18.91

The company reached out to 34579 underserved villages and provided micro credit to 899743 borrowers through its 255 branches. This increased the GLP from INR 925.26 crore in FY 16 to INR 1238.63 crore in FY 17. PAT could only register a growth of 3.96%. This low growth in PAT was due to demonetization impacting disbursement and also because of change in accounting for expenses on processing fees paid for raising debts. In FY 16, processing fees was amortized over the tenure of the loan but in FY 17, as per the RBI guideline, entire Processing fees has been booked upfront. This Increased the borrowing cost by INR 11.36 Cr, thereby reducing PAT.



Capital Gearing



DER has increased to 7.05 in FY 17 from 6.79 in FY 16. In the same period, Debt Increased by 53% but Net Worth Increased by 43%, this led to an Increase in DE Ratio. To keep a check on CRAR level, the company raised sub-debt to the tune of INR 59 Cr.

Credit Rating & Grading of Annapurna

Rating- ICRA has reaffirmed the long term rating [ICRA]BBB (Positive) as on January 17, 2017. ICRA's MFI rating factors in AMPL's demonstrated ability to scale up operations. It has also taken factored in the company's experienced management team, good Investor profile, good financial flexibility arising from increased number of lenders, adequate liquidity and healthy profitability. The outlook on the long term rating is positive.

Grading- CRISIL has assigned a grading of 'mfr2' to AMPL as on 3rd October 2016. The grading is one notch below the highest grade. Grading has been assigned on an 8 pointer scale. It has been assigned on AMPL's ability to manage its microfinance operations in a scalable and sustainable manner.

Debt Listing Details

Type of Securities Listing (Non-convertible debentures)	F Group Debt listed with Bombay Stock Exchange (BSE Limited)
Name and address of Stock Exchange	BSE Limited, Department of Corporate Services, 1 st Floor, P. J. Towers, Dalal Street, Mumbai - 400 001
Name and address of Debenture Trustee	CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Limited), Office No. 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai - 400021 AXIS TRUSTEE SERVICES LIMITED Axis House, 2 nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai- 400 025
Name and address of Depository	National Securities Depository Limited (NSDL) 4 th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Central Depository Services (India) Limited (CDSL), Phiroze Jeejeebhoy Towers, 16 th Floor, Dalal Street, Fort, Mumbai - 400 001
Name and address of Registrars and Transfer Agents	Karvy Computershare Private Limited 7 th floor, 701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp Guru Nanak Hospital, Off Bandra Kurla Complex, Bandra East, Mumbai - 400 051 NSDL Database Management Limited 4 th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Clientele Insurance & Claim Status

During the year under review, Annapurna had partnerships with DHFL Pramerica Life Insurance, HDFC Life, Reliance Life Insurance and Bajaj Allianz Life Insurance for Group Term Life Product (Insurance) for its clients. This safeguards the interest of both the parties as in case of unfortunate incidents of death of the clients or spouses, the insurance enables them to repay the remaining installments (the principal part) and the rest sum assured is directly being paid to the beneficiary by the insurance company. Here the role of clientele insurance is crucial, not just business point of view but the way it helps the client in critical circumstances to avoid any kind of indebtedness and also in some way financially support to cope up with the loss of an important life in the family.

The status of claims of the last four years as on March 2017 is given below:

FY	TOTAL CLAIM LODGED		TOTAL CLAIM AMT (INR)		NO OF CLAIMS SETTLED		TOTAL SETTLEMENT AMT (INR)	
	MEMBER	SPOUSE	MEMBER	SPOUSE	MEMBER	SPOUSE	AMPL	NOMINEE
2012-2013	12	31	1,80,000	4,65,000	12	31	4,25,000	2,20,000
2013-2014	117	208	17,55,000	31,20,000	112	189	22,55,000	10,56,000
2014-2015	336	468	50,40,000	70,20,000	312	449	76,10,000	38,05,000
2015-2016	1032	1373	1,54,80,000	2,05,95,000	482	698	1,18,00,000	59,00,000
2016-2017	1083	2546	2,13,74,000	5,06,06,000	1260	2150	4,05,96,690	2,37,19,418
TOTAL	2580	4626	4,38,29,000	8,18,06,000	2178	3517	6,26,866,690	3,47,00,418

Status of Business Correspondent (BC) Portfolio

Annapurna has tie-ups with DCB and IDBI Banks for the expansion of BC business in the operational areas.

The following table gives the status of portfolio of the said two banks under the BC model as on March 2017:

Particulars	DCB Bank	IDBI
Total Branches	13	4
District Covered	10	2
Villages Covered	2,231	1,253
Total SHGs	1,874	1,196
Active Clients	16,575	12,861
Loan Disbursed during the years (FY 2016-17) – INR Cr.	38.12	25.64
Avg. Loan-size per SHG (INR)	203,731	214,462
Avg. Loan-size per client (INR)	23,034	19,944
Total Staffs	81	35
Portfolio Outstanding (INR Cr.)	47.54	29.13



Products & Services



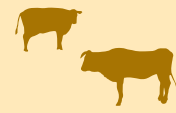

Over a span of eight years, Annapurna has been consistently designing products that are innovative in nature with appropriate delivery mechanisms. These products are designed in such a way that it caters to the needs of lower income groups. For restoring livelihood and promoting entrepreneurship through farm and non-farm activities, Annapurna offers loans to borrowers through Self Help Group (SHG) model. On the social front, to provide security and better standard of living products such as SWASTH (Safe Water and Sanitation to Households) & Home Improvement Loan have been productive in serving the needs of its customers. Operating on an unsecured lending model, the company follows a very systematic underwriting approach to meet the large unmet demand of its customers. With the Central Government's recent initiative to make the economy completely cashless, Annapurna is also working on going cashless for disbursement across all loan products – where the process is in full-swing and it will cover the large part of its operations very soon.

Group Loans

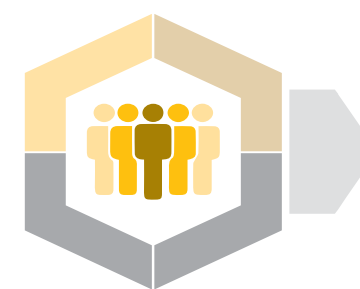
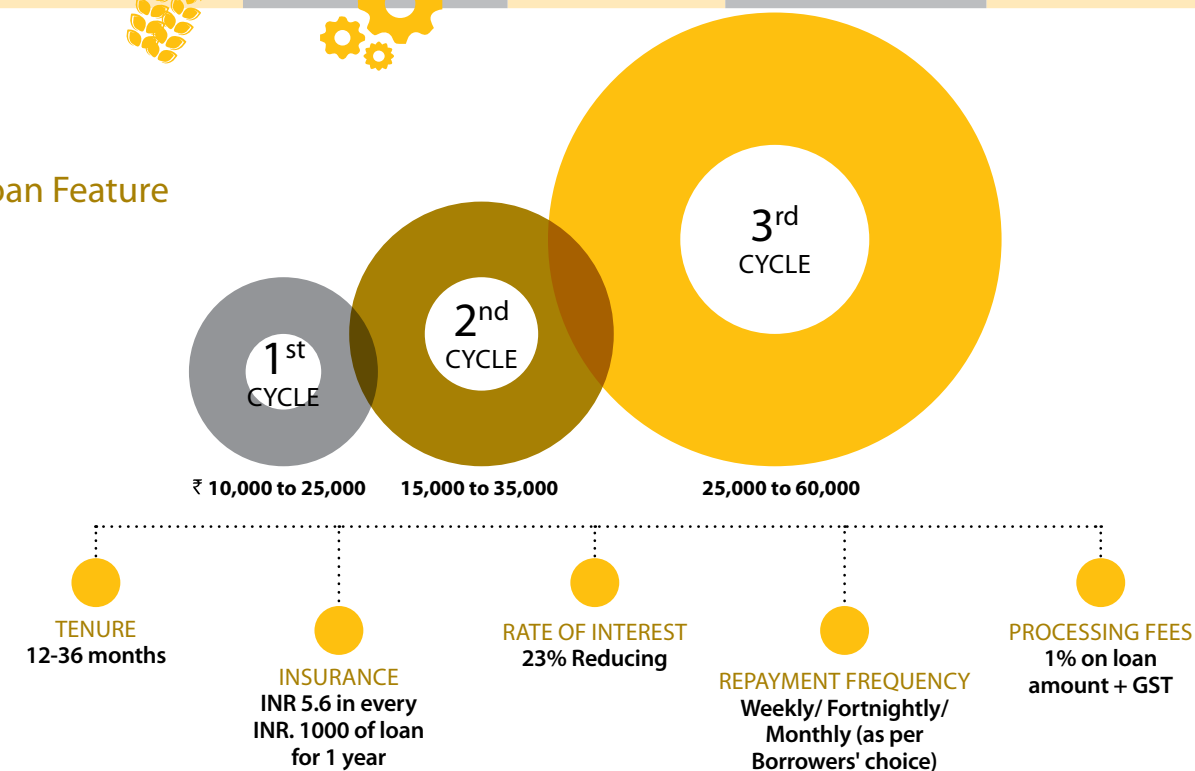
Group Loan, primarily through the Self Help Group model, is the major product of Annapurna as it accounts for about 95% of the company's GLP as on March'17. The focus of microfinance has been to improve the access to financial services in the untapped markets and for the impoverished sections of the society, so has been the objective of Annapurna. The company has implemented its objective on paper as well as in the

field and for the clients for whom it started the microfinance program almost a decade ago. The road that the company has so far travelled while dwelling on the options of product innovation and customization, is always directed towards creating multiple avenues of livelihood opportunities for the target clients having limited access to finances from formal sectors.

The loan size and tenure for group loan varies across all loan cycles based on the repayment capacity of clients and their credit history. The salient features of group loan product across all loan cycles has been mentioned below:

Agriculture Crops	Agri Equipment Financing	Agri Allied	Micro Enterprise	Handicraft and Handloom
Cultivation of different crops & Land Development Crops Like: Paddy, Sugarcane, Mushroom, Vegetable, Groundnut etc	Bullock and Bullock cart, Threshers, Tractor, Power tiller, Paddy Reaper, Water Pump Set & Lift Irrigation etc	Dairy farming, Poultry, Goat Rearing, Piggery, Fishery etc	Spice making, Dry food processing, Individual business, Beetle shop, Fruit shop, Fast food stalls, paddy processing unit etc	Weaving Cotton Sarees, Bamboo products, Coir production, Brass work etc
				

Loan Feature



Joint Liability Group (JLG) Lending Model

The Company has also adapted the JLG model for lending from FY 16-17, to cater financial services in areas where other models were not suitable, and had more evolved markets. The model offers a Compulsory Group Training (CGT) to the JLG, wherein every member of the group must undergo a rigorous training on loan process, methodology, loan products, insurance and financial literacy.



SAMARTH Loan

About one billion people experience some form of disability or in other words, about 15% of the world's population has disability. It is much more prevalent in developing countries. Persons with disabilities are more vulnerable to face adverse socioeconomic outcomes, such as, unemployment, lack of access to financial services and above all they are more prone to poverty. People with disabilities continue to face high levels of doubt and cynicism when it comes to borrowing for self-reliant and entrepreneurial work. Especially, when the deceased person belongs to a family below poverty line. Annapurna is one of the few MFIs, who has helped large numbers of clients by making them self-reliant and providing them much needed financial support by providing them access to financial services.

The company conducts a variety of sensitization sessions on a regular basis for its staff. Not only this, but it also has in its mandate to recruit PWDs in its workplace to provide them an equal opportunity and have the place in accordance with being more sensitive towards PWDs.

- **Training and Capacity Building of Staffs:** Training on PWD sensitization and basic sign language for staff is organized on a regular basis. This is done to make the staff at Annapurna sensitive about the other PWD staffs working

with them, or at the branch level, so that they might be more sensitive towards the PWD clients in a group.

- **Incentivizing the group to include PwD:** Group(s) having member(s) with disability who have applied for a loan from the company gets subsidized interest rate. They are provided with a subsidy of 1% on the existing interest rate.

The company works with Persons with Disability, Widows/ Single Mothers/Unmarried Women, Family Members of Leprosy Affected Patients, Eunuch/Trans Genders and Clusters/ Groups. Along with providing loans, the company also imparts training on financial literacy, introducing new business concept as per the suitability of client. Credit assistance is provided based on their requirement and repayment capacity, to make them self-sustainable. Beneficiaries utilize their loan towards asset purchase or working capital needs of their business. SAMARTH loan has helped several families to improve their living standards.

This loan product is dedicated for providing financial assistance to:

- Persons with disability (PWD)
- Widows / Single Mothers / Unmarried Women
- Family Member of Leprosy affected patient
- Eunuch/Trans genders

Product Feature

Description	A loan for the marginalized groups of societies, to provide them with greater access to financial services.
Lending Method	Individual
Loan Amount	Individuals: INR 30,000 to 1, 00,000
Loan Term	Tenure varies from 12 months to 36 months depending upon the repayment capacity of the client
Security	Co-applicant required, no collateral
Interest rate	22% reducing
Processing Fee	1% of the loan amount
Insurance Premium	5.6 INR per 1,000 INR per Annum
Repayment frequency	Monthly
Mode of Disbursement	Cash
Mode of Repayment	Cash

Safe Water and Sanitation to Households (SWASTH)

Safe water and sanitation in India continues to be inadequate, despite longstanding efforts by various levels of government and communities to improve coverage. Sanitation usage is extremely poor in rural areas of the country, with only a small percentage of the rural population having access to toilets. It is estimated that 21% of communicable diseases in India are related to unsafe water and sanitation. In order, to decrease the amount of disease spread through drinking water, latrine usage and hygiene must be improved simultaneously. Annapurna, has been working for access to clean water and sanitation to rural households since 2013, by providing the needy households with required amount of loan under its program, SWASTH (Safe Water and Sanitation to Households), this is being supported by Water.org, MicroBuild, FINISH Society, and NABARD. The objective of this programme is to provide rural households with clean water and safe sanitation facility. Currently, the programme is being implemented through 150 branches of Annapurna in total 56 districts of 8 states which are Odisha, Chhattisgarh, Jharkhand, Bihar, Madhya Pradesh, Maharashtra, Rajasthan, and Assam. Through this program,

Annapurna has been able to provide financial assistance to more than 20,000 households, and spread awareness among 1,25,000 clients. SWASTH programme primarily has two major components; one is capacity building and second is financial support for access to clean water and safe sanitation.

The capacity building component is supported by Water.org and FINISH Society. The activities covered under this umbrella program are:

- **Capacity building activities such as public sensitization meetings**
- **Mass Awareness Camps among school students**
- **Mason Training for local skill enhancement and creating a pool of locally available as well as trained workforce to build affordable sanitation facilities.**
- **Workshops and training to SHGs on best sanitation as well hygienic practices.**

SWASTH loan is categorized into four products namely Construction of New Toilets, Hand bore well, Water pipe line and Loans for Water purifier.

Product Specifications

Product Type	Loan Amount	Loan Tenure	Repayment Rate
New toilet loan	Rs.10,000 to Rs.25,000	12 to 24 Months	22% Reducing
Hand bore well loan	Rs.10,000 to Rs.20,000		
Water connection loan	Rs.5,000 to Rs.15,000		
Water purifier loan	Rs. 2,000 to Rs. 10,000	Upto 12 Months	

Growth as on March'17

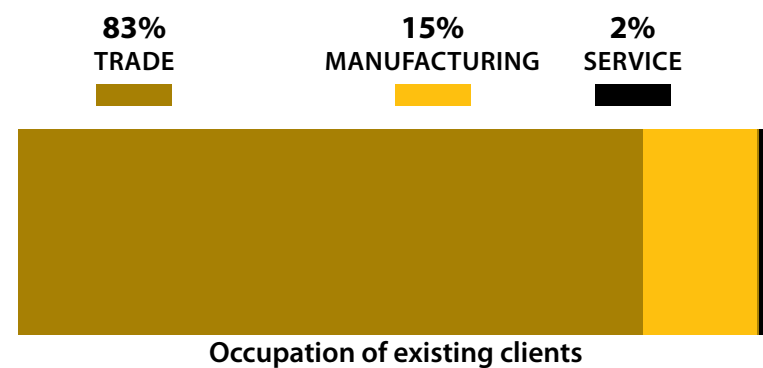
Product Introduced in	January 2014
No. of Beneficiaries	20,293
Gross Loan Portfolio (INR Mn.)	130
Portfolio at Risk (%)	Below 1%
Operational States (Nos.)	8
Awareness to: More than	1,10,000 beneficiaries



Micro Enterprise Loan

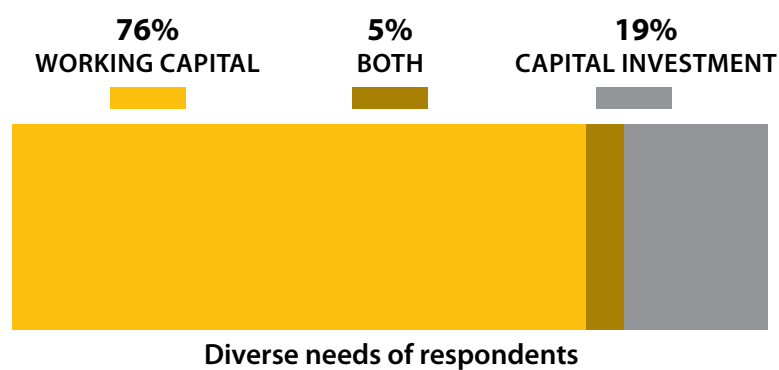
The product was started with a vision to promote entrepreneurship in rural and semi urban areas. Currently the product has been in operation in Odisha, with clients who are mostly engaged in trading business (such as wholesale business, grocery, electrical/hardware shops) and manufacturing (weaving, wooden furniture making,

iron equipment making). 83% of the clients are engaged in trading business whereas 15% of our clients are into manufacturing business. 2% of our clients are engaged in business which render services such as haircutting saloon, driving auto rickshaw etc.



Annapurna partnered with MicroSave and M2i to have an extensive understanding about the current market of the product and its credit assessment. The market assessment project with M2i helped the company to have vivid understanding regarding loan requirement, repayment

models, and financial behavior of our clients. Judging credit worthiness of the clients before lending has been one of the challenges, when offering this product in sub-urban areas. An understanding of the utilization of the loan or the purpose for the loan leads to avoiding of over and under financing.



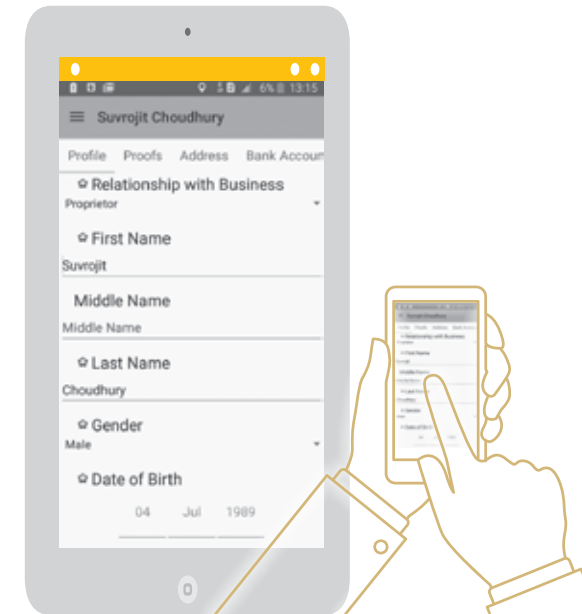
Source: Market Assessment report by M2i

MEL has been through the test of time by encountering demonetization, which caused some delay in repayments, but no overdues. Annapurna had offered this product through cashless mode since the beginning. The clients lack knowledge about using electronic wallets for payments. Rural India is still not comfortable with online bank transfer, because of lack of trust in technology, as it is still a new concept to them and is hardly ever been used by anyone they know.

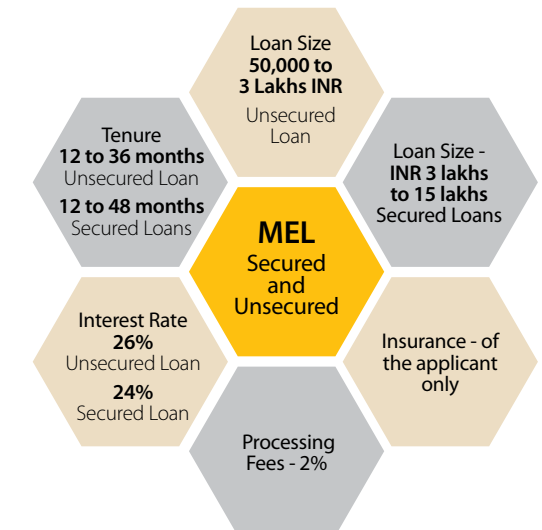
Annapurna with consultancy from MicroSave has made improvements in the process efficiency and reducing the turnaround time in the product. The appraisal process captures

detail information about the enterprise and cash flow.

One of the constant efforts of Annapurna has been to reduce the turn-around time of the product. For this purpose, the Company has partnered with Artoo, which provides IT based solutions for the Micro-enterprise loans. Annapurna will use Artoo's Intelligent Digital Loan Origination System, which would help in reducing the time taken to approve loans, minimizing human error at all levels and eliminating individual prejudice. Furthermore, clients of the product will know about their loan approval status on the field, which will further ensure trust and transparency amongst the field staff.



Screenshot of the Artoo Application



Annapurna during the year introduced the collateral loans under this product for big ticket size clients. The loan size ranges from INR 3,00,000 to INR 15,00,000.

Home Improvement Loan

Housing, one of the basic necessities of life, provides a sense of economic and social belongingness to the people. It adds to their social status and acts as an asset for the family. As per the 12th Five-year Plan, the total rural housing shortage stands up to 44 million dwelling units (Source: NSSO, 2012). Rising population, growing urbanization, rise in income, and decline in poverty are the key factors affecting the demand for housing microfinance. The Gol has taken several initiatives to

eliminate the gap, and the latest being the implementation of "Pradhan Mantri Awas Yojana - Urban", that has opened the doors for NBFC-MFIs to take the initiative forward. As an opportunity to transfer the benefit to the weaker section of the society, Annapurna has partnered with National Housing Bank (Central Nodal Agency) for implementation of Credit Linked Subsidy Schemes for Low Income Group (LIG), Economically Weaker Sections (EWS), Middle Income Groups (MIG I & MIG II).

Type of Product	Finance for Home Repairs	Finance for Home Extension
Purpose of Loan	Provide financial cum technical assistance to low income families for home improvement purpose	
Lending methodology	Individual Lending	
Building standards	As per the requirements	Less than 250 Sq.ft.
Loan size (INR)	Min.- INR 20000	Min- INR 61000
	Max- INR 60000	Max- INR 120000
Loan tenure	18 months - 36 months	12 months to 48 months
Interest rate	22% reducing basis	
Processing fee	1% of loan amount	
Loan to Value (LTV)	Max. 85% of the cost of construction/repair (For Extension)	

Home improvement loan, a consumption product in nature has catered to the diverse needs of clients in the rural areas of Central & Western Odisha. Annapurna is constantly making efforts to improve the product features, processes in tune

with the client's needs. The Company also plans to provide technical assistance regarding construction of home, to help the clients build their house in an affordable manner.

Dairy Development Loan

India stands at first place in terms of milk production and it has been recognized as one of the major sources of income in rural areas. With its past experiences over the years through primary and secondary research, the company had realized that rural entrepreneurship can be promoted through dairy farming in areas where it is currently operational. Acknowledging its viability and a market demand, Annapurna brought an exclusive product known as Dairy Development Loan. Clients can avail loan for purchase of cross breed cattle, construction of cattle shed and for purchase of dairy related equipment. The basic eligibility criterion is client should have minimum two milching cattle in his/her farm and adequate space for cow shed.

The in-house team at Annapurna conducted an end pilot

assessment survey, to refine its product by adding customer friendly features, and assess the impact of loan product in beneficiary's household income. There were certain interesting revelations, such as increase in beneficiary's income of maximum up to INR 6,000 per month, and need for cattle insurance to the beneficiaries. The company recently partnered with Royal Sundaram for providing cattle insurance, to cover the risk of cattle death during loan period. Advisory services to increase knowledge of farmers has been initiated through Ration Balancing program, where a dedicated team of district coordinators provide information to dairy farmers regarding adequate portion of food and appropriate feeding mechanisms, that would be required maintain health of cattle, and there by maximize milk productivity.

Product Detail	Loan for Cross Breed Cows	
Purpose of Loan	Restoration of livelihood through dairy farming	
Lending Model	Individual	
Loan Size	Minimum INR 40,000	Maximum INR 150,000
Target Client	Experienced dairy farmers who are already having 2-3 cows in their farm	
Loan Tenure	12 - 36 Months	
Repayment Frequency	Monthly	
Interest Rate	23%	
Processing Fee	2%	
Insurance	Credit Linked	Cattle Insurance
	Rs. 5.6 per Rs 1000/ annum	4.6% including tax

Solar Light Loan

Every hour the Sun beams onto the Earth more than enough energy to satisfy the requirement of global Energy for an entire year. Still electricity remains inaccessible to 23 percent of the villages in India. People in rural areas use conventional

sources such as kerosene, lantern, charcoal for their daily energy needs. These conventional sources of power have several drawbacks as there are health issues associated to it and are environmentally harmful. Understanding the adverse consequences of it in the lives of its clients Annapurna had come up with Solar Light Loan product. Initially the in-house team did a survey to understand the need of its clients to decide feasibility of the product. The study stated that 15% of respondents among our clients are using solar light, 77% of the clients expressed their need for purchasing solar lights, and 79 % of the interested clients desired door step delivery. One year repayment was the most preferred tenure opted by the clients. Keeping these demands intact the Solar light loan product was designed.

Product Feature	
Loan Amount	MRP of Solar Light
Loan Tenure	6 - 24 months
Repayment Frequency	Monthly
Insurance	Rs. 5.6 per Rs. 1000 per annum
Interest Rate	22%
Processing fees	1% of loan amount plus GST





Human Resource Management

Someone has rightly said “financial resources may be the lifeblood of a company, but human resources are the brains.” Keeping that in mind the company has kept the recruitment process intact at various levels so that it can build an able and skilled workforce to efficiently manage its operations in various states. Over the last one year the Company has recruited staffs from various sources, who have been placed in different positions at the head office as well as in the operational states. Majority of the recruited staffs were absorbed in the operations to engage themselves in expanding the operational footprints in thousands of villages in the operational states while forming and nurturing women Self Help Groups. They were either taken vacant positions in the existing branches or placed in the newly opened 70 no. of branches in the FY 2016-17.

Employee Training, Development and Retention

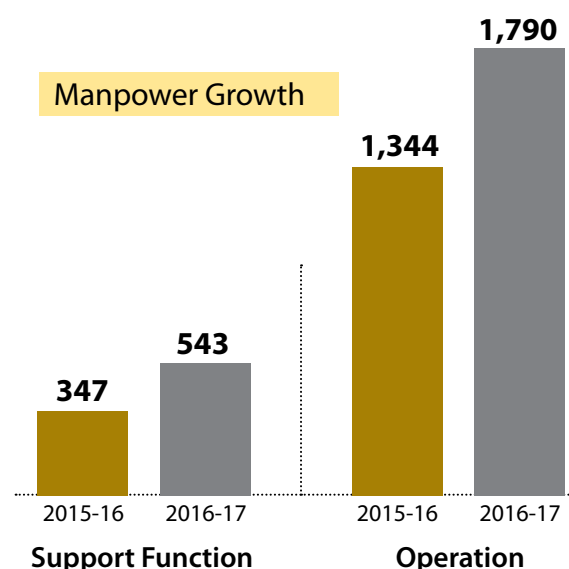
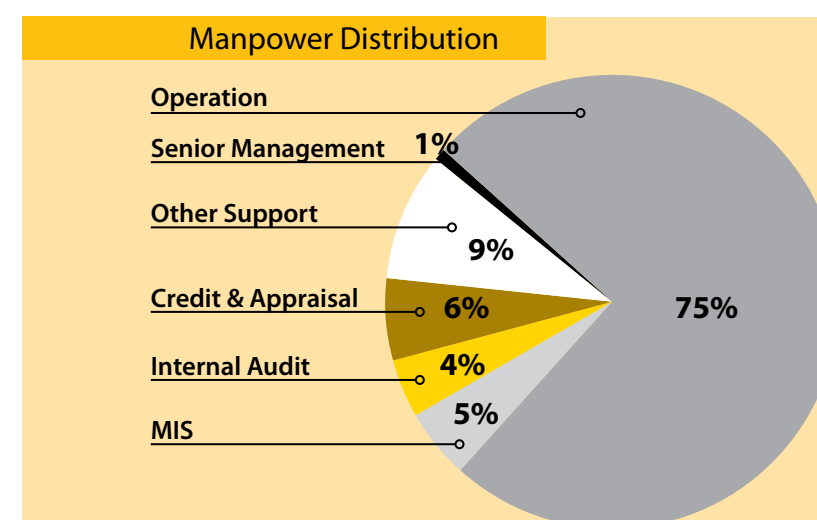
To develop the capability of the Executives across senior, middle level and frontline staff to achieve effectiveness and efficiency in a global business environment on microfinance, it is critical to keep on providing them with need-based training programs. The senior management needs to develop understanding of operating in a competitive and mature market. The middle management must be familiar with recent changes in the sector with periodic exposure and training programmes. Staff performance assessment, upgrading skills and incentivizing

performance (via team buildings for example) with accuracy are essential. In this context, the company has organized a no. of training programs at various levels during the year under review, outcomes from those programs are like:

- Appropriate team building exercises for employee enrichment and satisfaction were conducted.
- The trainers were trained on improved methodology and techniques of training.



- Over 1100 employees were trained on various subjects. Among them were the new recruits, existing staff, mid-level and senior management who were provided with induction training, refresher training, behavioral training, product training and process, trainings from external agencies, and on-the-job trainings.
- The new recruits received induction training in which they were briefed about the company’s vision, mission and work culture, SHG formation, RBI guidelines, fair Practice Code, Code of Conduct, on forming a quality group, soft skills.
- Refresher trainings were organized for the existing staff in which they were provided with industry updates, organization related updates, regarding a new product launched or the activities taking place within the organization. Apart from this, they were provided with behavioural training in which they were trained on soft skills and team building skills.
- On-the-job training was also provided in which the employees were sent for an exposure visit to different branches where they could learn the grass-root work and problems faced by the front line staff, through which they can devise means to address the problems.
- Classroom trainings where in audio-visual methodology, comprehensive case booklets, role plays, etc. are used, along with innovative training modules to improve employee’s skills are developed.
- A Training Need Assessment questionnaire was shared with the employees to know the areas in which training was necessary and based on that various trainings were organized for the staff.
- Post promotion training for the staff was conducted. In this the employee is trained on his new roles and responsibilities.





	Behavioural & Managerial Skill Development	Branch Training	Induction Training	Process Training	Product Training	Refresher Training	Grand Total
No. of Participants	42	189	696	35	96	124	1182
No. of Trainings	2	22	36	1	4	7	72

Training Provided during the year

As mentioned above, need-based training programs like – training on advance excel, finance for non-finance managers, training program on R; microfinance process oriented training

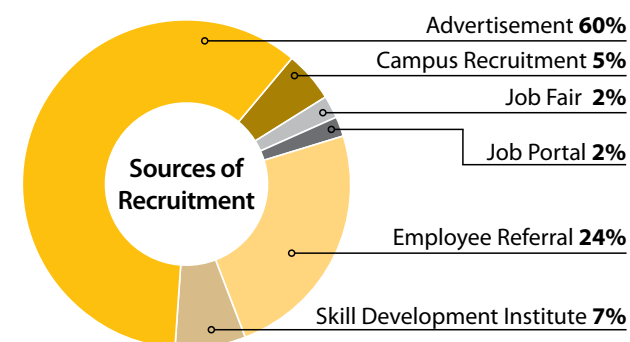
programs, trainings on how to interact with PwD clients in the field, Work-life balance, etc were organized for staffs at various levels in Annapurna during the year.



Recruiting Management Trainees/Associates

Each year Annapurna takes part in campus placements in different B-Schools in India and ropes in talents to build their career in a sector which gives them enormous opportunities of serving the clients deprived of access to financial resources. This the company recruited about 40 such budding young professionals from IRM-Jaipur, EDII-Ahmedabad, IIFM-Bhopal, VAMNICOM-Pune, Utkal University, OUAT and Ravenshaw University among others. They were given with a comprehensive induction program where they learnt the operational process, forming of SHGs, microfinance Code of Conduct & Fair Practices Codes, besides practical field exposures before they were placed in different departments.

Other than this the company sources staffs from various other modes which include:



All-round Career Building & Learning

The employees are encouraged to migrate from current roles to some other role in an entirely different department. This gives them ample amount of learning opportunities so it equips them to be ready to make themselves adaptable in variety of work-related challenges. If someone at any point of time thinks that s/he can better perform in any other department from his/her existing department, there are no

qualms that s/he can't approach his supervisors on change of roles. Annapurna has build that conducive environment for all of its employees so that cross-functional roles are available for them whenever someone feels a need for that. It not only boosts the employee motivation but it solidifies the trust between the employee and the management.



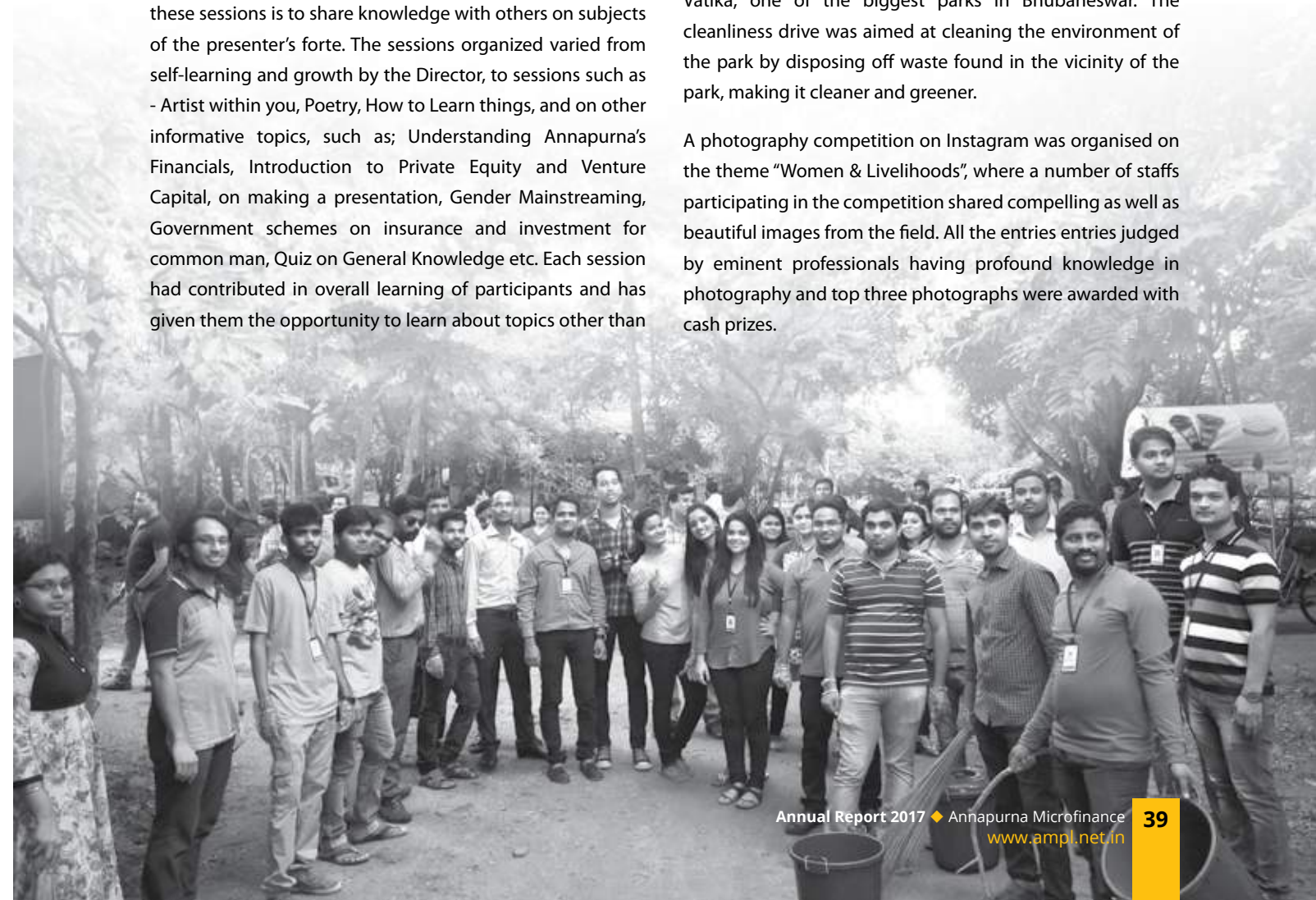
Employee Engagement Activities

The company during the year took an initiative to organize interactive and knowledge sharing sessions among its staffs on each Saturday. Saturday sessions are taken by the employees at AMPL for the other employees. The objective of these sessions is to share knowledge with others on subjects of the presenter's forte. The sessions organized varied from self-learning and growth by the Director, to sessions such as - Artist within you, Poetry, How to Learn things, and on other informative topics, such as; Understanding Annapurna's Financials, Introduction to Private Equity and Venture Capital, on making a presentation, Gender Mainstreaming, Government schemes on insurance and investment for common man, Quiz on General Knowledge etc. Each session had contributed in overall learning of participants and has given them the opportunity to learn about topics other than

the ones relating to working sphere.

While understanding the importance of "Swachh Bharat", team Annapurna took the initiative of cleaning Jayadev Vatika, one of the biggest parks in Bhubaneswar. The cleanliness drive was aimed at cleaning the environment of the park by disposing off waste found in the vicinity of the park, making it cleaner and greener.

A photography competition on Instagram was organised on the theme "Women & Livelihoods", where a number of staffs participating in the competition shared compelling as well as beautiful images from the field. All the entries entries judged by eminent professionals having profound knowledge in photography and top three photographs were awarded with cash prizes.





Internal Audit & Control Systems

In financial year 2016-17 as many as 94% of our total branches were audited at least once in every quarter, including both scheduled as well as surprise audits by the Auditors who in return carry out the branch and field audits as per the quarterly schedule prepared by audit managers at Head Office. On their visits, auditors check loan annexures and related documents and registers available in the branches scheduled from the last audit date. Field Visits are also conducted in order to check the process and regulatory deviations at the field and report their findings of inconformity with company's guidelines through the Audit Tool. The major findings are then shared with the Audit Team at HO. Policies and practices are followed and management takes appropriate and timely corrective action in response to internal control gaps identified by auditors. The team at HO presents the findings' report to the respective Zonal and Area Managers seeking a clarification for the reason for non-compliance and future course of action to address the findings within a specific period of time (usually ranging between 7 to 15 days). Team at HO keeps track of the compliance and visits the branches to look for the basic checkpoints, i.e., the current Findings of the Branch documents, field visits and the Compliance levels of the previous findings to check whether the issue has been resolved. The findings are later shared with the company's board of directors to provide them as well as senior management vital assurance of the quality of the company's internal control system. In doing so, the Internal Auditors ensure compliance with the guidelines and improvement in the operational process of the company.

New Initiatives

Audit Control Procedure

Year 2016-17 observed the setup of systematic and comprehensive Audit Control Procedures catering to the increasing operational coverage of the organization. The Internal Audit Department also implemented Monthly State Audit Committee Meetings for all the Zones with concerned departments to discuss over irregularities and devise solutions to address them. The Department has also initiated Audits to cover the procedural checks of all the functions at Head Office. The Internal Audit Department also conducts and maintains Client Feedback reports of random visit and analyses and suggests the required improvements in the different areas of operation.

Audit Tool

Audit tool was implemented this financial year, which has significantly made the whole reporting process convenient and handy for the auditors. Audit tool has reduced discrepancy in data due to standardizing the inputs in tablets at the time of auditing process and hence reduced the frequency of unresolved findings of fraudulence or other non-compliance at different branches. With the introduction of this tool, branches are assigned different grades on the basis of their compliance with the guidelines of the company. These grades determine the next action plan as devised by the management at Head Office to seek clarification as well as improving their performance.

Cloud Based Storage option

For the efficiency of record keeping, the Audit department has planned to implement a cloud based storage option for the ease of accessing real-time reports. Cloud storage will have all the Branch reports, Compliance reports and Analysis reports to be reviewed for a better delivery of result. For the process, we are in talks with some consultants and the same would be implemented by the next quarter.

Grievance Redressal Mechanism

The Grievance and Customer Feedback Cell has been strengthened by implementing an IVR system for recording and analyzing the nature of grievances received. A team of 6 professionals and a technical analyst has been appointed for the speedy and efficient resolution of the reported grievances. Additionally, tele-callers also make outbound calls to the clients in order to check their satisfaction level with the ongoing loan processes. Based on their feedback if the improvement in the process the existing operational procedures is felt, it is upgraded.

Internal Process Flow of Toll-free No & IVRS

- The client calls in the toll free helpline no. with some grievances or for any enquiry registration.
- The calls are forwarded to the Grievance cell
- Grievance calls are attended by the Grievance redressal team
- Grievances are recorded and classified as per criteria (Query, Service Request and Complaint).
- Based on nature of the classification, the grievances are forwarded to the concerned departments/officials.
- The concerned departments/ officials update the grievance team within 24 hours with the clarifications/solutions of the respective queries/service requests.
- The same gets communicated to the clients within the same day of complaint registration.
- The grievance status is updated by the grievance team as "open or closed".
- The open cases are continuously monitored by the grievance team and the clients are also conveyed the developments

- All the first tier calls right from the origination to closure/ escalation are recorded electronically and manually for future references and follow ups.
- Apart from the grievances, the team randomly makes feedback calls to check the quality of the services provided.

Escalation to the second tier of the grievance mechanism:

- If the cases are not resolved within 15 days, the cases are automatically escalated to the GRO by the system or from the clients' end.

Escalation to the final tier of the grievance mechanism:

- If still not redressed in the next 15 days, the cases are sent to the General Manager, Department of Non-Banking Supervision, RBI for his/her final decision.

The complaints and their types, frequencies and the areas from which they are registered are analysed and their call recordings are also monitored closely. Such analysis reports are also presented to the Board for their suggestions and

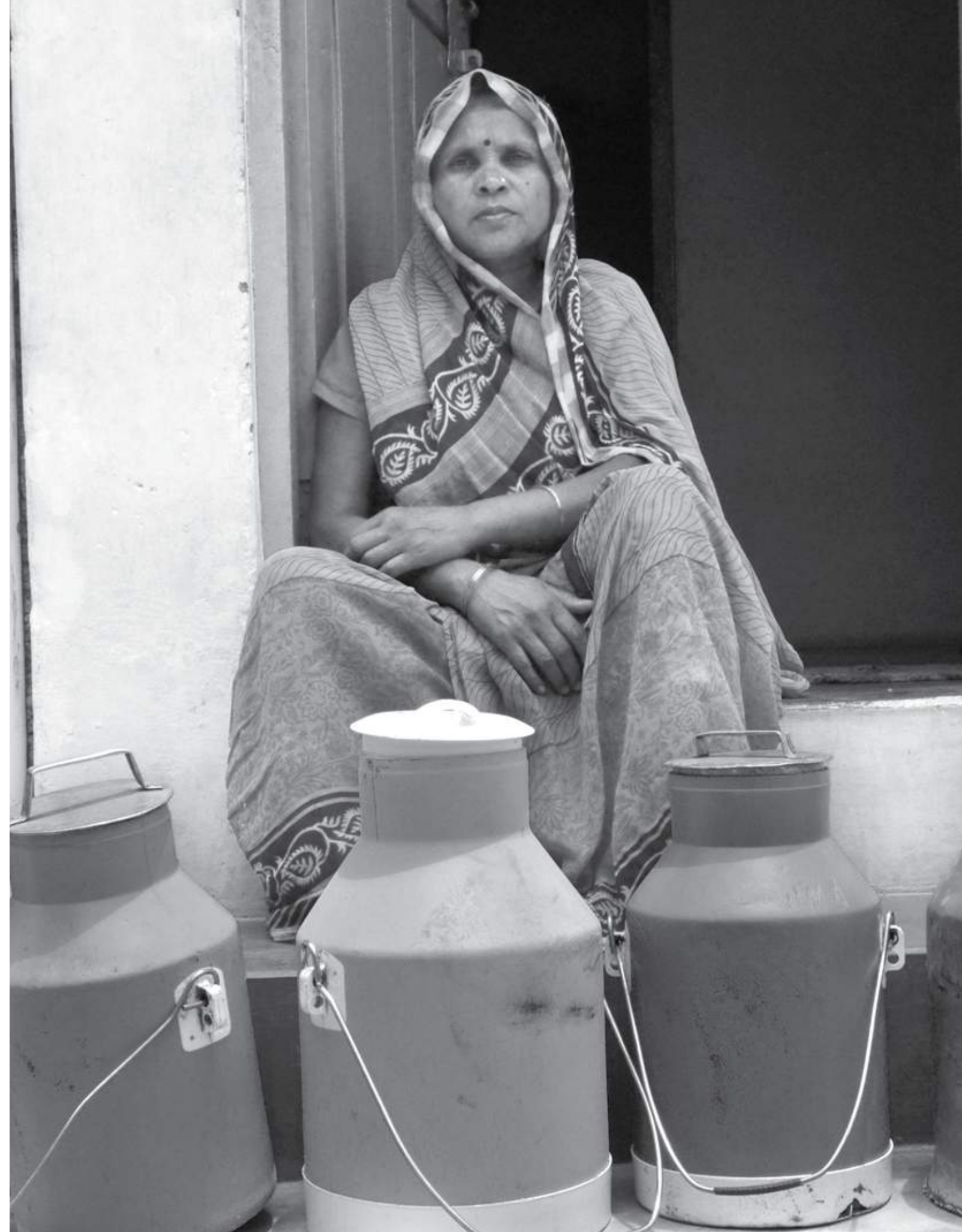
feedbacks on the same. These reports are shared with the MFIN on a quarterly basis to bring in more transparency in the existing processes.

Achievements this Financial Year

- Branch performance based Grading tool to allocate the risk and the improvement areas of the branches.
- Monthly State Audit Committee to account for the deviations and setting up of policies and regulations to minimize their frequencies and the associated risks they pose.
- H.O. Department Audits to check and mitigate the deviations found and strengthen the H.O. functions.
- Client Feedback reports to know the Client satisfaction levels of the organization's ongoing processes and the suggestions to counter the same.
- Grievance Redressal team enhanced with the responsibilities of recording, tracking and rectifying the grievances of the clients received at the earliest.

In the Pipeline

- A Cloud based Storage System to be implemented by the next quarter to access the real time Audit and Compliance reports.
- The Compliance Function of the Internal Audit to be strengthened by enhancing its team structure and its mechanisms to ensure 100% compliance of the deviations found at the grassroots and at the H.O. level.
- Feasibility checks of the Tab- based tools for the audit report generation for all the States in a phased manner.





Recovery App

- A new app has been introduced to collect the recovery amount from the clients enabling the FCO enter the collection details against daily demand as shown on his/her screen.
- The app is integrated with e-FIMO to receive the demand amount and hit the server with the data against this keeping the database in sync.
- The staff at all the 133 branches using the Form App irrespective of the version in use, have been trained for the same and using it for almost a couple of quarters now.
- The cases of no payment or partial payment can be noticed in the system as soon as the FCO captures the data in the field.
- Reporting has become more transparent, faster and less erroneous.

Tracking App

The usage of the application has provided Annapurna the ease and accessibility to track the staff movement at the field. The android-based application is being centrally monitored and managed from the Head Office, whereas the Zonal Managers of different states are also given with the access to track their respective employees, hence it helps in curbing the bottlenecks at controlling operational overheads.

- A toggle button has been added to the admin dashboard to switch on and off the app.
- Reports are being automated. There will be no need to extract the reports manually anymore.
- The concept of Sub-admins has been introduced so that all the Zonal Managers can directly track the managers in their respective zones and assign tasks to them too.
- Multiple formats of the reports are being introduced now.
- Files with any extension can be sent across to the dashboard as an attachment with the report.
- The latest upgrade now includes the feature of automated report generation at a predefined time which are shot to a set of predefined Email IDs.

Tech: Transformation

Time, human effort and managing a faultless database - Annapurna realizes the importance of these three critical factors which when managed well can multiply the growth of any MFI in the fiercely competitive environment. The total financial sector is going under a paradigm shift which sees the evolution of numerous dynamic entities coupled with an arsenal of AI and technological innovation. Following the trend, Annapurna has always set its mandate clear which is to make the operation as effective as possible with the introduction of new technologies and periodically updating the tools being used. This has invariably helped the team in managing the operation and systems in a more productive way.

The year under review has demonstrated various new technological interventions in the system which covers:

Android Application

- The app has been updated and all the three modules on the levels of the Field Credit Officer, the Branch Manager and the Appraisal Officer are now available for the branches operating on the JLG model too. The pilot has already started.
- New data validations have been applied to many fields in the forms that are critical to operations and various analyses at the management level. This reduces anomalies and enhances data accuracy.
- Certain new fields pertaining to the bank details of the clients have been introduced which would help operations going cashless in days to come.
- While uploading the data, the users at all the three levels can now choose which groups to be uploaded.
- All the newly opened branches are directly brought under the project.

- Out of the 133 branches under the project, 39 branches have already started using the new version of the app.
- Updating all the information before uploading it is a mandatory step so that the FCO essentially gets a chance to correct the erroneous data if he has mistakenly entered some wrong information.
- In the BM Rating/GRT and Appraisal modules, most of the fields are auto-populated addressing the issues of time taken during the process and data redundancy in the system.

Artoo

Annapurna during the year under review has partnered with Financial technology firm Artoo, to help improve the efficiency of its loan processing by piloting the loan application process through tablets. Annapurna will use Artoo's Intelligent Digital Loan Origination System, which would help to reduce the time taken to approve loans, minimizing human error at all levels and eliminating individual prejudice. Also, borrowers will know about their loan approval status on the field, which will further ensure trust and transparency amongst the field staff.

Artoo's digital platform will be deployed in AMPL's five branches of Odisha, followed by Chhattisgarh and Madhya Pradesh.

Geo-spatial Information System

GIS, short for Geospatial information system, is extensively used here at Annapurna. Primarily it is used to provide rich insights into data, formerly not possible. Data analysed spatially allows Annapurna to understand and target particularly those variables and regions that are the most potential ones, both impact-wise and budget-wise for the company. For example say you have a list of areas along with their OD percentages in a table. While you also have a map of the areas coloured according to their respective percentages with red and green for high and low percentage of overdue clients. It would seem obvious that the map is much more helpful, be it in the number of insights or its user friendliness.

Reports and maps are prepared for the perusal of both the Operations and the Risk department through which they conduct their routine day to day analysis. For each new potential branch, a map is prepared and printed that shows all the villages within a 30/20 km (depending on which is decided) radius from the branch as its centre. The villages are coloured in shades of green showing how prosperous the population is according to their respective shade of green used to colour it. The maps also contain detailing such as the road network, the number of households in each village, and the village names. This gives a high level of easy to access knowledge repository for the on field map user. Further in the future work is underway to take the complete mapping infrastructure online. Any required map would just be a button click away from the potential user. The maps would allow on-the-fly analysis such as extracting underlying data as an excel worksheet by just drawing an arbitrary circle or any shape the user desires on the canvas. This would allow for further speeding up and optimising the data analysis process as it would allow several individuals doing different personalised analysis in parallel. The online interface would also ensure privacy concerns as all the maps would be password protected and each user would be given access to only those maps as deemed necessary.

An Indicative Map



Avaamo

This is a business communication application roped in by Annapurna for its employees to interact and exchange important information instantly. Currently it is prominently being used by Credit and Technology Department for daily work related reporting. Besides, it's playing an able tool for the periodical surveys undertaken by Risk & SPM team. The application also used for the purpose of broadcasting awareness messages and sending important updated notification by the product department.

e-FIMO

- Credit Sanction Module has been introduced with the new version enabling the credit team to finally sanction the loan online. The Office Order can now directly be downloaded in the branch through e-FIMO.
- Approving of each member in the group separately to make the group available for BM Rating is not required anymore. The whole group can now be authenticated at one click.
- A stage for Reconsideration has been added to enable the branch to verify (approve or reject) the inclusion of the members with a valid proof.
- Out of the 133 branches under the project, 39 branches have already started using the new version of the app.
- CB check is done thrice a day at regular interval so that the branches know when they would receive the CB Report.
- In the coming upgrade there is going to be a provision of adding the members to a group at every stage before Credit Sanction.
- Demand Mapping can be done by the Branch Managers themselves in the frontend, thus making the branches more self-reliant.



Future Plans

KMS for Credit

With much appreciated success of the KMS for Audit, a KMS for Credit Department is also in the pipeline.

Integration of Cashless Disbursement System with e-FIMO

Cashless disbursement in Annapurna started later part of the FY 2016-17, soon after demonetization of big currency notes by the Govt and its aftermath effects. The transformation will soon to be covered in all of its states in the near future, which will then require the integration of e-FIMO.

Integration of e-KYC System with Form App

In the next version of the Form App, the provision of capturing e-KYC will be there which will significantly reduce human effort and improve data quality.



Risk Management

There is an inherent risk involved for financial institutions engaged in any kind of cash transactions. In case of MFIs, the risks are even multi-folded because of the collateral free nature of loan and vulnerable clientele it serves. Additionally with the kind of volatile environment an MFI operates in, impact of regulatory changes and political interference, the MFIs frequently have to deal with the risks of borrower default. Considering these inherent risks, if MFIs do not manage its risks well there are likely chances that they might fail to meet their social objectives. If they fail to meet their respective social objectives, that would result in financial losses which then lead to the loss of investor/lenders' confidence and thereafter the situation hampers the availability of funds. Annapurna, while dealing with all these inherent risks, have internally established a risk management framework/policy that helps the management in anticipating any such of credit, liquidity risks or avoiding any unexpected losses.

Annapurna has set aside a three-tier Risk Management Structure which are – Board Risk Management Committee, Management Risk Committee and a Risk Management Unit. Each structure has their defined share of responsibilities to foresee the risks involved in the operation, credit as well as liquidity specific matters. Risk strategies are approved by the board on a regular basis and is defined based on the company's strategic and capital plan and its risk appetite in order to align with the annual performance targets. To aid those strategies, the company is using multiple level of data – one of such initiatives include the installation of geo-mapping for accurate risk analysis. Using this methodology, the company gets to know about MFI concentration and credit nature of a particular area; these data then help in taking the right decision on branch expansion as well as overlooking sensitive areas.

Risk Monitoring

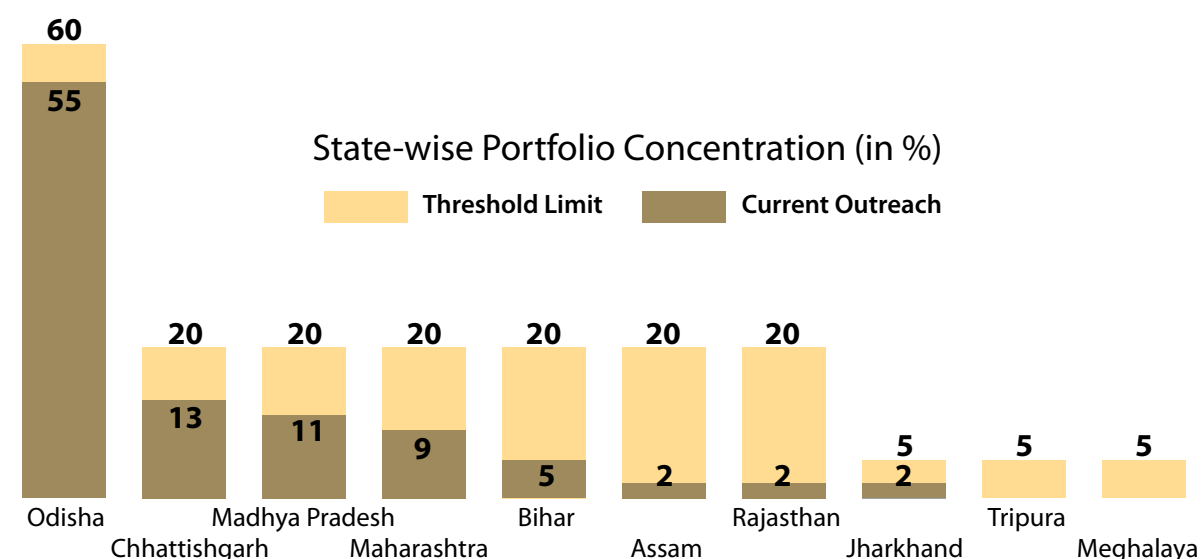
Furthermore, the company has developed a scoring tool that helps in evaluating the branch performance under different parameters. These parameters are periodically monitored in order to reach an unbiased judgement of branch performance. As a part of periodic risk assessment all the potential and actual risk events are being documented and dashboards are being developed to quantify and monitor the key risk indicators associated with those anticipated risk events. A threshold limit is set for each category and accordingly the

concentration is monitored. The threshold limit is set according to the number of years of operation in a particular geography. The portfolio concentration for Orissa has been reduced to 55% from 60% in last year. In addition to Annapurna's GLP concentration, industry penetration index is also monitored. Industry penetration along with Annapurna portfolio concentration is taken into account for business expansion and opening of new branches.

Concentration Norms

The company takes due interest when it comes to the case of portfolio concentration, where it monitors the overheated areas in two different ways – business expansion and excessive portfolio. Annapurna makes it sure that any plans of expansions to overheated areas are avoided, whereas it has

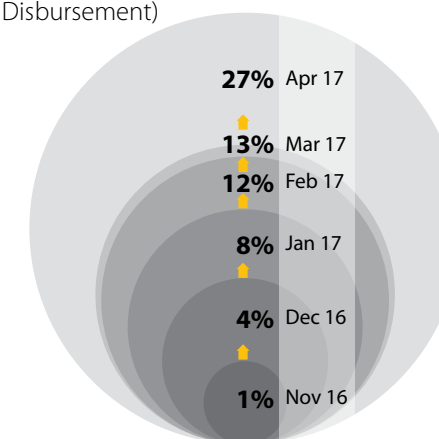
placed a strong appraisal and pre-recovery process to check the portfolio quality of those overheated areas. The branch scoring tool and the portfolio concentration dashboard provides a comprehensive index of credit and operational risk at the branch.



Fraud and robbery is of high priority inherent risk for an MFI. Although it can't be eliminated but through proper control measures its vulnerability can be reduced. Annapurna has a balanced fraud prevention strategy in place. This year, company has started cashless disbursement and collection to mitigate fraud and robbery. Annapurna has partnered with Oxygen Micro ATM for cashless collection. Cashless disbursement has been given priority with the aftermath effect of demonitisation in late 2016. Annapurna started this initiative from its North East operations and currently the cashless mode of disbursement has covered 139 branches; whereas as on March 2017 INR 45 Cr. has been disbursed through this alternate channel.

Cashless Disbursement Witnessed a Steady Increase after the impact of Demonetisation in late 2016

(as % of Total Disbursement)





Future Strategies

For the coming year the company is planning to decentralise its team in new zones/states to reduce TAT. The company is working on arranging in-house and external training programmes specifically on database management for credit analysis and decision making. The company is also planning to work with external agencies and consultancies on the new tools & parameters responsible for credit analysis. Also, the company is working on online Loan approval process to be expanded in all zones positively in the coming year.

With the changing dynamics and sectoral developments, Annapurna has come up with several initiatives in FY 16-17

- State Level credit committees made functional to

strengthen the Internal control and quicken the decision-making process

- Post demonetisation, the company has reviewed its credit policy and its team movement plan to keep track of eminent changes of the sector
- Automation of the Loan appraisal process in individual loan category to optimize TAT
- In-house training cum review sessions across different geographies /zones has been organised
- Integration of HCC process through online mode
- Management Team expansion across new business zone
- Processing of MEL Loan Application through new Application designed by Artoo

Credit and Appraisal

The Company has a dedicated department responsible for credit underwriting and monitoring loan sanction process. The Credit team comprises of appraisal officers and credit managers designated at various levels and in different states to look after appraisal process.

Strengthening Departmental Man-force

The Company considers its workforce to be its greatest asset. In the Fy 16-17, the Company conducted programs aimed at upgrading the Job-related skillset of its workforce at all levels. Across all states, the company has organised motivational cum knowledge workshops for credit managers and appraisal officers to orient the efficiency and outcomes at field. Also, to meet with the operational demand, the company has recruited professionals from different institutions, organisations and backgrounds deployed at various levels.

Operation Related Policy Intervention

In lieu of the demonetisation effect, the company has reviewed its credit policy to accompany the after effects of the sector. In various pockets of Madhya Pradesh and Maharashtra, the company has reviewed its lending policy and methodology to mitigate eminent risk and challenges of the sector. Also, credit managers and appraisal officers have made various visits to the delinquent clients for policy monitoring and execution.

Technological Interventions

In the year, several technical interventions have been taken to optimize TAT in loan approval/sanction process across different

loan products. The company has started to monitor it's on field team performance through usage of different applications.





Corporate Social Responsibility & Social Performance Management

Annapurna's primary objective is to provide financial services to the unbanked and underserved segments of the society, in a socially responsible manner. It has designed its objectives keeping in mind the responsibilities it has for the society it lives in. Having a double bottom line approach, it believes that CSR is not just a mandate by law, but it is also a way of improving the company by being more sensitive towards the society and also in putting forward the image of conducting "Greener" business operations.

From 2015 onwards, the board of AMPL has decided to dedicate a part of the organization profit for corporate social responsibility initiative. This is a step towards AMPL fulfilling its double bottom line promise through engagement in improvement and development of life of the stakeholders.

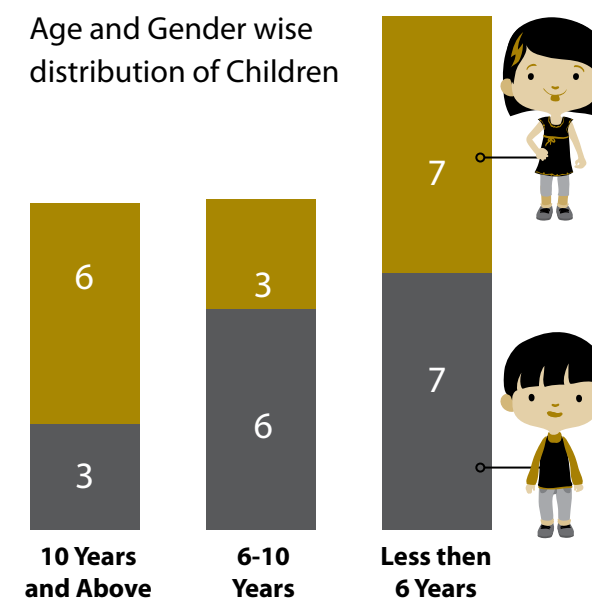
Aama Ghara

"Ama Ghar" is a children's home that was carved out of Mission ASHRA on Dec 25, 2015 with the objective of providing a congenial and open environment for the children to grow and blossom. "Ama Ghara" in Odiya dialect stands for "Our Home". It is a home to children of various mentally ill and destitute women that reside in ASHRA. The centre already has government approval as a children centre and AMPL provide the funding support for the smooth implementation of the project. Currently, it is a home to 32 children of different ages,

whose nutritional requirements, education, extracurricular skill building; such as painting, singing, dancing, instruments etc. by trained professionals, soft skills, etc. is taken care of through the CSR activities of Annapurna. Apart from this, various other events are organized for the children at *Ama Ghara*, such as painting competitions, etc.

The age wise distribution of the children from the centre is given below:

Age and Gender wise distribution of Children



A well trained group of personnel work diligently to take care of the physical, mental and academic improvement of the children staying there; along with the regular staffs, a group of tutors also help the children in learning. At present the centre has 1 centre-in-charge, 1 probation officer, 1 counsellor, 2 pharmacists, 1 storekeeper, 2 care takers, 2 cooking staffs and 1 guard. The centre tries to offer an enlightening growing experience to the children through nurturing their interests besides academic requirement. In last financial year, 18 children from the centre were reunited with their extended families. AMPL has extended a financial support of INR 27,42,373 to the centre in last financial year.

Annapurna Microfinance is doing its CSR activities by taking care of the health and other needs of the children of *Ama Ghara*, not because it is obligated, but also for the love for the society the company works in. Additionally, the staffs at Annapurna are also sensitive towards this noble cause, therefore most of the occasions are celebrated with the children of *Ama Ghara*.

Imparting Financial Literacy Trainings

Being a double bottom line company, it is imperative for us to be financially and socially responsible towards our clients. The complete gamut of our services other than providing credit facilities for income generating purposes include skill development trainings for our clients to have a sustainable

income. We additionally organize financial literacy trainings for our clients to inform them about the benefits of being a part of an SHG, on maintaining cashbook and encouraging internal lending and develop a culture of regular and timely repayment of their monthly installments.

They are also upskilled in managing their expenses and given technical input on individual's/group's economic activities to scale up and diversify their activities by diversifying their sources of income. Another important aspect of regular savings is demonstrated to help them be self-sustainable. FLTs are organized every month in all our operational branches spread across 10 states of the country. As many as 400 such trainings, benefitting 1200 SHGs have been organized in last one year.

Apart from the above, Annapurna also piloted Financial Literacy and Women Empowerment program along with

ACCION, under SIDBI-PSIG program supported by DFID to improve financial services for poor. About 12000 clients were benefited through trainings provided by the Master Trainers (MTs) in Odisha. These MTs were provided trainings on application of Information Communication Technology to train the SHGs and other clients through digital media, interactive games, mass awareness camps, role plays etc. Through this program, women's capacity to address financial and gender issues was also addressed by empowering them towards making their own decisions, on their rights and on efficient financial planning.

Social Performance Management

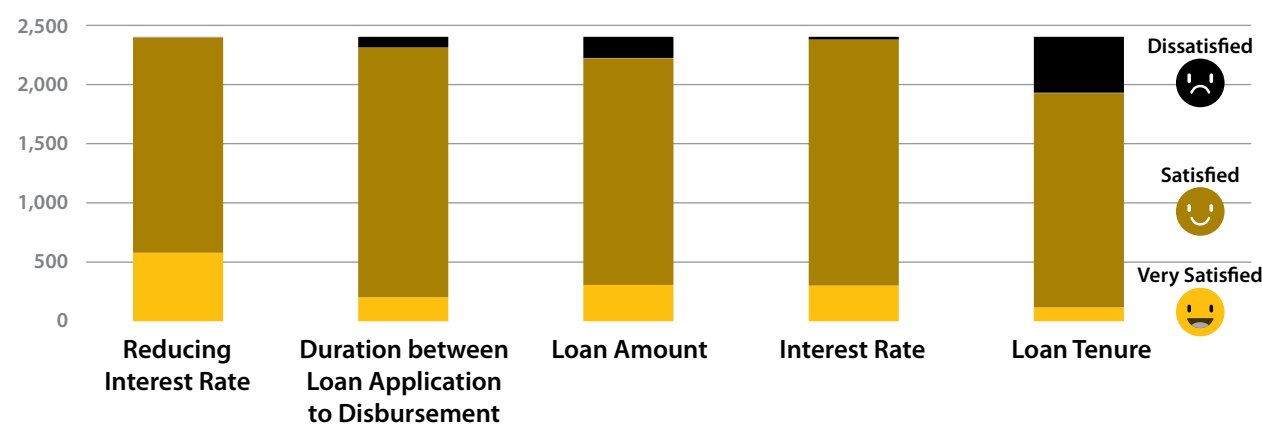
Annapurna shares a broader purpose of increasing financial inclusion and creating benefits for clients, beginning with reducing client vulnerability. Annapurna understands the importance of social development along with financial development and for the same reason the organization has social performance management inculcated in its DNA. Besides the company's flagship microfinance programme, social development is also an integral part of the company, and in order to sustain its commitment towards sustainable development the organization has a Social Performance Management Department.

Annapurna conducts its work in socially responsible, ethical and transparent manner to demonstrate commitment and respect towards all stakeholders including clients, employees, and their family. Its mission and vision is motivated towards social and financial development of communities. More importantly, products and services at Annapurna

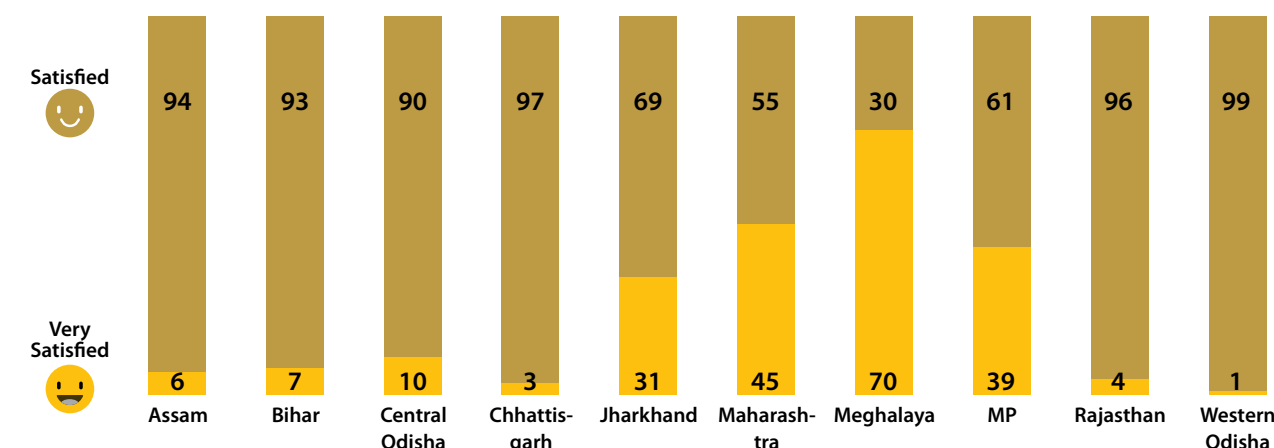
are designed as per the needs and preferences of its target clients. The following procedure is practiced at the time of designing of products and services:

- **Market Research:** Baseline surveys and market demand surveys for various products are undertaken to find out the needs of target clients and product refinement.
- **Client Feedback:** A comprehensive client feedback form is used by internal auditors to record feedback which is analyzed and is used for improvement of products and services. The report is also presented quarterly to SPM committee.
- **Client Satisfaction Survey:** It is an annual exercise conducted to find out the quality of services provided. To understand client's needs to contribute in development of new products. This year total 2,404 clients were covered from 9 operational states and the results are shown in the following graphs:

Client Satisfaction with Annapurna Loan Features

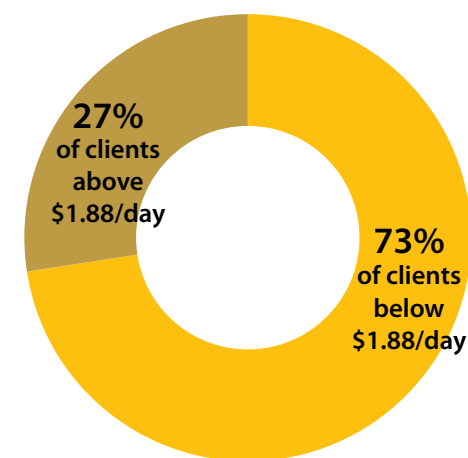


Client Satisfaction Survey from the States

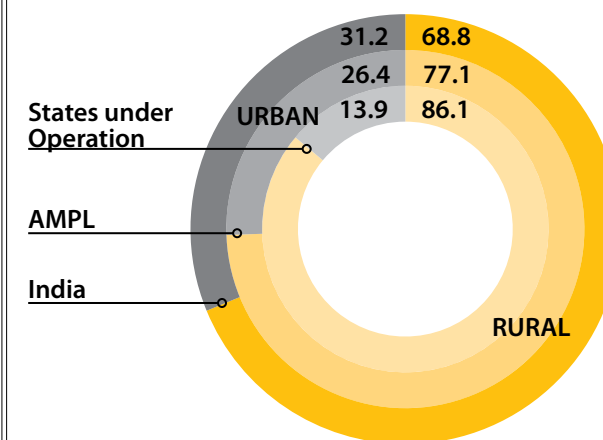


Social Characteristic of AMPL clients

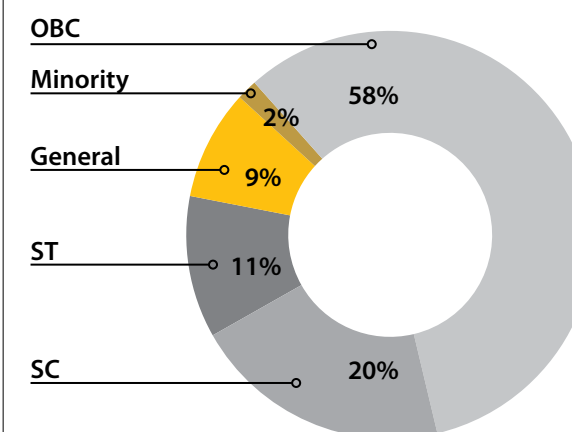
Poverty Profile of Clients using PPI (Aug, 2016)



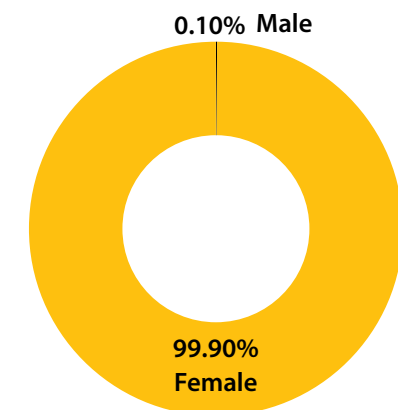
Rural and Urban Client Coverage in Percentage (Feb, 2017)



Caste Wise Coverage in Percentage (Feb, 2017)



Gender wise Active Clients (March, 2017)





DIRECTORS REPORT



To

The Members
M/s. Annapurna Microfinance Pvt. Ltd.
Khandagiri, Bhubaneswar- 751030

Your Directors have pleasure in presenting the Annual Report on the performance of the Company for the Financial Year ended 31st March, 2017.

1. Financial and Operational performance summary

The financial performance for the Financial year 2016-17 is summarized in the following table:

Particulars	FY 16	% of Revenue for FY 16	FY 17	% of Revenue for FY 17
Income				
Revenue from operations	142.98	95.21	231.09	93.38
Other income	7.19	4.79	16.38	6.62
Total income	150.18	100	247.47	100
Expenses				
Employee benefit expenses	31.32	20.85	53.36	21.56
Depreciation expense	1.51	1.01	2.42	0.978
Finance Costs	73.98	49.26	138.03	55.78
Provision for standard and non performing assets	5.05	3.36	9.23	3.73
Other expenses	10.01	6.66	15.47	6.25
Total Expenses	121.87	81.15	218.52	88.30
Profit before prior period expenses	28.31	18.85	28.95	11.70
Less: Prior Period Expenses (Net of Income)	0.00	0	0.00	0
Profit before Tax (PBT)	28.31	18.85	28.95	11.70
Total Tax Expenses	10.12	6.74	10.04	4.06
Profit After Tax (PAT)	18.19	12.11	18.91	7.64

During the financial year, the Revenue increased by ₹ 88.11 Crores and reached to ₹ 231.09 Crores as compared to previous financial year and registered a net profit of ₹ 18.91 Crores. The net worth of the Company reached to ₹ 170.37 Crores with reserves and surplus increased to ₹ 131.02 Crores.

Operational performance for the financial year 2016-17 is summarized below:

Year ended March 31	2015-16	2016-17	Percentage change
Number of branches	182	255	40.11
Number of members (in Lakhs)	6.24	8.97	43.75
Number of employees	1691	2175	28.62
Amount disbursed (Rs. in Crore)	1034.87	1,147.33	10.86
Portfolio outstanding (Rs. in Crore)	925.6	1,238.63	33.81

2. Regulatory highlights

The limit of the loans extended by Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) for which the tenure of the loan shall not be less than 24 months, has been raised to ₹ 30,000 from the earlier limit of ₹ 15,000.

RBI prudential norms: Due to the effect of demonitization and shortage of liquid cash, RBI has decided to provide an additional 60 days beyond what is applicable for the concerned regulated entity (RE) for recognition of a loan account as substandard. Further RBI on December 28, 2016 come up with revised norms, i.e. to provide 30 days, in addition to the 60 days provided as per the earlier norms.

Revision Pricing of Credit: Average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap. Processing fees on borrowings has been charged off up-front in the statement of profit and loss, is in compliance with the FAQ on NBFC- MFI issued by RBI.

3. 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 financial year ended 31st March, 2017 for the equity shareholders. Further as per Company's common shareholder's agreement dated 21st November, 2012, your Directors recommend a dividend at the rate of 9% per annum amounting to ₹ 16.76 Lakhs on the preference shares held by SIDBI for the financial year ended 31st March, 2017.

4. Reserves

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount equivalent 20% of the profit after tax (i.e. ₹ 3.78 Crores) has been transferred to Statutory Reserve.

5. Brief description of the Company's working during the year and State of Company's affair

Annapurna during the year strengthened its operations in more unreached areas with a network of 255 branches in its 10 operational states. The major focused area for the Company was to make its array of products available to its target clients. Doing so the company brought in technological innovation specifically for the micro-enterprise products, that makes the service delivery more efficient as well as in a effective manner. Understanding the importance of IT integration in the operations, it has over the years improved the smart phone application for real-time data capturing from the field, besides revamping its MIS to the optimum level. Also the company reinforced its tactics of decentralizing its operations as well as internal controls in its working states. The turnaround changes happened with the announcement of demonetization to some extent hampered the collections in Maharashtra and Madhya Pradesh. The company responded to the situation more tactfully and soon adopted the alternate mode of cashless disbursement in its operational states in the last quarter of FY 2017.

The company understands its nature of business, volatility of the sector and risk associated in it. The Company has organized a variety of training programs in the last one year for its staffs to keep themselves well-informed about the sector as well as regulatory changes and these programs will be significantly increased in the coming year as well. The company has some very constructive plans to diversify its product-base, widen its outreach in more no. of states and fasten the pace of cashless disbursement, so that it covers all of its operational areas.

6. Change in the nature of business, if any

Since the starting of its operation, the Company's only focus is to on lending to SHG finance. Apart from that, the Company has initiated to cater house improvement loans and individual loan to diversify its product array. However the Company is in lending business only and there is no change in the nature of Business.

7. Material changes & commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year to which the financial statements relates and the date of this report

There are no such Material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of this report like settlement of tax liabilities, major loan pre-closure, change in market or regulatory conditions, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets, change in the business, assets, condition (financial or otherwise) or results of operations of the Company taken as a whole which is likely



to have an impact on the business of the Company so as to reduce the value or the net worth of the Company by fifty percent (50%) or more of its total value as on the date hereof, the ability of the Company to conduct the business and to own or lease its respective assets and properties in substantially the same manner in which the business was previously conducted and such assets and properties were previously owned or leased and such change would materially affect the ability of the Company to carry on its respective business etc.

8. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

9. Details in respect of adequacy of internal financial controls with reference to the Financial Statements

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and to identify gaps, if any and to implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

10. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any subsidiary/ joint venture/associate Company during the financial year 2016-17.

11. Corporate Governance

A report on the Corporate Governance forms part of this report.

12. Managerial Remuneration

Details of managerial remuneration pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is mentioned below:

S No.	Particulars	Details
1	Ratio of remuneration of Directors to median salary of employees: a) Executive Director b) Managing Director	10:1 24:1
2	The percentage increase in remuneration of: a) Chief Finance Officer b) Chief Executive Officer c) Company Secretary	37.78% 61.31% 30.64%
3	Percentage increase in the median remuneration of employees in the financial year	24.50%
4	Number of permanent employees on the rolls of the Company	2175
5	Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year	24.50%
6	Average percentage increase in the managerial remuneration in the last financial year	43.24%
7	The Company has a remuneration policy and the remuneration is as per the remuneration policy of the company	Yes
8	No. of the employee draws salary prescribed in Rule 2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Nil

13. Corporate Social Responsibility

The CSR activities of the Company during the year 2016-17 as per the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules 2014, forms part of this report.

14. Deposits

The Company has not received or accepted any deposit and maintained its non-acceptance of public deposit NBFC status. The financials does not content any figures that come under the classification of deposits as specified under Chapter V of the Companies Act, 2013.

The Company has issued unsecured Debentures of INR 59,00,00,000 in the form of Non-Convertible Debentures (eligible for Tier II capital classification) which is exempted and does not fall under deposits.

There is no such unpaid or unclaimed amount as at the end of the year and the Company has not defaulted in payment of interest during the year.

15. Statutory Auditors

The Statutory Auditors of your Company, M/s. S. R. Batliboi & Co., Chartered Accountants, Kolkata, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Audit Committee & Board recommends the appointment of M/s. S.R. Batliboi & Co., as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

16. 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. The Auditors' Report forms part of the Financial Statements as on 31st March, 2017.

17. Share Capital

A) Issue of equity shares with differential rights, sweat equity shares and employee stock options: During the financial year, the Company did not issue any equity shares with differential rights, sweat equity shares and employee stock options.

B) Issue of Common Equity Shares: The Company has issued and allotted 49,68,063 nos. of ordinary equity shares to Oikocredit Ecumenical Development Cooperative Society U.A. through private placement basis.

C) Transfer of equity shares: Women's World Banking Capital Partners, LP (WWB) which is co-managed by Women's World Banking Asset Management (WAM) and Triodos Investment Advisory & Services BV (TIAS) has acquired 58,00,000 nos. of equity shares with 15.95 % stake through secondary sale from RIF East 2 at the agreed price INR 87 per share with the investment of INR 50.46 Crores.

D) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees: The Company did not make any provision of monies for the purchase of, or subscription for, shares in the company or its holding company, if the purchase of, or the subscription for, the shares by trustees is for the shares to be held by or for the benefit of the employees of the company, So the provision as provided in rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 is not applicable to the Company.

18. Secretarial Audit Report

The Secretarial Audit conducted by M/s. Gopinath Nayak & Associates, Company Secretary in practice and its report forms part of this report.

19. Extract of the annual return

An extract of the annual return in Form MGT- 9 forms part of this report.

20. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as required under the provisions of Section 134 of the Companies Act, 2013 in respect of conservation of



energy and technology absorption, your Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken.

Foreign Exchange Earnings and outgo

Foreign exchange earnings and outgo	Amount in INR
Foreign Exchange earning Inflow	Nil
Foreign Exchange Outflow	6,69,142

21. Information Technology

Your Company is extensively using information technology in its operations to monitor and control different activities. The Company is using a web version to store its Management Information System and TAB based application for loan proposals. Apart from that, Company has also procured a HR module software to maintain its database. Activities like loan processing, Accounts, HR and MIS are technologically driven, obtained from third party providers with proper security.

Pursuant to the RBI Master Directions on Information Technology Framework for the NBFC Sector dated. June 08, 2017 to enhance safety, security, efficiency in processes leading to benefits for the Company and its customers. In this regard, the Company is planning to conduct a formal gap analysis between its current status and stipulations as laid out in the circular and will put in place a time-bound action plan to address the gap and comply with the guidelines. The focus of the proposed IT framework will be on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing.

22. Directors

A) Changes in Directors and Key Managerial Personnel during the year 2016-17

- Mr. T. H. R. Samad was nominated by SIDBI to the Board of the Company and he replaced Mr. Ashok Ranjan Samal.
- Mr. Florian Christoph Grohs and Mrs. Christina Stefanie Juhasz were nominated to the Board by Oikocredit and WWB CP respectively.
- Mr. Ashok Ranjan Samal was appointed as Independent Director.
- Mr. Sarath Naru was inducted to the Board as alternate to Mrs. Laetitia Counye, Nominee Director BIO.
- Mr. Aditya Bhandari, Nominee Director (representing RIF East 2) ceased to be the Director on withdrawal of nomination by RIF East 2.

A brief table is given below on the details of change in Board:

Sl No	Name	Designation	Date of Appointment	Date of Resignation
1	Mr. Ashok Ranjan Samal	Nominee Director	24/09/2015	14/09/2016
2	Mr. T. H. R. Samad	Nominee Director	04/10/2016	N.A.
3	Mr. Florian Christoph Grohs	Nominee Director	21/06/2016	N.A.
4	Mrs. Christina Stefanie Juhasz	Nominee Director	30/11/2016	N.A.
5	Mr. Ashok Ranjan Samal	Independent Director	17/10/2016	N.A.
6	Mr. Sarath Naru	Alternate Director	21/06/2016	14/02/2017
7	Mr. Aditya Bhandari	Nominee Director	20/07/2012	30/11/2016

B) Declaration by an Independent Director(s) and re- appointment, if any

A declaration from all Independent Director(s) that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has been obtained and placed before the Board.

Further Mr. Krishna Kumar Tiwary and Mr. Sean Leslie Nossel have been re-appointed as Independent Director for another term of 5 years.

23. Number of meetings of the Board of Directors

During the period the Board met five times (i.e. on 10th May, 2016, 21st June, 2016, 14th September, 2016, 30th November, 2016 and 15th February, 2017) which is in compliance with the Companies Act, 2013.

24. Particulars of loans, guarantees or investments under section 186

The Company is a Non-Banking Financial Companies classified as NBFC-MFI and the principle business of the Company is to provide loan. Hence, Section 186 will not applicable to your Company. The Company has not entered into any such transaction as prohibited under section 186(1) and 186(2).

25. Particulars of contracts or arrangements with related parties

During the year, the Company has not entered into any contracts/ arrangements with related parties referred to in section 188(1) of the Companies Act, 2013 including certain arms length transactions. Hence disclosure in Form AOC- 2, pursuant to section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable.

26. Directors' Responsibility Statement

As per Section 134(3)(c) of the Companies Act, 2013, the Board of Directors hereby states that

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company and the profit and loss at the end of this financial year;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts has been prepared on a going concern basis and had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

27. Acknowledgements

Your Directors would like to express their appreciation for the assistance and cooperation received from the Financial Institutions, Banks, Government Authorities, customers, vendors, Auditors and members during the financial year. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staffs and workers.

For and on behalf of the Board of Directors
Annapurna Microfinance Pvt. Ltd.

Sd/-

Gobinda Chandra Pattanaik
Managing Director

Place: Bhubaneswar
Date: 21st June, 2017

Report On Corporate Governance (2016-17)

1. Company's Philosophy on Code of Governance

Annapurna firmly believes in and has consistently endeavored to practice good corporate governance. Your Company believes that governance principles of the highest standard would enhance its reputation as a growing microfinance institution. It follows a sound governance process, consisting of a combination of best business practices, resulting in enhanced shareholders value and enabling 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.

2. Board Strength & Representation

2.1 Composition and Category

The composition of the Board is in conformity with the Companies Act, 2013. As on 31st March, 2017, The Board consists of 11 Directors, 82% of the Board consist of Non-Executive Directors. Out of which 3 (Three) are Independent Directors and 6 (Six) Nominee Directors.

Name of the Director	Category
Mr. Gobinda Chandra Pattanaik	MD cum Chairman
Mr. Dibyajyoti Pattanaik	Director
Mr. Krishna Kumar Tiwary	Independent Director
Mr. Sean Leslie Nossel	Independent Director
Mr. T.H.R. Samad	Nominee Director
Mr. Ashok Ranjan Samal	Independent Director
Mrs. Laetitia Counye	Nominee Director
Mr. Florian Grohs	Nominee Director
Mrs. Christina Juhasz	Nominee Director
Mr. R. V. Dilip Kumar	Nominee Director
Mr. Sarath Naru	Alternate Director

The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner.

2.2 Category and Attendance of Directors

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in other Companies are given below:

Director	Category	No of Board meeting attended	Attendance on AGM (21/06/2016)	No. of Directorship held in other Companies
Mr. Gobinda Chandra Pattanaik	Managing Director cum Chairman	5	Yes	Nil
Mr. Dibyajyoti Pattanaik	Director	5	Yes	Nil

Mr. Krishna Kumar Tiwary	Independent Director	5	Yes	Nil
Mr. Sean Leslie Nossel	Independent Director	4	No	Nil
Mr. T.H.R. Samad	Nominee Director	3	N.A.	Nil
Mr. Ashok Ranjan Samal	Independent Director	3	No	Nil
Mrs. Laetitia Counye	Nominee Director	1	No	Nil
Mr. Florian Grohs	Nominee Director	4	Yes	Nil
Mrs. Christina Juhasz	Nominee Director	2	N.A.	Nil
Mr. R. V. Dilip Kumar	Nominee Director	4	Yes	3
Mr. Sarath Naru	Alternate Director	2	No	N.A.
Mr. Aditya Bhandari	Nominee Director	4	Yes	N.A.

2.3 Disclosure of relationship between directors inter-se

None of the Directors of the Company are related to each other.

2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share or convertible instrument of the Company.

2.5 Information Placed before the Board

The Board has complete access to all the information of the Company, including inter-alia, the information to be placed before the Board of Directors as required under the Listing Regulations. The important decisions taken at the Board/ Board Committee Meetings are communicated to the concerned Departments/ Divisions of the Company.

2.6 Evaluation of the Board

The Nomination & Remuneration Committee have evaluated the performance of each Director, the Board and various committees for the financial year ended 31st March, 2017. The evaluation of the performance of each Director was based on level of participation in meetings, understanding the roles & responsibilities, understanding the strategic issues and challenges in the Company. The evaluation of the Performance of Board was based on board composition, experience & competencies, understanding of business and competitive environment, quality of discussions at the board meetings, time spent by the board on the Company's long term goals and strategies. The Independent Directors at their meeting also discussed the performance of the Executive and Non-Executive Directors including the Chairman of the Board. Based on the above broad parameters, the effectiveness of the Board and its Committees were found satisfactory.

2.7 Independent Directors and Familiarization Programme

Independent Directors have submitted a declaration that they meet the criteria of Independence as per the provisions of Companies Act, 2013. The Company also has an ongoing familiarization programme for its Independent Directors, with the objective of familiarizing them with the Company, its operations and business model, nature of the industry and environment in which it operates, the regulatory environment applicable to it and also the roles, rights and responsibilities of Independent Directors.

3. Board Procedure and Conduct

The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to arrive at appropriate decisions. The agenda and related information is circulated in electronic form through mail. This has reduced paper consumption, thereby enhancing the sustainability efforts of the Company.

At Board Meetings, the Managing Director & CEO apprises the Board on the overall performance of the Company. The Board also, inter alia, reviews the strategy, annual business plan and capital expenditure budgets, quarterly, half-yearly and annual

financial results, compliance reports on all laws applicable to the Company, EHS (Environment, Health and Safety) performance of the Company, people, process matters, minutes of meetings of Committees of the Board. In addition, the Board is kept informed of all major events and other information as required from time to time.

4. Committees of the Board

a) Audit Committee

The Audit Committee functions according to its Charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Discuss and review with the management the annual/ half yearly/ quarterly financial statements and the auditor's report thereon, before submission to the Board for approval.
- Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post audit discussion to ascertain any area of concern.
- Hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems, including the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower mechanism.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements, including the Code of Conduct for the Company and its subsidiaries.
- Oversee financial reporting controls.

Composition and Attendance during the year

Name of Member	Category	No of meeting attended
Mr. Krishna Kumar Tiwary, Chairman	Independent Director	4
Mr. R. V Dilip Kumar	Nominee Director	4
Mr. Sean Leslie Nossel	Independent Director	3
Mr. Ashok Ranjan Samal	Independent Director	1

The committee recommends various issues to the Board for their approval. However there is no such instances where the Board had not accepted any recommendation of the Audit Committee.

b) CSR & SPM Committee

The Terms of reference of the Committee is as follows:

Formulate and recommend to the Board, a CSR & SPM Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act.

Recommend the amount to be spent on the CSR activities.

Monitor the Company's CSR & SPM Policy periodically.

Oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible corporate citizen.

Oversee activities impacting the quality of life of various stakeholders.

Monitor the CSR & SPM Policy and expenditure of material subsidiaries.

Attend to such other matters and functions as may be prescribed from time to time.

Composition and Attendance during the year

Name of Member	Category	No of meeting attended
Mr. Gobinda Chandra Pattanaik, Chairman	Managing Director	1
Mr. Dibyajyoti Pattanaik	Executive Director	1
Mr. Sean Leslie Nossel	Independent Director	1
Mr. Ashok Ranjan Samal	Independent Director	0

c) Nomination & Remuneration Committee

The term of reference of the Committee is as follows:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
- To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To ensure remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Composition and Attendance during the year

Name of Member	Category	No of meeting attended
Mr. Krishna Kumar Tiwary, Chairman	Independent Director	3
Mr. Sean Leslie Nossel	Independent Director	3
Mr. Gobinda Chandra Pattanaik	Managing Director	3
Mr. Ashok Ranjan Samal	Independent Director	0

d) Risk Management Committee

The terms of reference of the RMC are as follows:

- Approve the Risk Management Policy and plan integration through training and awareness programmes.
- Approve the process of risk identification.
- Set up risk strategy policies, including agreeing on risk tolerance and appetite levels, recognizing contingent risks,

inherent and residual risks.

- **Monitor the Company's compliance with the risk structure. Assess whether the current exposure to the risk it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis.**

To approve major decisions affecting the risk profile or exposure and give appropriate directions.

To consider the effectiveness of decision making process in crisis and emergency situations.

Balance risks and opportunities.

Composition and Attendance during the year

Name of Member	Category	No of meeting attended
Mr. Gobinda Chandra Pattanaik, Chairman	Managing Director	4
Mr. Florian Grohs	Nominee Director	1
Mrs. Christina Juhasz	Nominee Director	1

5. Details of Establishment of Vigil Mechanism for Directors and Employees

The Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

6. Disclosures

- **There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. During the year, there were no materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors, the KMP, the management or relatives, or other designated persons, that may have a potential conflict with the interests of the Company at large.**
- **The Company has complied with the requirements of the Stock Exchanges, SEBI and statutory authorities on all matters related to the capital markets during the year. No penalty or strictures were imposed on the Company by these authorities.**
- **The Company has a well defined risk management framework in place. The Company periodically places before the RMC and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.**
- **All the mandatory and non mandatory disclosures/information for stakeholders are shown in the Company's website.**

7. 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.

Management Discussion and Analysis

FY 2016-17 can be considered to be another successful year in the Microfinance Space with the consolidation being seen in the sector with the conversion of top MFIs to SFBs and some other MFIs being taken over by the banks. Although post November after demonetization the growth rate subdued to a certain extent due to the cap on cash withdrawal limits and cash crunch being faced by the system as a whole. The impact was significant as MFIs did follow the cash based model of disbursement and collection. But, the industry also took the government initiative of digitization as a positive stride and started cashless disbursement. The industry bounced in the fourth quarter with the disbursement returning to the normal level. As the industry have always believed in responsible and fair lending practices in the most transparent manner, the road to financial inclusion have been firmly put as the foremost priority.

It was also seen that market has matured a lot as compared to a scenario present five year back but it is also true that the potential is still huge and large scope is there to innovate and deliver through tailor made product suiting the customer's needs. Maturity is also evident in the behavioural pattern of clients towards their repayment capacity and increase in their intake capacity. Clients are now also interested to have short term loans taking care of their emergency/consumption needs in addition to the income generating loans.

As the MFIs are maturing their cost of funds have also come down with better investment grade rating and, in turn, it had resulted in bringing down the interest rate for end-use customers. They have also been helped by the lowering of interest rate regime. They have also been supported well by Public Sector Banks, Private Banks, Financial Institution, Foreign Institutional Investor, NBFC etc. Further I would like to acknowledge that the domestic debt funding have been steady as usual for MFIs, foreign institutional investors have continuously been supportive for providing funds for product diversification and growing new asset class.

As the industry traditionally followed cash based model, demonetization hit us hard too with sudden increase in PAR levels. This was mainly due to the withdrawal of high value notes and limited supply of new currency, which directly affected borrower's cash flow. On the positive side, demonetization drive has given a sudden push to the MFI sector to move towards cashless mode of operation and have also showcased their resilience and adaptiveness to external factors. This transformation to alternate cashless method of delivery is expected to bring in greater transparency in the sector and enhance the risk management system over the long-term perspective. Focus on financial literacy initiatives, increased enablement of cash-in/cash-out points in remote areas using biometric authentication, growth in digital transaction infrastructure with new age banks and UPI will all be key drivers of change in the days to come.

Microfinance institutions will have to experiment with a few models and fine tune ways to enable their customers on a digital transaction platform leveraging the penetration of mobile phones. This will also entail focus on the technology backbone of the microfinance institutions themselves to facilitate and monitor the increasing volume of transactions.

For Annapurna Microfinance Pvt. Ltd.

Sd/-

Gobinda Chandra Pattanaik
Managing Director



CSR Activities during the Year 2016-17

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Annapurna Microfinance Pvt. Ltd. is working diligently towards its double bottom line philosophy through the years. Besides its regular activities under social performance management, Annapurna also contributes fund for CSR activities. For streamlining the process of CSR activities, company formulated a CSR policy in February, 2015. The policy is in compliance with the Companies' Act, 2013.

The focus areas, as mentioned in the policy, where Annapurna may intervene under CSR includes:

- **Promotion of education, awareness campaigns, child welfare & rehabilitation of differently-abled, gender equality, empowering women and employment enhancing vocational skills,**
- **Community development, health care, sanitation, reducing child mortality and improving maternal health, combating human immune deficiency virus, acquired immune deficiency syndrome, malaria and other diseases; and eradicating extreme hunger and poverty,**
- **Ensuring environmental sustainability & setting up social business projects,**
- **Contribution to Prime Minister's National Relief Fund or other fund set up by the Government for socio-economic development, relief & welfare etc.**

The policy also provide regulation for defining roles and responsibilities of CSR committee, process of undertaking CSR activities and also for spending of the mandatory CSR fund.

For transparency the CSR policy is already displayed on the company website. The same can be accessed through the link: <http://ampl.net.in/wp-content/uploads/2017/06/CSR-Policy.pdf>

In FY 2016-17, Annapurna committed CSR obligation for Aama Ghara, a children's home run by People's Forum. The CSR fund was given for overall development of the children and the expenditure head included Rent & Electricity, Food and Nutrition, Education, Medical Expense, Clothing, Recreational activities, Sanitation, Administrative Exp and Contingency. In the beginning of the financial year the number of children in the home was 35; 2 children were reunited with their families till date and efforts are being put so that the children can be settled in a family through adoption facility. Currently the centre has 32 children and a team of 10 managing the system. The team includes 1 superintendent, several caretakers, dedicated cooks, pharmacists and guard. This year, besides funding Aama Ghara, Annapurna plans to get engaged in multiple projects through CSR under healthcare, community development, education etc.

2. The Composition of the CSR Committee

The CSR Committee consists of four member out of which two members are Independent Directors and other two are Whole Time Directors.

1	Mr. Gobinda Chandra Pattanaik (Managing Director)	Chairman
2	Mr. Sean Leslie Nossel (Independent Director)	Member
3	Mr. Dibyajyoti Pattanaik (Executive Director)	Member
4	Mr. Ashok Ranjan Samal (Independent Director)	Member

3. Average net profit of the company for last three financial years

Year	FY 14	FY 15	FY 16
Adjusted Net Profit (INR in Lakhs)	621	452	2830

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

Average Net Profit (INR in Lakhs)	1301.00
CSR amount to be spend as per CA, 2013 (INR in Lakhs)	26.02



5. Details of CSR spent during the financial year

Total amount to be spent for the financial year: Rs.26.02 lakhs

Amount unspent, if any; Nil

Manner in which the amount spent during the financial year is detailed below:

CSR project or activity identified	Sector in which the Project is covered	Projects 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project wise (INR)	Amount spent on the projects Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto Reporting period	Amount spent Direct or through implementing agency
Aama Ghara	Child Welfare	Khurda District of Odisha State	27,42,373	Table - 1	27,42,373	Through People's Forum
Total			27,42,373		27,42,373	

Table 1:

Expense	Amount (in ₹)
Rent & Electricity	3,37,920
Food and Nutrition	9,29,280
Education	3,60,507
Medical Expense	1,40,800
Clothing	1,32,000
Recreational activities	29,333
Sanitation	14,667
Administrative Exp	7,83,200
Misc & Contingency	14,667
Total Annual Expense	27,42,373

Details of implementing agency:

People's Forum since its inception in 1989 is committed to provide a platform for the vulnerable and deprived section of the community whose voices have remained unheard, rights ignored and basic entitlements not accomplished. Therefore, the main focus has been to create sensitization and awareness among people, mobilizing youth and working towards people's collectives to let them realize their entitlements and strive to access those. With changing development context and people's knowledge and graduated need, the organization has always relooked its strategic mandate and supported education, livelihood, financial inclusion, health and sanitation services. It has always reset its course to reinforce its commitment to the issues of human rights and poverty alleviation. In this light the organization has, in the last 25 years, been expanding its gamut of activities based on the needs of

the people. It adheres to an approach which is subject specific and works with a strategic framework predominantly in a mission mode to address the diverse problems i.e. poverty, gender, caste discrimination, vulnerability and deprivation. In its effort to work towards inclusive development, the organization has worked in varied sectors targeting diverse groups by designing need based project interventions. To achieve efficiency people's Forum has categorized its programs in 5 core thematic areas: women & child development, health, agriculture & food security, youth & adolescent and environment & renewable energy.

The organization is registered under the Registration of Society Act 1860 and was registered in the year 1990. People's Forum is associated with foreign organizations as well and for that purpose People's forum is also registered under the Foreign Contribution (Regulation) Act 1976 in the year 1995. Our other registrations include the following:

- **80G under Income Tax Act**
- **12 A of Indian Income Tax Act**
- **Registered under Disability Act**
- **Registered under Juvenile Justice Act**

People's Forum currently has a staff of more than 350 employees and has 40 branches in 16 districts of Odisha State.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

It is hereby declared that the implementation and monitoring of CSR activities of the Company is in compliance with CSR objectives and Policy of the Company.

For Annapurna Microfinance Pvt. Ltd.

Sd/-
Gobinda Chandra Pattanaik
Chairman, CSR Committee

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN**

(As on financial year ended on 31.03.2017)

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U52234OR1986PTC015931
2	Registration Date	30/04/1986
3	Name of the Company	Annapurna Microfinance Private Limited
4	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company Non Deposit Taking- Non-Banking Financial Company - Micro Finance Institution
5	Address of the Registered office & contact details	HIG-97, Dharma Vihar, Khandagiri, Bhubaneswar - 751030, Odisha Mobile No: 8280336010, E-Mail Id: subrat@ampl.net.in
6	Whether listed company	Listed Company- Debt Instrument listed in Bombay Stock Exchange
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	1. Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot no. 31- 32, Gachibowli, Financial District, Nanakramguda , Hyderabad - 500 032 Tel No: 040 67162222, Fax No: 040 23001153 2. NSDL Database Management Limited 4 th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Phone: 022 4914 2591

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Revenue from operation of On-Lending to SHG Groups and earning of interest thereon	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANY:

The Company do not have any holding/subsidiary or Associate Company

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**a. Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31 March 2016)				No. of Shares held at the end of the year (As on 31 March 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	Nil	63,58,931	63,58,931	20.26	Nil	63,58,931	63,58,931	17.50	-2.76
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total of (A) (1)	Nil	63,58,931	63,58,931	20.26	Nil	63,58,931	63,58,931	17.50	-2.76
(2) Foreign									
a)NRIs– Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)Other– Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e)Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total of (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)									
(A) (1) +(A) (2)	Nil	63,58,931	63,58,931	20.26	Nil	63,58,931	63,58,931	17.50	-2.76

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	28,24,151	28,24,151	9.00	Nil	28,24,151	28,24,151	7.77	-1.23
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	56,01,853	56,01,853	17.85	Nil	56,01,853	56,01,853	15.41	-2.44
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	1,65,96,220	1,65,96,220	52.89	Nil	2,15,64,283	2,15,64,283	59.33	6.44
Sub-total (B)(1)	Nil	2,50,22,224	2,50,22,224	79.74	Nil	2,99,90,287	2,99,90,287	82.51	2.77

2. Non-Institutions									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	2,50,22,224	2,50,22,224	79.74	Nil	2,99,90,287	2,99,90,287	82.50	2.76
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	3,13,81,155	3,13,81,155	100	Nil	3,63,49,218	3,63,49,218	100	

b. Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Gobinda Chandra Pattanaik	62,92,731	20.05	0	62,92,731	17.32	0	-2.73
2	Dibyajyoti Pattanaik	66,200	0.21	0	66,200	0.18	0	0.03
	Total	63,58,931	20.26	0	63,58,931	17.50	0	-2.76

c. Change in Promoters' Shareholding

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of company	No. of shares	% of total shares of company
1.	At the beginning of the year	63,58,931	20.26	63,58,931	17.50
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Nil		Nil	
3.	At the end of the year	63,58,931	20.26	63,58,931	17.50

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of company	No. of shares	% of total shares of company
1	RIF East 2	85,68,497	27.30	27,68,497	7.61
2	Belgian Investment Company	80,27,723	25.58	80,27,723	22.08
3	Small Industries Development Bank of India	10,00,000	3.19	10,00,000	2.75
4	SIDBI Trustee Company Limited	56,01,853	17.85	56,01,853	15.41
5	DCB Bank Ltd.	18,24,151	5.81	18,24,151	5.02
6	Oikocredit Ecumenical Development Cooperative Society U.A.	Nil		49,68,063	13.67
7	Women's World Banking Capital Partners, LP	Nil		58,00,000	15.95
	At the end of the year	2,50,22,224	79.73	2,99,90,287	82.49
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	1) 49,68,063 nos. of equity shares allotted to Oikocredit on 25/05/2016. 2) 58,00,000 nos. of equity shares transferred by RIF East 2 to Women's World Banking Capital Partners, LP on 30/11/2016.			

e. Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of company	No. of shares	% of total shares of company
	At the beginning of the year				
1.	Gobinda Chandra Pattanaik, Managing Director cum CEO	62,92,731	20.05	62,92,731	17.32
2.	Dibyajyoti Pattanaik, Director cum CFO	66,200	0.21	66,200	0.18
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	63,58,931	26.26	63,58,931	17.50

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.
(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	81,184.27	4,200.00	-	85,384.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,255.31	-	-	1,255.31
Total (i+ii+iii)	82,439.58	4,200.00	-	86,639.58
Change in Indebtedness during the financial year				
Addition	39,332.60	6,112.00	-	45,444.60
Reduction	-	-	-	-
Net Change	39,332.60	6,112.00	-	45,444.60
Indebtedness at the end of the financial year				
i) Principal Amount	1,20,516.87	10,312.00	-	1,30,828.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,679.80	-	-	1,679.80
Total (i+ii+iii)	1,22,196.67	10,312.00	-	1,32,508.67

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Gobinda Chandra Pattanaik, MD	Dibyajyoti Pattanaik, WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	59,28,334	24,63,464	83,91,798
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total (A)	59,28,334	24,63,464	83,91,798
	Ceiling as per the Act			

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	K. K. Tiwary	Sean Leslie Nossel			Ashok R Samal	
	Fee for attending board & committee meetings	160000	200000			70000	430000
	Commission	Nil	Nil			Nil	0
	Others, please specify	Nil	Nil			Nil	0
	Total (1)	160000	200000			70000	430000
2	Other Non-Executive Directors	T. H. R. Samad	Florian Grohs	Christina Juhasz	R. V. Dilip Kumar	Laetitia Counye	
	Fee for attending board & committee meetings	0	0	0	0	0	0
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0
	Total (B)=(1+2)	-	-	-	-	-	430000
	Total Managerial Remuneration	0	0	0	0	0	0
	Overall Ceiling as per Act	0	0	0	0	0	0

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) Income-tax Act, 1961	59,28,334	24,63,464	8,78,860	92,70,658
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	59,28,334	24,63,464	8,78,860	92,70,658

Key Managerial Personnel: 1. CEO- Mr. Gobinda Chandra Pattanaik
2. CFO- Mr. Dibyajyoti Pattanaik
3. CS- Mr. Subrata Pradhan

Notes:

1. Remuneration paid to Mr. Gobinda Chandra Pattanaik, in the capacity of Managing Director and CEO on consolidated basis.
2. Remuneration paid to Mr. Dibyajyoti Pattanaik, in the capacity of Whole-time Director and CFO on consolidated basis.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

- A. Company: No such incident occurred during the period
- B. Directors: No such incident occurred during the period
- C. Other Officer in default: No such incident occurred during the period

SECRETARIAL AUDIT REPORT

To
The Members,
Annapurna Microfinance Private Limited
Khandagiri, Bhubaneswar- 751030.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Annapurna Microfinance Private Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31.03.2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on 31.03.2017, according to the provisions of:

- I. The Companies Act, 2013/1956(the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - g) The requirements under the Debt Listing Agreements entered into with BSE Limited and The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
 - h) The Memorandum and Articles of Association.

VI. RBI Act, 1934 and Rules & Guidelines made there under.

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

The Listing Agreements entered into by the Company with the BSE Limited for its debt instruments. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above subject to the following observations:

- i. Minutes of Board, Committees of Boards, Annual General Meeting and Extra Ordinary General Meeting have been drafted in due time and signed.
- ii. In terms of Regulation 57(1) of the LODR the company need to submit a certificate to the Stock Exchange within two days of payment of interest or principal or both about timely payment. As per the representation made by management, the submission was made on quarterly basis in consultation with BSE.
- iii. CIN No. of the company depicted in the Master Data of MCA portal does represent the present Business

carried on by the company. It should be rectified forthwith.

- iv. In some Returns filed with Registrar of Companies the dates of Board Meeting mentioned therein are actually passed in General Body Meeting instead of Board or Committee Meetings.
- v. Some of the Statutory Returns filed with the ROC were beyond the prescribed date and filed with additional fee.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the audit period, the company has issued shares on preferential basis through private placement as detailed herein below;

SL No.	Date of Allotment	Amount of Share Capital	Name of Allottees	Date of Filing of Return of Allotment.
1	25/05/2016	35.00 CRORE	OIKO CREDIT ECUMENICAL DEVELOPMENT COOPERATIVE SOCIETY U.A.	25/05/2016

We further report that during the audit period, the company has issued debentures through private placement as detailed herein below;

SL No.	Date of Allotment	Amount of offer (In INR, in Crores)	Name of Allottees	Date of Filing of Return of Allotment.
1	28/03/2016	5.00	IFMR CAPITAL FINANCE PRIVATE LIMITED	14/04/2016
2	15/06/2016	30.00	TRIODOS INVESTMENT MANAGEMENT B.V.A/C TRIODOS SICA V II-TRIODOS MICROFINANCE FUND	28/06/2016
3	15/06/2016	30.00	TRIODOS CUSTODY B.V. ACTING IN ITS CAPACITY AS A CUSTODIAN OF TRIODOS	28/06/2016
4	29/09/2016	25.00	IFMR FIMPACT LONG TERM MULTI ASSEST CLASS FUND	04/10/2016
5	29/12/2016	35.00	HINDUJA LEYLAND FINANCE LIMITED	09/01/2017
6	24/03/2017	34.00	IFMR CAPITAL FINANCE PRIVATE LIMITED	27/03/2017

We further report that during the audit period, the company has borrowed from Banks/FI's as detailed herein below;

S. No.	Bank Name	Amount of Loan (in Rs.)	Date of Filing Of Charge Documents
1.	ANDHRA BANK	100,000,000	08/04/2016
2.	ICICI BANK LIMITED	150,000,000	08/04/2016
3.	MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED	150,000,000	09/04/2016
4.	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	250,000,000	19/04/2016
5.	KOTAK MAHINDRA BANK LIMITED	250,000,000	20/04/2016
6.	YES BANK LIMITED	300,000,000.00	21/04/2016
7.	VIJAYA BANK	100,000,000	22/04/2016
8.	INDIAN OVERSEAS BANK	206,200,000	25/04/2016
9.	DENA BANK	100,000,000	26/04/2016
10.	BANDHAN BANK LIMITED	50,000,000	28/04/2016
11.	INDIAN BANK	100,000,000	28/04/2016
12.	HERO FINCORP LIMITED	200,000,000	24/06/2016
13.	BNP Paribas	200,000,000.00	28/07/2016
14.	UCO BANK	240,444,000.00	08/09/2016
15.	THE SOUTH INDIAN BANK LIMITED	50,000,000.00	09/09/2016
16.	MAS FINANCIAL SERVICES LIMITED	100,000,000.00	20/09/2016
17.	RBL BANK LIMITED	300,000,000.00	29/09/2016
18.	BANK OF BARODA	343,600,000.00	30/09/2016
19.	WATERCREDIT INVESTMENT FUND 1 LLC	170,000,000.00	04/10/2016
20.	INDUSIND BANK LTD.	500,000,000.00	14/10/2016
21.	AXIS BANK LIMITED	200,000,000.00	19/10/2016
22.	RELIANCE CAPITAL LTD	200,000,000.00	19/10/2016
23.	DCB BANK LIMITED	50,000,000.00	21/10/2016
24.	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	400,000,000.00	24/11/2016
25.	TATA CAPITAL FINANCIAL SERVICES LIMITED	150,000,000.00	21/12/2016
26.	ORIENTAL BANK OF COMMERCE	150,000,000.00	28/12/2016
27.	IDBI BANK LIMITED	500,000,000.00	10/01/2017
28.	CANARA BANK	100,000,000.00	19/01/2017
29.	INDIAN BANK	250,000,000.00	06/02/2017
30.	CORPORATION BANK	50,000,000.00	14/02/2017
31.	MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED	350,000,000.00	17/02/2017
32.	MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED	500,000,000.00	21/02/2017
33.	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	500,000,000.00	06/03/2017
34.	ICICI BANK LIMITED	600,000,000.00	28/03/2017
35.	ORIENTAL BANK OF COMMERCE	100,000,000.00	31/03/2017

The Company has a overall Borrowing Limit of Rs. 1500.00 Crores (Rupees Fifteen Hundred Crores) as approved by the Shareholders in their meeting on 8th March, 2017 and out of which the company has borrowed Rupees 1308.28 Crores as on 31st March, 2017.

During the period of Audit, the company has filed all statutory returns with Income Tax Authority, ROC, RBI, Service Tax, Authorities under Labour Law, SEBI and Stock Exchange.

Place: Bhubaneswar
Date: 16-06-2017

CS Gopinath Nayak

FCS No: 6251
CP No: 6558

Sd/-

For Gopinath Nayak & Associates



Independent Auditor's Report

To the Members of Annapurna Microfinance Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Annapurna Microfinance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the Company's Directors, 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 on the financial statements.

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 of the state of affairs of the Company as at March 31, 2017, its profit, and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
- (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;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note 31 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Bhaswar Sarkar

Partner

Membership Number: 55596

Place of Signature: Kolkata

Date: June 21st, 2017



Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Annapurna Microfinance Private Limited as at and for the year ended March 31, 2017

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories. Accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3 (vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.
- In respect of sub clauses (vii) (a) to (vii) (c) above, the Company did not have any dues towards wealth tax, sales tax, custom duty, value added tax and excise duty, during the year.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.
- Further, money raised by the Company by way of term loans were applied for the purpose for which they were raised, though idle/ surplus funds which were not required for immediate utilisation have been gainfully invested in fixed deposits/ liquid assets funds.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) The Company being a private Company, hence the provisions of section 197 read with Schedule V of the Act is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of equity shares issued during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-
per Bhaswar Sarkar
Partner
Membership Number: 55596

Place of Signature: Kolkata
Date: June 21, 2017



Annexure 2 referred to in paragraph 2 (f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Annapurna Microfinance Private Limited as at and for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Annapurna Microfinance Private Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded

as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-
per Bhaswar Sarkar
Partner
Membership Number: 55596

Place of Signature: Kolkata
Date: June 21, 2017



Annapurna Microfinance Private Limited

Balance Sheet as at March 31, 2017

Notes	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
I. Equity and liabilities		
Shareholders' funds		
Share capital	403,492,180	363,811,550
Reserves and surplus	1,310,189,507	833,802,567
	1,713,681,687	1,197,614,117
Non-current liabilities		
Long-term borrowings	8,293,384,338	5,465,890,890
Deferred tax liabilities (net)	-	2,252,823
Other long-term liabilities	-	671,814
Long term provisions	26,467,420	25,812,325
	8,319,851,758	5,494,627,852
Current liabilities		
Other current liabilities	5,140,276,762	3,438,296,913
Short-term provisions	137,464,885	88,225,815
	5,277,741,647	3,526,522,728
Total	15,311,275,092	10,218,764,697
II. Assets		
Non-current assets		
Fixed assets		
Tangible assets	39,429,953	36,421,382
Intangible assets	9,090,326	3,355,737
Deferred tax assets (net)	54,491,514	-
Long term loans and advances	2,661,490,539	2,638,280,793
Other non-current assets	359,480,120	366,427,540
	3,123,982,452	3,044,485,452
Current assets		
Cash and bank balances	4,327,367,760	2,289,721,145
Short-term loans and advances	7,606,016,666	4,737,323,483
Other current assets	253,908,214	147,234,617
	12,187,292,640	7,174,279,245
Total	15,311,275,092	10,218,764,697

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S.R.Batliboi & Co. LLP
Firm Registration No.301003E/E300005
Chartered Accountants

**For and on behalf of the Board of Directors of
Annapurna Microfinance Private Limited**

Sd/-
per Bhaswar Sarkar
Partner
Membership No.: 55596

Sd/-
Gobinda Chandra Pattanaik
Managing Director

Sd/-
Dibyajyoti Pattanaik
Director

Sd/-
Subrat Pradhan
Company Secretary

Place: Kolkata
Date: June 21, 2017

Place: Bhubaneswar
Date: June 21, 2017

Annapurna Microfinance Private Limited

Statement of Profit and Loss for the year ended March 31, 2017

	Year ended March 31, 2017 (Rs.)	Year ended March 31, 2016 (Rs.)
I. Income		
Revenue from operations	2,310,970,042	1,429,825,012
Other income	163,761,921	71,976,131
Total Income	2,474,731,963	1,501,801,143
II. Expenses		
Employee benefit expenses	533,590,429	313,222,826
Depreciation and amortisation expense	24,208,162	15,060,033
Finance costs	1,380,336,746	739,781,430
Provision for standard and non performing assets	92,346,748	50,511,213
Other expenses	154,738,427	100,132,141
Total Expenses	2,185,220,512	1,218,707,643
Profit before tax	289,511,451	283,093,500
Tax expense		
- Current tax	157,187,555	100,988,260
- Deferred tax	(56,744,337)	206,350
Total tax expenses	100,443,218	101,194,610
Profit for the year	189,068,233	181,898,890
Earning per equity share (EPS)		
Basic (Rs.)	5.25	6.26
Diluted (Rs.)	4.70	5.43
Nominal value of share (Rs.)	10.00	10.00

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S.R.Batliboi & Co. LLP
Firm Registration No.301003E/E300005
Chartered Accountants

**For and on behalf of the Board of Directors of
Annapurna Microfinance Private Limited**

Sd/-
per Bhaswar Sarkar
Partner
Membership No.: 55596

Sd/-
Gobinda Chandra Pattanaik
Managing Director

Sd/-
Dibyajyoti Pattanaik
Director

Sd/-
Subrat Pradhan
Company Secretary

Place: Kolkata
Date: June 21, 2017

Place: Bhubaneswar
Date: June 21, 2017



Annapurna Microfinance Private Limited

Cash Flow Statement for the year ended March 31, 2017

Particulars	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
A. Cash flow from operating activities		
Profit before tax	289,511,451	283,093,500
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	24,208,162	15,060,033
Provision for standard and non performing assets	92,346,748	39,859,159
Portfolio loans and other balances written off	-	3,540,179
Finance costs	1,380,336,746	739,781,430
Profit on sale of current investments	(98,576,579)	(30,234,911)
Management stock option compensation	-	11,195,855
Operating profit before working capital changes	1,687,826,528	1,062,295,245
Movements in working capital:		
Increase in other current and non-current assets	(110,836,371)	(70,598,987)
Increase in loans and advances	(2,936,402,929)	(3,973,340,990)
Increase / (decrease) in other long term liabilities, current liabilities and provisions	(61,050,820)	50,257,312
Cash generated from operations	(1,420,463,592)	(2,931,387,420)
Direct taxes paid	(196,667,561)	(61,508,254)
Net cash used in operating activities (A)	(1,617,131,153)	(2,992,895,674)
B. Cash flow from investing activities		
Purchase of fixed assets	(34,001,322)	(33,486,973)
Proceeds from sale of Fixed assets	1,050,000	-
Sale / (Purchase) of current investments (net)	-	3,600,000
Increase in fixed deposits (net)	(192,163,734)	(240,178,096)
Profit on sale of current investments	98,576,578	30,234,910
Net cash used in investing activities (B)	(126,538,478)	(239,830,159)
C. Cash flow from financing activities		
Proceeds from issuance of equity share capital	329,075,547	129,999,958
Proceeds from long-term borrowings	8,107,901,688	7,139,213,862
Repayment of long term borrowings	(3,563,441,559)	(2,275,676,648)
Interest and finance charges	(1,337,887,448)	(672,089,540)
Dividend paid on preference shares (including dividend distribution tax)	(2,105,910)	(2,105,910)
Net cash from financing activities (C)	3,533,542,318	4,319,341,722
Net increase in cash and cash equivalents (A+B+C)	1,789,872,687	1,086,615,889
Cash and cash equivalents at the beginning of the year	2,037,826,779	951,210,890
Cash and cash equivalents at the end of the year	3,827,699,466	2,037,826,779
Components of cash and cash equivalents:		
Balances with banks:		
on current accounts	2,673,818,250	1,935,382,012
deposit with original maturity of less than three months	1,150,000,000	99,999,958
Cash on hand	3,881,216	2,444,809
Total cash and cash equivalents (Note 13)	3,827,699,466	2,037,826,779

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP
Firm Registration No.301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of
Annapurna Microfinance Private Limited

Sd/-
per Bhaswar Sarkar
Partner
Membership No.: 55596

Sd/-
Gobinda Chandra Pattanaik
Managing Director

Sd/-
Dibyajyoti Pattanaik
Director

Sd/-
Subrat Pradhan
Company Secretary

Place: Kolkata
Date: June 21, 2017

Place: Bhubaneshwar
Date: June 21, 2017

ANNAPURNA MICROFINANCE PVT LTD

Annual Report 2017



REGISTERED OFFICE

HIG-97, Dharma Vihar,
Khandagiri Square,
Bhubaneswar,
Orissa - 751030

CORPORATE OFFICE

1215/1401, Khandagiri Bari,
Opposite Jayadev Vatika,
Khandagiri,
Bhubaneswar,
Orissa - 751030

Phone No: +91-674-2350253

Fax No: +91-674-2351796

Client Grievance Redressal

Toll Free No: 18003456706

e-mail: info@ampl.net.in

website: <http://www.ampl.net.in/>

Find us on

