



To
The Members
Annapurna Microfinance Private Limited
Bhubaneswar

Report on the Financial Statements

We have audited the accompanying financial statements of Annapurna Microfinance Private Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information with notes on accounts thereon.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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


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



Place : Bhubaneswar
Date : 29/05/2013

ANNEXURE 1 TO THE AUDITORS REPORT

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



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

- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, VAT, Service Tax were in arrears as at 31st March'2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there is no dues of Income Tax, VAT, Service Tax which have not been deposited with the appropriate authority on account of any dispute.
- x) As per our examination of books of accounts of the company, the company does not have any accumulated losses at the end of the financial year. The company has not incurred cash losses in such financial year and in the financial year covered by our audit and the immediately preceding financial year also.
- xi) As per our examination of books of accounts, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us company is not Chit Fund/Nidhi/Mutual Benefit fund/Society .
- xiv) As explained to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) As explained to us, Term Loan taken by the company has been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment and vice versa.
- xviii) According to information and explanation given to us company has not made any preferential allotment of share to parties covered in the Register maintained under section 301 of the Act.
- xix) According to information and explanation given to us, during the period covered by our audit, the company has issued 65,00,000 10% compulsory convertible debentures of Rs 10.00 each. As the debentures are compulsorily convertible, no security or charges has been created in respect of compulsory convertible debentures issued.



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

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


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



Place : Bhubaneswar
Date : 29/05/2013

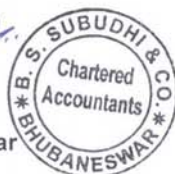
ANNAPURNA MICROFINANCE PRIVATE LIMITED
HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR
BALANCE SHEET AS ON 31ST MARCH 2013

Particulars		Note No.	As at Mar, 2013	As at Mar, 2012
			Amount (in Rs)	Amount (in Rs)
A	EQUITY AND LIABILITIES			
1	Share Holders' Funds			
	(a) Share Capital	2.1	12,93,73,460.00	5,60,22,000.00
	(b) Reserve and Surplus	2.2	5,29,78,341.05	64,10,691.05
			18,23,51,801.05	6,24,32,691.05
	Share Application and Pending allotment		0.00	0.00
2	Non Current Liabilities			
	(a) Long Term Borrowings	2.3	23,88,03,283.00	3,96,07,538.00
			23,88,03,283.00	3,96,07,538.00
3	Current Liabilities			
	(a) Other Current Liabilities	2.4	54,59,78,052.00	6,30,00,977.00
	(b) Short Term Provisions	2.5	45,04,956.00	6,66,550.00
			55,04,83,008.00	6,36,67,527.00
4	Total		97,16,38,092.05	16,57,07,756.05
B	ASSETS			
1	Non Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	2.6	21,24,943.00	0.00
	(ii) Intangible Assets		0.00	0.00
	(iii) Capital Work in Progress		0.00	0.00
	(iv) Intangible Assets under Development		0.00	0.00
	(v) Fixed Assets held for sale		0.00	0.00
			21,24,943.00	0.00
	(b) Non Current Investment	2.7	20,14,88,647.00	3,41,49,146.00
	(c) Long Term Loans and advances	2.8	11,58,51,561.00	3,62,89,130.00
	(d) Deferred Tax Assets (Net)		14,57,560.00	0.00
	(e) Other Non Current Assets		0.00	0.00
			31,87,97,768.00	7,04,38,276.00
2	Current Assets			
	(a) Cash and Cash equivalents	2.9	20,31,25,935.05	3,77,79,033.05
	(b) Short Term Loans and Advances	2.10	42,87,77,188.00	5,45,35,339.00
	(c) Other Current Assets	2.11	1,88,12,258.00	29,55,108.00
			65,07,15,381.05	9,52,69,480.05
	TOTAL		97,16,38,092.05	16,57,07,756.05
Accompanying notes and significant accounting policies are integral part of the financial statements				

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

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

B.S.Subudhi
Partner
M.No-052512
Place: Bhubaneswar
Date: 29/05/2013



Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director

ANNAPURNA MICROFINANCE PRIVATE LIMITED
HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Statement of Profit and Loss for the period 31st March, 2013

	Particulars	Note No	As at 31 st Mar 2013	As at 31 st Mar 2012
			Amount (in Rs.)	Amount (in Rs.)
A	CONTINUING OPERATION			
1	Revenue from Operations (Gross) Revenue from Operations (Net)	2.12	9,01,19,717.00 9,01,19,717.00	3,01,32,727.00 3,01,32,727.00
2	Other Income	2.13	1,53,55,023.00	43,81,701.00
3	Total Revenue (1+2)		10,54,74,740.00	3,45,14,428.00
4	Expenses			
	(a) Employee Benefit expense	2.14	1,62,66,409.00	16,44,100.00
	(b) Finance Cost	2.15	4,57,37,506.00	1,31,26,815.00
	(c) Depreciation and amortisation expense		4,72,274.00	
	(d) Other expenses	2.16	1,58,95,277.00	1,47,38,496.00
	Total Expenses		7,83,71,466.00	2,95,09,411.00
5	Profit/(Loss) before exceptional and extraordinary item and tax		2,71,03,274.00	50,05,017.00
6	Profit / (Loss) before extraordinary items and tax (5 ± 6)		2,71,03,274.00	50,05,017.00
7	Profit / (Loss) before tax (7 ± 8)		2,71,03,274.00	50,05,017.00
8	Tax expense:			
	(a) Current tax expense for current year		1,06,95,956.00	15,46,550.00
	(b) Deferred Tax Asset	2.18	14,57,560.00	
9	Profit / (Loss) from continuing operations (9 ± 10)		1,78,64,878.00	34,58,467.00
10	Profit / (Loss) for the year		1,78,64,878.00	34,58,467.00
12.i	Earnings per share (of ` ____/- each):	2.19		
	(a) Basic			
	(i) Continuing operations		1.96	
	(ii) Total operations		1.96	
	(b) Diluted			
	(i) Continuing operations		1.62	
	(ii) Total operations		1.62	
	Accompanying notes and significant accounting policies are integral part of the financial statements			

Subject to our report of even date.

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

B.S.Subudhi
Partner
M.No-052512
Place: Bhubaneswar
Date: 29/05/2013



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

Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director

ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

CASH FLOW STATEMENT

Cash Flow Statement for the year ended 31st March 2013

Particulars	For the year ended 31 st March 2013		For the year ended 31 st March 2012	
	Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		2,69,13,248.00		50,05,017.00
<u>Adjustments for:</u>				
Depreciation	4,72,274.00			
Expense on employee stock option scheme				
Finance costs	4,57,37,506.00		1,31,26,815.00	
Interest income	- 45,21,018.00		-10,09,307.00	
Dividend income				
Net (gain) / loss on sale of investments	-91,30,149.00	3,25,58,613.00	-33,69,263.00	87,48,245.00
Operating profit / (loss) before working capital changes		5,94,71,861.00		1,37,53,262.00
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Short-term loans and advances	-37,42,65,336.00		6,92,119.00	
Long-term loans and advances	-7,95,62,431.00		1,26,61,844.00	
Other current assets	-1,58,57,150.00		-1,79,645.00	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables				
Other current liabilities	41,80,32,299.00	-5,16,52,618.00	-13,98,605.76	1,17,75,712.24
		78,19,243.00		2,55,28,974.24
Cash flow from extraordinary items	-3,54,789.00	-3,54,789.00	-69169	-69169
Cash generated from operations		74,64,454.00		2,54,59,805.24
Net income tax (paid) / refunds	-68,57,550.00	-68,57,550.00	-18,17,246.00	-18,17,246.00
Net cash flow from / (used in) operating activities (A)		6,06,904.00		2,36,42,559.24
B. Cash flow from investing activities				
Purchase of Fixed Assets	24,22,590.00			
Purchase of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	-49,15,73,166.00		7,36,49,146.00	
Proceeds from sale of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	69,89,25,576.00		8,53,69,263.00	
Loans given				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

- Others	-99,30,67,741.00			
Loans realised				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	37,01,48,222.00			
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	23,77,622.00		10,09,307.00	
Cash flow from extraordinary items		-41,07,66,897.00		1,27,29,424.00
Net income tax (paid) / refunds				
Net cash flow from / (used in) investing activities (B)		(41,07,66,897.00)		1,27,29,424.00
C. Cash flow from financing activities				
Proceeds from issue of equity shares including CCD	16,75,67,310.00			
Share application money received / (refunded)				
Proceeds from long-term borrowings	68,59,46,232.00			
Repayment of long-term borrowings	-23,22,69,141.00			
Finance cost	-4,57,37,506.00			
Dividends paid				
Tax on dividend				
Cash flow from extraordinary items		57,55,06,895.00		-1,30,83,563.00
Net cash flow from / (used in) financing activities (C)		57,55,06,895.00		-1,30,83,563.00
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		16,53,46,902.00		2,32,88,420.24
Cash and cash equivalents at the beginning of the year		3,77,79,033.05		1,44,90,612.81
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year		20,31,25,935.05		3,77,79,033.05
Cash and cash equivalents as per Balance Sheet (Refer Note 19)		20,31,25,935.05		3,77,79,033.05
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		20,31,25,935.05		3,77,79,033.05
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer				



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note (ii) to Note 16 Current investments)				
Cash and cash equivalents at the end of the year *		20,31,25,935.05		3,77,79,033.05

See accompanying notes forming part of the financial statements

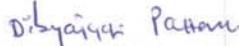
Subject to our report of even date
For B.S.Subudhi & Co
Chartered Accountants
Firm Regd. No.: 316006E

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


B.S.Subudhi
Partner
M.No-052512
Place: Bhubaneswar
Date: 29/05/2013




Gobinda Chandra Pattanaik
Managing Director


Dibyajyoti Pattanaik
Director

ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

NOTE. 1 : SIGNIFICANT ACCOUNTING POLICY

Annapurna Microfinance Private Limited is a company domiciled in India under the provisions of the Companies Act, 1956 and is a non-deposit accepting non-banking financial company registered with the Reserve Bank of India. The Company started with a vision in playing a key role to nourish self sustainable and economically empowered rural, tribal and sub urban society. The company focuses in providing financial solutions for the segment where banks are not able to serve and provide financial products which are customised for the need of the segment. The Key characteristics of the company are as below:

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

Basis of accounting and preparation of financial statements

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

Use of estimates

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

Inventories

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

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

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

Cash flow statement

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

Depreciation and amortisation

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



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Revenue recognition

Interest income

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

Income from services

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

Other income

Interest income on FD is accounted on accrual basis.

Tangible fixed assets and Depreciation

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

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

Fixed Assets costing upto Rs. 5,000 is fully depreciated in the year of purchase.

Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

During the year there was no impairment of assets of the company.

Foreign currency transactions and translations

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

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

Government grants, subsidies and export incentives

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

Investments

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



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Retirement and other employee benefits

- i. Retirement benefits in the form of provident fund are a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident funds.
- ii. Gratuity liability is a defined benefit obligation, but it has not been provided for on the basis of an actuarial valuation on projected unit credit method. The same shall be accounted for on cash basis as and when the need so arise.
- iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes.
- iii. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- iv. The Company allows the benefit of ESI to its employees and the contribution to ESI is charged to the statement of profit and loss of the year.

Earnings per share

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

Taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

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



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG - 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Provision towards the dividend distribution tax has been made in the accounts at the rates prevailing on the Proposed Dividend on the Preference Share Capital of the Company.

DIVIDEND

The Company has provided for pro-rata dividend on the optionally convertible Preference Share Capital of Rs.2, 00, 00,000/- invested by SIDBI on 4th March 2013 as per the term sheet dated 26th April 2012.

Classification of loan portfolio and provisioning policy

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

Change in accounting policy


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

Provision and Contingent Liabilities

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

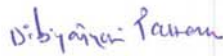
For B.S.Subudhi & Co
Chartered Accountants
Firm Regd. No.: 316006E

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


B.S.Subudhi
Partner
M.No-052512
Place: Bhubaneswar
Date: 29/05/2013




Gobinda Chandra Pattanaik
Managing Director


Dibyajyoti Pattanaik
Director

ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Notes forming part of the financial statements

Note 2.1 Share capital

Particulars	As at 31 st March 2103		As at 31 st March 2012	
	No of Shares	Amount	No of Shares	Amount
(a) Authorised				
Equity shares of Rs 10 each with voting rights	1,60,00,000	16,00,00,000.00	80,00,000	8,00,00,000.00
Preference Shares of Rs 10 each	20,00,000	2,00,00,000.00	-	-
Total Authorised Capital	1,80,00,000	18,00,00,000.00	80,00,000	8,00,00,000.00
(b) Issued #				
Equity shares of Rs 10 each with voting rights	1,09,37,346	10,93,73,460.00	56,02,200	5,60,22,000.00
Preference Shares of Rs 10 each	20,00,000	2,00,00,000.00	-	-
	1,29,37,346	12,93,73,460.00	56,02,200	5,60,22,000.00
(c) Subscribed and fully paid up				
Equity shares of Rs 10 each with voting rights	1,09,37,346	10,93,73,460.00	56,02,200	5,60,22,000.00
Preference Shares of Rs 10 each	20,00,000	2,00,00,000.00	-	-
	1,29,37,346	12,93,73,460.00	56,02,200	5,60,22,000.00
(d) Subscribed but not fully paid up				
	-	-	-	-
TOTAL	1,29,37,346	12,93,73,460.00	56,02,200	5,60,22,000.00

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Conversion	Buy Back	Other Changes	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2013								
- Number of shares	56,02,200	53,35,146	0	0	0	0	0	1,09,37,346
- Amount (₹)	5,60,22,000.00	5,33,51,460.00	0	0	0	0	0	10,93,73,460.00
Year ended 31 March, 2012								
- Number of shares	51,02,200	5,00,000	0	0	0	0	0	56,02,200
- Amount (₹)	5,10,22,000.00	50,00,000.00	0	0	0	0	0	5,60,22,000.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED
HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Optionally convertible preference shares								
Year ended 31 March, 2013								
- Number of shares	0	20,00,000	0	0	0	0	0	20,00,000
- Amount (₹)	0	2,00,00,000.00	0	0	0	0	0	2,00,00,000.00
Year ended 31 March, 2012								
- Number of shares	0	0	0	0	0	0	0	0
- Amount (₹)	0	0	0	0	0	0	0	0

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Gobinda Chandra Pattanaik	62,92,731	57.53	5536000	98.82
Dibyajyoti Pattanaik	66,200	0.61	66200	1.18
RIF East 2	35,78,415	32.72		
SIDBI	10,00,000	9.14		
TOTAL	1,09,37,346	100.00	56,02,200	100.00
Equity shares with differential voting rights	N.A.			

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.2 Reserves and surplus

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(i) Special reserves (Statutory)		
Opening balance	16,08,318.00	9,16,625.00
Add: Additions / transfers during the year	35,72,976.00	6,91,693.00
Less: Utilisations / transfers during the year	-	-
Closing balance	51,81,294.00	16,08,318.00
(ii) Share Premium A/c		
Opening balance	-	-
Add: Additions / transfers during the year	2,92,15,850.00	-
Less: Utilisations / transfers during the year	-	-
Closing balance	2,92,15,850.00	-
(iii) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	48,02,373.05	23,93,345.05
Add: Profit / (Loss) for the Period	1,78,64,878.00	34,58,467.00
Corporate Social Responsibility	3,57,298.00	69,169.00
Previous Year Income Tax less Provision Adjusted in Current Year	-	2,88,577.00
Special Statutory reserves (give details)	35,72,976.00	6,91,693.00
Proposed Dividend on Preference Shares*	1,33,151.00	-
Proposed Dividend Distribution Tax	22,629.00	-
Closing balance	1,85,81,197.05	48,02,373.05
TOTAL	5,29,78,341.05	64,10,691.05

Note : Dividend has been calculated on pro rata basis on the preference shares at 9% for 27 days for 20,00,000 preference shares.

Note 2.3 Long-term borrowings

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Term loans		
From banks		
Secured		
Development Credit Bank Ltd	1,66,66,675.00	44,44,440.00
IDBI Bank Ltd	29,16,662.00	-
Uco Bank	3,47,22,222.00	-
ICICI Bank (Car Loan)	5,75,086.00	-
Indian Overseas Bank	2,60,70,444.00	-
Ratnakar Bank	6,25,00,000.00	-
Total from Banks	14,34,51,089.00	44,44,440.00
From other parties		
Secured		
IFMR Capital Finance Pvt. Ltd.	1,75,22,027.00	95,25,011.00
Maanaveeya Development and Finance Pvt. Ltd.	2,50,02,000.00	1,60,00,000.00
Ananya Finance for Inclusive Growth Pvt Ltd	-	96,38,087.00
MAS Financials Private Limited	5,28,28,167.00	-
Total From other Parties	9,53,52,194.00	3,51,63,098.00
TOTAL	23,88,03,283.00	3,96,07,538.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2. 4 Other current liabilities

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(1) Current maturities of long-term debt (Refer Note (i) below)	50,44,81,014.00	5,58,19,614.00
(2) Income received in advance (Unearned revenue)	2,75,72,711.00	65,25,730.00
(3) Statutory Remittance		
(i) TDS Payable	10,10,330.00	3,03,841.00
(ii) PF Payable	1,39,857.00	
(4) Contractually reimbursable expenses - Insurance Premium Collection a/c	19,50,345.00	16,490.00
(5) Expenditure Payable-Audit Fees Payable	2,58,878.00	1,57,501.00
(6) People's Forum	51,30,084.00	
(7) Consultancy Fees Payable	27,000.00	27,001.00
(8) Salary Payable	14,03,937.00	1,50,800.00
(9) Office/Branch Expenses Payable	45,378.00	
(10) Rent Payable	2,38,600.00	
(11) Other Expenses Payable	21,905.00	
(12) Interest Accrued on CCD	26,84,471.00	
(13) Other Liabilities	8,57,762.00	
(14) Proposed Dividend Payable	1,33,151.00	
(15) Proposed Dividend Distribution Tax Payable	22,629.00	
TOTAL	54,59,78,052.00	6,30,00,977.00

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(a) Bonds/Debentures		
Unsecured Debentures (Compulsorily Convertible)	6,50,00,000.00	
(b) Term loans		
(i) From banks		
Secured		
DCB Ltd	6,16,66,666.00	55,55,560.00
IDBI Bank	66,66,672.00	
Uco Bank	1,59,02,679.00	
ICICI Bank (Car Loan)	3,85,017.00	
IOB	3,33,60,000.00	
Ratnakar Bank	3,75,00,000.00	
(iii) From other parties		
Secured		
IFMR Capital Ltd	6,44,36,527.00	2,33,37,855.00
Maanveeya Holding Pvt Ltd	3,26,68,000.00	1,60,00,000.00
Ananya Finance for Inclusive Growth Pvt Ltd	88,39,897.00	33,61,913.00
MAS Financials Private Limited	17,80,55,556.00	
Unsecured		
Dia Vikas Pvt Ltd		75,64,286.00
TOTAL	50,44,81,014.00	5,58,19,614.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.5 Short-term provisions

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Provision - Others:		
(i) Provision for tax	45,04,956.00	6,66,550.00
TOTAL	45,04,956.00	6,66,550.00

Note 2.7 Non-current investments

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Fixed Deposits (Non-Pledged) (Unquoted Investments)		
SIDBI FD		25,00,000.00
Development Credit Bank FD	3,70,00,000.00	
Fixed Deposits (Pledged) (Unquoted Investments)		
Development Credit Bank FD	2,32,02,502.00	1,17,22,102.00
Indian Overseas Bank FD	2,00,00,000.00	
Uco Bank FD	50,00,000.00	
IDBI FD	2,07,72,160.00	62,46,044.00
IFMR FD	2,97,39,088.00	35,00,000.00
MAS FD	4,05,00,000.00	
Ratnakar Bank FD	2,52,74,897.00	1,01,81,000.00
TOTAL	20,14,88,647.00	3,41,49,146.00

Note 2.8 Long-term loans and advances

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(i) Other loans and advances (SHG Loans) (to be matured after 1 yrs)		
Unsecured, considered good	11,70,21,779.00	3,66,55,687.00
Doubtful	-	-
	11,70,21,779.00	3,66,55,687.00
Less: Provision for other doubtful loans and advances	11,70,218.00	3,66,557.00
TOTAL	11,58,51,561.00	3,62,89,130.00

The company has made buy out of Rs.38,94,43,723.00 and Rs.37,59,81,714.16 is the outstanding balance as on 31st march 2013 which is an off balance sheet item. The company only manages the portfolio of the buyer for which there may occur a contingent liability which has been given on note no 2.22.



Notes forming part of the financial statements
Note 6 Fixed assets

A. Tangible assets	Gross block				Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2012	Additions	Other adjustments	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012	Balance as at 31 March, 2012
(a) Computers Owned	-	9,07,190.00	-	9,07,190.00	-	1,70,228.00	1,70,228.00	7,36,962.00	-	-
(b) Furniture and Fixtures Owned	-	1,82,462.00	-	1,82,462.00	-	42,943.00	42,943.00	1,39,519.00	-	-
(c) Vehicles Owned	-	14,71,000.00	-	14,71,000.00	-	2,55,634.00	2,55,634.00	12,15,366.00	-	-
(d) Office equipment Owned	-	36,565.00	-	36,565.00	-	3,469.00	3,469.00	33,096.00	-	-
Total	-	25,97,217.00	-	25,97,217.00	-	4,72,274.00	4,72,274.00	21,24,943.00	-	-
Previous year	-	-	-	-	-	-	-	-	-	-



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG - 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.9 Cash and cash equivalents

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(a) Cash on hand	6,22,666.93	22,561.22
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) Flexi Fixed Deposit (PNB Basana)	78,70,000.00	
(ii) In current accounts		
Allahabad Bank Tangi	52,55,292.00	1,56,961.00
Axis Bank	7,54,335.44	
Bank of India	19,43,482.00	
Canara Bank	44,16,966.00	
Central Bank of India	10,000.00	5,10,000.00
DCB (Baragada Branch)	29,88,126.00	12,64,981.00
DCB Kolkotta Current A/c	1,15,321.93	1,15,198.93
HDFC	40,000.00	40,000.00
ICICI Bank	2,70,76,830.88	1,15,66,972.90
ICICI Bank Choudwar Branch	9,68,161.00	
ICICI Bank Jharasuguda Branch	19,84,530.45	
ICICI Bank (Phulabani)	13,99,901.00	
ICICI Bolangir Branch	31,52,729.00	90,134.00
IDBI Bank	35,44,624.42	
India Over Seas Bank	3,48,73,317.00	
IOB Balugaon	11,17,201.00	
OBC Bank	2,23,22,978.00	2,21,61,367.00
PNB Basana Branch	86,463.00	
Punjab National Bank	35,08,505.00	7,699.00
Ratnakar Bank	5,99,17,981.00	
SBI Balugaon	2,04,123.00	49,968.00
SBI (Khandagiri)	4,94,250.00	
SBI Main Branch	1,22,63,312.00	17,93,190.00
SBI Sonapur	24,02,259.00	
UCO Bank	37,92,579.00	
TOTAL	20,31,25,935.05	3,77,79,033.05

Note 2.10 Short-term loans and advances

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(a) Prepaid expenses - Unsecured, considered good	50,38,493.00	
(b) Balances with government authorities		
(i) TDS	5,52,487.00	99,807.00
(ii) CENVAT Credit	4,31,733.00	
(c) Others (SHG Loans) Recoverable within 1 yr*		
Unsecured, considered good	42,70,48,446.00	5,49,85,386.00
	43,30,47,672.00	5,50,85,193.00
Less: Provision for other doubtful loans and advances	42,70,484.00	5,49,854.00
TOTAL	42,87,77,188.00	5,45,35,339.00

Note* the previous year outstanding has been reclassified and the same has been shown as receivable within 12 months



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.11 Other current assets

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(A) Accruals		
(i) Interest accrued on investments	21,43,396.00	2,97,753.00
(ii) Interest accrued on SHGs	1,39,94,318.00	24,56,499.00
(B) Others		
(a) Cash in Transit	1,47,247.00	30,856.00
(b) Floating Charges	50,000.00	50,000.00
(c) Work Advance	1,46,055.00	1,20,000.00
(d) Salary Advance	3,59,101.00	
(e) Insurance Compensation Receivable	8,25,017.00	
(f) House Rent	1,13,600.00	
(g) Staff Loan	60,000.00	
(h) Other Advance	5,82,024.00	
(i) Fees Receivable	3,91,500.00	
TOTAL	1,88,12,258.00	29,55,108.00

Note 2.12 Revenue from operations

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Other operating revenues comprise:		
Interest on Loan to SHGs	6,64,69,906.00	2,50,56,212.00
Processing Fees	96,55,493.00	
Interest accrued on SHGs	1,39,94,318.00	24,56,499.00
Service Charges		9,16,933.00
Documentation Charges		17,03,083.00
TOTAL	9,01,19,717.00	3,01,32,727.00

Note 2.13 Other income

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Interest income from fixed Deposit	45,21,018.00	10,09,307.00
Income from Sale of Portfolio	91,30,149.00	33,69,263.00
Other non-operating income		3,131.00
Facilitation Service Fees	17,03,856.00	
TOTAL	1,53,55,023.00	43,81,701.00

Note 2.14 Employee benefits expense

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Salaries and wages	1,62,48,066.00	16,44,100.00
Staff welfare expenses	18,343.00	
TOTAL	1,62,66,409.00	16,44,100.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.15 Finance costs

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(a) Interest expense on:		
(i) Borrowings	3,49,16,483.00	1,06,81,848.00
(ii) Accrued Interest on Borrowings	26,84,471.00	
(b) Loan upfront and processing fees	81,36,552.00	24,44,967.00
TOTAL	4,57,37,506.00	1,31,26,815.00

Note 2.16 Other expenses

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Rent including lease rentals	20,65,080.00	
Repair and maintenance	1,35,892.00	
Sitting Fees	1,31,150.00	
Insurance	2,52,810.00	74,450.00
Communication (Telephone, Internet Charges & Postage Charges)	9,11,254.00	3,435.00
Travelling and conveyance	6,53,635.00	50,431.00
Printing and stationery	1,56,464.00	
Portfolio Management Charges		1,36,15,571.00
Meeting Expenses	2,53,080.00	
Electricity Expenses	2,51,305.00	
Advertisement Expenses	1,15,942.00	
Bank Charges	2,22,321.00	26,577.00
Rating Expenses	6,89,187.00	1,77,315.00
Refreshment Expenses	6,38,490.00	709.00
Tax and Duties		1,75,803.00
Consultancy Fees	17,78,713.00	3,20,301.00
Interest on TDS	8,398.00	1,540.00
Interest on Service Tax	427.00	
Legal and professional	21,55,268.00	10,531.00
Interest on Income Tax	62,357.00	
Trustee Fees	9,036.00	
Training Expenses	5,77,778.00	
Provision for doubtful trade and other receivables, loans and advances (net)	45,24,290.00	1,22,913.00
Payments to auditors (Refer Note (i) below)	2,70,000.00	1,55,750.00
Miscellaneous office and branch Expenses	32,400.00	3,170.00
TOTAL	1,58,95,277.00	1,47,38,496.00

Note 2.16 Other expenses (contd.)

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	2,00,000.00	1,15,750.00
For taxation matters	50,000.00	40,000.00
For Certification fees	20,000.00	
TOTAL	2,70,000.00	1,55,750.00



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.17 Provision for outstanding Loan Portfolio

Asset Classification	For the year ended 31 st March 2013		For the year ended 31 st March 2012	
	Loan Portfolio	Provision	Loan Portfolio	Provision
Standard Portfolio	54,25,14,302.00	0		
Sub Standard Portfolio	0	0		
Doubtful Portfolio	15,55,923.00	15,55,923.00		
Loss Portfolio	0	0		
Total	54,40,70,225.00	15,55,923.00		
1% of Total Portfolio	54,40,70,225.00	54,40,702.00		

As 1% of total portfolio is higher than the 50% provisions on substandard and 100% provision on doubtful and loss assets, as per guidelines of RBI, the Company created 1% of provision to its total portfolio.

The Movement in provision during the year is explained below:

Particulars	For the year ended 31 st March 2013			For the year ended 31 st March 2012		
	Standard Portfolio	SubStandard Portfolio	Total	Standard Portfolio	SubStandard Portfolio	Total
Opening	9,16,411	0	9,16,411			
Additions/Reversals, net	29,68,368	15,55,923	45,24,291	5,62,869	3,53,542	9,16,411
Closing	38,84,779	15,55,923	54,40,702	5,62,869	3,53,542	9,16,411

Note 2.18 Deferred Tax Net included in Balance Sheet

The Deferred tax assets, net as at year end comprises of:

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	50,386.00	NIL
Tax effect of items constituting deferred tax liability	50,386.00	NIL
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for doubtful debts / advances	15,07,946.00	NIL
Tax effect of items constituting deferred tax assets	15,07,946.00	NIL
Net deferred tax (liability) / asset	14,57,560.00	NIL



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.19 Earnings per Share

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (in Rs)	Amount (in Rs)
Earnings per share		
<u>Basic</u>		
<u>Continuing operations</u>		
Net profit / (loss) for the year from continuing operations	1,78,64,878.00	34,58,467.00
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	1,78,64,878.00	34,58,467.00
Weighted average number of equity shares	91,03,560	54,77,200
Par value per share	10.00	10.00
Earnings per share from continuing operations - Basic	1.94	0.63
<u>Total operations</u>		
Net profit / (loss) for the year	1,78,64,878.00	34,58,467.00
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	1,78,64,878.00	34,58,467.00
Weighted average number of equity shares	91,03,560	54,77,200
Par value per share	10.00	10.00
Earnings per share - Basic	1.96	0.63
<u>Diluted</u>		
Net profit / (loss) for the year from continuing operations	1,78,64,878.00	34,58,467.00
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	1,78,64,878.00	34,58,467.00
Add: Interest expense and exchange fluctuation on convertible bonds (net)	26,84,471.00	NIL
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)	2,05,49,349.00	34,58,467.00
Weighted average number of equity shares for Basic EPS	91,03,560	54,77,200.00
Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive	35,79,295	NIL
Weighted average number of equity shares - for diluted EPS	1,26,82,855	54,77,200.00
Par value per share	10	10
Earnings per share, from continuing operations - Diluted	1.62	0.63

Note 2. 20 Segment Reporting

The Company operates in a single reportable segment i.e. micro lending to poor women, who have similar risk and returns for the purpose of AS – 17 on "Segment Reporting" issued by ICAI. The Company does not have any reportable geographical area.

Note 2.21 Changes in Accounting Policy

The Company has changed its accounting policy with respect to recognition of Consultancy fees paid for borrowing raising and cost incurred for fund raising. Until previous year, the total cost incurred in the year was recognised in that financial year itself as consultancy fees paid. However, starting from the current financial year, the company has amortised its cost and consultancy fees incurred for borrowing over the tenure of the borrowings.

Had the company continued to follow the earlier accounting policy, expenses of consultancy fees in the statement of Profit and Loss Account would have been higher by Rs.50,38,493.00 and also lower in current assets which would reduce the profit by Rs.50,38,493.00.



ANNAPURNA MICROFINANCE PRIVATE LIMITED

HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.22 Contingent Liabilities:

Guarantees given on assigned Portfolio:

S. No	Bank/FIs	31 st March 2013			31 st March 2012		
		Purchase Consideration	Contingent Liability	FLDG %	Purchase Consideration	Contingent Liability	FLDG %
1	Development Credit Bank Ltd(Managed 4)	2,98,80,378	45,00,000	15	2,98,80,378	45,00,000	15
2	Development Credit Bank Ltd(Managed 5)	1,98,64,079	30,00,000	15	1,98,64,079	30,00,000	15
3	IFMR Capital Mosec IX	3,77,20,703	52,51,000	15	3,77,20,703	52,51,000	15
4	IFMR Capital Mosec XII	5,66,95,754	62,46,044	13	5,66,95,754	62,46,044	13
5	IFMR Capital Mosec XIII	3,54,24,348	49,30,000	14.90	3,54,24,348	49,30,000	14.90
6	IFMR Capital Mosec XV	2,13,47,101	27,52,110	13.50			
7	IFMR Capital Mosec XVI	3,21,28,031	3,785,965	12.50			
8	IFMR Capital Mosec XIX	2,45,79,754	2,832,070	12.25			
9	IFMR Capital Mosec XXI	3,47,39,455	39,62,037	12.25			
10	IFMR Capital Mosec XXIII	5,33,17,629	62,99,876	12.75			
11	IFMR Capital Mosec XXV	2,63,34,386	26,98,138	9.40			
12	IFMR Capital Mosec XXVII	9,41,37,200	1,00,06,482	11.50			
13	IFMR Capital Mosec XXIX	4,36,15,383	57,02,502	11.85			
14	IFMR Capital Mosec XXX	4,36,35,025	58,01,286	12.10			
15	IFMR Capital Mosec XXXI	4,58,36,894	49,72,670	9.92			



ANNAPURNA MICROFINANCE PRIVATE LIMITED
HIG – 97, DHARMA VIHAR, KHANDAGIRI, BHUBANESWAR

Note 2.23 Related Party Disclosure

List of Related Party

1. People's Forum

Key Managerial Personnel

- | | |
|------------------------------|-------------------------|
| 1. Gobinda Chandra Pattanaik | Managing Director & CEO |
| 2. Dibyajyoti Pattanaik | Director & CFO |

Related Party Transactions

S.No	Name of Related Party	Nature of Transaction	31 March 2013		31 March 2012	
			Transaction during 2012-13	Receivable/ (Payable)	Transaction during 2011-12	Receivable/ (Payable)
1	People's Forum	Portfolio Purchase and IOB Loan taken.	6,89,22,714.00	(51,30,084.00)	NIL	NIL
2	People's Forum	Portfolio Management Fees			1,47,19,495.00	NIL

