

INDEPENDENT AUDITOR'S REPORT

To the Members of Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 . 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, 2018, 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 ;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to the Company's financial statements 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:



S.R. BATLIBOI & Co. LLP


Chartered Accountants

- 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.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per Kamal Agarwal
Partner

Membership Number: 058652

Place of Signature: Kolkata

Date: June 19, 2018



Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Annapurna Finance Private Limited as at and for the year ended March 31, 2018

- (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, goods and service tax, cess and other statutory dues applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and 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, goods and 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) According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 3,785,065 and out of which 2,592,500 has been recorded as receivables in the books of accounts on the basis of intimation received from the local police station dated June 07, 2018. The services of the concerned employees have been terminated.
- (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.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (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

per Kamal Agarwal

Partner

Membership Number: 058652



Place of Signature: Kolkata

Date: June 19, 2018

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF ANNAPURNA FINANCE PRIVATE LIMITED**

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

We have audited the internal financial controls over financial reporting of Annapurna Finance Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

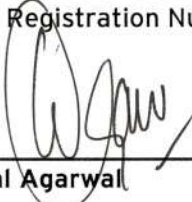
Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2018, 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


per **Kamal Agarwal**
Partner

Membership Number: 058652
Place of Signature: Kolkata
Date: June 19, 2018



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Balance Sheet as at March 31, 2018

	Notes	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
I. Equity and liabilities			
Shareholders' funds			
Share capital	3	460,214,080	403,492,180
Reserves and surplus	4	1,966,271,566	1,310,189,507
		2,426,485,646	1,713,681,687
Non-current liabilities			
Long-term borrowings	5	8,399,589,210	8,293,384,338
Long term provisions	7	283,524,380	26,467,420
		8,683,113,590	8,319,851,758
Current liabilities			
Short-term borrowings	6	780,000,000	130,000,000
Other current liabilities	8	8,311,917,101	5,010,276,762
Short-term provisions	7	34,768,157	137,464,885
		9,126,685,258	5,277,741,647
Total		20,236,284,494	15,311,275,092
II. Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	51,970,119	39,429,953
Intangible assets	10	13,549,671	9,090,326
Deferred tax assets (net)	11	109,033,093	54,491,514
Long term loans and advances	12	4,735,252,243	2,702,296,772
Other non-current assets	13	885,910,681	579,740,010
		5,795,715,807	3,385,048,575
Current assets			
Cash and bank balances	14	3,045,125,182	4,057,318,327
Short-term loans and advances	12	11,112,991,056	7,614,999,976
Other current assets	13	282,452,449	253,908,214
		14,440,568,687	11,926,226,517
Total		20,236,284,494	15,311,275,092

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Kamal Agarwal
Partner
Membership No.: 058652



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

Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director

Subrata Pradhan
Subrat Pradhan
Company Secretary



Place: Kolkata
Date: June 19, 2018

Place: Bhubaneswar
Date: June 19, 2018

Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Statement of Profit and Loss for the year ended March 31, 2018

	Notes	Year ended March 31, 2018 (Rs.)	Year ended March 31, 2017 (Rs.)
I. Income			
Revenue from operations	15	3,236,363,074	2,310,970,042
Other income	16	173,664,897	163,761,921
Total Income		3,410,027,971	2,474,731,963
II. Expenses			
Employee benefit expenses	17	768,659,797	533,590,429
Depreciation and amortisation expense	21	31,882,454	24,208,162
Finance costs	18	1,734,390,023	1,380,336,746
Provisions and write-off	22	491,331,496	92,346,748
Other expenses	19	246,247,807	154,738,427
Total Expenses		3,272,511,577	2,185,220,512
Profit before tax		137,516,394	289,511,451
Tax expense			
- Current tax		96,602,217	157,187,555
- Deferred tax credit		(54,541,579)	(56,744,337)
Total tax expenses		42,060,638	100,443,218
Profit for the year		95,455,756	189,068,233
Earning per equity share (EPS)	25		
Basic		2.30	5.25
Diluted		2.07	4.70
Nominal value of share		10.00	10.00

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R.Batliloi & Co. LLP

Firm Registration No.301003E/E300005

Chartered Accountants

per **Kamal Agarwal**

Partner

Membership No.: 058652



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

Gobinda Chandra Pattanaik
Gobinda Chandra Pattanaik
 Managing Director

Dibyajyoti Pattanaik
Dibyajyoti Pattanaik
 Director

Subrata Pradhan
Subrat Pradhan
 Company Secretary






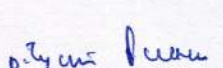


Place: Kolkata

Date: June 19, 2018

Place: Bhubaneswar

Date: June 19, 2018

Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)		
Cash Flow Statement for the year ended March 31, 2018		
Particulars	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
A. Cash flow from operating activities		
Profit before tax	137,516,394	289,511,451
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	31,882,454	24,208,162
Provisions and write-offs	491,331,495	92,346,748
Profit on sale of current investments	(91,000,939)	(98,576,579)
Management stock option compensation	12,380,750	-
Operating profit before working capital changes	582,110,154	307,489,782
Movements in working capital:		
Increase in other current and non-current assets	(24,537,768)	(110,836,371)
Increase in loans and advances	(5,718,446,993)	(2,936,402,929)
Increase / (decrease) in other long term liabilities, current liabilities and provisions	184,979,863	(18,601,522)
Cash used from operations	(4,975,894,744)	(2,758,351,040)
Direct taxes paid	(118,862,948)	(196,667,561)
Net cash used in operating activities (A)	(5,094,757,692)	(2,955,018,601)
B. Cash flow from investing activities		
Purchase of fixed assets	(48,881,964)	(34,001,322)
Proceeds from sale of Fixed assets	-	1,050,000
Increase in fixed deposits (net)	(458,255,697)	(192,163,734)
Profit on sale of current investments	91,000,939	98,576,579
Net cash used in investing activities (B)	(416,136,722)	(126,538,477)
C. Cash flow from financing activities		
Proceeds from issuance of equity share capital	605,795,465	329,075,547
Proceeds from long-term and short-term borrowings	9,350,334,446	8,107,901,688
Repayment of long-term and short-term borrowings	(5,568,070,702)	(3,563,441,559)
Dividend paid on preference shares (including dividend distribution tax)	(2,076,209)	(2,105,911)
Net cash generated from financing activities (C)	4,385,983,000	4,871,429,765
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,124,911,414)	1,789,872,687
Cash and cash equivalents at the beginning of the year	3,827,699,466	2,037,826,779
Cash and cash equivalents at the end of the year	2,702,788,052	3,827,699,466
Components of cash and cash equivalents:		
Balances with banks:		
on current accounts	2,518,447,910	2,673,818,250
deposit with original maturity of less than three months	180,000,000	1,150,000,000
Cash on hand	4,340,142	3,881,216
Total cash and cash equivalents (Note 14)	2,702,788,052	3,827,699,466
Summary of significant accounting policies 2.1		
The accompanying notes are an integral part of the financial statements.		
As per our report of even date		
For S.R.Batliloi & Co. LLP Firm Registration No.301003E/E300005 Chartered Accountants  per Kamal Agarwal Partner Membership No.: 058652 		
For and on behalf of the Board of Directors of Annapurna Finance Private Limited  Gobinda Chandra Pattanaik Managing Director  Subrat Pradhan Company Secretary 		
 Dibyajyoti Pattanaik Director 		
Place: Kolkata Date: June 19, 2018 Place: Bhubaneswar Date: June 19, 2018		

Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)

Notes to the Financial Statements as at and for the year ended March 31, 2018

1. Corporate information

Annapurna Finance Private Limited ('the Company') is a private company incorporated in India. The Company was registered as a non-deposit taking Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company - Micro Finance Institution ('NBFC-MFI') with effect from October 22, 2013.

The Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group (JLG).

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 ("the Act"), read together with Rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, provisions of the RBI applicable as per Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, as amended from time to time ('the NBFC Master Directions, 2016') and other applicable clarifications provided by the RBI.

The financial statements have been prepared under the historical cost convention on an accrual basis except interest on non-performing loans that are recognized on realization. The accounting policies applied by the Company are consistent with those applied in the previous year.

2.1. Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

b. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on portfolio loans is recognized in the Statement of Profit and Loss on a time proportion basis taking into account the amount outstanding and the rates applicable, except in the case of non-performing assets ("NPA's") where it is recognized, upon realization, as per the relevant prudential norms prescribed by RBI. Any such income recognized before the asset became non-performing and remaining unrealized are reversed.



- ii. Profit/premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio/securities and any loss arising therefrom is accounted for immediately. Income from excess interest spread is recognized in the statement of profit and loss account net of any losses at the time of actual receipt.
- iii. Interest income on deposits with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv. Processing fees are recognized as income upfront when it becomes due.
- v. Income from services rendered in connection with loans given on behalf of banks to self-help groups and joint liability groups organized / monitored by the Company are recognized on accrual basis as and when such services are rendered.
- vi. All other income is recognized on an accrual basis.

c. Tangible assets

All tangible fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

e. Depreciation

Depreciation is provided on written down value method as per the life prescribed under Schedule II of the Companies Act, 2013 which is in accordance with management estimates of the useful life of the underlying assets.

Software are amortized over a period of three years.

f. Impairment of fixed assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.



Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

h. Borrowing costs

Borrowing costs includes interests which are recognized on time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Processing fees and ancillary fees incurred for arrangement of borrowings from banks and financial institutions are charged off up-front to the statement of profit and loss.

i. Foreign currency transactions

All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the reporting year. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.

j. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable under the scheme. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

Accumulated leaves are provided for based on actuarial valuation made at the end of each year.

k. Income taxes

Tax expense comprises 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.

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 tax assets are recognized 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 realized. If the Company has carried forward unabsorbed depreciation or tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realized. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets



can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax assets 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 assets can be realized. 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.

l. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

m. Provisions & Contingent Liabilities:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

n. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

o. Share based payments

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

p. Classification of loan portfolio

Loans are classified as follows:

Asset Classification	Period
Standard Assets	Current Loan and overdue upto 89 days
Non-Performing Assets	Overdue from 90 days and more

"Overdue" refers to interest and / or installment remaining unpaid from the day it became receivable.



q. Provisioning on loan portfolio

Provision on portfolio loans are made at the higher of management estimate or minimum provision required as per Non-Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as amended from time to time. The Management treats a loan overdue as soon as a scheduled installment is failed.

The Company is providing provision on loan portfolio at higher of :

- i) 1% of the outstanding portfolio or,
- ii) 50% of the aggregate loan outstanding overdue for more than 90 days and 100% of the aggregate loan outstanding overdue for 180 days or more.

The provision policy applied by the Company on non-performing assets is higher than the RBI requirement of minimum provision on overdue installment.

Provision for losses arising under securitized/managed portfolio is on the basis of incurred losses (shortfall in collection), subject to the maximum guarantee given in respect of such arrangements.

Overdue loans are written-off, when the prospect for recovery is considered remote as per management estimate.

r. Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

s. Corporate Social Responsibility (CSR) expenditure

Expenditure incurred towards CSR is charged to the statement of profit and loss.



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

3 Share capital	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
Authorized Shares		
51,000,000 (March 31, 2017: 38,000,000) equity shares of Rs.10/- each	510,000,000	380,000,000
5,000,000 (March 31, 2017: 5,000,000) preference shares of Rs.10/-each	50,000,000	50,000,000
	560,000,000	430,000,000
Issued, subscribed and fully paid-up shares		
43,021,408 (March 31, 2017: 36,349,218) equity shares of Rs.10/- each	430,214,080	363,492,180
Nil (March 31, 2017: 1,000,000) 9% Optionally Convertible Preference Shares (OCPS) of Rs.10/- each	-	10,000,000
3,000,000 (March 31, 2017: 3,000,000) 0% Compulsory Convertible Preference Shares (CCPS) of Rs.10/- each	30,000,000	30,000,000
Total issued, subscribed and fully paid-up share capital	460,214,080	403,492,180

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	March 31, 2018		March 31, 2017	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	36,349,218	363,492,180	31,381,155	313,811,550
Issued during the year	6,672,190	66,721,900	4,968,063	49,680,630
Shares outstanding at the end of the year	43,021,408	430,214,080	36,349,218	363,492,180

9% Optionally Convertible Preference Shares	March 31, 2018		March 31, 2017	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	1,000,000	10,000,000	2,000,000	20,000,000
Issued during the year	-	-	-	-
Converted during the year	1,000,000	10,000,000	1,000,000	10,000,000
Shares outstanding at the end of the year	-	-	1,000,000	10,000,000

0% Compulsory Convertible Preference Shares	March 31, 2018		March 31, 2017	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	3,000,000	30,000,000	3,000,000	30,000,000
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	3,000,000	30,000,000	3,000,000	30,000,000

A. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Company. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

B. Terms of conversion/redemption of preference shares

i) The Company had issued optionally convertible preference shares (OCPS) of Rs. 2 crores (having face value of Rs. 10 each) to Small Industries Development Bank of India. The conversion option has to be exercised before the expiry of 4 years from the date of issue of preference shares. The dividend is to be paid within 3 months from the close of the financial year. Dividend, if not paid, is cumulative in nature. OCPS are convertible either full or in parts at the option of the holder based on book value of the Company's equity shares as per last audited financial statements. Option may be exercised by the holder more than once till full redemption. During the year 2017-18, the OCPS were converted into 254,907 equity shares @ Rs. 10/- each at a premium of Rs. 29.23/- per share.

ii) The Company has issued compulsory convertible preference shares (CCPS) of Rs. 3 crores (having face value of Rs. 10/- each) to AIDS Awareness Trust of Orissa. CCPS are convertible into equity at face value as per shareholders' agreement.



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

C. Details of shareholders holding more than 5% shares in the Company

Name of shareholder	March 31, 2018		March 31, 2017	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Equity Shares of Rs. 10 each fully paid				
Gobinda Chandra Pattanaik	6,292,731	14.63%	6,292,731	17.31%
RIF East 2 (Investor)	2,768,497	6.44%	2,768,497	7.62%
Belgian Investment Company for Developing Countries NV - SA (Investor)	9,527,723	22.15%	8,027,723	22.08%
SIDBI Trustee Company Limited A/c ("Samridhi Fund") (Investor)	5,601,853	13.02%	5,601,853	15.41%
DCB Bank Ltd. (Investor)	1,824,151	4.24%	1,824,151	5.02%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	6,478,589	15.06%	4,968,063	13.67%
Women's World Banking Capital Partners, LP (Investor)	5,800,000	13.48%	5,800,000	15.96%
Bamboo Financial Inclusion Fund II (Investor)	3,406,757	7.92%	-	0.00%
Total	41,700,301	96.94%	35,283,018	97.07%
Optionally Convertible Preference Shares of Rs. 10 each fully paid				
Small Industries Development Bank of India	-	-	1,000,000	100.00%
Total	-	-	1,000,000	100.00%
Compulsory Convertible Preference Shares of Rs. 10 each fully paid				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	3,000,000	100.00%	3,000,000	100.00%
Total	3,000,000	100.00%	3,000,000	100.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

D. Shares reserved for issue under options

- i) For details of shares reserved for issue under the management stock option plan (MSOP) and employee stock option (ESOP) of the Company, please refer Note 27.
ii) For detail of shares reserved for issue on conversion of preference shares, refer note 3 (B) regarding terms of conversion of preference shares.

4 Reserves and surplus	March 31, 2018	March 31, 2017
	(Rs.)	(Rs.)
A. Securities premium account		
Balance as per last year's financial statements	828,072,688	538,677,771
Add: Addition during the year	555,230,274	300,319,370
Less: Share/debenture issue expenses	6,156,710	10,924,453
Closing Balance	1,377,146,252	828,072,688
B. Stock options outstanding		
Gross management stock compensation for options granted in earlier years (Refer Note 27)	24,678,838	24,678,838
Add: gross compensation for options granted during the year	12,380,750	-
Closing Balance	37,059,588	24,678,838
C. Statutory reserve		
Balance as per last financial statements	93,885,394	56,071,747
Add: Amount transferred from surplus balance in the Statement of Profit & Loss during the year	19,091,151	37,813,647
Closing Balance	112,976,545	93,885,394
D. Capital Redemption Reserve (In respect of preference shares converted)		
Balance as per last financial statements	10,000,000	-
Add : Addition	10,000,000	10,000,000
Closing Balance	20,000,000	10,000,000
E. Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	353,552,587	214,374,211
Profit for the year	95,455,756	189,068,233
Less: Appropriations :		
Transferred to Statutory Reserve	19,091,151	37,813,647
Transferred to Capital Redemption Reserve	10,000,000	10,000,000
Preference Dividend	687,945	1,725,000
Tax on Preference Dividend	140,066	351,210
Total Appropriations	29,919,162	49,889,857
Net surplus in the Statement of profit and loss	419,089,181	353,552,587
Total	1,966,271,566	1,310,189,507



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

5	Long-term borrowings	Non Current Portion		Current Portion	
		March 31, 2018 (Rs.)	March 31, 2017 (Rs.)	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
A. Debentures (privately placed)					
Secured					
- from Financial institutions 12.49% - 14.75% Redeemable Non-Convertible Debentures of Rs. 1,000,000/- each		1,528,000,000	2,859,400,000	1,656,400,000	154,500,000
- from Non banking finance companies (NBFCs) 11.84% - 15.50% Redeemable Non-Convertible Debentures of Rs. 1,000,000/- each		370,000,000	370,000,000	-	95,000,101
Unsecured					
- from NBFCs (subordinated)		1,040,000,000	890,000,000	-	-
B. Term loans					
Secured					
- from Banks		2,681,715,295	2,144,885,503	3,823,550,474	2,974,433,463
- from NBFCs		1,245,041,246	1,010,161,506	1,234,408,424	833,583,069
- from Financial Institutions (FIs)		1,183,331,000	903,323,333	969,970,000	573,015,666
Unsecured					
- from NBFCs (subordinated)		350,000,000	100,000,000	-	-
- from Financial Institutions (FIs)		-	13,733,333	-	27,466,667
C. Vehicle loans					
Secured					
- from Banks*		1,501,669	1,880,663	1,233,124	1,504,181
Total		8,399,589,210	8,293,384,338	7,685,562,022	4,659,503,147
Above amount includes					
Secured		7,009,589,210	7,289,651,005	7,685,562,022	4,762,036,480
Unsecured		1,390,000,000	1,003,733,333	-	27,466,667
Amount disclosed under the head "other current liabilities" (Refer Note 8)		-	-	(7,685,562,022)	(4,659,503,147)
Total		8,399,589,210	8,293,384,338	-	-

*Vehicle loans are secured against hypothecation of vehicles purchase against such loans and are repayable in equated monthly instalments carrying interest rate ranging from 8.50% - 9.50% p.a.



5A Long-term borrowings
Terms of repayment of Debentures & Term Loans as on March 31, 2018

Original maturity of loan	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 5 years		Above 5		Interest Rate	Total
	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)		
Non-Convertible Debentures												
Bullet repayment schedule												
From FIs:												
Above 3 Yrs.	6	1,260,400,000	1	219,000,000	3	784,000,000	1	200,000,000	1	325,000,000	12.49%-14.75%	2,788,400,000
1-3 Yrs.	1	396,000,000	-	-	-	-	-	-	-	-	13.60%	396,000,000
From NBFCs:												
Above 3 Yrs.	-	-	-	-	1	70,000,000	3	500,000,000	2	490,000,000	13.50%-17.00%	1,060,000,000
1-3 Yrs.	1	350,000,000	1	350,000,000	-	-	-	-	-	-	11.84%	350,000,000
Term Loans												
Monthly repayment schedule												
From Banks:												
1-3 Yrs.	312	2,235,326,680	146	1,254,716,657	20	194,295,398	-	-	-	-	10.5%-12.95%	3,684,338,735
Above 3 Yrs.	83	217,347,951	57	169,800,278	37	111,430,308	5	16,663,670	-	-	11.60%-13.70%	514,242,207
From FIs:												
1-3 Yrs.	32	499,970,000	23	483,331,000	10	250,000,000	-	-	-	-	11.95%-12.50%	1,233,301,000
From NBFCs:												
1-3 Yrs.	146	1,196,908,424	58	802,313,972	12	272,727,272	-	-	-	-	6.95%-16.5%	2,271,949,668
Quarterly repayment schedule												
From Banks:												
1-3 Yrs.	68	1,308,375,844	33	692,627,166	10	118,181,819	-	-	-	-	9.80%-12.50%	2,119,184,829
Above 3 Yrs.	5	62,500,000	4	50,000,000	4	50,000,000	2	25,000,000	-	-	11.50%	287,500,000
From NBFCs:												
1-3 Yrs.	2	37,500,000	-	-	-	-	-	-	-	-	12.25%	37,500,000
Bullet repayment schedule												
From NBFCs:												
1-3 Yrs.	-	-	1	170,000,000	-	-	-	-	-	-	12.35%	170,000,000
Above 3 Yrs.	-	-	-	-	-	-	2	100,000,000	1	250,000,000	13.5%-16.5%	350,000,000
From FIs:												
Half Yearly repayment schedule												
From FIs:												
1-3 Yrs.	2	200,000,000	-	-	-	-	-	-	-	-	11.50%	200,000,000
Above 3 Yrs.	4	270,000,000	4	218,000,000	4	166,000,000	6	66,000,000	-	-	10.95%-11.5%	720,000,000
Grand Total		7,684,328,899		4,408,789,073		2,016,634,797		907,663,670		1,065,000,000		16,082,416,439

1. The above non-convertible debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans. Debentures of Rs. 2,456,400,000 (March 31, 2017: Rs. 1,181,400,000) are also further secured by pari passu charge on the land of the Company situated at Sriperumbudur Taluk, Kancheepuram District.

(a) Includes outstanding debenture of Rs. 292,000,000 having the option to debenture holder to exercise the following redemption option date :

i) 25% (Rs. 73,000,000) of the outstanding principal amount by November 13, 2018 and the remaining balance (Rs. 219,000,000) by May 13, 2019.

(b) Includes outstanding debenture of Rs. 1,506,400,000 wherein debenture holders / company have the option to exercise the following redemption date:

i) Rs. 384,000,000 of the outstanding principal amount by May 29, 2018 if Put/Call option is exercised and May 29, 2020 if Put/Call option is not exercised.

ii) Rs. 330,000,000 at the end of 3 years (13th September, 2018), if put/call option exercised, other wise 100% at the end of 4 years (13th September, 2019).

iii) Rs. 267,000,000 of the outstanding principal amount by December 10, 2018 if the put/call option is exercised, otherwise by December 10, 2021.

iv) Rs. 200,400,000 by December 08, 2018, if put/call option exercised, other wise 100% by December 08, 2021.

v) Rs. 325,000,000 of the outstanding principal amount by August 30, 2020 if Put/Call option is exercised and Aug 30, 2023 if Put/Call option is not exercised.

2. The term loans are secured by hypothecation of portfolio loans covered by hypothecation loan agreement and margin money deposits.

3. Term loans are also guaranteed by the promoter directors of the Company, Rs. 4,179,927,128 as on 31st March, 2018 (March 31, 2017: Rs. 4,631,456,946).

4. Includes outstanding debenture of Rs. 870,400,000 classified as current "due within 1 year", due to the put option available with the debenture holders.



58 Long-term borrowings

Terms of repayment of Debentures & Term Loans as on March 31, 2017

Original maturity of loan	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 5 years		Above 5 years		Interest Rate	Total
	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)	No. of Installments	Amount (in Rupees)		
Non-Convertible Debentures												
Bullet repayment schedule												
From FIs:												
Above 3 Yrs. #	1	154,500,000	4	1,116,000,000	-1	292,000,000	6	1,451,400,000	-	-	13.00% - 14.75%	3,013,900,000
1-3 Yrs.	-	-	-	-	-	-	-	-	-	-	-	-
From NBFCs:												
Above 3 Yrs.	-	-	-	-	1	350,000,000	4	320,000,000	2	590,000,000	13.99%-17.00%	1,260,000,000
Monthly repayment schedule												
From NBFCs:												
1-3 Yrs.	14	95,000,101	-	-	-	-	-	-	-	-	12.70% - 13.50%	95,000,101
Above 3 Yrs.	-	-	-	-	-	-	-	-	-	-	-	-
Term Loans												
Monthly repayment schedule												
From Banks:												
1-3 Yrs.	310	1,605,911,848	200	962,579,783	52	165,574,858	-	-	-	-	11.27%-13.25%	2,734,066,489
Above 3 Yrs.	123	332,484,593	97	277,113,595	65	192,794,167	43	84,916,335	-	-	11.60%-13.70%	887,310,690
From FIs:												
1-3 Yrs.	31	253,015,667	24	299,990,000	11	183,333,333	-	-	-	-	12.50% -13.50%	736,339,000
From NBFCs:												
1-3 Yrs.	132	743,583,070	79	545,358,734	24	257,302,773	-	-	-	-	9.50%-16.50%	1,546,244,577
Quarterly repayment schedule												
From Banks:												
1-3 Yrs.	63	1,036,037,023	33	436,904,762	3	25,000,000	-	-	-	-	11.00% - 13.50%	1,497,941,785
From NBFCs:												
1-3 Yrs.	6	89,999,999	2	37,500,000	-	-	-	-	-	-	12.25%-14.50%	127,499,999
Bullet repayment schedule												
From NBFCs:												
1-3 Yrs.	-	-	-	-	1	170,000,000	-	-	-	-	12.35%	170,000,000
Above 3 Yrs.	-	-	-	-	-	-	2	100,000,000	-	-	16.50%	100,000,000
From FIs:												
1-3 Yrs.	4	27,466,667	2	13,733,333	-	-	-	-	-	-	2.00%	41,200,000
Half Yearly repayment schedule												
From FIs:												
1-3 Yrs.	2	200,000,000	2	200,000,000	-	-	-	-	-	-	11.50%	400,000,000
Above 3 Yrs.	2	120,000,000	2	120,000,000	2	68,000,000	2	16,000,000	2	16,000,000	11.50%	340,000,000
Grand Total		4,657,998,968		4,009,180,207		1,704,005,131		1,972,316,335		606,000,000		12,949,502,641

1. The above non-convertible debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans. Debentures of Rs 1,181,400,000 are also further secured by pari passu charge on the land of the Company situated at Sriperumbudur Taluk, Kanchipuram District.

(a) Includes outstanding debenture of Rs. 292,000,000 having the option to debenture holder to exercise the following redemption option date :

i) 25% (Rs. 73,000,000) of the outstanding amount by November 13, 2017, 99.99% of the balance amount (Rs. 218,978,100) by May 13, 2018 and the remaining balance (Rs. 21,900) by May 13, 2019.

ii) 25% (Rs. 73,000,000) of the outstanding principal amount by November 13, 2018 and the remaining balance (Rs. 219,000,000) by May 13, 2019.

(b) Includes outstanding debenture of Rs. 1,181,400,000 wherein debenture holders / company have the option to exercise the following redemption date:

i) Rs. 384,000,000 of the outstanding principal amount by May 29, 2018 if Put/Call option is exercised and May 29, 2020 if Put/Call option is not exercised.

ii) Rs. 330,000,000 at the end of 3 years (13th September, 2018), if put/call option exercised, other wise 100% at the end of 4 years (13th September, 2019).

iii) Rs. 267,000,000 of the outstanding principal amount by December 10, 2018 if the put/call option is exercised, otherwise by December 10, 2021.

iv) Rs. 200,400,000 by December 8, 2018, if put/call option exercised, other wise 100% by 8 December, 2021.

2. The term loans are secured by hypothecation of portfolio loans covered by hypothecation loan agreement and margin money deposits.

3. Term loans are also guaranteed by the promoter directors of the Company, Rs 4,631,456,946 as on 31st March, 2017.

4. Includes outstanding debenture of Rs. 73,000,000 classified as current "due within 1 year", due to the put option available with the debenture holders.



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

6	Short-term borrowings	Current Portion	
		March 31, 2018	March 31, 2017
		(Rs.)	(Rs.)
	Term loans		
	Secured		
	- from Banks	780,000,000	130,000,000
	Total	780,000,000	130,000,000

Short-term borrowings are secured by hypothecation of portfolio loans covered by hypothecation loan agreements and margin money deposits. The interest rate ranging from 10.50% to 11.25% p.a.

7	Provisions	Non Current Portion		Current Portion	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	Provision for portfolio loans				
	On standard assets	-	6,508,606	814,446	75,360,668
	On non performing assets	283,524,380	19,958,814	-	-
		283,524,380	26,467,420	814,446	75,360,668
B.	Others				
	Provision for securitized and managed portfolio	-	-	29,704,101	57,484,950
	Provision for gratuity	-	-	-	2,022,621
	Provision for leave encashment	-	-	4,249,610	2,596,646
		-	-	33,953,711	62,104,217
	Total	283,524,380	26,467,420	34,768,157	137,464,885

8	Other liabilities	Non Current Portion		Current Portion	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
	Current maturities of long-term borrowings (Refer Note 5)	-	-	7,685,562,022	4,659,503,147
	Interest accrued but not due on borrowings	-	-	191,563,300	167,980,679
	Deferred income on securitisation transactions	-	-	-	856,232
	Payable for portfolio loan securitised	-	-	284,723,653	99,325,138
	Payable on corporate social responsibility activities	-	-	-	2,677,864
	Salary payable	-	-	45,442,363	24,934,037
	Dividend on preference shares	-	-	687,945	1,725,000
	Dividend distribution tax payable	-	-	140,066	351,210
	Statutory dues payable	-	-	9,352,722	5,843,277
	Insurance premium payable	-	-	68,100,437	27,883,882
	Advance from banks (pending disbursement) (Refer Note 32)	-	-	-	960,058
	Other payables	-	-	26,344,593	18,236,238
	Total	-	-	8,311,917,101	5,010,276,762



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

9. TANGIBLE ASSETS

(Amount in Rs.)

Particulars	Furniture & Fixtures	Computers	Office Equipments	Vehicles	Freehold Land	Total
At March 31, 2016	16,405,878	20,625,794	15,394,401	6,722,053	1,350,800	60,498,926
Additions	6,630,621	6,955,380	7,060,112	2,251,260	-	22,897,373
Disposals	-	-	-	800,920	-	800,920
At March 31, 2017	23,036,499	27,581,174	22,454,513	8,172,393	1,350,800	82,595,379
Additions	10,027,530	14,717,366	11,296,915	1,074,743	-	37,116,554
Disposals	-	-	-	-	-	-
At March 31, 2018	33,064,029	42,298,540	33,751,428	9,247,136	1,350,800	119,711,933
Depreciation						
At March 31, 2016	5,013,102	11,218,364	5,738,904	2,107,174	-	24,077,544
Additions	3,909,533	7,604,702	6,282,201	1,296,741	-	19,093,177
Disposals	-	-	-	5,295	-	5,295
At March 31, 2017	8,922,635	18,823,066	12,021,105	3,398,620	-	43,165,426
Charge For the Period	4,855,972	9,916,604	8,242,855	1,560,956	-	24,576,388
Disposals	-	-	-	-	-	-
At March 31, 2018	13,778,607	28,739,670	20,263,960	4,959,576	-	67,741,814
Net Block						
At March 31, 2017	14,113,864	8,758,108	10,433,408	4,773,773	1,350,800	39,429,953
At March 31, 2018	19,285,422	13,558,870	13,487,468	4,287,560	1,350,800	51,970,119

10. INTANGIBLE ASSETS

Software	Amount (Rs)
At March 31, 2016	5,332,256
Additions	10,854,869
Disposals	-
At March 31, 2017	16,187,125
Additions	11,765,411
Disposals	-
At March 31, 2018	27,952,536
Amortization	
At March 31, 2016	1,976,519
Additions	5,120,280
Disposals	-
At March 31, 2017	7,096,799
Charge For the Period	7,306,066
Disposals	-
At March 31, 2018	14,402,865
Net Block	
At March 31, 2017	9,090,326
At March 31, 2018	13,549,671



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

11	Deferred tax assets / (liabilities) (net)	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
	Deferred tax assets		
	Provision on portfolio and securitised/managed loans	95,898,017	47,488,619
	Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	8,935,794	4,346,229
	Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	4,199,282	2,656,666
	Net deferred tax assets / (liabilities)	109,033,093	54,491,514

12	Loans and advances (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
		March 31, 2018 (Rs.)	March 31, 2017 (Rs.)	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
A. Portfolio loans					
	Considered good	4,325,415,639	2,624,078,120	10,992,458,981	7,536,066,847
	Considered doubtful	330,890,267	22,663,913	-	-
		4,656,305,906	2,646,742,033	10,992,458,981	7,536,066,847
B. Advances recoverable in cash or kind		-	-	45,122,439	29,791,959
		-	-	45,122,439	29,791,959
C. Security Deposit		1,253,000	1,250,000	9,909,230	5,477,500
		1,253,000	1,250,000	9,909,230	5,477,500
D. Others					
	Prepaid expenses	1,072,090	1,343,841	6,300,328	17,088,673
	Loan to staff	721,545	191,155	3,225,706	2,945,520
	Balances with government authorities	-	-	-	464,050
	Cenvat credit receivable	-	-	-	1,682,117
	Margin Money with non banking financial companies and financial institutions (marked as lien towards term loans availed)	68,936,192	45,806,233	33,713,641	21,483,310
	Advance income tax (Net of provision Rs. 263,719,042) (March 31, 2017 : Rs. 167,116,824)	6,963,510	6,963,510	22,260,731	-
		77,693,337	54,304,739	65,500,406	43,663,670
Total		4,735,252,243	2,702,296,772	11,112,991,056	7,614,999,976

13	Other assets (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
		March 31, 2018 (Rs.)	March 31, 2017 (Rs.)	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
	Non current bank balances (Refer Note 14)	873,589,353	563,412,215	-	-
		873,589,353	563,412,215	-	-
	Others				
	Interest accrued but not due on portfolio loans	-	-	221,052,034	202,111,558
	Interest accrued but not due on deposits placed with banks and financial institutions	12,321,328	16,327,795	35,653,444	28,726,867
	Other Receivables (Net of Provision - Rs.15,256,656) (March 31, 2017 : 12,657,736)*	-	-	25,746,971	23,069,789
		12,321,328	16,327,795	282,452,449	253,908,214
Total		885,910,681	579,740,010	282,452,449	253,908,214

*represents insurance claims in respect of dues from deceased borrowers

14	Cash and bank balances	Non-Current Portion		Current Portion	
		March 31, 2018 (Rs.)	March 31, 2017 (Rs.)	March 31, 2018 (Rs.)	March 31, 2017 (Rs.)
	Cash and cash equivalents				
	Balances with banks:				
	-on current accounts	-	-	2,518,447,910	2,673,818,250
	-deposit with original maturity of less than three months	-	-	180,000,000	1,150,000,000
	Cash on hand	-	-	4,340,142	3,881,216
		-	-	2,702,788,052	3,827,699,466
	Other bank balances				
	Deposit with original maturity for more than 3 months but not more than 12 months	136,351,548	167,315,498	128,499,771	8,361,300
	Deposit with original maturity of not less than 12 months	737,237,805	396,096,717	213,837,359	221,257,561
		873,589,353	563,412,215	342,337,130	229,618,861
	Amount disclosed under non-current assets (Refer Note 13)	(873,589,353)	(563,412,215)	-	-
Total		-	-	3,045,125,182	4,057,318,327

Note:

i) Includes deposit certificates of Rs. 1,215,926,483/- (March 31, 2016: Rs. 793,031,076/-) marked as lien towards term loans availed from banks and financial institutions, towards cash collateral placed in connection with portfolio loan securitisation and business correspondent activities entered with banks.

ii) Current account includes Rs. Nil- (March 31, 2017: Rs. 960,058/-) to be disbursed as loan, pursuant to business correspondent activities carried out by the Company. Also, refer note no. 32.



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

15	Revenue from operations	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Interest income on portfolio loans	2,731,646,328	1,945,608,420
	Upfront processing Fees	205,629,232	108,510,445
	Income from securitisation	231,310,848	184,729,864
	Service Fees Income (Refer Note No. 32)	67,776,666	72,121,313
	Total	3,236,363,074	2,310,970,042

16	Other income	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Interest Income on fixed deposits with banks and others	80,270,646	64,387,098
	Profit on sale of current investments	91,000,939	98,576,579
	Miscellaneous income	2,393,312	798,244
	Total	173,664,897	163,761,921

17	Employee benefit expenses	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Salaries and bonus	691,891,760	485,007,359
	Contributions to provident fund and others	42,685,234	34,079,689
	Employee stock option compensation (Refer Note 27)	12,380,750	-
	Gratuity expenses (Refer Note 26)	5,976,516	3,866,250
	Staff welfare expenses	15,725,537	10,637,131
	Total	768,659,797	533,590,429

18	Finance costs	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Interest expense	1,684,204,463	1,227,385,508
	Other borrowing costs	50,185,560	152,951,238
	Total	1,734,390,023	1,380,336,746



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the Financial Statements as at and for the year ended March 31, 2018

19	Other expenses	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Rent on Building	46,390,806	32,482,155
	Rates and taxes	10,231,104	460,587
	Repairs & maintenance		
	- Office maintenance	13,668,357	7,852,005
	Office Expenses	17,655,870	11,816,459
	Director sitting fees	364,650	484,800
	Travelling and conveyance	24,364,471	15,112,698
	Communication expenses	19,774,592	17,763,046
	Printing & stationery	11,887,191	10,203,607
	Legal and professional fees	40,337,524	31,114,075
	Payment to auditors (Refer Note 20)	4,000,000	4,000,000
	Advertisement	1,565,351	1,028,907
	Training & meeting expenses	29,930,170	14,119,308
	Electricity charges	6,797,906	4,391,355
	Miscellaneous expenses	19,279,815	3,909,425
	Total	246,247,807	154,738,427

20	Payment to auditors	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	As auditor:		
	Audit fee (excluding taxes)	4,000,000	3,500,000
	In other capacity		
	Other services (certification fees etc.)	-	400,000
	Reimbursement of expenses	-	100,000
	Total	4,000,000	4,000,000

21	Depreciation & amortisation expenses	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Depreciation on tangible assets	24,576,388	19,087,882
	Amortisation on intangible assets	7,306,066	5,120,280
	Total	31,882,454	24,208,162

22	Provisions and write-off	Year ended March 31, 2018	Year ended March 31, 2017
		(Rs.)	(Rs.)
	Provision against standard assets	(81,054,828)	13,170,592
	Provision for non-performing assets	263,565,566	16,800,738
	Portfolio loans written off*	245,121,463	-
	Provision on securitised / managed portfolio	(27,780,849)	56,568,153
	Payment made against the Securitised/ Managed Portfolio	87,409,671	-
	Provision for Insurance Claims in respect of dues from deceased borrowers	4,070,473	5,807,265
	Total	491,331,496	92,346,748

* represents overdue loan portfolio, which are not recoverable as per management's assessment and hence written-off.



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

23 Details of Securitised Portfolio and Income arising out of the same

During the year, the Company has sold its portfolio loans through securitisation arrangements. The information regarding the securitisation activity as an originator is shown below:

Particulars	Year ended March 31, 2018 (Rs.)	Year ended March 31, 2017 (Rs.)
Total book value of the loans securitised during the year (A)	3,469,762,499	1,625,352,893
Sale consideration received for the loans securitised during the year (B)	3,469,762,499	1,625,352,893
Gain on securitisation (B-A)	-	-
Portfolio loan securitised and outstanding	2,805,244,883	1,432,515,690
Credit enhancements provided and outstanding:		
Principal subordination	350,156,423	102,143,662
Cash collateral	276,342,251	157,530,718
Income from asset securitisation recognised in the statement of profit and loss	231,310,848	184,729,864
The Company has transferred all the rights and obligations relating to above securitised loan assets to banks / NBFCs with which securitisation arrangements have been entered into.		

24 Segment Reporting

The Company operates in a single reportable segment i.e. lending to members, and other related activities which has similar risks and returns for the purpose of Accounting Standard-17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. India.

25 Earnings per share (EPS)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit after tax (Rs.)	95,455,756	189,068,233
Less: Dividend on 9% Optionally Convertible Preference Shares and tax thereon (Rs.)	828,011	2,076,210
Net Profit for calculation of basic EPS (Rs.)	94,627,745	186,992,023
Net Profit for calculation of diluted EPS (Rs.)	95,455,756	189,068,233
Weighted average number of equity shares in calculating basis EPS	41,186,481	35,627,828
Effect of dilution:		
Expected Shares to be granted under MSOP, ESOP and on conversion of preference share*	5,033,976	4,637,491
Weighted average number of equity shares in calculating diluted EPS	46,220,457	40,265,319
Earning per share:		
Basic (Rs.)	2.30	5.25
Diluted (Rs.)	2.07	4.70



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

26 (a) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in the balance sheet for the gratuity plans.

Particulars	31-Mar-18	31-Mar-17
Assumptions:		
Discount Rate	7.75%	7.10%
Salary Escalation	7.00%	7.00%
Expected Rate of Return on Assets	7.75%	7.10%
Expected Average Remaining Working Life of Employees (Years)	29.74	29.96
Withdrawal Rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	(Rs.) 7,985,720	(Rs.) 3,940,702
Interest cost	618,815	423,388
Current service cost	4,587,356	3,901,408
Benefit Paid	(2,019)	-
Actuarial loss / (gain) on obligations	1,120,427	(279,778)
Present value of defined benefit obligations as at end of the year	14,310,299	7,985,720
Table showing fair value of plan assets:		
Fair value of plan assets at beginning of the year	5,963,099	2,571,112
Expected return on plan assets	462,140	302,964
Contributions	8,434,083	3,213,219
Benefits Paid	(2,019)	-
Actuarial loss on plan assets	(112,058)	(124,196)
Fair value of plan assets at end of the year	14,745,245	5,963,099
Actuarial (Gain)/Loss recognised:		
Actuarial loss / (gain) on obligations	1,120,427	(279,778)
Actuarial loss on Plan assets	112,058	124,196
Actuarial loss / (gain) recognised in the year	1,232,485	(155,582)
The amounts to be recognised in the Balance Sheet:		
Present value of obligations at the end of the year	14,310,299	7,985,720
Fair value of plan assets at the end of the year	14,745,245	5,963,099
Net (liability)/Assets recognised in balance sheet	434,946	(2,022,621)
Expenses Recognised in statement of Profit and Loss:		
Current Service Cost	4,587,356	3,901,408
Interest Cost	618,815	423,388
Expected return on Plan assets.	(462,140)	(302,964)
Net Actuarial loss / (gain) recognised in the year	1,232,485	(155,582)
Expenses recognised in statement of profit and loss	5,976,516	3,866,250
Actual return on plan assets	350,082	178,768

Amounts for the current and previous year are as follows*:

Particulars	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015
Defined Benefit Obligations	14,310,299	7,985,720	3,940,702	1,473,957
Plan Assets	14,745,245	5,963,099	2,571,112	1,731,970
Surplus/(Deficit)	434,946	(2,022,621)	(1,369,590)	258,013
Experience adjustments on plan liabilities [(Gain)/Loss]	(337,786)	1,175,284	169,160	-
Experience adjustments on plan assets [Gain/(Loss)]	(112,058)	(124,196)	(82,981)	(82,653)

The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	As on March 31, 2018	As on March 31, 2017
Insurance Managed Fund	100%	100%

The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute Rs.5,523,027/- [March 31, 2017: Rs.4,335,870/-] to gratuity fund in 2018-19.

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no significant change in expected rate of return.

* The Company has started recording gratuity liability based on actuarial valuation from the financial year 2014-15 onwards. Hence, figures for March 31, 2014 is not furnished.

- (b) Amount incurred as expense for defined contribution to Provident Fund is Rs. 28,359,975/- (March 31, 2017: Rs. 24,084,690/-)



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

27 (a) Management Stock Option Plan (MSOP)

The Company provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2018 are MSOP Series- A and MSOP - Series -B.

Particulars	MSOP - Series A	MSOP - Series B (i)	MSOP - Series B (ii)
Date of Grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of Board Approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of Shareholder's Approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of Options expected to exercise within the vesting period	164060	416119	915462
Exercise Price per Share (Rs.)	2.5	5	5
Method of Settlement	Equity	Equity	Equity
Vesting Period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise Period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting Conditions	Performace milestones as set out in shareholder agreement dated June 29, 2012	Performace milestones as set out in shareholder agreement dated March 19, 2014	Performace milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

MSOP- Series A

Particulars	31-Mar-18		31-Mar-17	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	164,060.00	2.50	164,060.00	2.50
Granted During the year	-	-	-	-
Forfeited During the year	-	-	-	-
Exercised During the year	-	-	-	-
Expired During the year	-	-	-	-
Outstanding at the end of the year	164,060.00	2.50	164,060.00	2.50
Exercisable at the end of the year	164,060.00	2.50	164,060.00	2.50
Weighted Average Remaining Contractual Life in Years	-	-	-	-

MSOP- Series B

Particulars	31-Mar-18		31-Mar-17	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	1,331,581.12	5.00	1,331,581.12	5.00
Granted During the year	-	-	-	-
Forfeited During the year	-	-	-	-
Exercised During the year	-	-	-	-
Expired During the year	-	-	-	-
Outstanding at the end of the year	1,331,581.12	5.00	1,331,581.12	5.00
Exercisable at the end of the year	1,331,581.12	5.00	1,331,581.12	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans on the statement of profit and loss on the financial position:

Particulars	March 31, 2018	March 31, 2017
Stock options outstanding (gross)	-	24,678,838
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	-	24,678,838

Notes :

i) The issue of shares will be in accordance with the provisions of the Companies Act, 2013.



27(b) Employee Stock Option Scheme (ESOS)

On November 30, 2016 the board of directors approved the Annapurna Stock Option Scheme 2017 for issue of stock options to eligible employees of the Company. The relevant terms of the grant are as below:

Description	
Date of Grant	01 July 2017
Date of Board approval	30 November 2016
Number of options granted	1,090,477
Method of Settlement	Equity
Graded Vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options
Exercise period	
The vested options can be exercised within a period of 5 years as per the table below:	
End of the Year	Exercise period
1	Within 5 year of 1st Vesting
2	Within 4 year of 2nd Vesting
3	Within 3 year of 3rd Vesting
Vesting Conditions	Continuous service with the company and has not served any notice of resignation
Weighted average remaining contractual life (years)	2.5 years
Weighted average exercise price per option (₹)	41

The details of activity under the Scheme 2017 Plan are summarized below:

Description	31st March 2018 (No. of options)
Granted during the year	1,090,477
Forfeited during the year	65,777
Exercised during the year	-
Exercisable at the end of the year	-
Weighted average remaining contractual life of options (years)	2.50
Weighted average share price during the exercise period (in ₹)	41

The weighted average fair value of stock options granted during the year was Rs.48.29. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs;

Particulars	
Share Price on the date of Grant (₹)	76.09
Exercise price (₹)	41.00
Dividend yield (%)	0%
Expected volatility (%)	43.88% - 46.22%
Risk-free interest rate (%)	6.60% - 6.74%
Weighted average share price (₹)	76.09

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option scheme has been recognised at fair value.



28 Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision Made during the year	Provision utilised for write-off	As at March 31, 2018	As at March 31, 2017
Standard assets	15,317,874,620	10,160,144,967	81,869,275	-81,054,828	-	15,317,060,173	10,078,275,692
Non-Performing assets	330,890,267	22,663,913	19,958,814	263,565,566	-	47,365,887	2,705,099
Total	15,648,764,887	10,182,808,880	101,828,089	182,510,738	-	15,364,426,060	10,080,980,791

Loan portfolio and provision for standard and non-performing assets as at March 31, 2017:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016	Provision Made during the year	Provision utilised for write-off	As at March 31, 2017	As at March 31, 2016
Standard assets	10,160,144,967	7,180,909,774	68,698,682	13,170,593	-	10,078,275,692	7,112,211,092
Non-Performing assets	22,663,913	4,765,975	3,158,076	16,800,738	-	2,705,099	1,607,899
Total	10,182,808,880	7,185,675,749	71,856,758	29,971,331	-	10,080,980,791	7,113,818,991



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

29 Related party disclosures

i) Names of related parties and related party relationship

Key management personnel	
Name	Designation
Mr. Gobinda Chandra Pattanaik	Managing Director & CEO
Mr. Dibyajyoti Pattanaik	Director & CFO
Mr. Subrat Pradhan	Company Secretary

ii) Nature of transactions

Particulars	31-Mar-18		31-Mar-17	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
(i) Key management personnel				
Salary, incentives and perquisites				
Mr. Gobinda Chandra Pattanaik	8,417,830	-	5,928,334	-
Mr. Dibyajyoti Pattanaik	4,681,106	-	2,463,464	-
Mr. Subrat Pradhan (Refer Note 3 below)	1,221,165	-	878,860	-
Total	14,320,101	-	9,270,658	-

Notes:

- As the actuarial liability for gratuity has been provided for the Company as a whole, the amount pertaining to Key Management Personnel are separately not ascertainable, and therefore not included above.
- Refer Note no. 5 A & 5 B as regards term loans personally guaranteed by promoter directors of the Company.
- Includes cost of ESOP - Rs. 193,317/- (March 31, 2017 : NIL) (Refer Note 27)

30 Leases

Operating lease: Company as lessee

Certain office premises and vehicles are obtained by the Company on operating lease. The lease term is for one to three years and renewable on a periodic basis and are cancellable. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and contingent rents.

The amount of rent expenses included in the Statement of Profit and Loss towards operating leases aggregate to Rs. 46,390,806/- (March 31, 2017: Rs. 32,482,155/-).

31 Expenditure in foreign currency (on accrual basis)

Description	Year ended March 31, 2018	Year ended March 31, 2017
	(Rs.)	(Rs.)
Travelling Expenses	198,301	669,142

32 The Company has agreement with Banks for providing following business correspondent activities, as per terms of agreement entered with banks:

- amounts received from banks are disbursed as loan to self-help groups organised / monitored by the Company and such self-help groups are considered as banks' borrowers.
- the Company provides services in connection with recovery and monitoring of such loans.
- the Company has provided collaterals in the form of Fixed Deposits which would be adjusted by the banks, to the extent of default made by borrower.

The detail of activities undertaken is as follows :

Particulars	March 31, 2018	March 31, 2017
	(Rs.)	(Rs.)
Amount from banks (pending disbursement) - opening balance	960,058	16,064,773
Amount receivable from Bank - Opening Balance	3,861,863	-
Amount received from banks for disbursement of loan during the year	746,337,000	636,172,146
Loan disbursed during the year	753,121,000	633,873,094
Amount yet to be disbursed on behalf of business correspondence partners during the year	-	960,058
Amount disbursed on behalf of business correspondence partners and shown as receivable as on reporting date	1,068,311	3,861,863
Credit enhancements provided and outstanding:		
Cash collateral	48,384,103	43,555,145
Service Fee Income recognised during the year	67,776,666	72,121,313



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

33 Additional disclosures pursuant to the Reserve Bank Directions vide :

A) Information on Net Interest Margin

Computation of aggregate margin cap as on March 31, 2018:	31-Mar-18	31-Mar-17
a) Average Interest charged by the Company on advances (%)	21.01	22.81
b) Average Interest cost of borrowings of the Company (%)	12.16	12.86
c) Margin Cap (a-b) (%)	8.85	9.95

B) Exposure to Gold Loan

The Company has no exposure to Gold Loan directly or indirectly.

C) Disclosures required as per the Non Banking Financial Company -Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars	Remarks
1. Capital to Risk (Weighted) Assets Ratio	Refer Note No. 33 (D)
2. Investments	The Company does not have any investment as on March 31, 2018 and March 31, 2017
3. Derivatives	
i) Forward Rate Agreement / Interest Rate Swap	The Company has no transaction or exposure in derivatives in the current and previous year.
ii) Exchange Traded Interest Rate (IR) Derivatives	
iii) Disclosures on Risk Exposure in Derivatives	The Company has no unhedged foreign currency exposure as on March 31, 2018 and March 31, 2017.
iv) Forward rate agreement/interest rate swap	
4. Disclosures relating to Securitisation	
i) Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer Note No. 33 (E)
ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction during the current and previous year.
iii) Details of Assignment transactions undertaken by NBFCs	The Company has not undertaken any assignment transactions during the current and previous year.
5. Details of non-performing financial assets purchased / sold	
i) Details of non-performing financial assets purchased :	The Company has not purchased / sold non-performing financial assets during the current and previous year.
ii) Details of Non-performing Financial Assets sold :	
6. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 33 (P)
7. Exposures	
i) Exposure to Real Estate Sector	The Company has no exposure to real estate directly or indirectly.
ii) Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.
8. Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any holding or parent company.
9. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	The Company has not exceeded any limit in respect of SGL / GBL during the current and previous year.
10. Unsecured Advances	Refer Note No. 33 (F)



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

11. Miscellaneous	
i) Registration obtained from other financial sector regulators	Refer Note No. 33 (G)
ii) Disclosure of Penalties imposed by RBI and other regulators	No penalties were imposed by RBI and other regulators during the current and previous year. Refer Note No. 29
iii) Related Party Transactions	
iv) Ratings assigned by credit rating agencies and migration of ratings during the year	Refer Note No. 33 (H)
v) Remuneration of Directors	Refer Note No. 29
vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Note No. 2 & 2.1
vii) Revenue Recognition	Refer Note No. 2.1(b)
viii) Accounting Standard 21 -Consolidated Financial Statements (CFS)	The Company does not have any investment as on March 31, 2018 and March 31, 2017
12. Additional Disclosures	
i) Provisions and Contingencies	Refer Note No. 33 (I)
ii) Draw Down from Reserves	There has been no draw down from reserves during the year ended March 31, 2018 (Previous Year : Nil).
iii) Concentration of Deposits, Advances, Exposures and NPAs	
a) Concentration of Deposits (for deposit taking NBFCs)	This Disclosure is not applicable as the Company as it is not a deposit taking NBFC.
b) Concentration of Advances	Refer Note No. 33 (J)
c) Concentration of Exposure	Refer Note No. 33 (K)
d) Concentration of NPAs	Refer Note No. 33 (L)
e) Sector-wise NPAs	Refer Note No. 33 (M)
f) Movement of NPAs	Refer Note No. 33 (N)
iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The Company has no exposure or transaction with overseas assets.
v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	There are no off balance sheet exposure as on March 31, 2018 and March 31, 2017.
13. Disclosure of Complaints	Refer Note No. 33 (O)

D) Capital to Risk-Assets ratio (CRAR)

Particulars	31-Mar-18	31-Mar-17
i) CRAR (%)	18.68	22.36
ii) CRAR - Tier I capital (%)	13.29	14.77
iii) CRAR - Tier II capital (%)	5.39	7.59
iv) Amount of subordinated debt raised as Tier - II Capital	1,390,000,000	990,000,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

E) The followings figures are being reported based on certificate issued by the auditors of the SPV

Particulars	31-Mar-18	31-Mar-17
1 No of SPVs sponsored by the NBFC for securitisation transactions	15	13
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	2,805,244,883	1,432,515,690
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a) Off-balance sheet exposures		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
• First loss	350,156,423	102,143,662
• Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	276,342,252	157,530,718
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

F) Unsecured Advances

Particulars	31-Mar-18	31-Mar-17
Portfolio loans	15,648,764,887	10,182,808,880

G) Registration obtained from other financial sector regulators :

Particulars
Reserve Bank of India
Ministry of Corporate Affairs

H) Ratings assigned by credit rating agencies and migration of ratings during the year:

A Credit rating agency had assigned a grading of 'mFR 2' (mFR Two) to the company on December 4, 2017 mFR 1, being the highest and mFR 8 being the lowest.
A Credit rating agency had assigned a rating of 'BBB' on the term loans of the Company on August 22, 2017 (Previous Year: BBB).

I) Provisions and Contingencies

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	31-Mar-18	31-Mar-17
i) Provision towards NPA	263,565,566	16,800,738
ii) Provision made towards Income tax (including adjustment for deferred tax)	42,060,638	100,443,218
iii) Portfolio loans written off	245,121,463	-
iv) Payment made against the Securitised/ Managed Portfolio		
iii) Other Provision and Contingencies (with details)		
a) Provision for Gratuity	5,976,516	3,866,250
b) Provision for Leave Benefit	1,652,964	2,181,657
c) Provision and loss on securitized / managed portfolio	(27,780,849)	56,568,153
d) Provision for insurance claims	4,070,473	5,807,265
iv) Provision for Standard Assets	(81,054,828)	13,170,592

J) Concentration of Advances

Particulars	31-Mar-18	31-Mar-17
Total advances to twenty largest borrowers	25,978,483	10,165,000
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.17%	0.10%

K) Concentration of Exposures

Particulars	31-Mar-18	31-Mar-17
Total Exposure to twenty largest borrowers /customers	25,978,483	10,165,000
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.17%	0.10%



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

L) Concentration of NPA's

Particulars	31-Mar-18	31-Mar-17
Total Exposure to top four NPA accounts	270,975	100,528

M) Sector-wise NPAs

Sector	% of NPAs to total advances in that sector as at March 31, 2018	% of NPAs to total advances in that sector as at March 31, 2017
i) Agriculture & allied activities	0.25%	0.04%
ii) MSME	1.78%	0.18%
iii) Corporate borrowers	0.00%	0.00%
iv) Services	0.09%	0.01%
v) Unsecured personal loans	0.00%	0.00%
vi) Auto loans	0.00%	0.00%
vii) Other personal loans	0.00%	0.00%

N) Movement of NPAs

Particulars	31-Mar-18	31-Mar-17
	%	%
i) Net NPAs to Net Advances (%)	0.31%	0.03%
ii) Movement of Net NPAs (Gross)		
a) Opening balance	22,663,913	4,765,975
b) Additions during the year	553,347,817	17,897,938
c) Reductions during the year (represents loan portfolio written-off)	245,121,463	-
d) Closing balance	330,890,267	22,663,913
iii) Movement of Net NPAs		
a) Opening balance	2,705,099	1,607,899
b) Additions during the year	289,782,251	1,097,200
c) Reductions during the year	245,121,463	-
d) Closing balance	47,365,887	2,705,099
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	19,958,814	3,158,076
b) Provisions made during the year	263,565,566	16,800,738
c) Write-off / write-back of excess provisions	-	-
d) Closing balance	283,524,380	19,958,814

O) Disclosure of Complaints

Particulars	31-Mar-18	31-Mar-17
i) No. of complaints pending at the beginning of the year	6.00	-
ii) No. of complaints received during the year	3,385	1,216
iii) No. of complaints redressed during the year	3,376	1,210
iv) No. of complaints pending at the end of the year	15	6

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for Company to monitor and redress them.

The above information is as certified by the management and relied upon by the auditors.



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

(Amount in Rs.)

P) Maturity Pattern of certain items of assets & liabilities

Particulars	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings	568,740,437 (223,459,691)	443,071,263 (322,889,407)	608,362,729 (377,773,738)	2,268,719,982 (1,293,455,622)	4,576,667,612 (2,571,924,690)	6,425,423,870 (5,713,185,339)	909,165,339 (1,990,198,998)	1,065,000,000 (590,000,000)	16,865,151,232 (13,082,887,485)
Total	568,740,437 (223,459,691)	443,071,263 (322,889,407)	608,362,729 (377,773,738)	2,268,719,982 (1,293,455,622)	4,576,667,612 (2,571,924,690)	6,425,423,870 (5,713,185,339)	909,165,339 (1,990,198,998)	1,065,000,000 (590,000,000)	16,865,151,232 (13,082,887,485)
Assets									
Advances (Portfolio Loan)	1,025,827,375 (672,317,297)	1,095,342,323 (720,097,795)	1,070,370,284 (711,068,391)	3,027,404,501 (2,044,826,366)	4,773,514,498 (3,387,789,519)	4,653,384,359 (2,646,709,512)	2,921,547 -	-	15,648,764,887 (10,182,808,880)
Total	1,025,827,375 (672,317,297)	1,095,342,323 (720,097,795)	1,070,370,284 (711,068,391)	3,027,404,501 (2,044,826,366)	4,773,514,498 (3,387,789,519)	4,653,384,359 (2,646,709,512)	2,921,547 -	-	15,648,764,887 (10,182,808,880)



Annapurna Finance Private Limited (Formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

34 Frauds

1 Information on instances of fraud for the year ended March 31, 2018:

Nature of fraud	No. of cases	Amount of fraud	Considered as Recoverable *	Amount Provided for
Cash embezzlement	3	3,785,065	2,592,500	1,192,565

* Based on intimation dated June 07, 2018, received from local police station.

2 Information on instances of fraud for the year ended March 31, 2017:

Nature of fraud	No. of cases	Amount of fraud	Considered as Recoverable	Amount Provided for
Cash embezzlement	2	340,714	-	165,714



Annapurna Finance Private Limited (formerly Annapurna Microfinance Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2018

35. Due to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

36. Prior year figures

Previous year figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

For S.R.Batliloi & Co. LLP

Firm Registration No.301003E/E300005
Chartered Accountants


per Kamal Agarwal
Partner
Membership No.: 058652

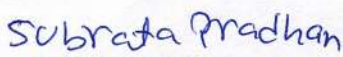


Place: Kolkata
Date: June 19, 2018

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


Gobinda Chandra Pattanaik
Managing Director


Dibyajyoti Pattanaik
Director


Subrat Pradhan
Company Secretary

Place: Bhubaneswar
Date: June 19, 2018

