

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Annapurna Microfinance Private Limited

Report on the Interim Financial Statements

We have audited the accompanying interim financial statements of Annapurna Microfinance Private Limited ("the Company"), which comprise the interim Balance Sheet as at September 30, 2015, the interim Statement of Profit and Loss and interim Cash Flow Statement for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

The Company's Board of Directors is responsible for the preparation of these interim financial statements in accordance with the recognition and measurement principles of Accounting Standard 25 'Interim Financial Reporting', specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The Company's Board of Directors is also responsible for 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 interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Interim Financial Statements

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, 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 interim financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim 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 interim financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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 interim 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 interim financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying interim financial statements have been prepared, in all material respects, in accordance with the recognition and measurement principles of Accounting Standard (AS) 25 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

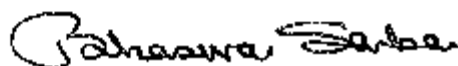
Other Matters - Restriction of Use

The accompanying interim financial statements have been prepared, and this report thereon issued, solely for the purpose of internal use by management of the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

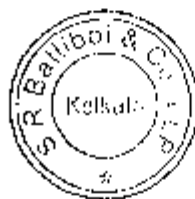
ICAI Firm Registration Number: 301003E



per Bhaswar Sarkar

Partner

Membership Number: 55596



Place of Signature: Kolkata

Date: December 01, 2015

Annapurna Microfinance Private Limited
Balance Sheet as at September 30, 2015

| | Notes | September 30, 2015 | March 31, 2015 |
|----------------------------------|-------|----------------------|----------------------|
| | | (Rs.) | (Rs.) |
| I. Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 345,570,040 | 261,950,740 |
| Reserves and surplus | 4 | 634,877,340 | 374,674,564 |
| | | 980,447,380 | 636,625,324 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 2,861,363,079 | 2,207,142,651 |
| Deferred tax liabilities (net) | 11 | - | 2,046,474 |
| Other long-term liabilities | 8 | 133,410 | 2,826,678 |
| Long term provisions | 7 | 14,781,709 | 10,039,217 |
| | | 2,876,278,198 | 2,222,055,020 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 36,898,034 | - |
| Other current liabilities | 8 | 2,369,420,002 | 1,950,861,192 |
| Short-term provisions | 7 | 69,803,103 | 23,662,259 |
| | | 2,476,121,139 | 1,974,523,451 |
| Total | | 6,332,846,717 | 4,833,203,795 |
| II. Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| -Tangible assets | 9 | 30,778,296 | 21,350,179 |
| Deferred tax assets (net) | 11 | 4,088,796 | - |
| Long term loans and advances | 12 | 1,495,176,481 | 1,059,576,343 |
| Other non-current assets | 13 | 217,313,930 | 212,236,392 |
| | | 1,747,357,502 | 1,293,162,914 |
| Current assets | | | |
| Current investments | 10 | 4,800,000 | 3,600,000 |
| Cash and bank balances | 14 | 876,983,325 | 1,102,228,645 |
| Short-term loans and advances | 12 | 3,588,572,859 | 2,353,326,622 |
| Other current assets | 13 | 115,133,031 | 80,985,614 |
| | | 4,585,489,215 | 3,540,040,881 |
| Total | | 6,332,846,717 | 4,833,203,795 |

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.Batilbhai & Co. LLP
Firm Registration No.301003E
Chartered Accountants

Bhaswar Sarkar
per Bhaswar Sarkar
Partner
Membership No.: 55596

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

Gobinda Chandra Pattanaik
Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Dibyajyoti Pattanaik
Director



Subrata Pradhan
Subrata Pradhan
Company Secretary



Place: Kolkata
Date: December 01, 2015

Place: Bhubaneswar
Date: December 01, 2015

Annapurna Microfinance Private Limited
Statement of Profit and Loss for the Six Months ended September 30, 2015

| | Notes | Six Months ended September 30, 2015 | Six Months ended September 30, 2014 |
|---|-------|--|--|
| | | Audited (Rs.) | Unaudited (Rs.) |
| I. Income | | | |
| Revenue from operations | 15 | 577,649,535 | 197,347,658 |
| Other Income | 16 | 38,464,030 | 29,568,359 |
| Total Income | | 616,113,565 | 226,916,017 |
| II. Expenses | | | |
| Employee benefit expenses | 17 | 136,084,931 | 52,025,415 |
| Depreciation expense | 9 | 6,107,090 | 2,859,082 |
| Finance costs | 18 | 301,936,347 | 126,236,265 |
| Provision for standard and non performing assets | 20 | 17,185,968 | 8,930,001 |
| Other expenses | 19 | 49,050,645 | 20,173,290 |
| Total Expenses | | 510,364,981 | 210,224,053 |
| Profit before prior period expenses | | 105,748,584 | 16,691,964 |
| Less: Prior period expenses (net of income) | 21 | - | 1,459,672 |
| Profit before tax | | 105,748,584 | 15,232,292 |
| Tax expenses | | | |
| - Current tax [after adjusting reversal of earlier years Rs. Nil (P.Y. Rs 4,436,050)] | | 43,359,349 | 4,142,022 |
| - Deferred tax charge / (credit) [related to earlier years Rs. Nil (P.Y. Rs. 3,939,907)] | | (6,135,270) | 5,281,162 |
| Total tax expenses | | 37,224,079 | 9,423,184 |
| Profit for the year | | 68,524,505 | 5,809,108 |
| Earning per equity share (EPS)- not annualised | 23 | | |
| Basic (Rs.) | | 2.45 | 0.29 |
| Diluted (Rs.) | | 2.14 | 0.27 |
| Nominal value of share (Rs.) | | 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.Batlilbol & Co. LLP
Firm Registration No.301003E
Chartered Accountants

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership No.: 55596

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

Gobinda Chandra Pattanaik

Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik

Dibyajyoti Pattanaik
Director



Subrat Pradhan

Subrat Pradhan
Company Secretary



Place: Kolkata
Date: December 01, 2015

Place: Bhubaneswar
Date: December 01, 2015

Annapurna Microfinance Private Limited
Cash Flow Statement for the Six Months ended September 30, 2015

| Particulars | September 30, 2015 (Rs.) | September 30, 2014 (Rs.) |
|---|-----------------------------|-----------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 105,748,584 | 15,232,292 |
| Adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation expense | 6,107,090 | 2,859,082 |
| Provision for standard and non performing assets | 17,185,968 | 8,930,001 |
| Finance costs | 301,936,347 | 126,236,265 |
| Profit on sale of current investments | (9,621,014) | (1,349,408) |
| Management stock option compensation expenses | 6,345,556 | 6,492,994 |
| Operating profit before working capital changes | 427,702,531 | 158,401,226 |
| Movements in working capital: | | |
| Increase in other current and non-current assets | (39,579,496) | (9,237,760) |
| Increase in other loans and advances | (1,682,273,641) | (908,387,610) |
| Decrease in other long term liabilities, current liabilities and provisions | (70,491,259) | (58,257,884) |
| Cash used in operations | (1,364,591,864) | (817,482,028) |
| Direct taxes paid | (11,468,608) | (10,590,762) |
| Net cash used in operating activities (A) | (1,376,060,473) | (828,072,790) |
| B. Cash flow from investing activities | | |
| Purchase of fixed assets | (15,535,207) | (11,683,749) |
| Encashment / (purchase) of current investments (net) | (1,200,000) | 16,997,682 |
| Increase in fixed deposits (net) | (14,188,146) | (6,200,000) |
| Profit on sale of current investment | 9,621,014 | 1,349,408 |
| Net cash used in investing activities (B) | (21,302,339) | 466,541 |
| C. Cash flow from financing activities | | |
| Proceeds from issuance of preference share capital | 30,000,000 | - |
| Proceeds from long-term and short-term borrowings (net) | 1,391,322,710 | 490,470,493 |
| Interest and finance charges | (273,977,166) | (114,561,898) |
| Dividend paid on preference shares (includes taxes thereon) | (1,048,005) | (2,105,910) |
| Net cash from financing activities (C) | 1,146,297,539 | 373,702,685 |
| Net Decrease in cash and cash equivalents (A+B+C) | (251,065,273) | (453,903,564) |
| Cash and cash equivalents at the beginning of the period * | 951,210,890 | 831,107,529 |
| Cash and cash equivalents at the end of the period * | 700,145,617 | 377,203,965 |
| Components of cash and cash equivalents : | | |
| Balances with banks: | | |
| - on current accounts | 692,321,206 | 343,772,553 |
| Cash in hand | 7,824,412 | 33,431,412 |
| Total cash and cash equivalents (Note 14) | 700,145,618 | 377,203,965 |

* Represents cash and bank balances as indicated in Note No.14 and excludes 373,510,906/- (P.Y. Rs.231,865,338/-) being fixed deposits with restricted use or with original maturity of more than three months.

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.Batlilol & Co. LLP
Firm Registration No.301003E
Chartered Accountants

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

per Bhaswar Sarkar
Partner
Membership No.: 55596

Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director



Subrata Pradhan
Company Secretary

Place: Bhubaneswar
Date: December 01, 2015

Place: Kolkata
Date: December 01, 2015



Annapurna Microfinance Private Limited
Notes to the Financial Statements as at and for the six months period ended
September 30, 2015

1. Corporate information

Annapurna Microfinance Private Limited ('the Company') is a private company incorporated in India. The Company was registered as a non-deposit accepting 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').

2. Basis of preparation

The financial statements of the Company for the interim period have been prepared solely for its internal purpose in accordance with recognition and measurement principles laid down in Accounting Standard 25 'Interim Financial Reporting' specified under section 133 of the Companies Act 2013, other recognized accounting practices and policies in India and the relevant prudential norms prescribed by RBI.

The interim financial statements have been prepared under the historical cost convention on an accrual basis except interest on Non-Performing Loans which is accounted for on realisation basis. 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 the generally accepted accounting principles in India (GAAP) requires the 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 period. 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 periods.

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 recognised 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 recognised, upon realisation, as per the relevant prudential norms prescribed by RBI. Any such income recognised before the asset became non-performing and remaining unrealised are reversed.



- ii) Profit/ premium received upfront on securitisation of loan portfolio is amortised over the life of the underlying loan portfolio/securities in accordance with RBI direction. Income from interest only strip (Interest spread) is recognised in the Statement of Profit and Loss when realised in cash.
- 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 recognised 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 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 fixed assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for the intended use.

d. Depreciation on tangible assets

Depreciation on tangible fixed assets 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.

e. Impairment

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 recognised 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.

f. 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.



g. Borrowing costs

Borrowing costs includes interests which are recognised on time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings.

Andillary fees incurred for arrangement of borrowings from banks and financial institutions are amortized over the tenure of respective loans and those incurred in connection with securitization transaction are amortized over the tenure of the securitization deal.

h. 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 financial 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 year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

i. 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 recognised 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 recognised 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 period. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Short term compensated absences are provided for based on estimates.

j. 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 recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carried forward unabsorbed depreciation or tax losses, all deferred tax assets are recognised 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 realised. At each



reporting date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised. 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 realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available.

k. 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.

l. Provisions & Contingent Liabilities:

A provision is recognised 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 balance sheet 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.

m. Cash and cash equivalents

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

n. 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 intrinsic 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. Expense recognized in the Statement of Profit and Loss for the year/period represents the movement in cumulative expense recognized at the beginning and end of that year/period and is recognized in employee benefits expense.

o. Classification of loan portfolio

Loans are classified as follows:

| Asset Classification | Period |
|-----------------------|---------------------------------------|
| Standard Assets | Current Loan and overdue upto 90 days |
| Non-Performing Assets | Overdue from 91 days and more |

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



The above classification is in compliance with Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) Directions, December 02, 2011, as amended from time to time.

p. 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.

As per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

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

All overdue loans where the tenure of the loan is completed and in the opinion of the management not recoverable are written off.

q. 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 recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.



| 3 Share capital | September 30, 2015 (Rs.) | March 31, 2015 (Rs.) |
|--|-----------------------------|-------------------------|
| Authorized shares | | |
| 33,000,000 (March 31, 2015: 33,000,000) equity shares of Rs.10/- each | 330,000,000 | 330,000,000 |
| 5,000,000 (March 31, 2015: 2,000,000) preference shares of Rs.10/- each | 50,000,000 | 20,000,000 |
| | 380,000,000 | 350,000,000 |
| Issued, subscribed and fully paid-up shares | | |
| 2,95,57,044 (March 31, 2015: 2,41,95,074) equity shares of Rs.10/- each | 295,570,440 | 241,950,740 |
| 3,000,000 (March 31, 2015: Nil) 0% Compulsory Convertible Preference Shares (CCPS) of Rs.10/- each | 30,000,000 | - |
| 2,000,000 (March 31, 2015: 2,000,000) 9% Optionally Convertible Preference Shares (OCPS) of Rs.10/- each | 20,000,000 | 20,000,000 |
| Total issued, subscribed and fully paid-up share capital | 345,570,440 | 261,950,740 |

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

| Equity Shares | September 30, 2015 | | March 31, 2015 | |
|--|--------------------|-------------|----------------|-------------|
| | Number | (Rs.) | Number | (Rs.) |
| Outstanding at the beginning of the period | 24,195,074 | 241,950,740 | 16,644,264 | 166,442,640 |
| Issued during the period | 5,361,930 | 53,619,300 | 7,550,310 | 75,503,100 |
| Equity Shares outstanding at the end of the period | 29,557,004 | 295,570,040 | 24,195,074 | 241,950,740 |

| 9% Optionally Convertible Preference Shares | September 30, 2015 | | March 31, 2015 | |
|---|--------------------|------------|----------------|------------|
| | Number | (Rs.) | Number | (Rs.) |
| Outstanding at the beginning of the period | 2,000,000 | 20,000,000 | 2,000,000 | 20,000,000 |
| Issued during the period | - | - | - | - |
| Shares outstanding at the end of the period | 2,000,000 | 20,000,000 | 2,000,000 | 20,000,000 |

| 0% Compulsory Convertible Preference Shares | September 30, 2015 | |
|---|--------------------|------------|
| | Number | (Rs.) |
| Outstanding at the beginning of the period | - | - |
| Issued during the period | 3,000,000 | 30,000,000 |
| Shares outstanding at the end of the period | 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 will be 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. 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. The conversion option may be exercised by the holder more than once till full redemption.

In case conversion option is not exercised by the holder, then OCPS will be redeemed as follows:

- 50% of outstanding OCPS at the end of 4 years from date of first disbursement (Date - 04th March, 2013).
- Remaining outstanding OCPS at the end of 5 years, commencing from the date of first disbursement.

ii) During the period, the Company has issued compulsory convertible preference shares (CCPS) of Rs. 3 crores (having face value of Rs. 10 each) to ATOS Awareness Trust of Orissa. CCPS are convertible into equity at face value as per shareholders' agreement dated 30th March, 2015.



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

| Name of shareholder | September 30, 2015 | | March 31, 2015 | |
|---|--------------------|---------------------------|--------------------|---------------------------|
| | 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 Pattanaiik | 6,252,731 | 21.25% | 6,252,731 | 26.01% |
| RIF East 2 (Investor)* | 8,568,497 | 29.89% | 8,568,497 | 35.41% |
| Belgian Investment Company for Developing Countries NV - SA (Investor)* | 8,027,723 | 27.16% | 8,027,723 | 33.18% |
| SIOBI Trustee Company Limited A/c (*Samidhi Fund*) (Investor)* | 5,601,853 | 18.95% | 1,000,000 | 4.13% |
| Total | 28,490,804 | 96.39% | 23,856,951 | 98.79% |
| Optionally Convertible Preference Shares of Rs. 10 each fully paid | | | | |
| Small Industries Development Bank of India | 2,000,000 | 40.00% | 2,000,000 | 100.00% |
| Compulsory Convertible Preference Shares of Rs. 10 each fully paid | | | | |
| AIC's Awareness Trust, of Orissa | 3,000,000 | 60.00% | - | 0.00% |
| Total | 5,000,000 | 100.00% | 2,000,000 | 100.00% |

* The classification is based on the records maintained by the company and relied upon by the auditors.

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 ownerships of shares.

D. Shares reserved for issue under options

- For details of shares reserved for issue under the management stock option plan (MSOP) of the company, please refer Note 25.
- For detail of shares reserved for issue on conversion of preference shares (both optionally and compulsory convertible), refer note 3 (b) regarding terms of conversion / redemption of preference shares.



Annapurna Microfinance Private Limited
Notes to the Financial Statements as at and for the six months ended September 30, 2015

| 4 Reserves and surplus | | September 30, 2015 | March 31, 2015 |
|--|--|--------------------|--------------------|
| | | (Rs.) | (Rs.) |
| A. Securities premium account | | | |
| Balance as per last financial statements | | 270,530,623 | 97,141,732 |
| Add: Addition during the period | | 186,380,730 | 174,496,691 |
| Less: Share issue expenses | | - | 1,100,000 |
| Closing Balance | | 456,911,353 | 270,538,423 |
| B. Management stock options outstanding | | | |
| Gross management stock compensation for options granted in earlier years (Refer Note 25) | | 13,482,933 | 2,168,876 |
| Add: gross compensation for options granted during the period | | 9,743,600 | 15,246,684 |
| Less: deferred management stock compensation | | 3,398,044 | 3,934,577 |
| Closing Balance | | 19,828,539 | 13,481,983 |
| C. Statutory reserve (*) | | | |
| Balance as per last financial statements | | 19,691,909 | 13,579,112 |
| Add: Amount transferred from surplus balance in the Statement of Profit & Loss during the period | | 13,704,901 | 6,112,857 |
| Closing Balance | | 33,396,810 | 19,691,969 |
| (*) Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934) | | | |
| D. Surplus in the Statement of Profit and Loss | | | |
| Balance as per last financial statements | | 70,961,009 | 49,226,775 |
| Profit for the period | | 68,524,505 | 30,564,287 |
| Less: Appropriations | | | |
| Corporate Social Responsibility | | - | 611,285 |
| Transferred to Statutory Reserve | | 13,704,901 | 6,112,857 |
| Proposed Preference Dividend | | 900,000 | 1,000,000 |
| Tax on Preference Dividend | | 148,095 | 305,910 |
| Total Appropriations | | 14,752,906 | 8,930,053 |
| Net surplus in the statement of profit and loss | | 124,732,608 | 70,961,009 |
| Total | | 634,877,340 | 374,674,584 |

| 5 Long-term borrowings | Non Current Portion | | Current Portion | |
|---|----------------------|----------------------|----------------------|----------------------|
| | September 30, 2015 | March 31, 2015 | September 30, 2015 | March 31, 2015 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| A. Debentures (privately placed) | | | | |
| Secured | | | | |
| - from Banks Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each | 19,858,800 | 49,999,500 | 59,899,850 | 60,000,300 |
| - from Financial Institutions Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each | 1,650,500,000 | 836,500,000 | - | - |
| - from Non Banking Finance Companies (NBFC) Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each | 265,165,900 | 95,833,434 | 384,166,803 | 175,000,000 |
| Unsecured | | | | |
| - Compulsory Convertible Debentures (CCD) | - | 24,00,00,000* | - | - |
| - from Non Banking Financial Company (subordinated) | 50,000,000 | - | - | - |
| B. Term loans | | | | |
| Secured | | | | |
| - from Banks | 626,091,436 | 757,420,720 | 673,000,002 | 882,441,273 |
| - from Non Banking Financial Company | 254,815,767 | 226,231,591 | 760,036,633 | 589,555,493 |
| Unsecured | | | | |
| - from Non Banking Financial Company (subordinated) | 100,000,000 | - | - | - |
| C. Vehicle loans | | | | |
| Secured | | | | |
| - from Banks | 780,166 | 1,149,405 | 559,853 | 750,425 |
| Total | 2,881,363,079 | 2,207,142,651 | 2,167,951,738 | 1,707,747,491 |
| Above amount includes | | | | |
| Secured | | | | |
| Unsecured | | | | |
| 2,711,363,079 | 1,907,142,651 | 2,167,951,738 | 1,707,747,491 | |
| 150,000,000 | 240,000,000 | - | - | |
| Amount disclosed under the head "other current liabilities" (Refer Note B) | | | | |
| - | - | (2,167,951,738) | (1,707,747,491) | |
| Total | 2,881,363,079 | 2,207,142,651 | - | - |

* Converted into Equity Shares during the period.

Vehicle loans are secured against hypothecation of vehicles purchase against such loans and are repayable in equated monthly instalments carrying interest rate ranging from 10.25% -11.50% p.a.



5A. Long-term borrowings (Cont'd.)
 Terms of repayment of Debentures & Term Loans as at September 30, 2015

| Original maturity of loans | Due within 1 year | | | Due between 2 to 2 years | | | Due between 2 to 3 years | | | Above 5 | | | Interest Rate | Total (in Rupees) |
|------------------------------------|---------------------|--------------------|---------------------|--------------------------|---------------------|--------------------|--------------------------|--------------------|---------------------|--------------------|---------------------|--------------------|-----------------|-------------------|
| | No. of Installments | Amount (in Rupees) | No. of Installments | Amount (in Rupees) | No. of Installments | Amount (in Rupees) | No. of Installments | Amount (in Rupees) | No. of Installments | Amount (in Rupees) | No. of Installments | Amount (in Rupees) | | |
| Non-Convertible Debentures | | | | | | | | | | | | | | |
| Bullet repayment schedule | | | | | | | | | | | | | | |
| From MRFCD: | | | | | | | | | | | | | | |
| Above 3 yrs. | - | - | - | - | - | - | - | - | - | - | 3 | 70,005,000 | 15.50% - 17.00% | 70,005,000 |
| From Financial Institutions: * | | | | | | | | | | | | | | |
| 1-3 yrs. | - | - | - | - | - | - | - | - | - | - | - | - | 14.00% - 14.75% | 1,396,000,000 |
| 3-5 yrs. | - | - | - | - | 1 | 154,300,000 | - | - | - | - | - | - | 13.75% | 154,300,000 |
| 6-12 monthly repayment schedule ** | | | | | | | | | | | | | | |
| From Bank: | | | | | | | | | | | | | | |
| 1-3 yrs. | b | 59,955,050 | 2 | 19,199,850 | - | - | - | - | - | - | - | - | 12.55% | 79,154,900 |
| Monthly repayment schedule | | | | | | | | | | | | | | |
| From MRFCD: | | | | | | | | | | | | | | |
| 1-3 yrs. | 67 | 384,166,000 | 39 | 235,165,900 | - | - | - | - | - | - | - | - | 12.70% - 14.10% | 619,332,700 |
| Above 3 yrs. | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Term Loans | | | | | | | | | | | | | | |
| Monthly repayment schedule | | | | | | | | | | | | | | |
| From Bank: | | | | | | | | | | | | | | |
| 3-5 yrs. | 158 | 410,156,000 | 97 | 346,024,000 | 35 | 65,311,373 | - | - | - | - | - | - | 11.85% - 13.30% | 821,511,673 |
| Above 3 yrs. | 50 | 111,029,333 | 60 | 111,029,000 | 55 | 94,845,000 | 24 | 47,721,511 | - | - | - | - | 12.55% - 13.30% | 355,502,844 |
| From MRFCD: | | | | | | | | | | | | | | |
| 3-5 yrs. | 208 | 216,704,631 | 57 | 219,682,757 | 6 | 10,163,000 | - | - | - | - | - | - | 17.00% - 16.75% | 954,850,388 |
| Quarterly repayment schedule | | | | | | | | | | | | | | |
| From Bank: | | | | | | | | | | | | | | |
| 3-5 yrs. | 27 | 356,001,100 | 15 | 240,062,983 | 2 | 10,065,000 | - | - | - | - | - | - | 17.45% - 17.85% | 606,079,783 |
| From MRFCD: | | | | | | | | | | | | | | |
| 3-5 yrs. | 4 | 31,332,000 | 2 | 16,470,100 | - | - | - | - | - | - | - | - | 15.00% | 50,002,000 |
| Bullet repayment schedule | | | | | | | | | | | | | | |
| From MRFCD: | | | | | | | | | | | | | | |
| Above 3 yrs. | - | - | - | - | - | - | - | - | - | - | - | - | 16.50% | 170,000,000 |
| Grand Total | | 2,107,292,005 | - | 911,009,048 | - | 240,842,222 | - | 1,436,721,511 | - | - | - | - | | 5,027,864,977 |

The non-conventible debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans. It includes outstanding debenture of Rs. 252,000,000 whereas debenture holders have the option to exercise either of the following redemption option on date:

- (a) 25%, of Rs. 2,50,00,000, of the outstanding principal amount by November 13, 2017; 50.93% by May 13, 2018 and the remaining balance (Rs. 21,650) by Nov 13, 2019; or
- (b) 25%, of Rs. 2,50,00,000 of the outstanding principal amount by November 13, 2018 and the remaining balance (Rs. 21,650,000) by May 13, 2019.

It includes outstanding debenture of Rs. 734,000,000 whereas debenture holders / Company have the option to exercise the following redemption option on date:

- (a) 10.94% of Rs. 384,000,000, at the end of 3 years (13th September, 2018); if put / call option exercised;
- (b) 10.94% of Rs. 320,000,000, at the end of 3 years (13th September, 2018); if put / call option exercised;

[illegible]

5B Long-term borrowings (Contd.)
Terms of repayment of Debentures & Term Loans as at March 31, 2015

| 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 | | Interest Rate | Total (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 | | | | | | | | | | |
| From Financial Institutions*: | | | | | | | | | | |
| Above 3 Yrs. | - | - | - | - | 1 | 154,500,000 | 3 | 632,000,000 | 13.75% - 14.75% | 836,500,000 |
| BI monthly repayment schedule** | | | | | | | | | | |
| From Bank: | 6 | 60,000,300 | | 49,999,500 | - | - | - | - | 12.55% | 109,999,800 |
| Monthly repayment schedule | | | | | | | | | | |
| From NBFCs: | 36 | 175,000,000 | | 95,833,434 | - | - | - | - | 13.25-14.00% | 270,833,434 |
| Term Loans | | | | | | | | | | |
| Monthly repayment schedule | | | | | | | | | | |
| From Bank: | 151 | 560,744,060 | 77 | 343,926,624 | 12 | 33,600,000 | 4 | 4,800,000 | 12.70% - 14.25% | 943,070,704 |
| Above 3 Yrs. | 47 | 85,054,333 | 43 | 87,096,000 | 47 | 84,771,000 | 25 | 41,679,668 | | 267,601,001 |
| From NBFCs: | 180 | 547,689,493 | 55 | 167,441,046 | 12 | 25,454,545 | - | - | 12.00% - 16.75% | 740,785,084 |
| Quarterly repayment schedule | | | | | | | | | | |
| From Bank: | 25 | 236,642,860 | 17 | 147,555,428 | 3 | 15,000,000 | - | - | 12.75% - 14.00% | 399,198,288 |
| From NBFCs: | 6 | 41,666,000 | 4 | 33,336,000 | - | - | - | - | 15.00% | 75,002,000 |
| | | 1,706,997,066 | | 924,188,032 | | 313,325,545 | | 723,479,668 | | 3,672,990,311 |

The non-convertible debentures are secured by way of exclusive charge on all receivable from underlying portfolio loans.

* Includes outstanding debenture of Rs. 292,000,000 wherein debenture holders have the option to exercise either of the following redemption option date :

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

** Includes outstanding debenture of Rs. 390,000,000 having put/call option after 24 months i.e October 8, 2014.

** The Company can redeem the debentures in installments or in full before the due date by paying a premature premium of 2% of the outstanding principal amount of the debenture, subject to prior written consent of the debenture trustee.

The term loans are secured by hypothecation of portfolio loans covered by hypothecation loan agreement and margin money deposits. Term loans amounting to Rs. 325,693,523/- are also guaranteed by promoter directors of the company.



Annapurna Microfinance Private Limited
Notes to the Financial Statements as at and for the six months ended September 30, 2015

| 6 Short-term borrowings | September 30, 2015 | March 31, 2015 |
|-------------------------|--------------------|----------------|
| | (Rs.) | (Rs.) |
| Cash Credit from Bank | 35,098,034 | - |
| | 35,098,034 | - |

Cash Credit from Bank is secured by hypothecation of portfolio loans and is repayable on demand. It carries interest @14.25% p.a.

| 7 Provisions | Non Current Portion | | Current Portion | |
|---|---------------------|-------------------|--------------------|-------------------|
| | September 30, 2015 | March 31, 2015 | September 30, 2015 | March 31, 2015 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| A. Provision for portfolio loans | | | | |
| On standard assets | 11,052,477 | 7,252,350 | 35,042,317 | 22,717,204 |
| On non performing assets | 3,331,370 | 2,785,067 | - | - |
| | 14,383,847 | 10,039,217 | 35,042,317 | 22,717,204 |
| B. Others | | | | |
| Provision for taxation (net of advance tax of Rs. 12,492,420) | - | - | 31,890,741 | - |
| Provision for securitized portfolio | - | - | 674,193 | 157,914 |
| Provision for gratuity | 397,062 | - | 866,075 | 787,081 |
| Provision for leave benefits | - | - | 1,329,770 | - |
| | 397,062 | - | 34,760,786 | 944,995 |
| Total | 14,781,209 | 10,039,217 | 69,803,103 | 23,662,199 |

| 8 Other liabilities | Non Current Portion | | Current Portion | |
|---|---------------------|------------------|----------------------|----------------------|
| | September 30, 2015 | March 31, 2015 | September 30, 2015 | March 31, 2015 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Current maturities of long-term borrowings (Refer Note 5) | - | - | 2,167,551,738 | 1,707,747,491 |
| Interest accrued but not due on borrowings | - | - | 85,790,672 | 57,039,491 |
| Cash profit on loan transfer transactions pending recognition | 133,410 | 2,826,678 | 16,115,519 | 37,797,442 |
| Payable for portfolio loan securitisation | - | - | 48,328,046 | 85,778,807 |
| Payable for Corporate Social Responsibility activities | - | - | 3,212,031 | 1,808,366 |
| Salary Payable | - | - | 9,755,648 | 3,248,595 |
| Dividend on preference shares | - | - | 500,000 | 1,800,000 |
| Dividend distribution tax payable | - | - | 148,005 | 305,510 |
| Statutory Dues Payable | - | - | 5,150,338 | 5,908,334 |
| Insurance Premium Payable | - | - | 18,262,491 | 11,361,137 |
| Other payables | - | - | 5,990,731 | 5,245,504 |
| Advance from Banks (Pending Disbursement) (Refer Note 30) | - | - | 7,805,003 | 31,960,115 |
| Total | 133,410 | 2,826,678 | 2,369,420,002 | 1,950,861,192 |

| 10 Current investments | September 30, 2015 | March 31, 2015 |
|--|--------------------|------------------|
| | (Rs.) | (Rs.) |
| Non-trade investment (Unquoted) | | |
| Unquoted Mutual Funds (valued at lower of cost and fair value, unless stated otherwise) | | |
| 257.4 (0.277 units (March 31, 2015 : 197,109.573 units) of Canara Robeco Savings Plus Fund - Regular Dividend at face value of Rs 10 (March 31, 2015 : 10) fully paid up | 4,800,000 | 3,600,000 |
| Total | 4,800,000 | 3,600,000 |



Annapurna Microfinance Private Limited

Notes to the Financial Statements as at and for the six months ended September 30, 2015

**9. Fixed Assets :
Tangible Assets**

Amount in Rupees

| Cost or Valuation | Furniture & Fixtures | Computers | Office Equipments | Vehicles | Freehold Land | Total |
|-------------------------------|----------------------------|-------------------|----------------------|------------------|------------------|-------------------|
| At 1st April 2015 | 3,320,541 | 3,334,790 | 2,435,864 | 1,471,000 | - | 10,562,195 |
| Additions | 6,553,000 | 8,234,292 | 4,544,569 | 2,450,073 | - | 21,782,014 |
| Disposals | - | - | - | - | - | - |
| At 31st March 2015 | 9,873,621 | 11,569,082 | 6,980,433 | 3,921,073 | - | 32,344,209 |
| Additions | 3,407,987 | 8,367,155 | 2,409,265 | - | 1,350,800 | 15,535,207 |
| Disposals | - | - | - | - | - | - |
| At 30th September 2015 | 13,281,608 | 19,936,237 | 9,389,698 | 3,921,073 | 1,350,800 | 47,879,416 |
| Depreciation expense | | | | | | |
| At 1st April 2015 | 322,073 | 956,458 | 115,602 | 569,430 | - | 1,963,563 |
| Charge For the Period | 1,778,834 | 4,238,826 | 2,302,440 | 710,367 | - | 9,030,467 |
| Disposals | - | - | - | - | - | - |
| At 31st March 2015 | 2,100,907 | 5,195,284 | 2,418,042 | 1,279,797 | - | 10,994,030 |
| Charge For the Period | 1,216,069 | 3,284,856 | 1,192,541 | 413,624 | - | 6,107,090 |
| Disposals | - | - | - | - | - | - |
| At 30th September 2015 | 3,316,976 | 8,480,140 | 3,610,583 | 1,693,421 | - | 17,101,120 |
| Net Block | | | | | | |
| At 31st March 2015 | 7,772,714 | 6,373,798 | 4,562,391 | 2,641,276 | - | 21,350,179 |
| At 30th September 2015 | 9,964,632 | 11,456,097 | 5,779,115 | 2,227,652 | 1,350,800 | 30,778,296 |



Amalgama Microfinance Private Limited
Notes to the Financial Statements as at and for the six months ended September 30, 2015

| 13 Deferred tax assets / liabilities (net) | September 30, 2015 (Rs.) | March 31, 2015 (Rs.) |
|---|-----------------------------|-------------------------|
| Deferred tax assets | | |
| Provision for standard and non performing assets | 17,339,736 | 16,679,071 |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged in the financial statement | 758,036 | 523,180 |
| Provision for insurance claim recoverable | 1,367,120 | - |
| Provision: Impact of expenditure charged to the statement of profit and loss in the current period but allowed for tax purpose on payment basis | 897,692 | - |
| Deferred tax (liabilities) | | |
| Unsettled processing fees | (18,274,378) | (17,240,709) |
| Net deferred tax (liabilities)/ assets | 4,058,795 | (2,046,474) |



Annapurna Microfinance Private Limited
Notes to the Financial Statements as at and for the six months ended September 30, 2015

| 12 Loans and advances (Unsecured, considered good unless stated otherwise) | Non-Current Portion | | Current Portion | |
|--|----------------------|----------------------|----------------------|----------------------|
| | September 30, 2015 | March 31, 2015 | September 30, 2015 | March 31, 2015 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| A. Portfolio loans | | | | |
| Considered good | 1,434,903,192 | 1,000,599,191 | 3,504,231,704 | 2,271,726,384 |
| Considered doubtful | 3,401,524 | 3,322,498 | - | - |
| | 1,438,304,716 | 1,003,921,689 | 3,504,231,704 | 2,271,726,384 |
| B. Advances recoverable in cash or kind | - | - | 12,536,322 | 4,377,834 |
| | - | - | 12,536,322 | 4,377,834 |
| C. Security deposit | 1,250,000 | 1,250,000 | 3,159,520 | 2,248,000 |
| | 1,250,000 | 1,250,000 | 3,159,520 | 2,248,000 |
| D. Others | | | | |
| Unamortised processing fees | 21,934,044 | 22,404,654 | 32,832,188 | 26,221,789 |
| Loan to staff | - | - | 15,217 | 90,399 |
| Canal Credit receivable | - | - | 14,658 | - |
| Deposits with Public Financial Institutions (marked as lien towards term loans availed) | 33,557,721 | 32,000,000 | 27,704,692 | 40,639,679 |
| Advance Income Tax (Net of provision for tax Rs. 9,929,269 (P.Y. Rs. 9,929,269)) | - | - | 8,028,567 | 8,028,567 |
| Other Advances | - | - | 58,001 | - |
| | 55,541,765 | 54,404,654 | 68,648,322 | 74,924,404 |
| Total | 1,495,176,481 | 1,059,576,343 | 3,580,527,859 | 2,353,126,622 |

| 13 Other assets (Unsecured, considered good unless stated otherwise) | Non-Current Portion | | Current Portion | |
|--|---------------------|--------------------|--------------------|-------------------|
| | September 30, 2015 | March 31, 2015 | September 30, 2015 | March 31, 2015 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Non current bank balances (Refer Note 14) | 204,066,814 | 204,321,355 | - | - |
| | 204,066,814 | 204,321,355 | - | - |
| Others | | | | |
| Interest accrued but not due on portfolio loans | - | - | 82,925,783 | 52,742,946 |
| Interest accrued but not due on deposits placed with banks and financial institutions | 13,247,116 | 7,915,037 | 18,682,856 | 18,868,513 |
| Insurance claim recoverable * [Net of provision of Rs. 3,961,232 (P.Y. Nil)] | - | - | 13,524,613 | 9,274,155 |
| | 13,247,116 | 7,915,037 | 115,133,031 | 80,885,614 |
| Total | 217,313,930 | 212,236,392 | 115,133,031 | 80,885,614 |

* represents claims lodged / to be lodged with Insurance Company. As per arrangement with Insurance Company, the outstanding amount recoverable on death of borrowers or nominees, would be claimed from the Insurance Company.

| 14 Cash and bank balances | Non-Current Portion | | Current Portion | |
|--|---------------------|--------------------|--------------------|----------------------|
| | September 30, 2015 | March 31, 2015 | September 30, 2015 | March 31, 2015 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Cash and cash equivalents | | | | |
| Balances with banks: | | | | |
| - on current accounts | - | - | 692,321,205 | 937,507,271 |
| - deposit with original maturity of less than three months | - | - | - | 10,000,000 |
| Cash in hand | - | - | 7,824,411 | 3,523,619 |
| | - | - | 700,145,617 | 951,030,890 |
| Other bank balances | | | | |
| Deposit with original maturity for more than 3 months but not more than 12 months | - | - | 10,000,000 | - |
| Deposit with original maturity for more than 12 months | 204,066,814 | 204,321,355 | 166,037,708 | 151,017,755 |
| | 204,066,814 | 204,321,355 | 176,037,708 | 151,017,755 |
| Amount disclosed under non-current assets (Refer Note 13) | (204,066,814) | (204,321,355) | - | - |
| Total | - | - | 876,183,325 | 1,102,048,645 |

Includes deposit certificates of Rs. 373,510,896/- (Previous Year: Rs. 315,594,288/-) 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 bank.



Annapurna Microfinance Private Limited
Notes to the Financial Statements as at end for the six months ended September 30, 2015

| 15 Revenue from operations | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
|--|---|---|
| Interest income on portfolio loans | 513,373,097 | 150,018,995 |
| Upfront processing fees | 33,022,750 | 14,807,250 |
| Upfront securitisation premium amortised | 23,453,688 | 32,441,413 |
| Total | 577,649,535 | 197,347,658 |

| 16 Other income | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
|---|---|---|
| Interest income on fixed deposits with banks and others | 20,175,251 | 24,335,649 |
| Profit on sale of current investments | 9,621,014 | 1,349,408 |
| Miscellaneous income | 8,667,755 | 3,883,302 |
| Total | 38,464,030 | 29,568,359 |

| 17 Employee benefit expenses | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
|--|---|---|
| Salaries and bonus | 118,618,492 | 41,556,085 |
| Contributions to provident fund and others | 6,211,048 | 2,741,203 |
| Management Stock Option Compensation (Refer Note 25) | 6,345,555 | 5,413,473 |
| Gratuity expenses (Refer Note 24) | 1,263,938 | - |
| Staff Welfare expenses | 1,645,097 | 2,314,649 |
| Total | 136,084,931 | 52,025,415 |

| 18 Finance costs | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
|-----------------------|---|---|
| Interest expense | 284,246,208 | 116,281,561 |
| Other borrowing costs | 17,690,139 | 9,954,704 |
| Total | 301,936,347 | 126,236,265 |

| 19 Other expenses | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
|---|---|---|
| Rent | 8,975,306 | 4,605,439 |
| Rates and taxes | 1,146,368 | 881,569 |
| Repairs & maintenance | | |
| - Office maintenance | | |
| Office Expenses | 1,593,156 | 899,959 |
| Directors' Sitting Fees | 4,147,629 | 2,291,343 |
| Travelling and conveyance | 60,000 | 40,000 |
| Communication expenses | 7,011,849 | 2,859,856 |
| Printing & stationery | 3,902,682 | 2,016,000 |
| Legal and professional fees | 246,986 | 424,080 |
| Payment to auditors (refer details below) | 9,509,899 | 2,824,525 |
| Advertisement | 1,250,000 | 800,000 |
| Training & meeting expenses | 621,611 | 480,701 |
| Electricity charges | 2,122,828 | 1,146,916 |
| Provision for insurance claim recoverable | 1,226,546 | 439,605 |
| Provision for CSR activities | 3,951,805 | - |
| Miscellaneous expenses | 1,403,085 | - |
| | 1,580,313 | 401,792 |
| Total | 49,050,649 | 20,173,200 |

| Payment to auditors | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
|---|---|---|
| As auditor: | | |
| - Audit fee | 1,250,000 | 750,000 |
| - Reimbursement of expenses (including service tax) | 50,000 | 50,000 |
| | 1,250,000 | 800,000 |



Annapurna Microfinance Private Limited
Notes to the Financial Statements as at and for the six months ended September 30, 2015

| | | |
|---|---|---|
| 20 Provision for standard and non performing assets | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
| Contingent provision against standard assets | 16,125,180 | 7,992,834 |
| Provision for non-performing assets | 54,503 | 937,147 |
| Provision and loss on securitised portfolio | 516,285 | - |
| | 17,185,968 | 8,930,001 |

| | | |
|---|---|---|
| 21 Prior period expenses (net of income) | Six Months ended September 30, 2015 (Rs.) | Six Months ended September 30, 2014 (Rs.) |
| (i) Legal and Professional Fees | - | 3,750,950 |
| (ii) Management Stock Option Compensation | - | 1,079,516 |
| (ii) Interest Income on Portfolio Loan excess recognised in prior years | - | 8,220,579 |
| Less : Ancillary borrowing costs recognised in excess in earlier year | - | 13,051,045 |
| | - | 11,591,373 |
| | - | 1,459,872 |



Annapurna Microfinance Private Limited**Notes to the Financial Statements as at and for the six months period ended September 30, 2015****22 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' specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. India. Hence, no additional disclosures are required under Accounting Standard-17.

23 Earnings per share (EPS)

| Particulars | 30-Sep-15 | 30-Sep-14 |
|--|------------|------------|
| Net profit after tax (Rs.) | 68,524,505 | 5,809,108 |
| Less: Dividend on 9% Optionally Convertible Preference Shares and tax thereon (Rs.) | 1,048,005 | 1,052,953 |
| Net profit for calculation of basic EPS (Rs.) | 67,476,500 | 4,756,153 |
| Net profit for calculation of diluted EPS (Rs.) | 68,524,505 | 4,756,153 |
| Weighted average number of equity shares in calculating basis EPS | 27,505,993 | 16,644,764 |
| Effect of dilution: | | |
| Expected shares to be granted under MSOP and on conversion of preference share* | 4,710,966 | 838,535 |
| Weighted average number of equity shares in calculating diluted EPS | 32,216,959 | 17,483,299 |
| Earning Per Share (not annualised): | | |
| Basic (Rs.) | 2.45 | 0.29 |
| Diluted (Rs.) | 2.14 | 0.27 |

* The impact of conversion of optionally convertible preference shares were anti-dilutive in previous year, hence not considered for calculation of diluted EPS.



24 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 | September 30, 2015 | March 31, 2015 |
|---|---|---|
| Assumptions: | | |
| Discount rate | 8.00% | 8.00% |
| Salary escalation | 7.00% | 7.00% |
| Expected rate of return on assets | 9.00% | 9.00% |
| Expected average remaining working life of employees (years) | 30.28 | 30.06 |
| Wtd drawal 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 obligations: | | |
| Present value of defined benefit obligations as at beginning of the period | (Rs.) | (Rs.) |
| Interest cost | 1,473,957 | 664,270 |
| Current service cost | 96,622 | 96,220 |
| Benefit paid | 783,028 | 870,720 |
| Actuarial (gain) / loss on obligations | - | - |
| Present value of defined benefit obligations as at end of the period | 431,742 | (157,253) |
| | 2,785,349 | 1,473,957 |
| Table showing fair value of plan assets: | | |
| Fair value of plan assets at beginning of the period | | |
| Expected return on plan assets | 1,731,970 | 613,144 |
| Contributions | 79,656 | 105,241 |
| Benefits paid | - | 1,096,220 |
| Actuarial loss on plan assets | - | - |
| Fair value of plan assets at end of the period | (32,202) | (82,635) |
| | 1,779,424 | 1,731,970 |
| Actuarial (gain)/loss recognised: | | |
| Actuarial (gain) / loss on obligations | 431,742 | (157,253) |
| Actuarial loss on plan assets | 32,202 | 82,635 |
| Actuarial (gain) / loss recognised in the period | 463,944 | (74,618) |
| The amounts to be recognised in the balance sheet: | | |
| Present value of obligations at the end of the period | 2,785,349 | 1,473,957 |
| Fair value of plan assets at the end of the period | 1,779,424 | 1,731,970 |
| Net asset / (liability) recognised in balance sheet | (1,005,925) | 250,013 |
| Expenses Recognised in statement of profit and loss: | | |
| Current service cost | | |
| Interest cost: | 783,028 | 870,720 |
| Expected return on plan assets | 96,622 | 96,220 |
| Net actuarial (gain) / loss recognised in the period | (79,656) | (105,241) |
| Expenses recognised in statement of profit and loss | 463,944 | (74,618) |
| Actual return on plan assets | 1,263,938 | 787,061 |
| | 47,454 | 22,605 |

The Company has started recognising gratuity liability based on actuarial valuation from the financial year 2014-15 onwards, hence figures for earlier years are not furnished.

Amounts for the current and previous year are as follows:

| Particulars | September 30, 2015 | March 31, 2015 |
|--|--------------------|----------------|
| | (Rs.) | (Rs.) |
| Defined benefit obligations | 2,785,349 | 1,473,957 |
| Plan assets | 1,779,424 | 1,731,970 |
| Surplus/(deficit) | (1,005,925) | 250,013 |
| Experience adjustments on plan liabilities ((gain)/loss) | - | - |
| Experience adjustments on plan assets (gain/(loss)) | (32,202) | (82,635) |

The Major categories of plan assets as a percentage of the fair value of total plan asset are as follows:

| | | |
|------------------------|------|------|
| Insurance managed fund | 100% | 100% |
|------------------------|------|------|

Amount incurred as expense for defined contribution to provident fund and others is Rs. 8,211,046/- (September 30, 2014: Rs. 2,741,203/-)

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.866,076/- (September 30, 2014: (Rs.Nil)) to gratuity fund in 2015-16.

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.



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25 Management stock option plan (MSOP)

The company provides share-based payment schemes to its key management personnel. The plan in operation as on September 30, 2015 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 | 164,060 | 416,119 | 540,954 |
| Exercise Price per Share (Rs.) | 2.5 | 5 | 5 |
| Method of Settlement | Equity | Equity | Equity |
| Vesting Period | March 31, 2013 | March 31, 2015 | March 31, 2016 |
| Exercise Period | Immediate after vesting period subject to shareholders' approval | Immediate after vesting period subject to shareholders' approval | Immediate after vesting period subject to shareholders' approval |
| Vesting Conditions | Performance milestones as set out in shareholder agreement dated June 29, 2012 | Performance milestones as set out in shareholder agreement dated March 19, 2014 | Performance milestones as set out in shareholder agreement dated March 19, 2014 |

The detail of the plans have been summarised below:

MSOP- Series A

| Particulars | September 30, 2015 | | March 31, 2015 | |
|--|--------------------|----------------------|----------------|----------------------|
| | No. of Options | Exercise Price (Rs.) | No. of Options | Exercise Price (Rs.) |
| Outstanding at the beginning of the period/year | 164,060 | 2.50 | 164,060 | 2.50 |
| Granted During the period/year | - | - | - | - |
| Forfeited During the period/year | - | - | - | - |
| Exercised During the period/year | - | - | - | - |
| Expired During the period/year | - | - | - | - |
| Outstanding at the end of the period/year | 164,060 | 2.50 | 164,060 | 2.50 |
| Exercisable at the end of the period/year | 164,060 | 2.50 | 164,060 | 2.50 |
| Weighted Average Remaining Contractual Life in Years | - | - | - | - |

MSOP- Series B

| Particulars | September 30, 2015 | | March 31, 2015 | |
|--|--------------------|----------------------|----------------|----------------------|
| | No. of Options | Exercise Price (Rs.) | No. of Options | Exercise Price (Rs.) |
| Outstanding at the beginning of the period/year | 873,850 | 5.00 | - | - |
| Granted During the period/year | 332,895 | 5.00 | 873,850 | 5.00 |
| Forfeited During the period/year | - | - | - | - |
| Exercised During the period/year | - | - | - | - |
| Expired During the period/year | - | - | - | - |
| Outstanding at the end of the period/year | 1,206,745 | 5.00 | 873,850 | 5.00 |
| Exercisable at the end of the period/year | 1,206,745 | 5.00 | 873,850 | 5.00 |
| Weighted Average Remaining Contractual Life in Years | 0.51 | - | 1.56 | - |

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

| Particulars | Six months ended September 30, 2015 | Six months ended September 30, 2014 * |
|---|-------------------------------------|---------------------------------------|
| | (Rs.) | (Rs.) |
| Stock option expenditure for Key Managerial Person | 4,441,689 | 4,868,950 |
| Stock option expenditure for Employees | 1,903,667 | 1,624,043 |
| Total compensation cost pertaining to equity-settled employee share based payment | 6,345,556 | 6,492,993 |

* Out of above expenses Rs. 1,079,516/- is related to earlier years and disclosed as prior period expenses. Refer Note 21.

| Particulars | September 30, 2015 | March 31, 2015 |
|--|--------------------|----------------|
| | (Rs.) | (Rs.) |
| Stock options outstanding (gross) | 23,226,583 | 17,417,560 |
| Deferred compensation cost outstanding | 3,390,044 | 3,934,577 |
| Stock options outstanding (net) | 19,826,339 | 13,482,983 |

Notes :

- The issue of shares will be in accordance with the provisions of the Companies Act, 2013.
- In view of cost of above options being recognised under intrinsic value method, fair valuation of the option in accordance with the guidance note issued by the Institute of Chartered Accountants of India has not been considered necessary. Management believes that the impact of fair value is not expected to be material.



26. Loan portfolio and provision for standard and non-performing assets as at September 30, 2015:

| Asset classification | Portfolio loans outstanding (Gross) | | Provision for standard and non-performing assets | | | Portfolio loans outstanding (Net) | |
|-----------------------|-------------------------------------|----------------|--|--------------------------------|--|-----------------------------------|----------------|
| | September 30, 2015 | March 31, 2015 | March 31, 2015 | Provision Made during the year | Provision written back during the year | September 30, 2015 | March 31, 2015 |
| | | | | | | | |
| Standard assets | 4,939,214,896 | 5,272,325,575 | 29,969,614 | 16,125,180 | - | 46,094,794 | 3,242,355,961 |
| Non-Performing assets | 3,401,524 | 3,322,498 | 2,786,867 | 544,503 | - | 3,331,270 | 535,631 |
| Total | 4,942,616,420 | 3,275,648,073 | 32,756,481 | 16,669,683 | - | 49,426,164 | 3,242,891,592 |

Loan portfolio and provision for standard and non-performing assets as at March 31, 2015:

| Asset classification | Portfolio loans outstanding (Gross) | | Provision for standard and non-performing assets | | | Portfolio loans outstanding (Net) | |
|-----------------------|-------------------------------------|----------------|--|--------------------------------|--|-----------------------------------|----------------|
| | March 31, 2015 | March 31, 2014 | March 31, 2014 | Provision Made during the year | Provision written back during the year | March 31, 2015 | March 31, 2014 |
| | | | | | | | |
| Standard assets | 3,272,325,575 | 989,211,415 | 8,212,866 | 21,756,748 | - | 29,063,614 | 3,242,355,961 |
| Non-Performing assets | 3,322,498 | 1,606,273 | 1,506,273 | 1,180,594 | - | 2,786,867 | 535,631 |
| Total | 3,275,648,073 | 989,817,688 | 9,819,139 | 22,937,342 | - | 32,756,481 | 979,898,549 |



27 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 | 30-Sep-15 | | 30-Sep-14 | |
|------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| | Transaction Value | Balance Outstanding | Transaction Value | Balance Outstanding |
| (i) Key management personnel | | | | |
| Salary, incentives and perquisites | | | | |
| Mr. Gobinda Chandra Pattanaik* | 1,700,002 | - | 1,048,418 | - |
| Mr. Dibyajyoti Pattanaik* | 864,202 | - | 704,418 | - |
| Mr. Subrat Pradhan* | 321,164 | - | 246,074 | - |
| Total | 2,885,368 | - | 1,998,910 | - |

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.

Refer Note no. 25 as regards Management Stock option plan.

28 Leases

Operating lease: Company as lessee

The company has operating leases for office premises that are renewable on a periodic basis and are cancellable by giving a notice period ranging from one month to three months. 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 6,975,306/- (September 30, 2014 Rs. 4,606,439/-).

29 Expenditure in foreign currency (on accrual basis)

| Description | Six months ended September 30, 2015 | Six months ended September 30, 2014 |
|--|-------------------------------------|-------------------------------------|
| | (Rs.) | (Rs.) |
| Travelling Expenses | 1,114,647 | 925,800 |
| Professional Fees for Non-Convertible Debentures | - | 3,244,444 |

30 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 banks, to the extent of default made by borrower.

The detail of activities undertaken is as follows :

| Particulars | September 30, 2015 | March 31, 2015 |
|--|--------------------|----------------|
| | (Rs.) | (Rs.) |
| Amount from banks (pending disbursement) - opening balance | 31,960,115 | - |
| Amount received from banks for disbursement of loan | 234,140,000 | 131,729,991 |
| Loan disbursed during the period | 253,931,000 | 98,457,000 |
| Loan collected during the period | 62,561,422 | - |
| Amount refunded / returned to banks during the period | 66,924,454 | 1,312,876 |
| Amount yet to be disbursed | 7,805,083 | 31,960,115 |
| Credit enhancements provided and outstanding: | | |
| Cash collateral | 19,500,000 | 17,000,000 |

| | September 30, 2015 | September 30, 2014 |
|---|--------------------|--------------------|
| | (Rs.) | (Rs.) |
| Service Fee Income recognised during the period | 8,640,212 | - |



Annapurna Microfinance Private Limited

Notes to the Financial Statements as at and for the six months period ended September 30, 2015

31. Provision on loan portfolio aggregates Rs. 49,426,164/- (March 31, 2015 Rs. 32,756,481/-), made as per NBFC-MFI regulations as stated in Note 2.1 (p).

32. 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 period ended September 30, 2015, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

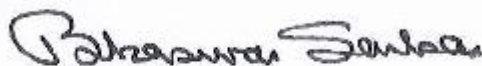
33. The auditors of the company have carried out Limited Review of the financial statements for the half year ended 30th September, 2014.

34. 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.
Chartered Accountants

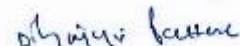


per Bhaswar Sarkar
Partner
Membership No.: 55596

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

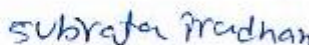


Gobinda Chandra Pattanaik
Managing Director



Dibyajyoti Pattanaik
Director




Subrat Pradhan
Company Secretary

Place: Bhubaneswar
Date: December 01, 2015



Place: Kolkata
Date: December 01, 2015