

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Annapurna Microfinance Private Limited

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;



# **S.R. BATLIBOI & CO. LLP**

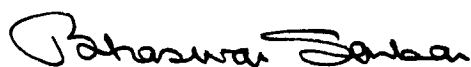
Chartered Accountants

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in Note 31 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Bhaswar Sarkar**

Partner

Membership Number: 55596

Place of Signature: Kolkata

Date: June 21, 2017

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories. Accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3 (vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other statutory dues applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.

In respect of sub clauses (vii) (a) to (vii) (c) above, the Company did not have any dues towards wealth tax, sales tax, custom duty, value added tax and excise duty, during the year.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer and hence not commented upon.

Further, money raised by the Company by way of term loans were applied for the purpose for which they were raised, though idle/ surplus funds which were not required for immediate utilisation have been gainfully invested in fixed deposits/ liquid assets funds.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) The Company been 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**

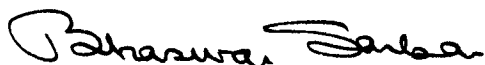
Chartered Accountants

- (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 Bhaswar Sarkar

Partner

Membership Number: 55596

Place of Signature: Kolkata

Date: June 21, 2017

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

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

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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



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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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





# ***S.R. BATLIBOI & Co. LLP***

Chartered Accountants

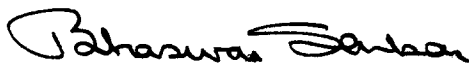
## **Opinion**

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

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Bhaswar Sarkar

Partner

Membership Number: 55596

Place of Signature: Kolkata

Date: June 21, 2017

**Annapurna Microfinance Private Limited**  
**Balance Sheet as at March 31, 2017**

	Notes	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>I. Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	40,34,92,180	36,38,11,550
Reserves and surplus	4	1,31,01,89,507	83,38,02,567
		1,71,36,81,687	1,19,76,14,117
<b>Non-current liabilities</b>			
Long-term borrowings	5	8,29,33,84,338	5,46,58,90,890
Deferred tax liabilities (net)	10	-	22,52,823
Other long-term liabilities	7	-	6,71,814
Long term provisions	6	2,64,67,420	2,58,12,325
		8,31,98,51,758	5,49,46,27,852
<b>Current liabilities</b>			
Other current liabilities	7	5,14,02,76,762	3,43,82,96,913
Short-term provisions	6	13,74,64,885	8,82,25,815
		5,27,77,41,647	3,52,65,22,728
<b>Total</b>		<b>15,31,12,75,092</b>	<b>10,21,87,64,697</b>
<b>II. Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	8	3,94,29,953	3,64,21,382
Intangible assets	9	90,90,326	33,55,737
Deferred tax assets (net)	10	5,44,91,514	-
Long term loans and advances	11	2,66,14,90,539	2,63,82,80,793
Other non-current assets	12	35,94,80,120	36,64,27,540
		3,12,39,82,452	3,04,44,85,452
<b>Current assets</b>			
Cash and bank balances	13	4,32,73,67,760	2,28,97,21,145
Short-term loans and advances	11	7,60,60,16,666	4,73,73,23,483
Other current assets	12	25,39,08,214	14,72,34,617
		12,18,72,92,640	7,17,42,79,245
<b>Total</b>		<b>15,31,12,75,092</b>	<b>10,21,87,64,697</b>

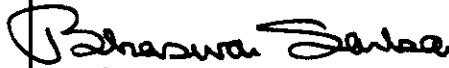
Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

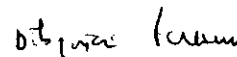
As per our report of even date

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

  
**Subrat Pradhan**  
Company Secretary

Place: Kolkata  
Date: June 21, 2017

Place: Bhubaneswar  
Date: June 21, 2017



**Annapurna Microfinance Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Notes	Year ended March 31, 2017 (Rs.)	Year ended March 31, 2016 (Rs.)
<b>I. Income</b>			
Revenue from operations	14	2,31,09,70,042	1,42,98,25,012
Other income	15	16,37,61,921	7,19,76,131
<b>Total Income</b>		<b>2,47,47,31,963</b>	<b>1,50,18,01,143</b>
<b>II. Expenses</b>			
Employee benefit expenses	16	53,35,90,429	31,32,22,826
Depreciation and amortisation expense	19	2,42,08,162	1,50,60,033
Finance costs	17	1,38,03,36,746	73,97,81,430
Provision for standard and non performing assets	20	9,23,46,748	5,05,11,213
Other expenses	18	15,47,38,427	10,01,32,141
<b>Total Expenses</b>		<b>2,18,52,20,512</b>	<b>1,21,87,07,643</b>
<b>Profit before tax</b>		<b>28,95,11,451</b>	<b>28,30,93,500</b>
<b>Tax expense</b>			
- Current tax		15,71,87,555	10,09,88,260
- Deferred tax		(5,67,44,337)	2,06,350
<b>Total tax expenses</b>		<b>10,04,43,218</b>	<b>10,11,94,610</b>
<b>Profit for the year</b>		<b>18,90,68,233</b>	<b>18,18,98,890</b>
<b>Earning per equity share (EPS)</b>	23		
Basic (Rs.)		5.25	6.26
Diluted (Rs.)		4.70	5.43
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.Batliboi & Co. LLP**

Firm Registration No.301003E/E300005

Chartered Accountants



**per Bhaswar Sarkar**

Partner

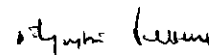
Membership No.: 55596

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



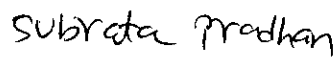
**Gobinda Chandra Pattanaik**

Managing Director



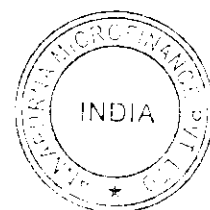
**Dibyajyoti Pattanaik**

Director



**Subrat Pradhan**

Company Secretary



Place: Kolkata

Date: June 21, 2017

Place: Bhubaneshwar

Date: June 21, 2017

**Annapurna Microfinance Private Limited****Cash Flow Statement for the year ended March 31, 2017**

Particulars	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
<b>A. Cash flow from operating activities</b>		
Profit before tax	28,95,11,451	28,30,93,500
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,42,08,162	1,50,60,033
Provision for standard and non performing assets	9,23,46,748	3,98,59,159
Portfolio loans and other balances written off	-	35,40,179
Finance costs	1,38,03,36,746	73,97,81,430
Profit on sale of current investments	(9,85,76,579)	(3,02,34,911)
Management stock option compensation	-	1,11,95,855
<b>Operating profit before working capital changes</b>	<b>1,68,78,26,528</b>	<b>1,06,22,95,245</b>
Movements in working capital:		
Increase in other current and non-current assets	(11,08,36,371)	(7,05,98,987)
Increase in loans and advances	(2,93,64,02,929)	(3,97,33,40,990)
Increase / (decrease) in other long term liabilities, current liabilities and provisions	(6,10,50,820)	5,02,57,312
<b>Cash generated from operations</b>	<b>(1,42,04,63,592)</b>	<b>(2,93,13,87,420)</b>
Direct taxes paid	(19,66,67,561)	(6,15,08,254)
<b>Net cash used in operating activities (A)</b>	<b>(1,61,71,31,153)</b>	<b>(2,99,28,95,674)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(3,40,01,322)	(3,34,86,973)
Proceeds from sale of Fixed assets	10,50,000	-
Sale / (Purchase) of current investments (net)	-	36,00,000
Increase in fixed deposits (net)	(19,21,63,734)	(24,01,78,096)
Profit on sale of current investments	9,85,76,578	3,02,34,910
<b>Net cash used in investing activities (B)</b>	<b>(12,65,38,478)</b>	<b>(23,98,30,159)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	32,90,75,547	12,99,99,958
Proceeds from long-term borrowings	8,10,79,01,688	7,13,92,13,862
Repayment of long term borrowings	(3,56,34,41,559)	(2,27,56,76,648)
Interest and finance charges	(1,33,78,87,448)	(67,20,89,540)
Dividend paid on preference shares ( including dividend distribution tax)	(21,05,910)	(21,05,910)
<b>Net cash from financing activities (C)</b>	<b>3,53,35,42,318</b>	<b>4,31,93,41,722</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,78,98,72,687</b>	<b>1,08,66,15,889</b>
Cash and cash equivalents at the beginning of the year	2,03,78,26,779	95,12,10,890
<b>Cash and cash equivalents at the end of the year</b>	<b>3,82,76,99,466</b>	<b>2,03,78,26,779</b>
<b>Components of cash and cash equivalents:</b>		
Balances with banks:		
on current accounts	2,67,38,18,250	1,93,53,82,012
deposit with original maturity of less than three months	1,15,00,00,000	9,99,99,958
Cash on hand	38,81,216	24,44,809
<b>Total cash and cash equivalents (Note 13)</b>	<b>3,82,76,99,466</b>	<b>2,03,78,26,779</b>

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.Batliboi & Co. LLP**

Firm Registration No.301003E/E300005

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


**Subrat Pradhan**

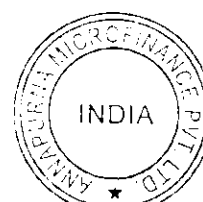
Company Secretary

Place: Kolkata

Date: June 21, 2017

Place: Bhubaneswar

Date: June 21, 2017



## **Annapurna Microfinance Private Limited**

### **Notes to the Financial Statements as at and for the year ended March 31, 2017**

#### **1. Corporate information**

Annapurna Microfinance 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').

#### **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, unless specified otherwise.

##### **2.1. Summary of significant accounting policies**

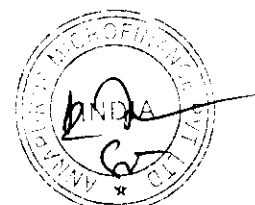
##### **(a)(i) Change in prudential norms on income recognition, asset classification and provisioning pertaining to advances**

The RBI vide circular No.DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 has provided a dispensation whereby a short-term deferment of 90/60 days could be applied to dues payable between November 1, 2016 to December 28, 2016 for the purpose of classification of loan accounts as sub-standard. The Company has applied the dispensation as on March 31, 2017. As a result of the dispensation, portfolio loans aggregate Rs. 13.94 crores has been classified as standard which would otherwise have been considered as non-performing assets. Consequent to such re-estimation, accrued interest is higher by Rs. 1.38 crores with a corresponding impact in the statement of profit and loss.

The dispensation availed by the Company does not have any impact on the overall provision on loan portfolio as the provision is 1% on the outstanding portfolio as mentioned in note no 2.1(r) of the financial statements, with/without considering the RBI dispensation.

##### **(a)(ii) Change in accounting for processing fees**

Processing fees and other ancillary costs incurred on term loans obtained from banks and financial institutions are required to be charged off upfront in the statement of profit and loss, in line with the clarification provided by RBI for NBFC-MFI dated October 14, 2016. Hitherto, ancillary cost incurred in connection with borrowings from Banks and financial institutions were amortized in the



statement of profit and loss on straight line basis. The Company has complied with the aforesaid clarification provided by RBI and as a result of which such expenses have been charged off upfront in the statement of profit and loss. As a result of such change in accounting policy, other borrowing cost has increased by Rs. 9.91 crores with a corresponding reduction on profit before tax by that amount.

## **b. Use of estimates**

The preparation of financial statements in conformity with Indian 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 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.

## **c. 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. The profit / premium arising at the time of securitization of loan portfolio is recognised over the life of the underlying loan portfolio, in accordance with Guidelines on transfer of assets through securitization issued by Reserve Bank of India.
- 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.

## **d. 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.

## **e. 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.

## **f. 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 amortised over a period of three years.



### **g. 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 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.

### **h. 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.

### **i. 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 and those incurred in connection with securitization transaction are amortized over the tenure of the securitization deal.

### **j. Foreign currency transactions**

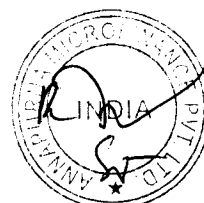
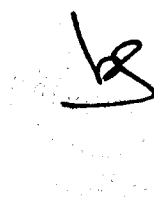
All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the reporting period. Exchange differences arising on the settlement of monetary items or 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 recognised as income or as expenses in the period in which they arise.

### **k. 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 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.



## **I. 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.

## **m. 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.

## **n. 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 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.

## **o. 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.

## **p. 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.

#### q. 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.

\*The classification of non-performing assets is after providing dispensation of 60/90 days provided by RBI for dues payable between November 1, 2016 to December 28, 2016, for the purpose of classification of loan accounts as non-performing assets.

#### r. 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.

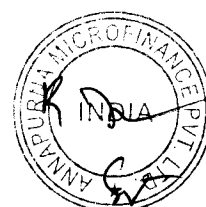
As per the Non-Banking Financial Company - Systematically Important Non-Deposit taking Company (Reserve bank) Directions, 2016, the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the 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 except for specific dispensation provided by RBI vide circular No.DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016. 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 securitisation arrangements.

#### s. 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.

#### T . Corporate Social Responsibility (CSR) expenditure

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



**Annapurna Microfinance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

3 Share capital	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
<b>Authorized Shares</b>		
38,000,000 (March 31, 2016: 38,000,000) equity shares of Rs.10/- each	38,00,00,000	38,00,00,000
5,000,000 (March 31, 2016: 5,000,000) preference shares of Rs.10/-each	5,00,00,000	5,00,00,000
	43,00,00,000	43,00,00,000
<b>Issued, subscribed and fully paid-up shares</b>		
36,349,218 (March 31, 2016: 31,381,155) equity shares of Rs.10/- each	36,34,92,180	31,38,11,550
1,000,000 (March 31, 2016: 2,000,000) 9% Optionally Convertible Preference Shares (OCPS) of Rs.10/- each	1,00,00,000	2,00,00,000
3,000,000 (March 31, 2016: 3,000,000) 0% Compulsory Convertible Preference Shares (CCPS) of Rs.10/- each	3,00,00,000	3,00,00,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>40,34,92,180</b>	<b>36,38,11,550</b>

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

Equity shares	March 31, 2017		March 31, 2016	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	3,13,81,155	31,38,11,550	2,41,95,074	24,19,50,740
Issued during the year	49,68,063	4,96,80,630	71,86,081	7,18,60,810
<b>Shares outstanding at the end of the year</b>	<b>3,63,49,218</b>	<b>36,34,92,180</b>	<b>3,13,81,155</b>	<b>31,38,11,550</b>

9% Optionally Convertible Preference Shares	March 31, 2017		March 31, 2016	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Issued during the year	-	-	-	-
Redeemed during the year	10,00,000	1,00,00,000	-	-
<b>Shares outstanding at the end of the year</b>	<b>10,00,000</b>	<b>1,00,00,000</b>	<b>20,00,000</b>	<b>2,00,00,000</b>

0% Compulsory Convertible Preference Shares	March 31, 2017		March 31, 2016	
	Number	(Rs.)	Number	(Rs.)
Outstanding at the beginning of the year	30,00,000	3,00,00,000	-	-
Issued during the year	-	-	30,00,000	3,00,00,000
<b>Shares outstanding at the end of the year</b>	<b>30,00,000</b>	<b>3,00,00,000</b>	<b>30,00,000</b>	<b>3,00,00,000</b>

**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. 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 :
1. 50 % of outstanding OCPS at the end of 4 years from date of first disbursement (Date - 04th March, 2013). Accordingly, Rs. 1 crore has been redeemed during the year.
  2. Remaining outstanding OCPS at the end of 5 years, commencing from the date of first disbursement.
- 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 dated 30th March, 2015.



**Annapurna Microfinance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

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

Name of shareholder	March 31, 2017		March 31, 2016	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
<b>Equity Shares of Rs.10 each fully paid</b>				
Gobinda Chandra Pattanaik	62,92,731	17.31%	62,92,731	20.05%
RIF East 2 (Investor)	27,68,497	7.62%	85,68,497	27.30%
Belgian Investment Company for Developing Countries NV - SA (Investor)	80,27,723	22.08%	80,27,723	25.58%
SIDBI Trustee Company Limited A/c ("Samridhi Fund") (Investor)	56,01,853	15.41%	56,01,853	17.85%
DCB Bank Ltd.	18,24,151	5.02%	18,24,151	5.81%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	49,68,063	13.67%	-	0.00%
Women's World Banking Capital Partners, LP	58,00,000	15.96%	-	0.00%
<b>Total</b>	<b>3,52,83,018</b>	<b>97.07%</b>	<b>3,03,14,955</b>	<b>96.60%</b>
<b>Optionally Convertible Preference Shares of Rs. 10 each fully</b>				
Small Industries Development Bank of India	10,00,000	100.00%	20,00,000	100.00%
<b>Total</b>	<b>10,00,000</b>	<b>100.00%</b>	<b>20,00,000</b>	<b>100.00%</b>
<b>Compulsory Convertible Preference Shares of Rs. 10 each fully</b>				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	100.00%	30,00,000	100.00%
<b>Total</b>	<b>30,00,000</b>	<b>100.00%</b>	<b>30,00,000</b>	<b>100.00%</b>

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**

- 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.

4 Reserves and surplus	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
<b>A. Securities premium account</b>		
Balance as per last year's financial statements	53,86,77,771	27,05,38,623
Add: Addition during the year	30,03,19,370	26,81,39,148
Less: Share/debenture issue expenses (net of income tax)	1,09,24,453	-
<b>Closing Balance</b>	<b>82,80,72,688</b>	<b>53,86,77,771</b>
<b>B. Management stock options outstanding</b>		
Gross management stock compensation for options granted in earlier years (Refer Note 25)	2,46,78,838	1,34,82,983
Add: gross compensation for options granted during the year	-	1,11,95,855
<b>Closing Balance</b>	<b>2,46,78,838</b>	<b>2,46,78,838</b>
<b>C. Statutory reserve</b>		
Balance as per last financial statements	5,60,71,747	1,96,91,969
Add: Amount transferred from surplus balance in the Statement of Profit & Loss during the year	3,78,13,647	3,63,79,778
<b>Closing Balance</b>	<b>9,38,85,394</b>	<b>5,60,71,747</b>
<b>D Capital Redemption Reserve</b>		
(In respect of preference shares redeemed during the year)	1,00,00,000	-
<b>Closing Balance</b>	<b>1,00,00,000</b>	<b>-</b>
<b>E. Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statements	21,43,74,211	7,09,61,009
Profit for the year	18,90,68,233	18,18,98,890
Less: Appropriations		
Transferred to Statutory Reserve	3,78,13,647	3,63,79,778
Transferred to Capital Redemption Reserve	1,00,00,000	-
Preference Dividend	17,25,000	18,00,000
Tax on Preference Dividend	3,51,210	3,05,910
<b>Total Appropriations</b>	<b>4,98,89,857</b>	<b>3,84,85,688</b>
<b>Net surplus in the Statement of profit and loss</b>	<b>35,35,52,587</b>	<b>21,43,74,211</b>
<b>Total</b>	<b>1,31,01,89,507</b>	<b>83,38,02,567</b>

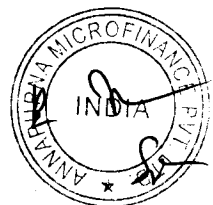
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**Annapurna Microfinance Private Limited**
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

5	Long-term borrowings	Non Current Portion		Current Portion	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>A. Debentures (privately placed)</b>					
<b>Secured</b>					
- from Banks 12.55% Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each	-	-	-	-	4,99,99,500
- from Financial institutions 13.00% - 14.75% Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each )	2,85,94,00,000	2,41,39,00,000	15,45,00,000	-	-
- from Non banking finance companies (NBFC) 11.84% - 15.50% Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each )	37,00,00,000	11,50,00,100	9,50,00,101	32,58,32,600	-
<b>Unsecured</b>					
- from NBFC (subordinated)	89,00,00,000	30,00,00,000	-	-	-
<b>B. Term loans</b>					
<b>Secured</b>					
- from Banks	2,14,48,85,503	1,76,04,32,521	3,10,44,33,463	1,88,23,33,112	-
- from NBFC	1,01,01,61,506	16,51,19,997	83,35,83,069	53,01,46,784	-
- from Financial Institution (FI)	90,33,23,333	58,96,82,333	57,30,15,666	28,30,38,660	-
<b>Unsecured</b>					
- from NBFC (subordinated)	10,00,00,000	10,00,00,000	-	-	-
- from Financial Institution (FI)	1,37,33,333	2,00,00,000	2,74,66,667	-	-
<b>C. Vehicle loans</b>					
<b>Secured</b>					
- from Banks*	18,80,663	17,55,939	15,04,181	11,85,810	-
<b>Total</b>	<b>8,29,33,84,338</b>	<b>5,46,58,90,890</b>	<b>4,78,95,03,147</b>	<b>3,07,25,36,466</b>	
Above amount includes					
Secured	7,28,96,51,005	5,04,58,90,890	4,76,20,36,480	3,07,25,36,466	-
Unsecured	1,00,37,33,333	42,00,00,000	2,74,66,667	-	-
Amount disclosed under the head "other current liabilities " (Refer Note 7)	-	-	(4,78,95,03,147)	(3,07,25,36,466)	-
<b>Total</b>	<b>8,29,33,84,338</b>	<b>5,46,58,90,890</b>	<b>-</b>	<b>-</b>	

\*Vehicle loans are secured against hypothecation of vehicles purchase against such loans and are repayable in equated monthly instalments carrying interest rate ranging from 9.50% -11.50% p.a.



5A Long-term borrowings (Contd.)

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 Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)		
<b>Non-Convertible Debentures</b>												
<b>Bullet repayment schedule</b>												
<b>From Fls:*</b>												
Above 3 Yrs.#	1	15,45,00,000	4	1,11,60,00,000	1	29,20,00,000	6	1,45,14,00,000	-	-	13.00% - 14.75%	3,01,39,00,000
1-3 Yrs.	-	-	-	-	-	-	-	-	-	-	-	-
<b>From NBFCs:</b>												
Above 3 Yrs.	-	-	-	-	1	35,00,00,000	4	32,00,00,000	2	59,00,00,000	13.99%-17.00%	1,26,00,00,000
<b>Monthly repayment schedule</b>												
<b>From NBFCs:</b>												
1-3 Yrs.	14	9,50,00,101	-	-	-	-	-	-	-	-	12.70% - 13.50%	9,50,00,101
Above 3 Yrs.	-	-	-	-	-	-	-	-	-	-	-	-
<b>Term Loans</b>												
<b>Monthly repayment schedule</b>												
<b>From Banks:</b>												
1-3 Yrs.	310	1,60,59,11,848	200	96,25,79,783	52	16,55,74,858	-	-	-	-	11.27%-13.25%	2,73,40,66,489
Above 3 Yrs.	123	33,24,84,593	97	27,71,13,595	65	19,27,94,167	43	8,49,18,335	-	-	11.60%-13.70%	88,73,10,690
<b>From Fls:</b>												
1-3 Yrs.	31	25,30,15,667	24	29,99,90,000	11	18,33,33,333	-	-	-	-	12.50% - 13.50%	73,63,39,000
<b>From NBFCs:</b>												
1-3 Yrs.	132	74,35,83,070	79	54,53,58,734	24	25,73,02,773	-	-	-	-	9.50%-16.50%	1,54,62,44,577
<b>Quarterly repayment schedule</b>												
<b>From Banks:</b>												
1-3 Yrs.	63	1,03,60,37,023	33	43,69,04,762	3	2,50,00,000	-	-	-	-	11.00% - 13.50%	1,49,79,41,785
<b>From NBFCs:</b>												
1-3 Yrs.	6	8,99,99,999	2	3,75,00,000	-	-	-	-	-	-	12.25%-14.50%	12,74,99,999
<b>Bullet repayment schedule</b>												
<b>From NBFCs:</b>												
1-3 Yrs.	-	-	-	-	1	17,00,00,000	-	-	-	-	12.35%	17,00,00,000
Above 3 Yrs.	-	-	-	-	-	-	2	10,00,00,000	-	-	16.50%	10,00,00,000
<b>From Banks:</b>												
1-3 Yrs.	1	13,00,00,000	-	-	-	-	-	-	-	-	11.15%	13,00,00,000
<b>From Fls:</b>												
1-3 Yrs.	4	2,74,66,667	2	1,37,33,333	-	-	-	-	-	-	2.00%	4,12,00,000
<b>Half Yearly repayment schedule</b>												
<b>From Fls:</b>												
1-3 Yrs.	2	20,00,00,000	2	20,00,00,000	-	-	-	-	-	-	11.50%	40,00,00,000
Above 3 Yrs.	2	12,00,00,000	2	12,00,00,000	2	6,80,00,000	2	1,60,00,000	2	1,60,00,000	11.50%	34,00,00,000
<b>Grand Total</b>		<b>4,78,79,98,968</b>		<b>4,00,91,80,207</b>		<b>1,70,40,05,131</b>		<b>1,97,23,18,335</b>		<b>60,60,00,000</b>		<b>13,07,95,02,641</b>

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 ( March 31, 2016: Rs 1,181,400,000) are also further secured by pari passu charge on the land of the Company situated at Snperumbudur 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 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. 292,000,000 having the option to debenture holder to exercise the following redemption option date :

i) 33.33% (Rs. 200,000,000) of the Issue amount by June 15, 2020, 33.33% (Rs. 200,000,000) of the Issue amount by December 15, 2020 and the remaining 33.33% (Rs. 200,000,000) by June 15, 2021.

(c) includes outstanding debenture of Rs. 1,967,400,000 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 28, 2018.

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.

iv) Rs. 396,000,000 of the outstanding principal amount by December 04, 2018.

v) Rs. 240,000,000 of the outstanding principal amount by October 08, 2016 if Put/Call option is exercised and October 08, 2018 if Put/Call option is not exercised.

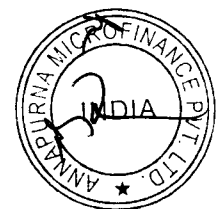
vi) Rs. 150,000,000 of the outstanding principal amount by November 27, 2016 if Put/Call option is exercised and November 27, 2018 if Put/Call option is not exercised.

vii) 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 ( March 31, 2016: Rs. 2,669,992,337).

# includes outstanding debenture of Rs. 292,000,000 out of which Rs. 73,000,000 has been reclassified to "due within 1 year", and Rs. 218,978,100 to "due between 1 and 2 years" due to the call option mentioned above in point no. (1(a))



5B Long-term borrowings (Contd.)

Terms of repayment of Debentures & Term Loans as on March 31, 2016

Original maturity of loan	Due within 1 year		Due between 1 and 2 years		Due between 2 and 3 Years		Due between 3 and 5 Years		Above 5 years		Interest Rate	Total
	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)	No. of Instalments	Amount (in Rupees)		
<b>Non-Convertible Debentures</b>												
<b>Bullet repayment schedule</b>												
<b>From FIs:*</b>												
Above 3 Yrs. #	1	7,30,00,000	1	21,89,78,100	3	72,00,00,000	2	38,40,21,900	2	46,74,00,000	13.70% - 14.75%	<b>1,86,34,00,000</b>
<b>From NBFCs:</b>												
Above 3 Yrs.	-	-	-	-	-	-	2	7,00,00,000	2	25,00,00,000	14.90% - 17.00%	<b>32,00,00,000</b>
<b>From FIs:*</b>												
1-3 Yrs.	-	-	1	15,45,00,000	1	39,60,00,000	-	-	-	-	13.60% - 13.75%	<b>55,05,00,000</b>
<b>Bi monthly repayment schedule**</b>												
<b>From Banks:</b>												
1-3 Yrs.	5	4,99,99,500	-	-	-	-	-	-	-	-	12.55%	<b>4,99,99,500</b>
<b>Monthly repayment schedule</b>												
<b>From NBFCs:</b>												
1-3 Yrs.	55	32,58,32,600	14	9,50,00,100	-	-	-	-	-	-	12.70% - 14.00%	<b>42,08,32,700</b>
Above 3 Yrs.	-	-	-	-	-	-	-	-	-	-	-	-
<b>Term Loans</b>												
<b>Monthly repayment schedule</b>												
<b>From Banks:</b>												
1-3 Yrs.	237	1,07,43,89,174	170	71,20,67,430	67	19,72,31,856	-	-	-	-	11.70% - 13.50%	<b>1,98,36,88,460</b>
Above 3 Yrs.	70	14,13,97,060	71	14,61,99,141	47	10,52,17,181	22	5,72,29,269	-	-	12.40% - 13.90%	<b>45,00,42,651</b>
<b>From FIs:</b>												
1-3 Yrs.	19	8,30,38,667	24	11,63,49,000	11	7,33,33,333	-	-	-	-	12.50% - 13.50%	<b>27,27,21,000</b>
<b>From NBFCs:</b>												
1-3 Yrs.	123	46,68,10,786	33	13,76,19,998	2	1,25,00,000	-	-	-	-	10.10% - 16.00%	<b>61,69,30,784</b>
<b>Quarterly repayment schedule</b>												
<b>From Banks:</b>												
1-3 Yrs.	55	66,65,46,878	31	50,92,59,957	4	3,32,27,679	-	-	-	-	11.30% - 13.65%	<b>1,20,90,34,514</b>
<b>From NBFCs:</b>												
1-3 Yrs.	8	6,33,35,999	2	1,49,99,999	-	-	-	-	-	-	14.50% - 15.00%	<b>7,83,35,998</b>
<b>Bullet repayment schedule</b>												
<b>From NBFCs:</b>												
Above 3 Yrs.	-	-	-	-	-	-	-	-	2	10,00,00,000	16.50%	<b>10,00,00,000</b>
<b>From FIs:</b>												
1-3 Yrs.	-	-	4	1,33,33,333	2	66,66,667	-	-	-	-	2.00%	<b>2,00,00,000</b>
<b>Half Yearly repayment schedule</b>												
<b>From FIs:</b>												
1-3 Yrs.	2	20,00,00,000	2	20,00,00,000	2	20,00,00,000	-	-	-	-	11.50%	<b>60,00,00,000</b>
<b>Grand Total</b>		<b>3,14,43,50,664</b>		<b>2,31,83,07,058</b>		<b>1,74,41,76,716</b>		<b>51,12,51,169</b>		<b>81,74,00,000</b>		<b>8,53,54,85,607</b>

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, Kancheepuram District.

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

i) 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. 21,900) 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. 1,377,000,000 wherein debenture holders / company have the option to exercise the following redemption date:

i) 100% ( Rs. 384,000,000) of the outstanding principal amount by May 28, 2018.

ii) 100% (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) 100% ( Rs. 267,000,000) of the outstanding principal amount by December 10, 2018.

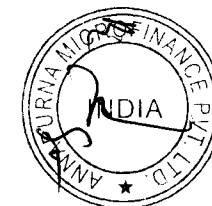
iv) 100% ( Rs. 396,000,000) of the outstanding principal amount by December 04, 2018.

\*\* 2. The Company can redeem the debentures in prorate 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.

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

4. Term loans are also guaranteed by the promoter directors of the Company, Rs 2,669,992,337 as on 31st March, 2016 ( March 31, 2015: Rs. 325,693,523).

# includes outstanding debenture of Rs. 292,000,000 out of which Rs. 73,000,000 has been reclassified to "due within 1 year", and Rs. 218,978,100 to "due between 1 and 2 years" due to the call option mentioned above in point no.(1a))



**Annapurna Microfinance Private Limited**
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

6	Provisions	Non Current Portion		Current Portion	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	<b>Provision for portfolio loans</b>				
	On standard assets	65,08,606	2,26,54,249	7,53,60,668	4,60,44,433
	On non performing assets	1,99,58,814	31,58,076	-	-
		<b>2,64,67,420</b>	<b>2,58,12,325</b>	<b>7,53,60,668</b>	<b>4,60,44,433</b>
B.	<b>Others</b>				
	Provision for taxation (Net of advance tax Rs. Nil) (March 31, 2016: Rs. 6,51,06,856)	-	-	-	3,94,80,006
	Provision for securitized and managed portfolio	-	-	5,74,84,950	9,16,797
	Provision for gratuity	-	-	20,22,621	13,69,590
	Provision for leave encashment	-	-	25,96,646	4,14,989
		-	-	<b>6,21,04,217</b>	<b>4,21,81,382</b>
	<b>Total</b>	<b>2,64,67,420</b>	<b>2,58,12,325</b>	<b>13,74,64,885</b>	<b>8,82,25,815</b>

7	Other liabilities	Non Current Portion		Current Portion	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
	Current maturities of long-term borrowings (Refer Note 5)	-	-	4,78,95,03,147	3,07,25,36,466
	Interest accrued but not due on borrowings	-	-	16,79,80,679	12,55,31,381
	Deferred income on securitisation transactions	-	6,71,814	8,56,232	75,97,504
	Payable for portfolio loan securitised	-	-	9,93,25,138	12,51,92,797
	Payable on corporate social responsibility activities	-	-	26,77,864	55,20,588
	Salary payable	-	-	2,49,34,037	1,68,54,334
	Dividend on preference shares	-	-	17,25,000	18,00,000
	Dividend distribution tax payable	-	-	3,51,210	3,05,910
	Statutory dues payable	-	-	58,43,277	77,01,090
	Insurance premium payable	-	-	2,78,83,882	4,70,89,915
	Advance from banks (pending disbursement) (Refer Note 30)	-	-	9,60,058	1,60,64,773
	Other payables	-	-	1,82,36,238	1,21,02,155
	<b>Total</b>	<b>-</b>	<b>6,71,814</b>	<b>5,14,02,76,762</b>	<b>3,43,82,96,913</b>

10	Deferred tax assets / (liabilities) (net)	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)
	<b>Deferred tax assets</b>		
	Provision on portfolio and securitised/managed loans	4,74,88,619	2,51,86,927
	Fixed assets: impact of difference between tax depreciation and depreciation charged for the financial reporting	43,46,229	10,35,069
	Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	60,70,043	30,79,063
		5,79,04,891	2,93,01,059
	<b>Deferred tax liabilities</b>		
	Unamortised fees on borrowings/securitisation	(34,13,377)	(3,15,53,882)
	<b>Net deferred tax assets / (liabilities)</b>	<b>5,44,91,514</b>	<b>(22,52,823)</b>



**Annapurna Microfinance Private Limited**  
**Notes to the Financial Statements as at and for the year ended 31st March, 2017**

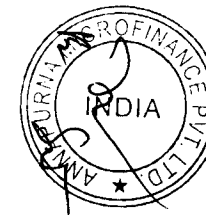
**8. TANGIBLE ASSETS**

(Amount in Rs.)

Particulars	Furniture & Fixtures	Computers	Office Equipments	Vehicles	Freehold Land	Total
<b>At 31st March 2015</b>	<b>98,73,621</b>	<b>93,96,826</b>	<b>69,80,433</b>	<b>39,21,073</b>	-	<b>3,01,71,953</b>
Additions	65,32,257	1,12,28,968	84,13,968	28,00,980	13,50,800	3,03,26,973
Disposals	-	-	-	-	-	-
<b>At 31st March 2016</b>	<b>1,64,05,878</b>	<b>2,06,25,794</b>	<b>1,53,94,401</b>	<b>67,22,053</b>	<b>13,50,800</b>	<b>6,04,98,926</b>
Additions	66,30,621	69,55,380	70,60,112	22,51,260	-	2,28,97,373
Disposals	-	-	-	8,00,920	-	8,00,920
<b>At 31st March 2017</b>	<b>2,30,36,499</b>	<b>2,75,81,174</b>	<b>2,24,54,513</b>	<b>81,72,393</b>	<b>13,50,800</b>	<b>8,25,95,379</b>
<b>Depreciation</b>						
<b>At 31st March 2015</b>	<b>21,00,907</b>	<b>42,61,737</b>	<b>24,18,042</b>	<b>12,79,797</b>	-	<b>1,00,60,483</b>
Charge for the year	29,12,195	69,56,627	33,20,862	8,27,377	-	1,40,17,061
Disposals	-	-	-	-	-	-
<b>At 31st March 2016</b>	<b>50,13,102</b>	<b>1,12,18,364</b>	<b>57,38,904</b>	<b>21,07,174</b>	-	<b>2,40,77,544</b>
Charge for the year	39,09,533	76,04,702	62,82,201	12,91,446	-	1,90,87,882
Disposals	-	-	-	-	-	-
<b>At 31st March 2017</b>	<b>89,22,635</b>	<b>1,88,23,066</b>	<b>1,20,21,105</b>	<b>33,98,620</b>	-	<b>4,31,65,426</b>
<b>Net Block</b>						
<b>At 31st March 2016</b>	<b>1,13,92,776</b>	<b>94,07,430</b>	<b>96,55,497</b>	<b>46,14,879</b>	<b>13,50,800</b>	<b>3,64,21,382</b>
<b>At 31st March 2017</b>	<b>1,41,13,864</b>	<b>87,58,108</b>	<b>1,04,33,408</b>	<b>47,73,773</b>	<b>13,50,800</b>	<b>3,94,29,953</b>

**9. INTANGIBLE ASSETS**

Software	Amount (Rs)
<b>At 31st March 2015</b>	<b>21,72,256</b>
Additions	31,60,000
Disposals	-
<b>At 31st March 2016</b>	<b>53,32,256</b>
Additions	1,08,54,869
Disposals	-
<b>At 31st March 2017</b>	<b>1,61,87,125</b>
<b>Ammortization</b>	
<b>At 31st March 2015</b>	<b>9,33,547</b>
Charge for the year	10,42,972
Disposals	-
<b>At 31st March 2016</b>	<b>19,76,519</b>
Charge for the year	51,20,280
Disposals	-
<b>At 31st March 2017</b>	<b>70,96,799</b>
<b>Net Block</b>	
<b>At 31st March 2016</b>	<b>33,55,737</b>
<b>At 31st March 2017</b>	<b>90,90,326</b>





**Annapurna Microfinance Private Limited**
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

11	Loans and advances (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>A. Portfolio loans</b>					
Considered good		2,62,40,78,120	2,57,64,66,519	7,53,60,66,847	4,60,44,43,255
Considered doubtful [ Refer note no 2.1.(a)(i)]		2,26,63,913	47,65,975	-	-
		<b>2,64,67,42,033</b>	<b>2,58,12,32,494</b>	<b>7,53,60,66,847</b>	<b>4,60,44,43,255</b>
<b>B. Advances recoverable in cash or kind</b>		-	-	2,97,91,959	1,76,95,180
		-	-	<b>2,97,91,959</b>	<b>1,76,95,180</b>
<b>C. Security Deposit</b>		12,50,000	12,50,000	54,77,500	36,78,000
		<b>12,50,000</b>	<b>12,50,000</b>	<b>54,77,500</b>	<b>36,78,000</b>
<b>D. Others</b>					
Prepaid expenses		13,43,841	4,21,99,110	1,70,88,673	4,89,70,732
Loan to staff		1,91,155	28,40,750	29,45,520	32,58,631
Balances with government authorities		-	-	4,64,050	-
Cenvat credit receivable		-	-	16,82,117	2,77,685
Deposits with public financial institutions ( marked as lien towards term loans availed)		50,00,000	30,00,000	1,25,00,000	5,90,00,000
Advance income tax (Net of provision for tax Rs. 167,116,824) (March 31, 2016 : Rs.9,929,269)		69,63,510	77,58,439	-	-
		<b>1,34,98,506</b>	<b>5,57,98,299</b>	<b>3,46,80,360</b>	<b>11,15,07,048</b>
<b>Total</b>		<b>2,66,14,90,539</b>	<b>2,63,82,80,793</b>	<b>7,60,60,16,666</b>	<b>4,73,73,23,483</b>

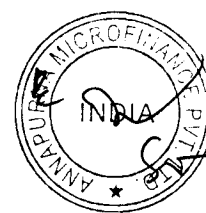
12	Other assets (Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
Non current bank balances (Refer Note 13 )		34,31,52,325	35,42,62,519	-	-
		<b>34,31,52,325</b>	<b>35,42,62,519</b>	-	-
<b>Others</b>					
Interest accrued but not due on portfolio loans		-	-	20,21,11,558	10,54,89,485
Interest accrued but not due on deposits placed with banks and financial institutions		1,63,27,795	1,21,65,021	2,87,26,867	2,54,04,023
Other Receivables (Net of Provision - Rs. 126,57,736/-) (March 31, 2016 : 7,111,875/-)*		-	-	2,30,69,789	1,63,41,109
		<b>1,63,27,795</b>	<b>1,21,65,021</b>	<b>25,39,08,214</b>	<b>14,72,34,617</b>
<b>Total</b>		<b>35,94,80,120</b>	<b>36,64,27,540</b>	<b>25,39,08,214</b>	<b>14,72,34,617</b>

\*represents insurance claims in respect of dues from deceased borrowers

13	Cash and bank balances	Non-Current Portion		Current Portion	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>Cash and cash equivalents</b>					
Balances with banks:					
-on current accounts		-	-	2,67,38,18,250	1,93,53,82,012
-deposit with original maturity of less than three months		-	-	1,15,00,00,000	9,99,99,958
Cash on hand		-	-	38,81,216	24,44,809
		-	-	<b>3,82,76,99,466</b>	<b>2,03,78,26,779</b>
<b>Other bank balances</b>					
Deposit with original maturity for more than 3 months but not more than 12 months		-	-	21,39,83,031	4,53,70,937
Deposit with original maturity of not less than 12 months		34,31,52,325	35,42,62,519	28,56,85,263	20,65,23,429
		<b>34,31,52,325</b>	<b>35,42,62,519</b>	<b>49,96,68,294</b>	<b>25,18,94,366</b>
Amount disclosed under non-current assets (Refer Note 12)		(34,31,52,325)	(35,42,62,519)	-	-
<b>Total</b>		-	-	<b>4,32,73,67,760</b>	<b>2,28,97,21,145</b>

**Note:**

- Includes deposit certificates of Rs. 842,820,619/- (March 31, 2016: Rs. 606,156,885/-) 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.
- Current account includes Rs. 960,058/- (March 31, 2016: Rs. 16,064,773/-) to be disbursed as loan, pursuant to business correspondent activities carried out by the Company. Also, refer note no. 30.



**Annapurna Microfinance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

14	<b>Revenue from operations</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
		<b>(Rs.)</b>	<b>(Rs.)</b>
	Interest income on portfolio loans	1,94,56,08,420	1,18,54,15,344
	Upfront processing Fees	10,85,10,445	9,59,88,110
	Income from securitisation	18,47,29,864	11,48,97,418
	Service Fees Income (Refer Note No. 30)	7,21,21,313	3,35,24,140
	<b>Total</b>	<b>2,31,09,70,042</b>	<b>1,42,98,25,012</b>

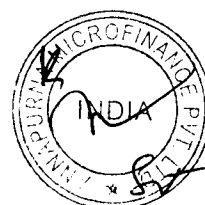
15	<b>Other income</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
		<b>(Rs.)</b>	<b>(Rs.)</b>
	Interest Income on fixed deposits with banks and others	6,43,87,098	4,16,86,927
	Profit on sale of current investments	9,85,76,579	3,02,34,911
	Miscellaneous income	7,98,244	54,293
	<b>Total</b>	<b>16,37,61,921</b>	<b>7,19,76,131</b>

16	<b>Employee benefit expenses</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
		<b>(Rs.)</b>	<b>(Rs.)</b>
	Salaries and bonus	48,50,07,359	27,57,97,634
	Contributions to provident fund and others	3,40,79,689	1,92,25,819
	Management stock option compensation (Refer Note 25)	-	1,11,95,855
	Gratuity expenses (Refer Note 24)	38,66,250	23,77,603
	Staff welfare expenses	1,06,37,131	46,25,915
	<b>Total</b>	<b>53,35,90,429</b>	<b>31,32,22,826</b>

17	<b>Finance costs</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
		<b>(Rs.)</b>	<b>(Rs.)</b>
	Interest expense	1,22,73,85,508	69,35,26,400
	Ancillary borrowing costs	15,29,51,238	4,62,55,030
	<b>Total</b>	<b>1,38,03,36,746</b>	<b>73,97,81,430</b>



**Annapurna Microfinance Private Limited**  
**Notes to the Financial Statements as at and for the year ended March 31, 2017**

18 Other expenses	Year ended March 31, 2017	Year ended March 31, 2016
	(Rs.)	(Rs.)
Rent	3,24,82,155	2,03,87,167
Rates and taxes	4,60,587	19,31,515
Repairs & maintenance		
- Office maintenance	74,67,441	25,31,783
Office Expenses	1,18,16,459	92,17,771
Director sitting fees	4,84,800	1,10,000
Travelling and conveyance	1,51,12,698	1,43,86,653
Communication expenses	1,77,63,046	92,57,172
Printing & stationery	1,02,03,607	12,12,075
Legal and professional fees	3,11,14,075	2,35,41,152
Payment to auditors ( refer details below )	40,00,000	30,00,000
Advertisement	10,28,907	13,29,971
Training & meeting expenses	1,41,19,308	40,76,046
Electricity charges	43,91,355	24,79,013
Provision for CSR Activities	-	37,12,222
Miscellaneous expenses	42,93,989	29,59,601
<b>Total</b>	<b>15,47,38,427</b>	<b>10,01,32,141</b>

Payment to auditors	Year ended March 31, 2017	Year ended March 31, 2016
	(Rs.)	(Rs.)
As auditor:		
Audit fee ( excluding service tax )	35,00,000	25,00,000
In other capacity		
Other services (certification fees etc.)	4,00,000	4,00,000
Reimbursement of expenses	1,00,000	1,00,000
<b>Total</b>	<b>40,00,000</b>	<b>30,00,000</b>

19 Depreciation & amortisation expenses	Year ended March 31, 2017	Year ended March 31, 2016
	(Rs.)	(Rs.)
Depreciation on tangible assets	1,90,87,882	1,40,17,061
Amortisation on intangible assets	51,20,280	10,42,972
<b>Total</b>	<b>2,42,08,162</b>	<b>1,50,60,033</b>

20 Provision for standard and non performing assets	Year ended March 31, 2017	Year ended March 31, 2016
	(Rs.)	(Rs.)
Provision against standard assets	1,31,70,592	3,87,29,067
Provision for non-performing assets	1,68,00,738	3,71,209
Portfolio loans and other balances written off	-	35,40,179
Provision and loss on securitized / managed portfolio	5,65,68,153	7,58,883
Provision for insurance Claims in respect of dues from deceased borrowers	58,07,265	71,11,875
<b>Total</b>	<b>9,23,46,748</b>	<b>5,05,11,213</b>

*(Signature)*



**Annapurna Microfinance Private Limited****Notes to the financial statements as at and for the year ended March 31, 2017****21 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:

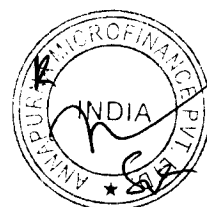
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	(Rs.)	(Rs.)
Total book value of the loans securitised during the year (A)	1,62,53,52,893	1,69,13,69,089
Sale consideration received for the loans securitised during the year (B)	1,62,53,52,893	1,70,00,92,008
Gain on securitisation ( B-A)	-	87,22,919
Portfolio loan securitised and outstanding	1,43,25,15,690	1,36,20,34,649
<b>Credit enhancements provided and outstanding:</b>		
Principal subordination	10,21,43,662	5,82,99,619
Cash collateral	15,75,30,718	12,88,78,207
Income from asset securitisation recognised in the statement of profit and loss	18,47,29,864	11,48,97,418
The Company has transferred all the rights and obligations relating to above securitised loan assets to banks with which securitisation arrangements have been entered into.		

**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'. The Company operates in a single geographical segment i.e. India.

**23 Earnings per share (EPS)**

Particulars	31-Mar-17	31-Mar-16
Net Profit after tax ( Rs.)	18,90,68,232	18,18,98,890
Less: Dividend on 9% Optionally Convertible Preference Shares and tax thereon ( Rs.)	20,76,210	21,05,910
Net Profit for calculation of basic EPS ( Rs.)	18,69,92,022	17,97,92,980
Net Profit for calculation of diluted EPS ( Rs.)	18,90,68,232	18,18,98,890
Weighted average number of equity shares in calculating basis EPS	3,56,27,828	2,87,15,907
Effect of dilution:		
Expected Shares to be granted under MSOP and on conversion of preference share	46,37,491	47,66,734
Weighted average number of equity shares in calculating diluted EPS	4,02,65,319	3,34,82,641
Earning per share:		
Basic ( Rs.)	5.25	6.26
Diluted ( Rs.)	4.70	5.43



**Annapurna Microfinance Private Limited**
**Notes to the financial statements as at and for the year ended March 31, 2017**
**24 (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-17	31-Mar-16
<b>Assumptions:</b>		
Discount Rate	7.10%	8.00%
Salary Escalation	7.00%	7.00%
Expected Rate of Return on Assets	7.10%	8.00%
Expected Average Remaining Working Life of Employees (Years)	29.96	30.16
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
<b>Table Showing changes in present value of Defined Benefit obligation:</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Present value of defined benefit obligations as at beginning of the year	39,40,702	14,73,957
Interest cost	4,23,388	2,17,180
Current service cost	39,01,408	20,42,873
Actuarial loss / (gain) on obligations	(2,79,778)	2,06,692
Present value of defined benefit obligations as at end of the year	79,85,720	39,40,702
<b>Table showing fair value of plan assets:</b>		
Fair value of plan assets at beginning of the year	25,71,112	17,31,970
Expected return on plan assets	3,02,964	1,72,123
Contributions	32,13,219	7,50,000
Actuarial loss on plan assets	(1,24,196)	(82,981)
Fair value of plan assets at end of the year	59,63,099	25,71,112
<b>Actuarial (Gain)/Loss recognised:</b>		
Actuarial loss / (gain) on obligations	(2,79,778)	2,06,692
Actuarial loss on Plan assets	1,24,196	82,981
Actuarial loss / (gain) recognised in the year	(1,55,582)	2,89,673
<b>The amounts to be recognised in the Balance Sheet:</b>		
Present value of obligations at the end of the year	79,85,720	39,40,702
Fair value of plan assets at the end of the year	59,63,099	25,71,112
Net liability recognised in balance sheet	(20,22,621)	(13,69,590)
<b>Expenses Recognised in statement of Profit and Loss:</b>		
Current Service Cost	39,01,408	20,42,873
Interest Cost	4,23,388	2,17,180
Expected return on Plan assets.	(3,02,964)	(1,72,123)
Net Actuarial loss / (gain) recognised in the year	(1,55,582)	2,89,673
Expenses recognised in statement of profit and loss	38,66,250	23,77,603
Actual return on plan assets	1,78,768	89,142

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

Particulars	As on 31st March, 2017	As on 31st March, 2016	As on 31st March, 2015
Defined Benefit Obligations	79,85,720	39,40,702	14,73,957
Plan Assets	59,63,099	25,71,112	17,31,970
Surplus/(Deficit)	(20,22,621)	(13,69,590)	2,58,013
Experience adjustments on plan liabilities [(Gain)/Loss]	11,75,284	1,69,160	-
Experience adjustments on plan assets [Gain/(Loss)]	(1,24,196)	(82,981)	(82,635)

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

Particulars	As on 31st March, 2017	As on 31st March, 2016	As on 31st March, 2015
Insurance Managed Fund	100%	100%	100%

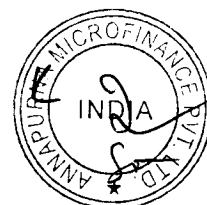
The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute Rs.43,35,870/- [March 31, 2016: Rs.22,52,716/-] to gratuity fund in 2017-18.

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 earlier years are not furnished.

(b) Amount incurred as expense for defined contribution to Provident Fund and others is Rs. 2,40,84,690/- (March 31, 2016: Rs.1,40,59,873/-)



**25 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, 2017 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-17		31-Mar-16	
	No. of Options	Exercise Price ( Rs.)	No. of Options	Exercise Price ( Rs.)
Outstanding at the beginning of the year	1,64,060.00	2.50	1,64,060.00	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	1,64,060.00	2.50	1,64,060.00	2.50
Exercisable at the end of the year	1,64,060.00	2.50	1,64,060.00	2.50
Weighted Average Remaining Contractual Life in Years	-	-	-	-

**MSOP- Series B**

Particulars	31-Mar-17		31-Mar-16	
	No. of Options	Exercise Price ( Rs.)	No. of Options	Exercise Price ( Rs.)
Outstanding at the beginning of the year	13,31,581.12	5.00	8,73,850.00	5.00
Granted During the year	-	-	4,57,731.12	5.00
Forfeited During the year	-	-	-	-
Exercised During the year	-	-	-	-
Expired During the year	-	-	-	-
Outstanding at the end of the year	13,31,581.12	5.00	13,31,581.12	5.00
Exercisable at the end of the year	13,31,581.12	5.00	13,31,581.12	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

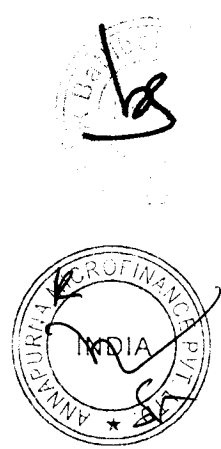
Effect of share-based payment plans on the statement of profit and loss and on the financial position :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stock option expenditure for Key Managerial Person	-	83,96,891
Stock option expenditure for Employees	-	27,98,964
Total compensation cost pertaining to equity-settled employee share based payment	-	1,11,95,855

Particulars	March 31, 2017	March 31, 2016
Stock options outstanding (gross)	2,46,78,838	2,46,78,838
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	2,46,78,838	2,46,78,838

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.



**Annapurna Microfinance Private Limited**
**Notes to the financial statements as at and for the year ended March 31, 2017**
**26 Loan portfolio and provision for standard and non-performing assets as at March 31, 2017:**

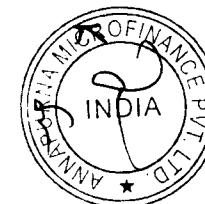
Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016	Provision Made during the year	Provision written back during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Standard assets	10,16,01,44,967	7,18,09,09,774	6,86,98,682	1,31,70,593	-	8,18,69,275	10,07,82,75,692	7,11,22,11,092
Non-Performing assets	2,26,63,913	47,65,975	31,58,076	1,68,00,738	-	1,99,58,814	27,05,099	16,07,899
<b>Total</b>	<b>10,18,28,08,880</b>	<b>7,18,56,75,749</b>	<b>7,18,56,758</b>	<b>2,99,71,331</b>	<b>-</b>	<b>10,18,28,089</b>	<b>10,08,09,80,791</b>	<b>7,11,38,18,991</b>

**Loan portfolio and provision for standard and non-performing assets as at March 31, 2016:**

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015	Provision Made during the year	Provision written back during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Standard assets	7,18,09,09,774	3,27,23,25,575	2,99,69,614	3,87,29,068	-	6,86,98,682	7,11,22,11,092	3,24,23,55,961
Non-Performing assets	47,65,975	33,22,498	27,86,867	3,71,209	-	31,58,076	16,07,899	5,35,631
<b>Total</b>	<b>7,18,56,75,749</b>	<b>3,27,56,48,073</b>	<b>3,27,56,481</b>	<b>3,91,00,277</b>	<b>-</b>	<b>7,18,56,758</b>	<b>7,11,38,18,991</b>	<b>3,24,28,91,592</b>

Provision on loan portfolio aggregates Rs 159,313,038 ( 31st March 2016: Rs 72,773,555) recognised in accordance with the RBI Master Directions as stated in note 2.1.(r)

*be*



**Annapurna Microfinance Private Limited**

Notes to the financial statements as at and for the year ended March 31, 2017

**27 Related party disclosures****i) Names of related parties and related party relationship**

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

**ii) Nature of transactions**

<b>Particulars</b>	<b>31-Mar-17</b>		<b>31-Mar-16</b>	
	<b>( Rs.)</b>	<b>( Rs.)</b>	<b>( Rs.)</b>	<b>( Rs.)</b>
	<b>Transaction Value</b>	<b>Balance Outstanding</b>	<b>Transaction Value</b>	<b>Balance Outstanding</b>
<b>(i) Key management personnel</b>				
<b>Salary, incentives and perquisites</b>				
Mr. Gobinda Chandra Pattanaik*	59,28,334	-	36,75,004	-
Mr. Dibyajyoti Pattanaik*	24,63,464	-	17,88,004	-
Mr. Subrat Pradhan*	8,78,860	-	6,72,710	-
<b>Total</b>	<b>92,70,658</b>	<b>-</b>	<b>61,35,718</b>	<b>-</b>

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.

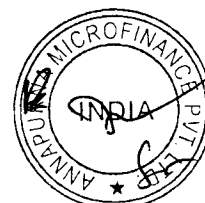
**28 Leases****Operating lease: Company as lessee**

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. 32,482,155/- (March 31, 2016: Rs. 20,387,167/-).

**29 Expenditure in foreign currency (on accrual basis )**

<b>Description</b>	<b>Year ended March 31, 2017 ( Rs.)</b>	<b>Year ended March 31, 2016 ( Rs.)</b>
Travelling Expenses	6,69,142	8,99,492
Professional Fees for Non-Convertible Debentures	-	43,26,504





**Annapurna Microfinance Private Limited****Notes to the financial statements as at and for the year ended March 31, 2017**

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

- i) 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.
- ii) the Company provides services in connection with recovery and monitoring of such loans.
- iii) 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, 2017	March 31, 2016
	(Rs.)	(Rs.)
Amount from banks (pending disbursement) - opening balance	1,60,64,773	3,19,60,115
Amount received from banks for disbursement of loan during the year	63,61,72,146	74,29,58,000
Loan disbursed during the year	63,38,73,094	75,50,05,516
Amount yet to be disbursed on behalf of business correspondence partners during the year	9,60,058	1,60,64,773
Amount disbursed on behalf of business correspondence partners and shown as receivable as on reporting date	38,61,863	-
<b>Credit enhancements provided and outstanding:</b>		
Cash collateral	4,35,55,145	3,55,00,000
Service Fee Income recognised during the year	7,21,21,313	3,35,24,140

**31 Details of Specified Bank Notes (SBNs) held and transacted by the Company during the period November 08, 2016 to December 30, 2016:**

Particulars	SBN (in Rs)	Other denomination notes (in Rs.)	Total (in Rs)
Closing cash in hand as on November 08, 2016	16,92,31,000	1,71,11,680	18,63,42,680
(+) Permitted receipts	-	1,37,08,66,958	1,37,08,66,958
(-) Permitted payments	-	86,89,38,024	86,89,38,024
(-) Amount deposited in bank	16,92,31,000	50,92,04,770	67,84,35,770
Closing cash in hand as on December 30, 2016	-	98,35,844	98,35,844



**Annapurna Microfinance Private Limited**

**Notes to the financial statements as at and for the year ended March 31, 2017**

**32 Additional disclosures pursuant to the Reserve Bank Directions vide :**

**A) Information on Net Interest Margin**

Computation of aggregate margin cap as on March 31, 2017 :	31-Mar-17	31-Mar-16
a) Average Interest charged by the Company on advances (%)	22.81	24.35
b) Average Interest cost of borrowings of the Company (%)	12.86	14.71
c) Margin Cap (a-b) (%)	9.95	9.64

**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. 31 (D)
2. Investments	Refer Note No. 31 (E)
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, 2017 and March 31, 2016.
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. 31 (F)
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. 31 (Q)
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. 31 (G)



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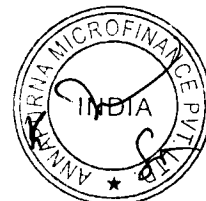
<p>11. Miscellaneous</p> <p>i) Registration obtained from other financial sector regulators</p> <p>ii) Disclosure of Penalties imposed by RBI and other regulators</p> <p>iii) Related Party Transactions</p> <p>iv) Ratings assigned by credit rating agencies and migration of ratings during the year</p> <p>v) Remuneration of Directors</p> <p>vi) Net Profit or Loss for the period, prior period items and changes in accounting policies</p> <p>vii) Revenue Recognition</p> <p>viii) Accounting Standard 21 -Consolidated Financial Statements (CFS)</p>	<p>Refer Note No. 31 (H)</p> <p>No penalties were imposed by RBI and other regulators during the current and previous year. Refer Note No. 27</p> <p>Refer Note No. 31 (I)</p> <p>Refer Note No. 27</p> <p>Refer Note No. 2 &amp; 2.1</p> <p>Refer Note No. 2.1(b)</p> <p>This Disclosure is not applicable as the Company does not have any holding or parent company.</p>
<p>12. Additional Disclosures</p> <p>i) Provisions and Contingencies</p> <p>ii) Draw Down from Reserves</p> <p>iii) Concentration of Deposits, Advances, Exposures and NPAs</p> <p>a) Concentration of Deposits (for deposit taking NBFCs)</p> <p>b) Concentration of Advances</p> <p>c) Concentration of Exposure</p> <p>d) Concentration of NPAs</p> <p>e) Sector-wise NPAs</p> <p>f) Movement of NPAs</p> <p>iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)</p> <p>v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)</p>	<p>Refer Note No. 31 (J)</p> <p>There has been no draw down from reserves during the year ended March 31, 2017 (Previous Year : Nil).</p> <p>This Disclosure is not applicable as the Company as it is not a deposit taking NBFC. Refer Note No. 31 (K)</p> <p>Refer Note No. 31 (L)</p> <p>Refer Note No. 31 (M)</p> <p>Refer Note No. 31 (N)</p> <p>Refer Note No. 31 (O)</p> <p>The Company has no exposure or transaction with overseas assets.</p> <p>There are no off balance sheet exposure as on March 31, 2017 and March 31, 2016.</p>
<p>13. Disclosure of Complaints</p>	<p>Refer Note No. 31 (P)</p>

**D) Capital to Risk-Assets ratio (CRAR)**

Particulars	31-Mar-17	31-Mar-16
i) CRAR (%)	22.36	19.43
ii) CRAR - Tier I capital (%)	14.77	13.73
iii) CRAR - Tier II capital (%)	7.59	5.70
iv) Amount of subordinated debt raised as Tier - II Capital	99,00,00,000	40,00,00,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-

**E) Investment**

Particulars	31-Mar-17	31-Mar-16
1) Value of Investments		
i) Gross Value of Investments		
a) In India	-	-
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	-	-
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-



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

Particulars	31-Mar-17	31-Mar-16
1 No of SPVs sponsored by the NBFC for securitisation transactions	13	15
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	1,43,25,15,690	1,36,20,34,649
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	25,96,74,380	18,71,77,826
• Others	-	-
b) On-balance sheet exposures		
• First loss	-	-
• 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	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

**G) Unsecured Advances**

Particulars	31-Mar-17	31-Mar-16
Portfolio loans	10,18,28,08,880	7,18,56,75,749

**H) Registration obtained from other financial sector regulators :**

Particulars
Reserve Bank of India
Ministry of Corporate Affairs

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

A Credit rating agency had assigned a grading of 'mR 2' (mR Two) to the company on October 03, 2016, mR 1 being the highest and mR 8 being the lowest.

A Credit rating agency had assigned a rating of 'BBB' on the term loans of the Company on January 18, 2017 (Previous Year: BBB).

**J) Provisions and Contingencies**

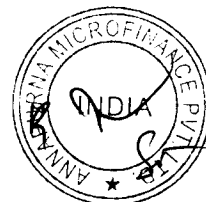
Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	31-Mar-17	31-Mar-16
i) Provision towards NPA	1,68,00,738	3,71,209
ii) Provision made towards Income tax	10,04,43,219	10,11,94,610
iii) Other Provision and Contingencies (with details)		
a) Provision for Gratuity	38,66,250	23,77,603
b) Provision for Leave Benefit	21,81,657	4,14,989
c) Provision and loss on securitized / managed portfolio	5,65,68,153	7,58,883
d) Provision for insurance claims	58,07,265	71,11,875
iv) Provision for Standard Assets	1,31,70,592	3,87,29,067

**K) Concentration of Advances**

Particulars	31-Mar-17	31-Mar-16
Total advances to twenty largest borrowers	1,01,65,000	63,57,635
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.10%	0.09%

**L) Concentration of Exposures**

Particulars	31-Mar-17	31-Mar-16
Total Exposure to twenty largest borrowers / customers	1,01,65,000	63,57,635
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.10%	0.09%



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**M) Concentration of NPA's**

Particulars	31-Mar-17	31-Mar-16
Total Exposure to top four NPA accounts	1,00,528	80,000

**N) Sector-wise NPAs**

Sector	% of NPAs to total advances in that sector as at March 31, 2017	% of NPAs to total advances in that sector as at March 31, 2016
i) Agriculture & allied activities	0.04%	0.06%
ii) MSME	0.18%	0.00%
iii) Corporate borrowers	0.00%	0.00%
iv) Services	0.01%	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%

**O) Movement of NPAs**

Particulars	31-Mar-17 %	31-Mar-16 %
i) Net NPAs to Net Advances (%)	0.03%	0.02%
ii) Movement of Net NPAs (Gross)		
a) Opening balance	47,65,975	33,22,498
b) Additions during the year	1,78,97,938	49,83,656
c) Reductions during the year	-	35,40,179
d) Closing balance	2,26,63,913	47,65,975
iii) Movement of Net NPAs		
a) Opening balance	16,07,899	5,35,631
b) Additions during the year	10,97,200	10,72,268
c) Reductions during the year	-	-
d) Closing balance	27,05,099	16,07,899
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	31,58,076	27,86,867
b) Provisions made during the year	1,68,00,738	39,11,388
c) Write-off / write-back of excess provisions	-	35,40,179
d) Closing balance	1,99,58,814	31,58,076

**P) Disclosure of Complaints**

Particulars	31-Mar-17	31-Mar-16
i) No. of complaints pending at the beginning of the year	-	-
ii) No. of complaints received during the year	1216	131
iii) No. of complaints redressed during the year	1210	131
iv) No. of complaints pending at the end of the year	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.

**33 Disclosure of Frauds reported to RBI**

Particulars	31-Mar-17	31-Mar-16
No. of Frauds reported during the year to Reserve Bank of India	2	1
Amount involved in such Frauds and provided for	3,40,714	1,95,184



**Annapurna Microfinance Private Limited**  
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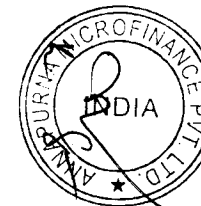
**Q) Maturity Pattern of certain items of assets & liabilities**

( Amount in Rs. )

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
<b>Liabilities</b>									
Borrowings	22,34,59,691 (23,53,30,728)	32,28,89,407 (25,17,93,998)	37,62,69,557 (28,16,47,889)	1,29,34,55,622 (89,76,44,512)	2,57,19,24,690 (1,40,61,19,340)	5,71,31,85,339 (3,84,52,61,620)	1,98,83,18,335 (80,32,29,269)	59,00,00,000 (81,74,00,000)	13,07,95,02,641 (8,53,84,27,356)
Total	22,34,59,691 (23,53,30,728)	32,28,89,407 (25,17,93,998)	37,62,69,557 (28,16,47,889)	1,29,34,55,622 (89,76,44,512)	2,57,19,24,690 (1,40,61,19,340)	5,71,31,85,339 (3,84,52,61,620)	1,98,83,18,335 (80,32,29,269)	59,00,00,000 (81,74,00,000)	13,07,95,02,641 (8,53,84,27,356)
<b>Assets</b>									
Advances (Portfolio Loan)*	67,23,17,297 (37,43,07,116)	72,00,97,795 (43,04,91,639)	71,10,68,391 (42,55,46,495)	2,04,48,26,366 (1,22,61,48,670)	3,37,09,88,781 (2,14,79,22,190)	2,64,67,09,512 (2,57,81,01,563)	- -	- -	10,16,60,08,142 (7,18,25,17,673)
Total	67,23,17,297 (37,43,07,116)	72,00,97,795 (43,04,91,639)	71,10,68,391 (42,55,46,495)	2,04,48,26,366 (1,22,61,48,670)	3,37,09,88,781 (2,14,79,22,190)	2,64,67,09,512 (2,57,81,01,563)	- -	- -	10,16,60,08,142 (7,18,25,17,673)

\* Net of provision on Non-Performing Assets

*[Handwritten signature]*



**Annapurna Microfinance Private Limited**

**Notes to the financial statements as at and for the year ended March 31, 2017**

**34. Due to micro, small and medium enterprises**

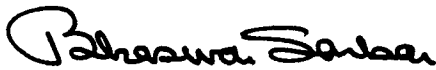
There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

**35. Prior year figures**

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

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

Firm Registration No.301003E/E300005  
Chartered Accountants



**per Bhaswar Sarkar**  
Partner  
Membership No: 55596

Place: Kolkata

Date: June 21, 2017

**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: June 21, 2017

