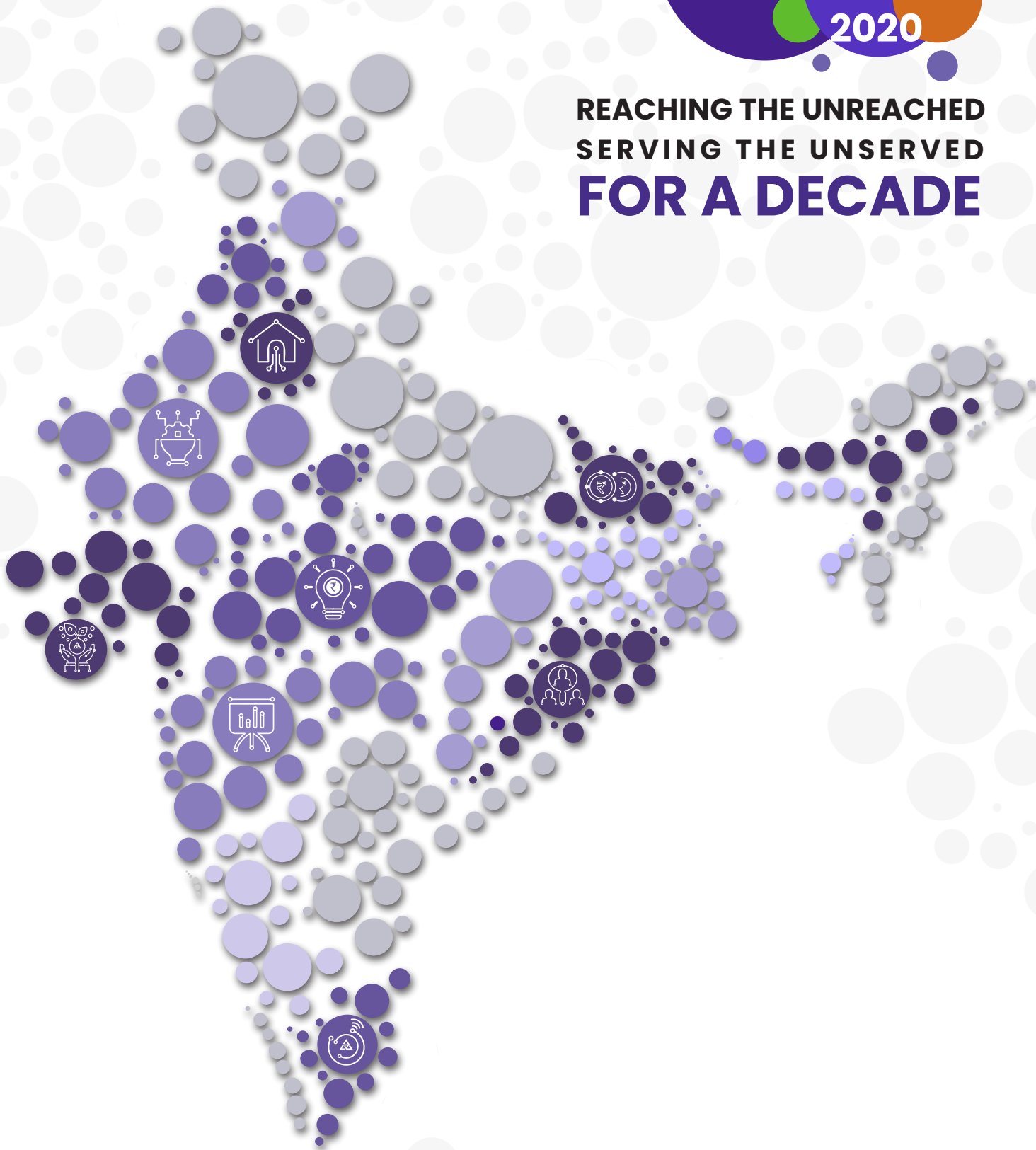


ANNUAL REPORT 2020

REACHING THE UNREACHED
SERVING THE UNSERVED
FOR A DECADE



ANNAPURNA
FINANCE
GROWING TOGETHER

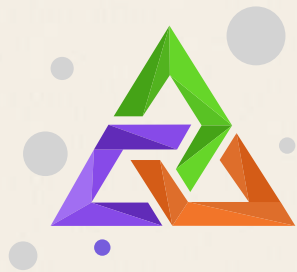




**REACHING THE UNREACHED
SERVING THE UNSERVED
FOR A DECADE**



ANNUAL REPORT 2020

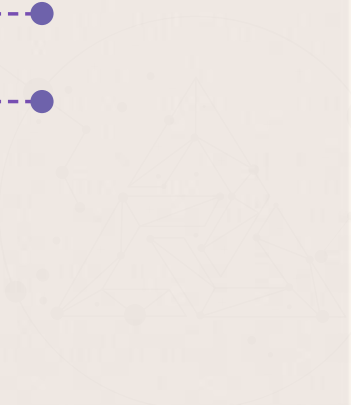


Board of Directors	6
Message from Chairman cum Managing Director	8
Decade at a Glance	10
About Us	12
Overview FY2020	14
Finance and Operations	17
Products	31
Micro, Small and Medium Enterprises (MSME)	37
Human Resource	41





Internal Audit	47
Technology	51
GIS	55
Risk	59
Credit & Appraisal	63
Communication & Branding	67
SPM & CSR	71
Director's Report	89
Annexures	111





Mr. Gobinda Chandra Pattanaik
MANAGING DIRECTOR

Mr. Pattanaik is one of the most renowned pathfinders of the microfinance sector and has served over two decades in implementing developmental activities and establishing microenterprises. Owing to his innovative and thoughtful approach, he has helped rebuild livelihoods of many families across the country. His zest and zeal in promoting sustainable sustenance led him to establish Annapurna Finance. Being a pioneer in initiating rehabilitation centers and shelter homes for women and children in Odisha, he has also been an advisor for many District Administrations. He plays a key role in setting community-based institutions and serves for enhancing better wellness facilities in different states.



Mr. Dibyajyoti Pattanaik
DIRECTOR

Mr. Pattanaik has over 16 years of experience in microfinance, micro-enterprise development and development sector consulting. He has worked with Public and Development Sector institutions in various roles before joining Peoples' Forum ,as Program Head & CFO, in 2007. His experience and expertise played a crucial role in the transformation of Mission Annapurna to Annapurna Finance Private Limited, which under his guidance and leadership is now one of the top MFIs in India. He is currently serving as one of the Board Members for MFIN (Microfinance Institutions Network), where he contributes to the overall issues pertaining to the financial inclusion sector. He also presides over OSAFII (Orissa Association of Financial Inclusion), and is actively involved in the financial inclusion forum of the state. He holds a post-graduate degree in management from EDII, Ahmedabad, and a management certificate in finance from Boulder Institute of Management, USA.

Board of Directors

Mr. Krishna Kumar Tiwary

Independent Directors

Mr. Sean Leslie Nossel

Independent Directors

Mr. Ashok Ranjan Samal

Independent Directors

Mr. Florian Christoph Grohs

Nominee Directors , OIKO Credit

Ms. Christina Stefanie Juhasz

Nominee Directors, Women's World Bank

Mr. Satish Chavva

Nominee Directors, Oman India Joint
Investment Fund

Mr. Apurva Kumar

Nominee Directors, Asian Development Bank

Ms. Laetitia Counye

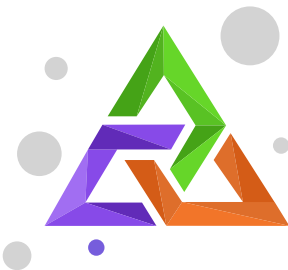
Nominee Directors, BIO

Ms. Dhara Jitendra Mehta

Nominee Directors, SVCL

Mr. Prakash Kumar

Nominee Directors, SIDBI



Message from Chairman cum Managing Director

My Dear Readers,

Life is a fascinating journey, and it's above our liking & disliking, love & hate, morning & evening, day & night, dreams & reality, security & uncertainty, trust & betrayal and many more like these including birth & death, all of which can surprise us at anytime, anywhere, in any circumstances without any prior notice, and without considering your position, power or situation. Neither it comes to address your appeal nor to your prayer at any point of time. People will come and go without knowing the secrets of life, it does not matter how many times they (we all) are trying to comprehend the real meaning of life. When the COVID-19 Pandemic outbreak altered the global affairs, uncertainty was faced in publication of our Annual report as well, it's really difficult to write my concern about the life in an era when we are experiencing challenges like lockdown, shutdown, quarantine and containment. Today is the time when I am sitting rock still like rest all human beings. I would never quit my hope nor the dreams for development, which we all have with Annapurna.

Life is a journey without a destination and let's live the life with joy, love, passion and a good laugh. My esteemed readers of this annual report know very well that I focus neither on the different financial figures of our company nor the arithmetic of business on this page. My commitment is always towards providing a better lifestyle to the people we work with and work for, by providing different livelihood options to strengthen them. In this situation, I can only assure you all that we will continue the journey with same zeal and spirit we have shown for a decade. My entire team of 6000 diligent human resources joined their hands like previously faced crises and with me they also believe that today and tomorrow may be tough or worse, but the day after tomorrow will never be the same and there will be sunshine again and we will move forward to achieve the mission we set for the millions of underserved people of our nation. We have never faltered from this aim in our ten-years journey and in current critical situation too we will excel by being together and working as one. We never expect any miracles to fulfil our dreams, my team loves to work with the situation by contributing their best efforts without expecting any miracles. My concern is for the people we work for in rural India where millions of population are affected because of this Pandemic and lost their livelihoods, many are losing their jobs and many people are suffering from their health issues. My priority is to extend all kind of support to them by standing with them to overcome this crisis. My team members are working day and night in a relentless manner withstanding all difficulties to put a stop to this worst situation.

I am very much thankful to all our customers, who believe in us, and our supporting team members, I have no words to express for all their love and trust. Our all stakeholders, partners and patrons on this journey have been very kind and helpful in extending their support. Annapurna has been able to complete its successful, productive and innovation filled ten years because of our stakeholders and for many more decades to come I appeal to all my colleagues and all our stakeholders to continue their love, trust, kindness & friendship and let us all stay together at this situation. We will definitely prevail over this situation and Annapurna will strive forward in its journey, as I believe 'Dreams Never Die'. Our dreams to fulfil other's dream and support many to start their dreams to live their life with self-respect and dignity will become true one day.

With love and regards.

Warm Regards,
Gobinda Chandra Pattanaik



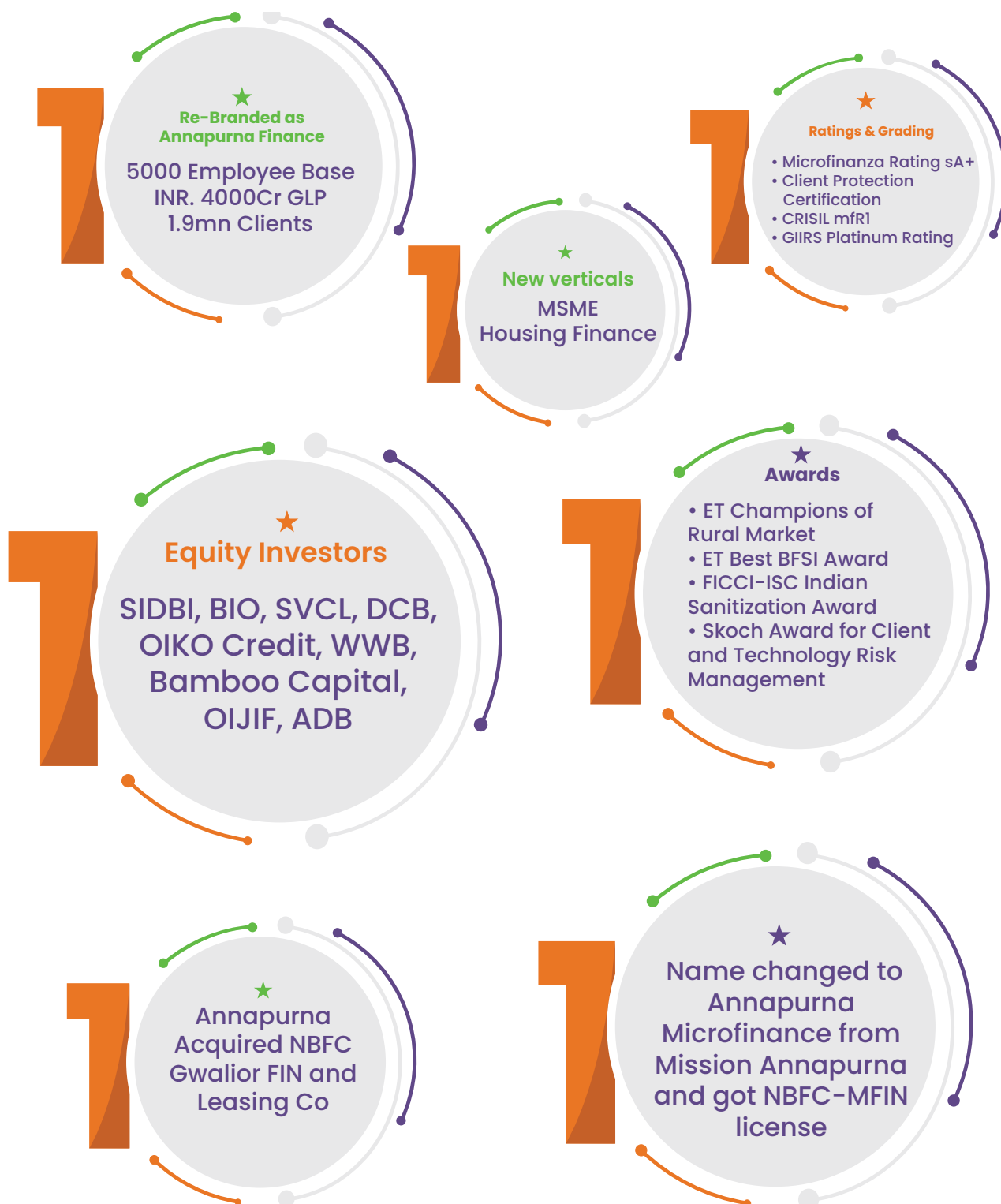


AATO- AIDS Awareness Trust of Odisha
ADB-Asian Development Bank
AEPS-Aadhaar Enabled Payment System
AFPL- Annapurna Finance Pvt Ltd
ALM-Asset Liability Mismatch
AOs- Appraisal Officers
API- Application Programming Interface
AUM- Assets Under Management
BC- Business Correspondence
BFSI- Banking, Financial Services and Insurance
BIO-Belgian Investment Company of Developing Countries
BMs-Branch Managers
BSE-Bombay Stock Exchange
CAGR- Compounded Annual Growth Rate
CB- Credit Bureau
CEO-Chief Executive Officer
CFO- Chief Financial Officer
CMD- Chairman cum Managing Director
CR- Crores
CRAR- Capital-to-Risk Weighted Assets Ratio
CRISIL- Credit Rating Information Services of India Limited
CSR- Corporate Social Responsibility
DA- Dearness Allowance
ECB- External Commercial Borrowing
EDII - Entrepreneurship Development Institute of India
EMI- Equated Monthly Installment
ET-Economic Times
FDLT- Financial and Digital Literacy Training
FICCI- The Federation of Indian Chambers of Commerce and Industry
FY-Financial Year
GIIRS- Global Impact Investing Ratings System
GIS- Geographical Information System
GLP- Gross Loan Portfolio
HH- Household
HIL-Home Improvement Loan
HR- Human Resources
ICRA- Investment Information and Credit Rating Agency of India Limited
IGAAP- Indian Generally Accepted Accounting Principle
Ind AS -Indian Accounting Standard
INR-Indian Rupee
ISC- India Sanitation Coalition
IT-Information Technology
JLG-Joint Liability Group
KMS- Knowledge Management System
KPIs- Key Performance Indicators
KRIs- Key Risk Indicators

KYC- Know Your Customer
 LMS-Loan Management Software
 LOS-Loan Origination System
 mATM- Micro Automated Teller Machine
 MEL-Micro Enterprise Loan
 MFI-Micro Finance Institutions
 MFIN- Microfinance Institutions Network
 ML- Money Laundering
 MMU- Mobile Medical Unit
 MSME- Micro, Small, and Medium Enterprises
 NACH- National Automated Clearing House
 NBFC- Non-Banking Financial Company
 NCD- Non-Convertible Debentures
 OBC- Other Backward Classes
 OIJIF-Oman India Joint Investment Fund
 OSAFII- Orissa Association of Financial Inclusion Institutions
 OTP-One Time Password
 PAR- Portfolio at Risk
 PAT- Profit After Tax
 PMRPY -Pradhan Mantri Rojgar Protsahan Yojana
 POS-Point of Sale
 PPI- Poverty Probability Index
 QoQ- Quarter on quarter
 QR- Quick Response
 RBI-Reserve Bank of India
 ROA-Return on Assets
 ROC- Registrar of Companies
 ROI-Return on Investment
 RS- Rupees
 SAC- State Audit Committees
 SC- Scheduled Caste
 SHG-Self Help Group
 SIDBI-Small Industries Development Bank of India
 SMS- Short Message Service
 SOP- Standard Operating Procedure
 SPM- Social Performance Management
 ST- Scheduled Tribe
 SVCL-SIDBI Venture Capital Limited
 SWASTH- Safe Water and Sanitation to Households
 UMs-Unit Managers
 UPI- Unified Payment Interface
 USA-United States of America
 WWB-Women's World Banking
 YLDP- Young Leaders Development Program
 Y-O-Y- Year-Over-Year



DECADE AT A GLANCE



Annapurna Finance Pvt Ltd was established in 2009, rooted in the philosophy of providing financial aid and support to those who are excluded from the same. AFPL owes its guiding principles to its parent organization People's Forum, a non-government entity, founded on the values of integrated development for all.

The journey of Annapurna began by providing a variety of micro credit products to the people living in intrinsic parts of the country. Over time, the organization diversified its offerings, and broadened its financial scope by extending support to small, medium, and large enterprises as well.

The organization aims for an enduring impact in the lives of those associated with it. Through CSR initiatives, AFPL has been able to achieve significant milestones in thematic areas such as healthcare, gender sensitization and water and sanitation.

Being recognized as one of the most promising systematically important NBFC-MFIs in the country, Annapurna targets to eliminate barriers and empower and accumulate aspiring souls in the financial ecosystem.



Karnataka, Uttarakhand

Operational Expansion

GLP

4029.8CR.

720

No. of Branch

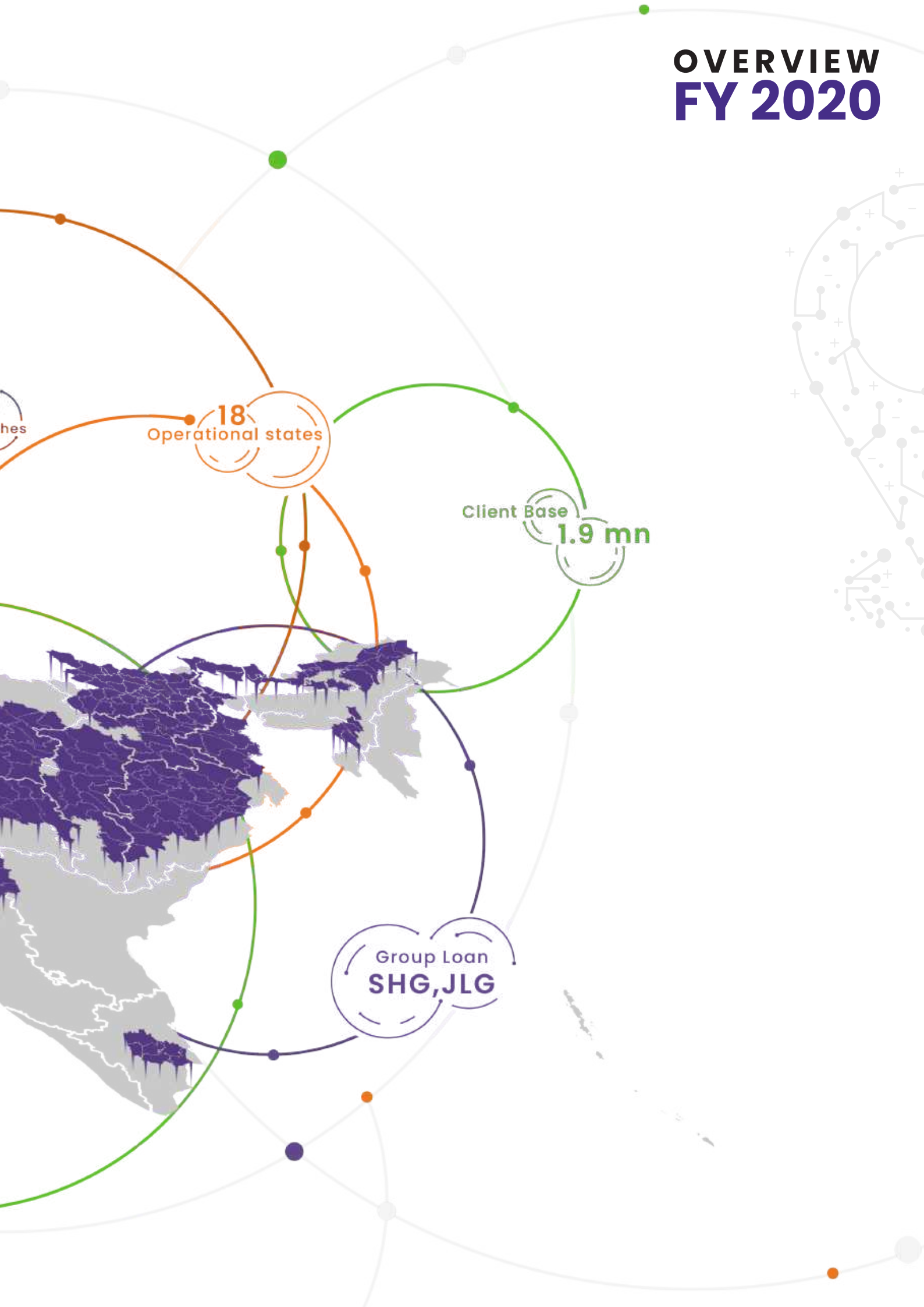
292

Total Districts

5947

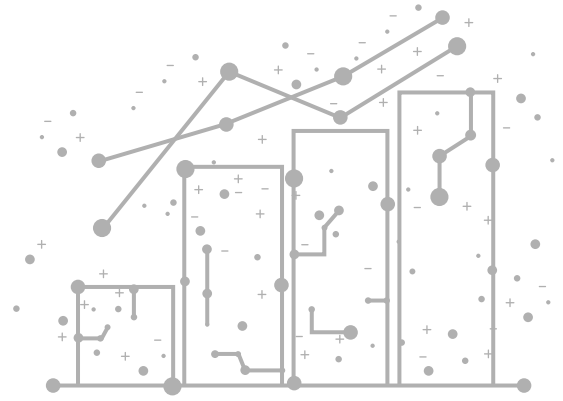
No. of Employees

OVERVIEW FY 2020

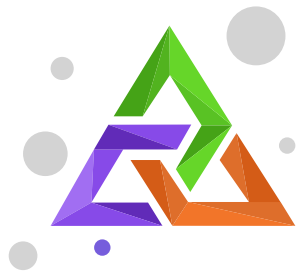




Finance & Operations



**Finance &
Operations**

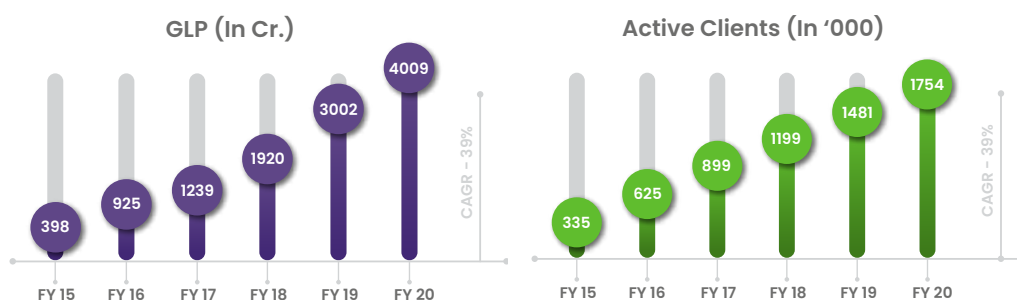


Annapurna Finance Private Limited has adopted the Indian Accounting Standard (Ind AS) in the financial year 2019 – 20 for the preparation of its financial Statements as per the requirement of the law. Earlier, Annapurna used the Indian Generally Accepted Accounting Principle (IGAAP) for the preparation of its financial Statements.

Growth in Portfolio & Client Base

The Year-On-Year consistency growth of Annapurna highlights the company's competency and incomparable management. Annapurna has always tried to diversify its portfolio concentration across various districts and states. In FY 20, we expanded our business to 2 new states and 60 new districts making the total count to be at 18 states and 293 districts. We always believe in implementing value addition to our traditional practices to keep up with the changing business environment, which help us in adding numbers to our portfolio as well as to our clients. The company has reached a Gross Loan Portfolio of INR 4009 Core in FY 20 from INR 398 Crore in FY 15, showing a Compounded Annual Growth Rate of 59%. We have also expanded our retail book to MSME clients reaching the AUM of INR 328 cr in 31st March 2020. We have also strengthened our presence by on lending to the MFIs with a portfolio of INR 111 cr as on 31st March 2020.

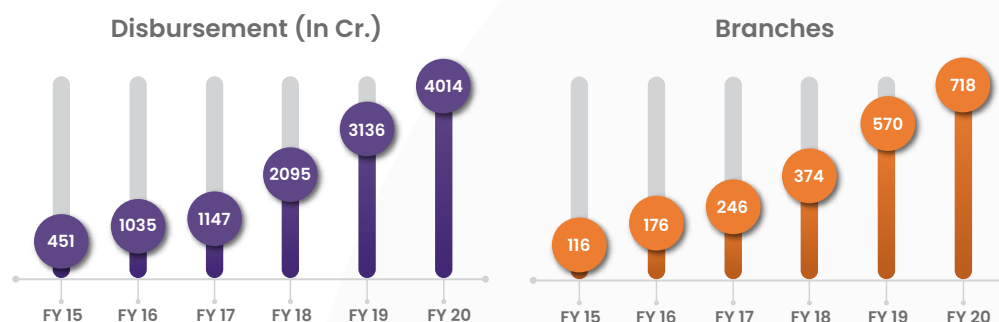
The company's clear vision of empowering women by tapping the untapped rural, tribal and Sub urban society in different locations of India has helped Annapurna in expanding and diversifying its client base. In FY 20, the company has successfully added new clients to its client base making the total client base to be at 1.75 Mn showing a CAGR of 39% in the last 6 years.



Disbursement & Branches

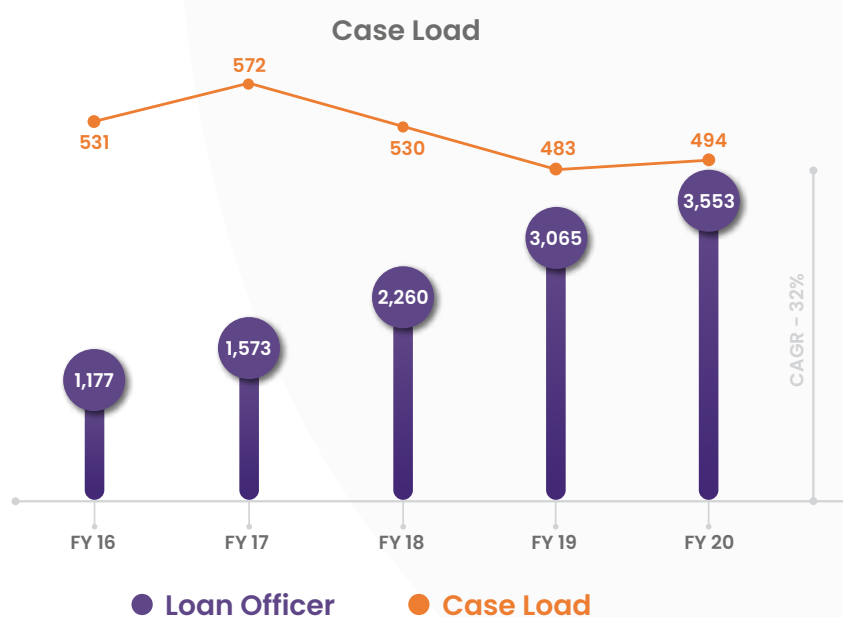
Debt funding and Equity support from our investors help us to create more loan and advances enabling us to maximise our stakeholder values. The company had disbursed INR 4014 Crore in comparison to INR 3136 Crore in FY 19. A 28% growth was recorded Y-O-Y in terms of Disbursement.

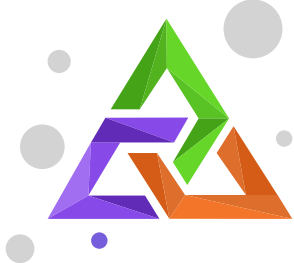
In the last 10 Years, the continuous endeavour of tapping to different geographical location has increased the number of branches count to 718 and the states count to 18.



Client Management

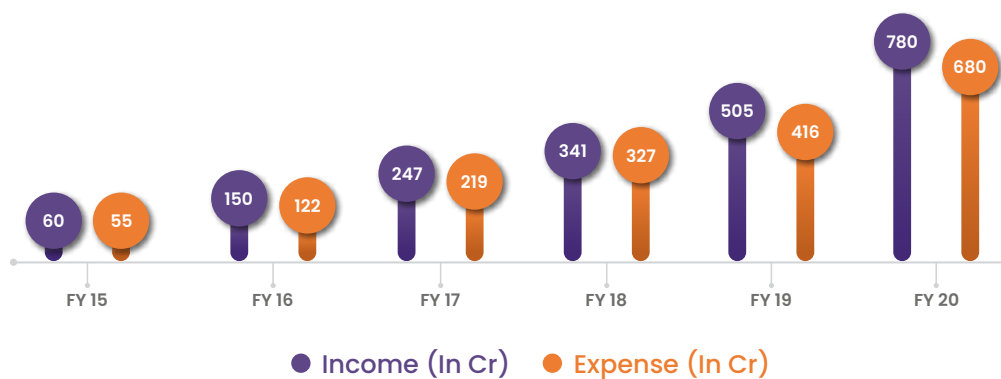
Annapurna values its each individual client, is thankful to all the clients for trusting us, and help us grow over the years. We have always been in constant efforts to identify the needs of our clients and deliver products to them at their doorstep in a hassle free manner. Therefore, to have a better outreach and understand to cater their needs, we always try to maintain the Clients to Loan Officer ratio at the modest level. For keeping, the proportion better we recruit loan officers on a regular basis. The loan officer count has increased from 1177 in FY 16 to 3553 in FY 20 having a CAGR of 32%.





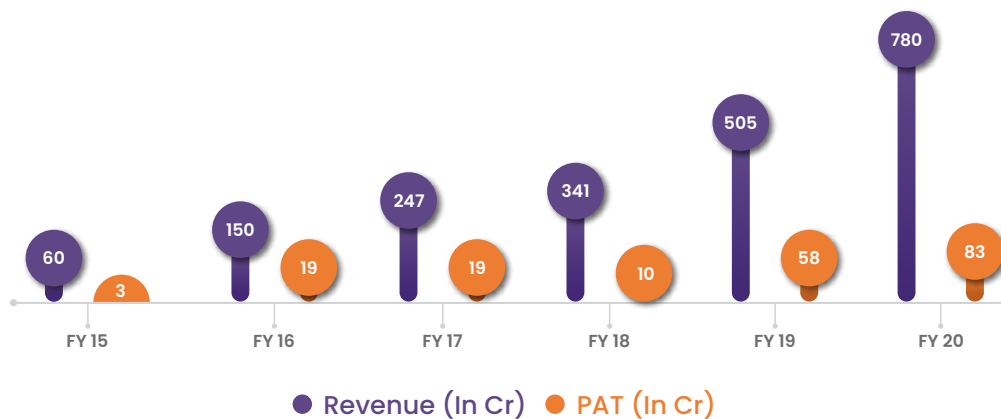
Annapurna Performance in term of Profitability

In FY 20, the company adopted Ind AS of financial reporting. Annapurna's income in FY 20 stands at INR 780 Crore and its expenses stands at INR 680 crore. Keeping in view the current pandemic situation because of COVID-19, Annapurna had made extra provisioning of INR 36 crore.



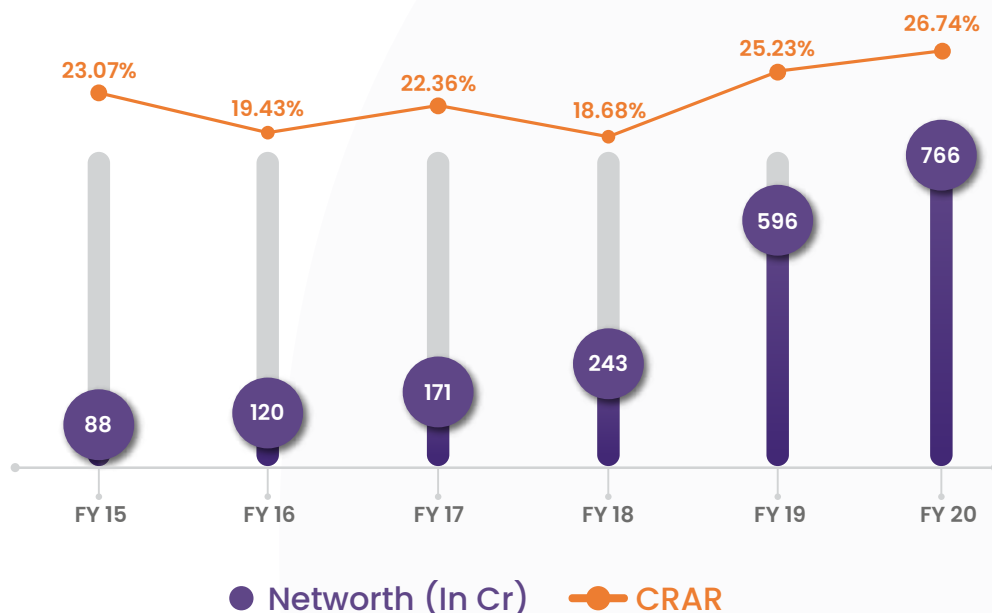
Revenue Vs PAT

In FY 20, we booked a PAT of INR 83 Crores and our revenue stood at INR 780 Crore. The additional Provision of INR 36 Crore due to COVID - 19 had squeezed the PAT by an additional amount.



Total Equity & CRAR

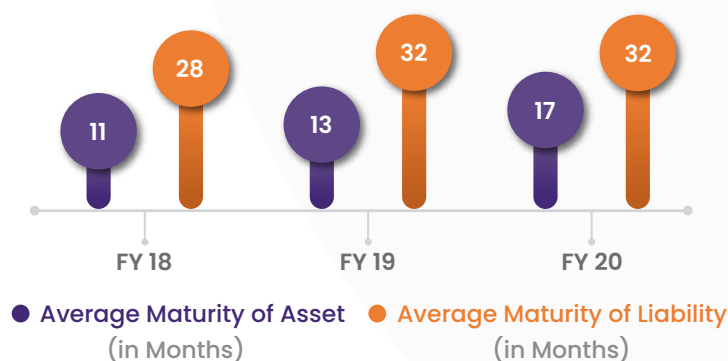
The YoY increasing net worth of Annapurna shows its strong financial Position. In FY 20, the company's total equity stood at INR 766 Crore. Annapurna has always maintained a consistent CRAR of above 15 % as per the RBI benchmark for NBFC MFI. In FY 20, the CRAR stood at 26.74% with Tier I equity stood at 20.36%.



(Note: CRAR as on March 31, 2020 has been determined in accordance with RBI Master Directions read with RBI Notification dated March 13, 2020, on Implementation on Indian Accounting Standard.)

Asset Liability Mismatch

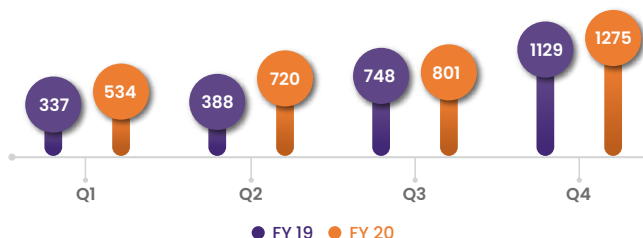
Positive ALM Mismatch



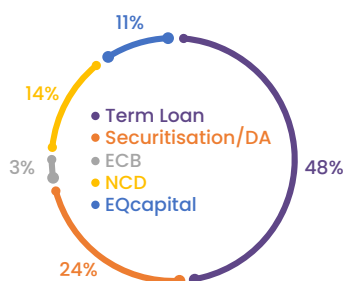
The average maturity of liabilities was pegged at 32 months and an average maturity of assets was at 17 months resulting in a positive mismatch of 15 months in FY 20 which showed comfortable ALM position.

QOQ Fund raised Vis-à-Vis previous year's Performance

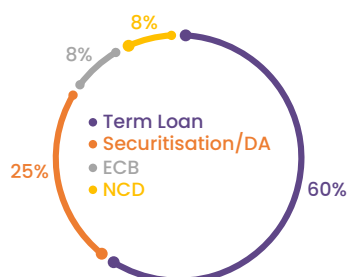
Total Debt and Equity raised (In Cr)



Fund Raised FY 19



Fund Raised FY 20



The company always keep its fund source diversified for meeting the unforeseen situations and making the liquidity available. The company has increased its fund raised by 28% in comparison to the previous year. In FY19 Q1 and Q4, the company has raised INR 155.02 Crore from Oman India Joint Investment Fund and INR 137.63 Cr from Asian Development Bank respectively in terms of Equity investment.

This year the company has drawn 1982 Cr in terms of term loans from different Private Banks, Public banks and NBFC Space. It has also drawn INR 261 Cr in terms of NCD, INR 260 Crore in terms of ECB & INR 826.84 crore in terms of Securitisation and DA transaction.



Financial Snap Shot

Particulars (INR Crs)	2019	2020
ASSETS		
1. Financial assets		
Cash and cash equivalents	459.96	700.27
Bank balance other than cash and cash equivalents	204.29	417.84
Trade Receivables	0.60	0.47
Loans and Advances	2,700.01	3,534.27
Other financial assets	67.05	92.43
Total financial assets	3,431.91	4,745.28
2. Non-financial assets		
Current tax assets (net)	7.41	17.04
Deferred tax assets (net)	1.64	-
Property, plant and equipment	9.97	11.75
Intangible assets	1.57	2.13
Right-of-use assets	-	0.99
Other non-financial assets	4.93	6.29
Total non- financial assets	25.52	38.20
Total assets	3,457.43	4,783.48
LIABILITIES AND EQUITY		
Liabilities		
1. Financial liabilities		
Payables		
(I) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3.19	3.36
Debt securities	620.56	641.79
Borrowings (other than debt securities)	1,987.04	3,007.82
Subordinated liabilities	139.22	257.76
Lease liabilities	-	0.85
Other financial liabilities	84.63	85.41
Total financial liabilities	2,834.64	3,996.99
2. Non-financial liabilities		
Provisions	2.47	6.68
Deferred Tax liabilities (net)	-	10.98
Other non-financial liabilities	1.83	3.28
Total non- financial liabilities	4.30	20.94
Total liabilities	2,838.94	4,017.93
Equity		
Equity share capital	68.70	68.70
Instruments entirely equity in nature	3.00	3.00
Other equity	546.79	693.85
Total Equity	618.49	765.55
Total liabilities and equity	3,457.43	4,783.48



Operational Snap Shot

Particulars	2019	2020
No. of Borrowers	1,481,287	1,753,813
No. of Districts	232	293
No. of Villages	45,265	51,747
No. of Branches	570	718
Disbursement (in Cr)	3,136.21	4,013.56
Gross Loan Portfolio (in Cr)	3,002.25	4,008.81
PAT (in Cr)	62.50*	82.89*

*as per IND AS

Annapurna has increased its branches in FY 20. The branch network expansion has helped in reaching out to more than 1.7 Mn clients covering 51747 villages across 293 districts.

Credit Rating & Grading of Annapurna

Rating- ICRA, CRISIL and CARE have reaffirmed the long-term credit rating to A-. The rating agencies have factored in the company's demonstrated ability to scale up operations and stable asset quality performance. It has also factored in the company's experienced management team, strengthened risk management practices, improvement in capitalization profile, decent financial flexibility arising from an increased number of lenders, adequate liquidity and healthy profitability. The outlook on the long-term rating is stable.

Grading- CRISIL has assigned a Comprehensive Microfinance Grading of 'MICI' to the company on 11th of March 2020. It is the highest notch of certification. Grading has been assigned on an eight-point scale with respect to Microfinance Capacity Assessment Grading. It has been assigned on Annapurna's ability to manage its microfinance operations in a scalable and sustainable manner and good performance on code of conduct dimensions.

Other certification - Annapurna has been certified by the MicroFinanza Rating under the Smart Campaign (Client Protection Certification). The company follows client protection principles - responsible pricing, transparency, prevention of over-indebtedness, appropriate product design and delivery, fair and respectful treatment of clients and privacy of client data.

MicroFinanza Rating has assigned the company a social grading of sA+ for its good social performance management, client protection systems and social responsibility, outreach and quality of the services. The social grading scale is a six-point scale in which sAA being the highest grade and sD being the lowest Grade.



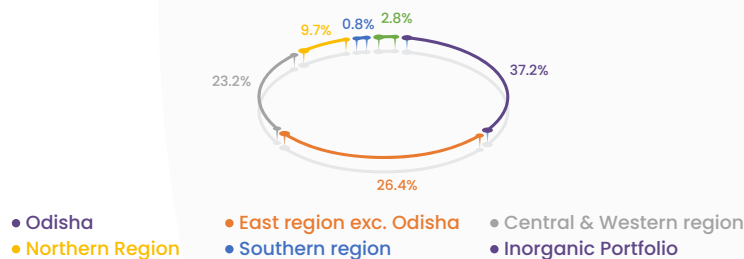
The company has also earned Platinum rating, which is the top most rating assigned to a MFI under the GIIRS Impact Rating. The B Impact Assessment (BIA) powers the GIIRS Rating. The BIA measures the overall impact of a business on all of its stakeholders. It recognizes business models designed to solve social or environmental problems.

The company has also SPI4 Alinus score to measure its social impact. Examples include:

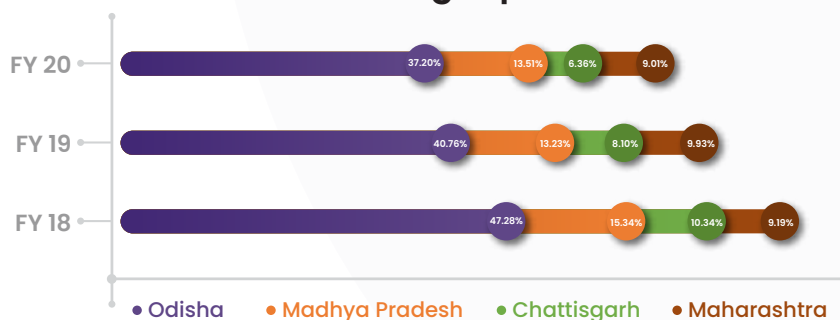
- Socially or environmentally focused products & services
- Underserved beneficiaries such as customers, employees, or suppliers
- Innovative ownership & operation models

Portfolio Concentration

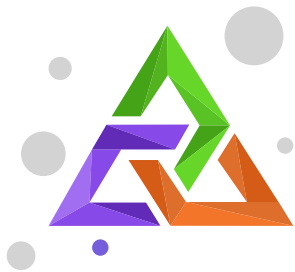
Annapurna Finance has been retaining its position for being the leading NBFC MFI in India. The company has been working towards reducing its portfolio in Odisha and has succeeded to bring it down to 37% in FY 2020. The Management is in continuous effort to diversify its loan portfolio to different states to reduce the exposed risk of revenue concentration. In the last three years, the company has reduced its exposure combining from 82.15% to 66.08% in Odisha, Madhya Pradesh, Chhattisgarh and Maharashtra.



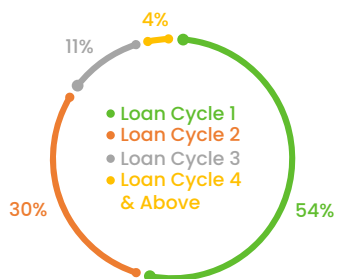
Top Four States with Reducing Exposure



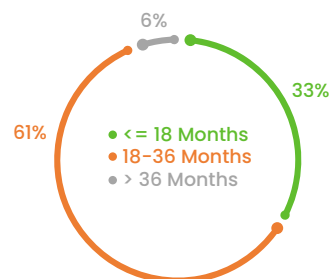
The above graph depicts exposure of states, which had the highest exposure in FY 2017-18, but the diversification has helped reduce the exposure in FY 2019-20. The company made its entry in 4 new states namely Himachal Pradesh, Karnataka, Tamil Nadu and Uttarakhand in the last two years. In addition, the exposure in other states has been increasing.



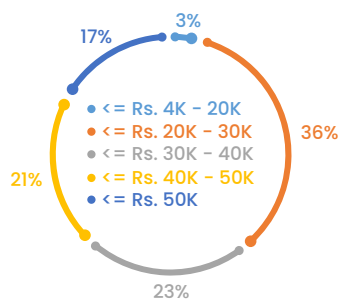
Loan Cycle wise POS(%)



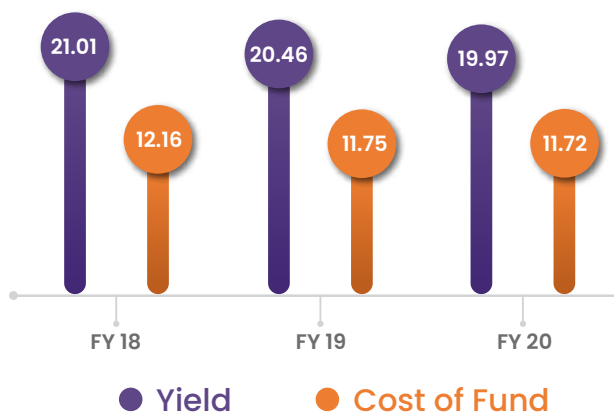
Tenure wise POS(%)



Ticket Size wise POS(%)



Yield and Cost of Fund

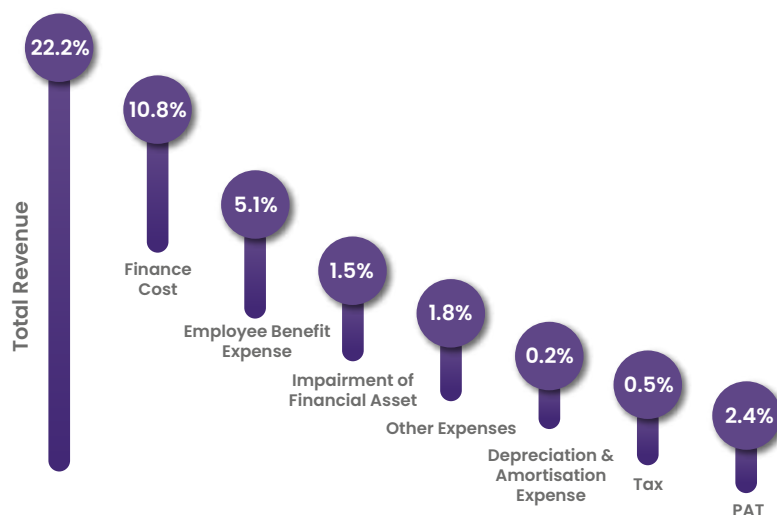


To maximise the stakeholder benefits, the company always puts its constant effort to reduce the cost. The company has successfully been able to reduce the cost of funds by 44 basis points from FY 18. This reduction in the cost of funds has helped Annapurna reduce its interest rate charged to the clients. This benefit being passed on to the clients has helped Annapurna reach out to more people. The reduced interest rate to clients has positively affected the reduction in the overall yield since FY 18.





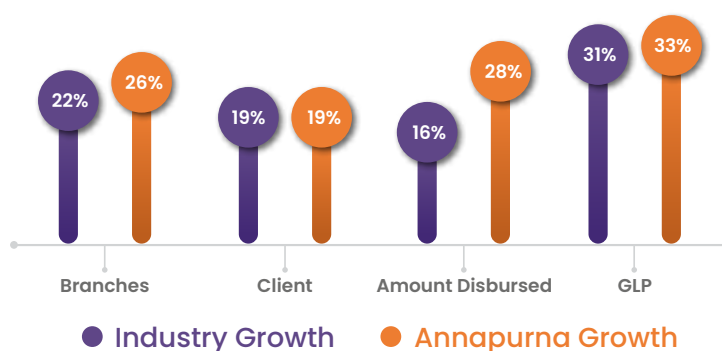
Revenue Allocation on Total Portfolio



N.B - RoA (Pre ESOP) as on FY'20-2.44%

Revenue allocation shows the proportion of income and expenses to the average total portfolio. It is evident that the company has improved its profitability levels as compared to that of last financial year that has led to the increase in ROA.

Industry Vs Annapurna Growth Comparison



Source: MFIN

The robust business practices and the core management team has always helped Annapurna to grow at a higher pace. The above data shows the growth of Annapurna in comparison to the industry growth. Annapurna has been able to surpass the industry growth levels in terms of branches and portfolio.

Debt Listing Details

Type of Securities Listing (Non-convertible debentures)	F Group Debt instrument listed with Bombay Stock Exchange (BSE Limited)
Name and address of Stock Exchange	BSE Limited, Department of Corporate Services, 1st Floor, P. J. Towers, Dalal Street, Mumbai – 400 001
Name and address of Debenture Trustee	1. CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Limited), Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098. 2. AXIS TRUSTEE SERVICES LIMITED Axis House, 2nd Floor Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai- 400 025
Name and address of Depository	1. National Securities Depository Limited (NSDL) 4 Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 2. Central Depository Services (India) Limited (CDSL), Phiroze Jeejeebhoy Towers 16th Floor, Dalal Street, Fort, Mumbai – 400 001
Name and address of Rating Agency	ICRA Limited FMC Fortuna, A-10 & A-11, 3rd Floor, 234/3A, A.J.C. Bose Road, Kolkata—700020 CRISIL Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076 CARE Limited Godrej Coliseum, 4th Floor, Somaiya Hosp Road, Off Exp Highway, Sion (E), Mumbai, Maharashtra –400022, India.
Name and address of Registrars and Transfer Agents	1. Karvy Computershare Private Limited 7th floor, 701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp Guru Nanak Hospital, Off BandraKurla Complex, Bandra East, Mumbai – 400 051 2. NSDL Database Management Limited +4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

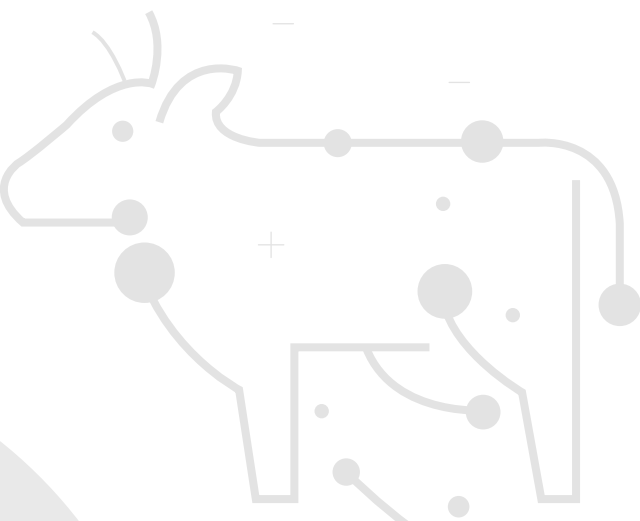
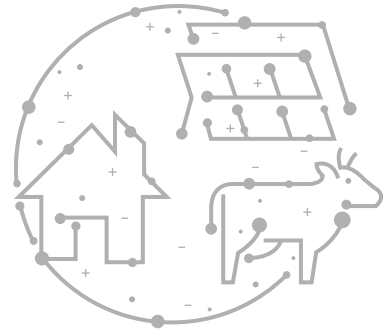


Clientele Insurance & Claim Status

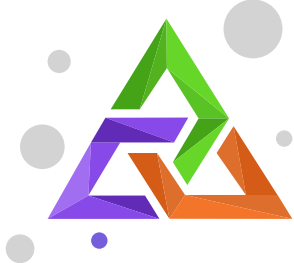
Annapurna has tied up with India First Life Insurance, HDFC Life, ICICI Prudential for Group Term Life Insurance, Bharati Axa Life Insurance, ICICI Lombard General Insurance, for providing credit linked insurance to the clients. This safeguards the interest of both the parties as in case of the unfortunate demise of the client or spouse, the insurance helps them to repay the remaining principal amount and the rest sum assured is directly being paid to the beneficiary by the insurance company. Hence, the family of clientele gets a means in the times of worry and need to avoid indebtedness.



Produ



Products



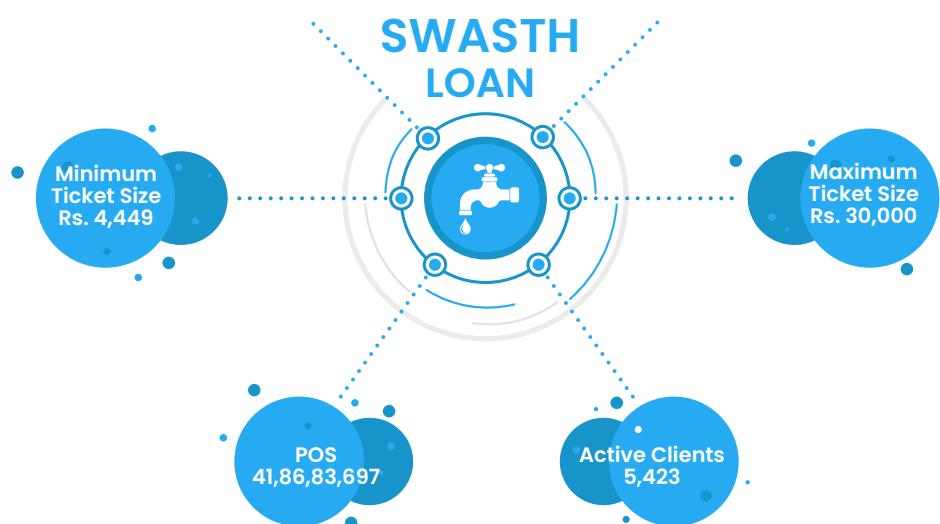
Microfinance practices of extending loan services are becoming a solution for establishing a level of resiliency for a better world. Annapurna offers a wide suite of microcredit products to its beneficiaries, to lend a helping hand to those left out from the purview of financial inclusion.

SWASTH (Safe Water and Sanitation to Households)

Through the SWASTH Product, the company provides its clients with low cost loans, thus significantly impacting the growth of water and sanitation assets and infrastructure at household, community and village levels.

The idea of construction of modern toilet in households has paved the path in conceptualizing this product back in 2014, in association with Water.org. Over the period of six years, through this product, the company has enabled development of water and sanitation facilities for 71,000 clients.

The Company also regularly conducts various awareness campaigns regarding importance of clean water and proper sanitation, and how it affects our daily lives. So far Annapurna has conducted 18,446 Client Awareness Programs, and 10,243 school level awareness programs with 6,722 rallies in various districts. Annapurna's staff also inform clients on how to maintain their toilets and keep it in a running condition. Over 2.5 lakh households have participated in Sensitization programs where Annapurna's staffs also explained about maintenance of their toilets. 924 mason trainings were held, and water testing programs were carried out in 173 districts. In addition to the existing use cases, the Company also started financing for accessible toilets, making it more accessible for people with mobility issues.





A close-up, slightly blurred photograph of a person's hands weaving a basket. The person is using a wooden loom. The background shows a rustic setting with a blue wall and some dry grass. The lighting is warm, suggesting sunlight. The text is overlaid on the left side of the image.

SAMARTH Loan

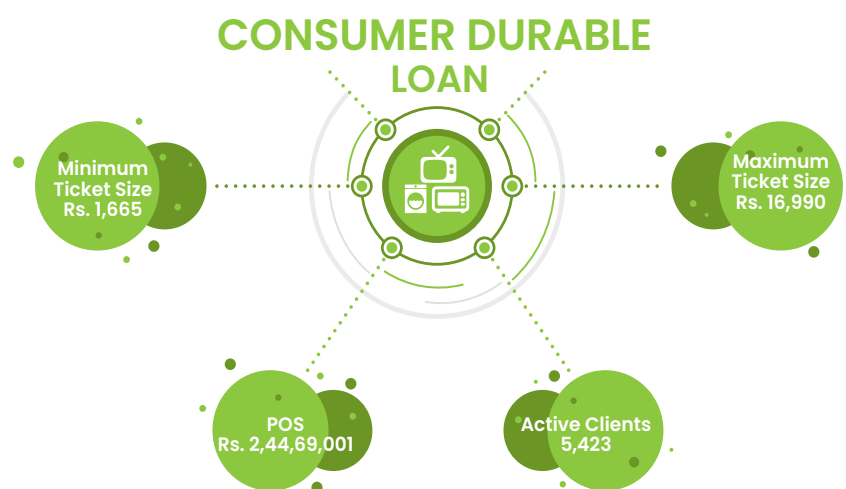
SAMARTH loan was ideated as a stepping stone to mitigate marginalisation and financial exclusion. It aims at providing equal financial access and independence to those belonging to the category of Persons with Disability, single mothers, unmarried women, widowed, transgender and members of leprosy affected community. Through this product, Annapurna offers a full suite of quality financial services, in a convenient manner and with dignity, to its clients.





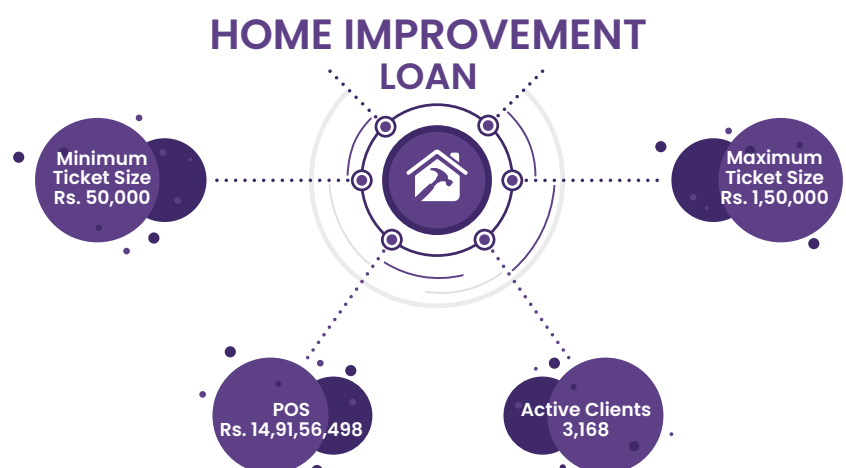
Consumer Durable Loan

The company, through the consumer durable loan, grants credit to our clientele to enable them to possess goods for everyday use. Introduced in 2017, the Company not only aims to cover the livelihood related financial needs of the clients, but also to enable better lifestyle planning. Several 'loan melas' were conducted across the operational states, allowing the clients to choose from various consumer durable products and buy them. The company has also tied-up with third party logistic partners, to satisfy the demand for consumer durables.



Home Improvement Loan

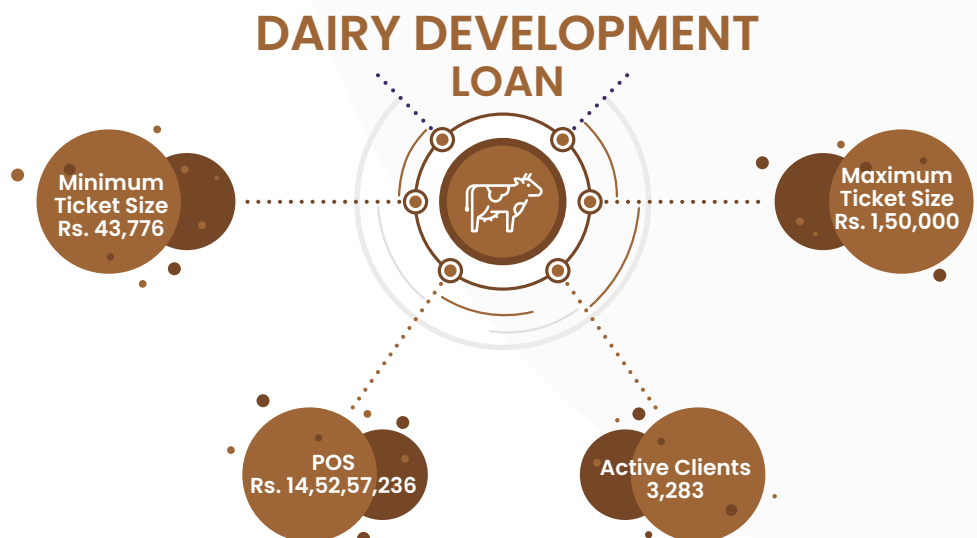
Low-segment housing sector in our country is under-developed and constrained by, primarily, access to housing finance and fund mobilization, among other factors. HIL has been instrumental in allowing our clients to extend and improve their existing houses and also ensure a safe and private space for the entire family. Through the Home Improvement Loan, clients have been able to build a personal asset, which shall appreciate over time. Improved housing can also act as a place to produce and store goods, and conduct business, thus acting like a potential place for work and generating livelihood.





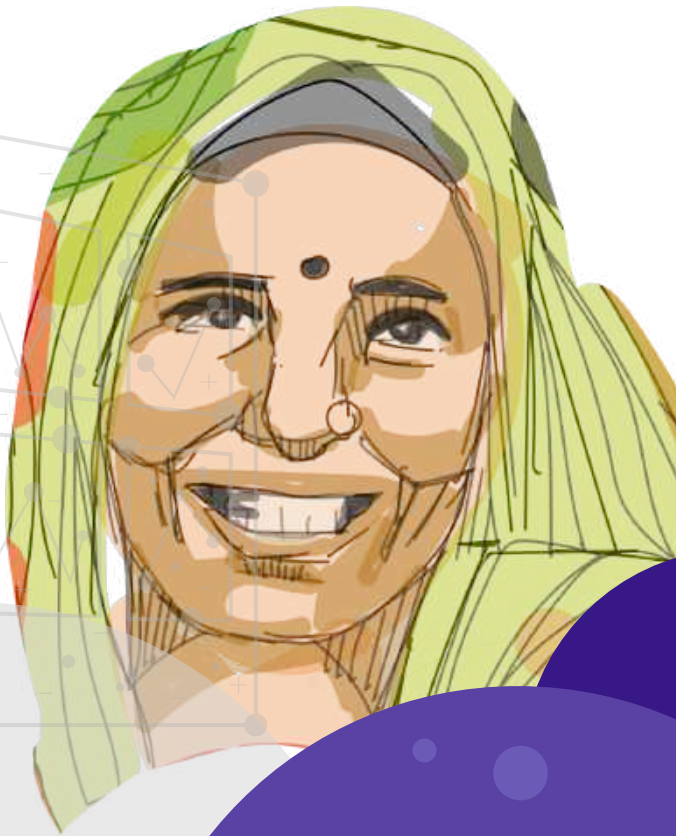
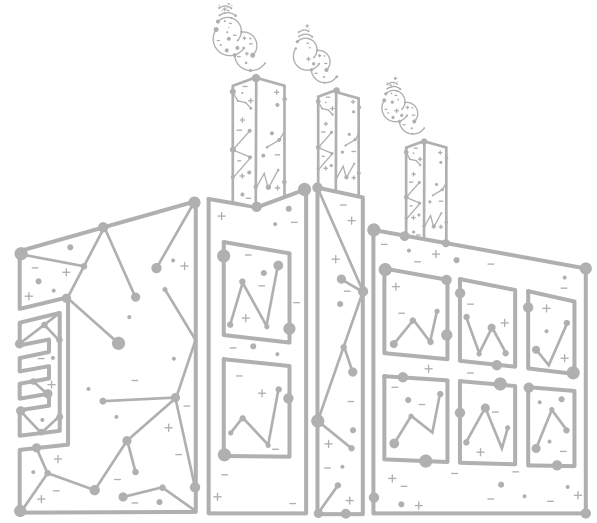
Dairy Development Loan

Dairy forms an important component of Agri-allied activity in the country. Milch animals are considered to be a prestigious asset across the country, allowing households to obtain a steady source of income, in contrast to varying agricultural production. Dairy is considered to be a poverty alleviation tool due to these reasons. Dairy Development Loan has been operational since 2015. The company also recognizes the need for supporting infrastructure while adopting an animal, often requiring additional expenditure, and absence of which proves to be detrimental towards the health of the animal. Through this loan, the company not only enables the purchase of livestock but also finances the building of a livestock shed and mitigates risk towards cattle death through cattle insurance.





MSME



MSME

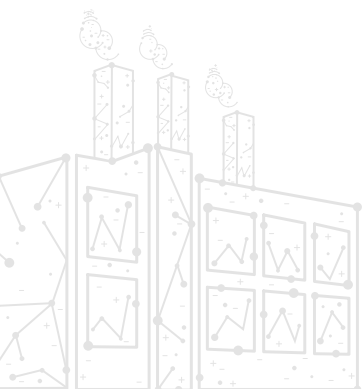
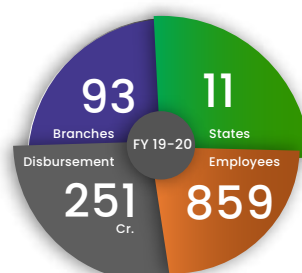
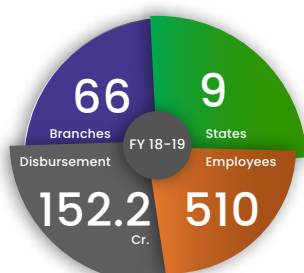
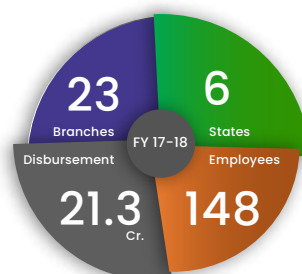
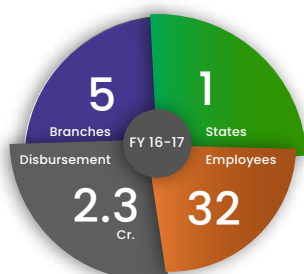


The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. By fostering entrepreneurship and generating largest employment opportunities, it contributes significantly in the economic and social development of the country. Annapurna has reached to more than 14,000 individual entrepreneurs across 11 states under its MSME loan vertical who has enhanced their business capacity as well as profit margin by availing business loan from Annapurna.

A loan product for micro and small entrepreneurs was started in the year 2016 as a pilot project with 5 MSME branches in Odisha. Post successful completion of the pilot, the project was implemented in 6 states with 25 Branches in January, 2018. Gradually the project has emerged as a larger vertical of Annapurna and now the project is operating in 107 exclusive MSME Branches with the team size of more than one thousand in numbers.

MSME Finance at a Glance

States	Net POS in Cr.
Assam	51.26
Bihar	42.09
Chhattisgarh	14.45
Jharkhand	3.49
Madhya Pradesh	101.77
Maharashtra	5.82
Odisha	50.82
Rajasthan	28.05
West Bengal	9.62
Tamil Nadu	32.71
Tripura	12.94
Total	353.02







Quality Assurance Check

Considering the rapid changes happening both in external and consequently internal environments of financial space, our employees are parallelly equipped with timely trainings to keep them adaptive, relevant and competitive to the market. Right mix of experienced manpower is hired at every level to implement the best and innovative practices across industries and hence strengthen the process further.

Focus has always been towards the quality of business, where each of the customer's proposals is processed through a detailed credit assessment and cash flow analysis. Adopting the hub based disbursement model, quality check of loan documents are executed by the operation department as well as by the external empanelled agencies before disbursement of the loans. Regular Refresher Training for field staffs and audit of branches are conducted on a regular basis to minimize chances of any misappropriations. In order to have better customer experience, EMI payment call and SMS service has also been implemented.

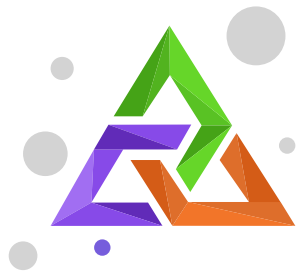
Into the Digital World

The organization is looking forward to a digital MSME lending platform for which several initiatives have been taken in this regard during this FY. Majority of the EMI collection is done through cashless collection methods like NACH, Online payment, Cheque etc. End to end software based customer on-boarding to loan disbursement has been started and various cash less collection options were also offered to the customers.

Human
Resources



**Human
Resources**



The true focus of Human Resources has always been towards recruiting, training, motivating, and retaining the best. The department aspires to help Annapurna achieve its strategic mission, while ensuring employees are engaged and motivated to help the organization succeed.

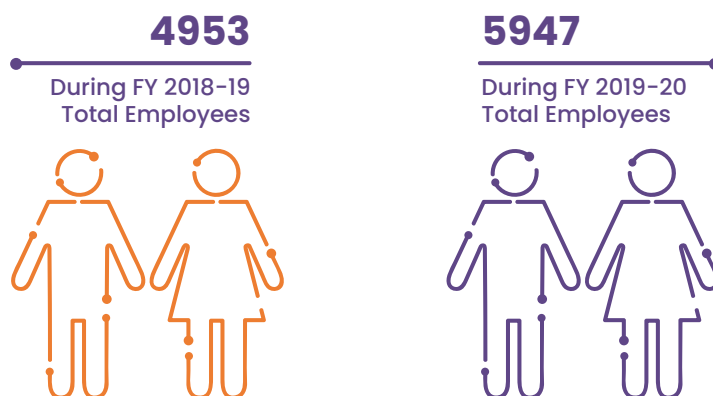
HR has targeted its operational initiatives to align to the strategic plan by initially identifying ways to leverage and develop technology as a means to minimize costs and improve internal efficiencies. This year, HR has digitalized its resources and staff to become active & consulting partner for the organizational development.

Like previous years, the FY 2019-20 has witnessed a tremendous growth in terms of manpower which accounts to a Y-O-Y 17% increase of resources.

Talent Acquisition

Hiring a candidate having appropriate talent & skill set for any vacancy has always been a challenging task. The HR team in Annapurna always strives to acquire and retain the most deserving human resource who can contribute towards the growth of the organization.

In FY'19-20, the team has been more focused to enrich the HR technologically, sourcing in new technologies to make our productive and efficient.



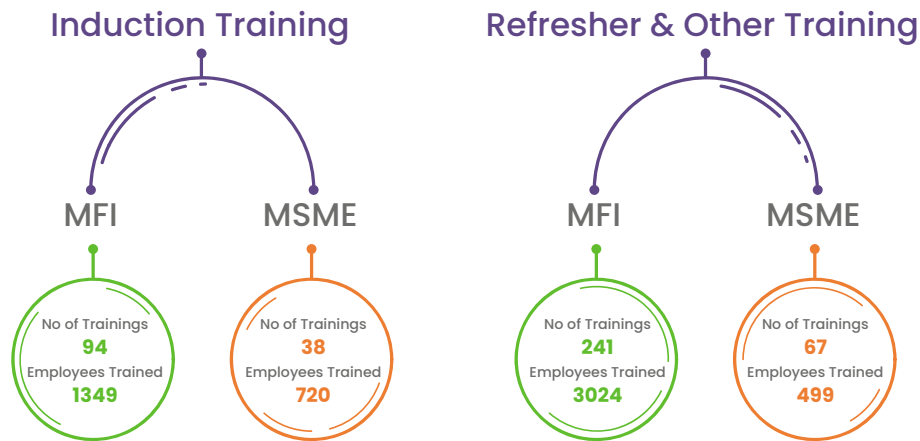
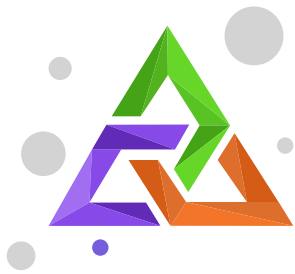
Training & Development

Annapurna as an organization looks at training and development as an integral part of the human resource development activity. Over a period of time, our organization has increased its focus on the same & has mandated training hours per year for employees. This is being done to keep the employees up to date with recent developments in the sector as well as develop necessary on-the-job skills.

Gone are the days of traditional approach, where training was viewed as a costly affair. The training system in Annapurna has built a smart workforce, yielding the best results of retention. In the FY, a total of 326 training programs were organised in which 4900 employees were trained. For MSME vertical, a whopping number of 10,106 employees were trained.







Young Leadership Development Program & CARVAN

YLDP is an annual program of Annapurna, designed for our future leaders having high potential & have demonstrated consistency in their commitment towards organizational growth. It was conducted for all energetic and promising leaders who have paved the path as a leading icon to achieve the mission of Annapurna. It also enhances the leadership skills of young leaders to excel in their career growth.

A two-day workshop, Carvan, was organised for management associates and trainees to retrospect on their journey at AFPL. Along with sharing experiences and learnings, the group was also addressed by our CMD, about their future prospects in the organisation.

Annual Leadership & Change Management Program

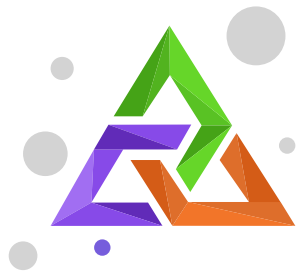
In the month of January, an Annual Leadership & Change Management Program was organized for Zonal Managers and State Heads. Experts from training industry conducted the program highlighting on various aspects of mental health like Compassion Fatigue, Emotional Intelligence etc.

Promoting Gender Sensitivity

The department believes in creating robust gender sensitization training programs to promote an egalitarian organizational culture. Such trainings encourage positive and gender-intelligent organizational culture, growth and progress of women leaders, and also lower the levels of gender conflict and harassment. Additional benefits include the ability to employ more female candidates, leading to a balanced male-female ratio, and higher morale and retention.







The following initiatives were taken by Annapurna in this FY:

- Informing and guiding employees on appropriate ways of addressing and interacting with female colleagues & customers.
- Facilitating discussions between male and female employees, with the goal of highlighting positive as well as discriminatory workplace practices and policies.
- Empowering women by facilitating access to mentorship and professional guidance on harassment and workplace discrimination.
- Inauguration of all-female operational branch offices in some of the major cities.

Employee Engagement

Engaging employees is critical for retaining valuable talent and is an important piece of the employee satisfaction puzzle. It has always been observed that though people work for financial security, yet they like to go an extra mile to get recognized, praised & rewarded. In Annapurna, outstanding performance has always been acknowledged and appreciated.

Motivational initiatives like enrolment in Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) have generated INR 1, 99, 56,501, to incentivise the employers. A group health insurance scheme was also introduced and has been availed by 77 employees, along with 41 registrations under the Employees State Insurance Corporation. Provision of Emergency Loan for our employees without any ROI, is also in the pipeline.

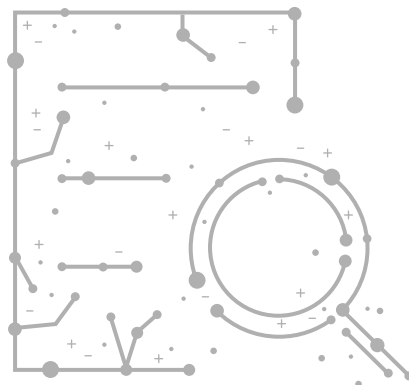
From celebrating festivals together to appreciating our fellow colleagues, what remains common is the spirit of Annapurna family. The department works to sustain and nurture this spirit for years to come.

HR Digital Transformation

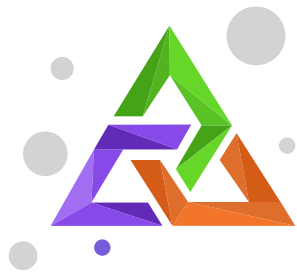
Incorporating digital technologies in the functioning of the department was one of the highlights of the FY. HrOne is one of the major online portals being operated by the employees for managing their attendance and retrieving important official documents, immediate notices and news. This particular application is highly robust and responsive, capable of handling a workforce as large as Annapurna's.



Internal Audit



**Internal
Audit**



With the expansion in Annapurna's operational procedures, the need for audit department arises, to carry forward the governance process effectively. The Audit team is responsible for the examination and evaluation of processes, policies, and internal controls both at head office and branches. Any observed deviations and gaps are reported to the Audit Committee and Management along with the recommendations for the compliances.

In the FY20, the department has successfully audited 600 plus active branches, quarterly, including Group Lending, MSME lending, and Banking correspondence. The coverage of the audit has been more than 99% for the first 3 quarters. The last quarter was particularly challenging due to pan India lockdown. During Q4 2019-20, the department covered more than 92% of Group Lending (including BC) and 75% of MSME lending branches.

Auditing at Field Level

The State Audit Committees (SAC) are functioning in full capacity in its fourth year. Representatives of the entire concerned department meet once every month regularly, where all the findings are discussed, compiled, and addressed for better process implementation. Recommendations from SAC are considered and requisite changes in the audit tools are implemented at regular intervals.

Grievance Cell

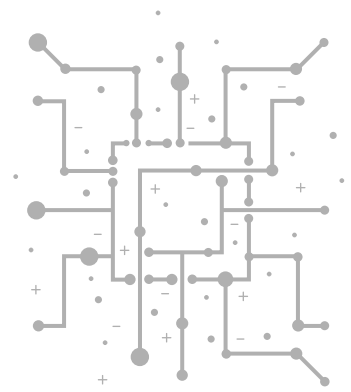
The Grievance cell has received 13447 complaints in FY20 which is about 35% more in comparison to FY19's figure of 8760. The Team has resolved 97.46% of the grievances before the end of the FY. The team is equipped with vernacular proficient members for all operating regions. Apart from inbound grievances, the team has been delegated responsibility to conduct outbound calls to customers for validating cashless disbursements, collections, and informing about company guidelines.

Technological Intervention

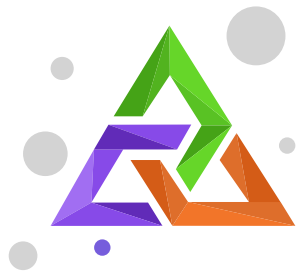
With the technical upgradations in the organization, the Audit team has also started working on its software to shift from their old excel based platform. The software will assist in smooth functioning of both the desktop and mobile versions. We are affirmative to have this software on board by Q2 2020-21.

With the digitalization of documents, the team has successfully conducted the MSME audits at regional hubs. Although there were hurdles in the initial stages, Sales and Audit stepped up efficiently and productively. Looking at the adverse effects of the pandemic Covid-19, Internal Audit team is working on evolving technological interventions to conduct audits in the same spirit as they have happened in the past.

Technoi



Technology



The paradigm shift in the micro-finance industries is now insisting a rapid change in technological usage of both staffs and clients. The roles and responsibilities of the Technology department go beyond ensuring technological interventions. It helps in fulfilling clients' and enterprises' demands within the stipulated time frame.

The department is highly sustainable, responsible and a trusted provider of developmental and longing financial services, by using innovation and technological interventions.

Each of the developmental tasks follows a certain procedure keeping the focus on bringing down the overall TAT. The process includes a thorough understanding of the task, discussing the business loads with operational teams and experts, and seeking feedback from on-field staff. It further assists in decreasing cost factors, minimizing technical and human errors, and providing highly satisfactory customer services.

Annapurna Ecosystem

Annapurna Finance Pvt. Ltd has developed a very reliable and robust ecosystem in terms of technology with the help of our technical partners:

- Krititech for cashless payment portal.
- Jayam Software Solutions for both LMS (Loan Management Software) and LOS (Loan Origination System).

System Achievements

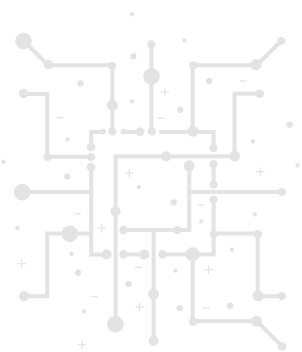
For accomplishing the target of receiving anticipated volumes, we invest continuously in technological solutions. RBL Bank Integration for Cashless Disbursement Automation was made to run in parallel with already existing ICICI to make Cashless Disbursement more efficient & seamless using both bank Cashless Integration.

Multiple Repayment Choices

Multiple repayment modes are now accessible with the addition of Day-wise repayment along with previously existing Date-wise repayment, to provide customers a more flexible option of repayment.

Customer Payment Portal

For bringing ease in the repayment choices, we derive the best of our features to take the utmost care of the customers. The improved changes in the Customer Payment Portals enable them to pay back their EMI's even sitting at their homes.



1. Two ways of payment:

- Customer can go to Payment Portal through tiny url link, which is sent to their mobile number before every repayment date
- Through Annapurna website, customers can also visit the Payment Portal Link

2. After entering the OTP, customer can login.

3. The customer easily makes installments and repayments through Credit/ Debit cards, UPI, Net banking, BBPS

4. E-receipt will be delivered to the customers via SMS

Cashless Disbursement

Despite all the uncertainties happening around, Annapurna has successfully set a benchmark of disbursing 2367 Cr through cashless mode. The digital transformation has geared up the department's enthusiasm to work harder for the future projects.

Process Flow changes and API Integrations

Multiple Cashless Payment Modes

Cashless payment offers multiple payment modes namely AEPS (incorporated through server integration), mATM (through RBL bank integration), and UPI (by using Static & Dynamic QR code)

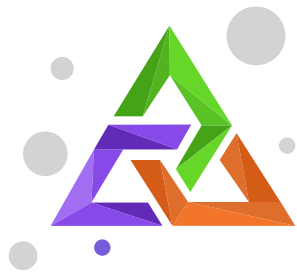
Bureau One Integration

It is a single inquiry point, which enables multi bureau credit checking of clients, and allows consolidation of data from credit bureau.

CB Related Changes

Multiple CB checks, that were initiated at the branch level, reduced significantly by changing the options under the following three conditions:

- No fresh CB checks can be initiated within 10 days of generation of previous CB Report unless basic details & KYC details have been modified.
- If member enrolment date exceeds by 31 days, i.e., if the member is not disbursed within 31 days of member enrolment, then fresh CB checks will not be allowed even in case of expired CB report.
- CB check will not be allowed if Cashless process is initiated until response from bank is received.



Annapurna's New Products & Ongoing Developments

The following products have also been integrated in the mobile application

- SAMARTH Loan
- Home Improvement Loan
- Dairy Development Loan

Consumer Durable Product Integration

The integration with third party services and vendors helps to track and manage the entire process—starting from order booking to successful delivery of products at customer's door.

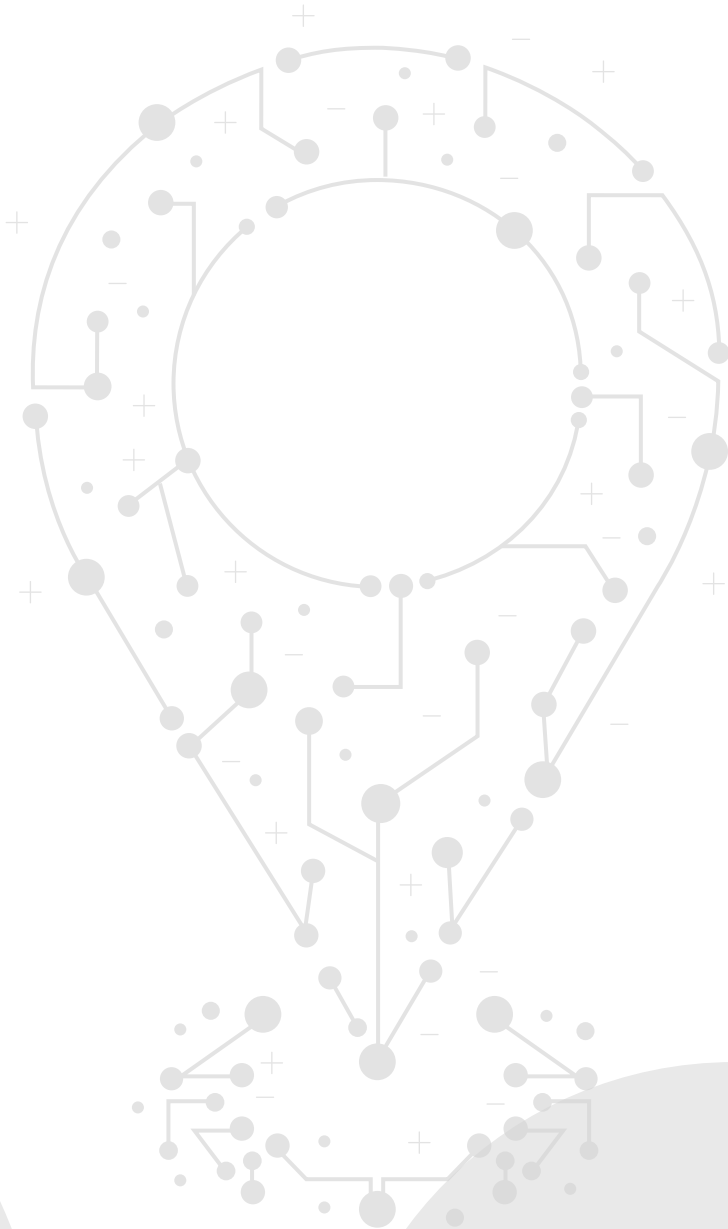
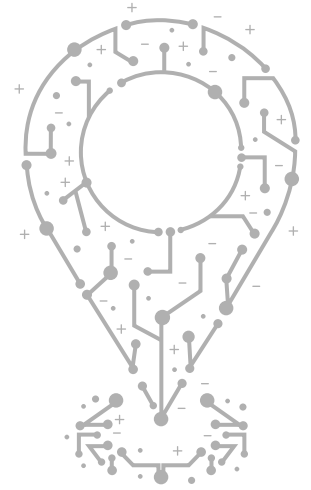
Digital Lending Revolution

The newly made Digital Lending Solution includes customer self on-boarding. Few new digital processes are in the pipeline:

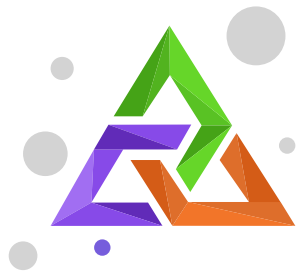
- A Self Customer Onboarding App through Video-KYC
- Identity Verification with Govt portals
- ML base Credit Under Writing Process
- Loan Agreement Digitization with E-stamping & E-Signing Services
- NACH e-mandate / Digital mandate / Aadhar mandate Collection Process
- Back-end Administrative and management portal



GIS



GIS



Geographical Information System (GIS) department is one of the early adopters of technology and innovation at AFPL. The GIS team works at an intersection of data analysis, programming and cartography. The primary objectives include analysing spatial data through mapping software and designing digital maps with geographic and various other data sets. Comparing the distribution of clients and portfolio in a branch's operational area with that of the industry's, revealed the true nature of the portfolio.

The aim is to aid decision making at all the managerial levels, especially in the field, by using maps as tools of data visualisation. The power of data analysis through GIS, has made it easier to monitor AFPL's portfolio, looking for patterns, concentration of default and comparing this information with industry trends. GIS has made the monitoring easier, efficient and effective. Other objectives include developing mapping applications and, managing and updating a digital library of maps.

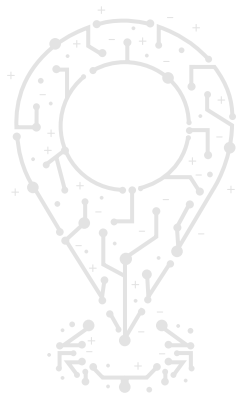
GIS and Operations

Over the course of time, use and application of GIS in various departments has become substantial. To provide support to departments like Operations and Risk, a few stand-alone and online interactive maps are developed using the microfinance industry data obtained from credit bureaus. They provided critical insights for the field staff by visualizing the KPIs such as PAR, POS and Sourcing, on a monthly basis. Various support maps like Business Potential maps, Over Due maps and Industry Scenario maps provided to the field staff increases their operational efficiency.

For supporting the business strategic decisions taken by the organisation, various interactive maps were developed on the Web – GIS Portal, by plotting the internal and industry data. Regular monitoring of the KPIs, with a spatial angle, helped reduce the TAT. It further helps in identification of areas for business expansion, along with provisioning of performance monitoring as compared to the industry.

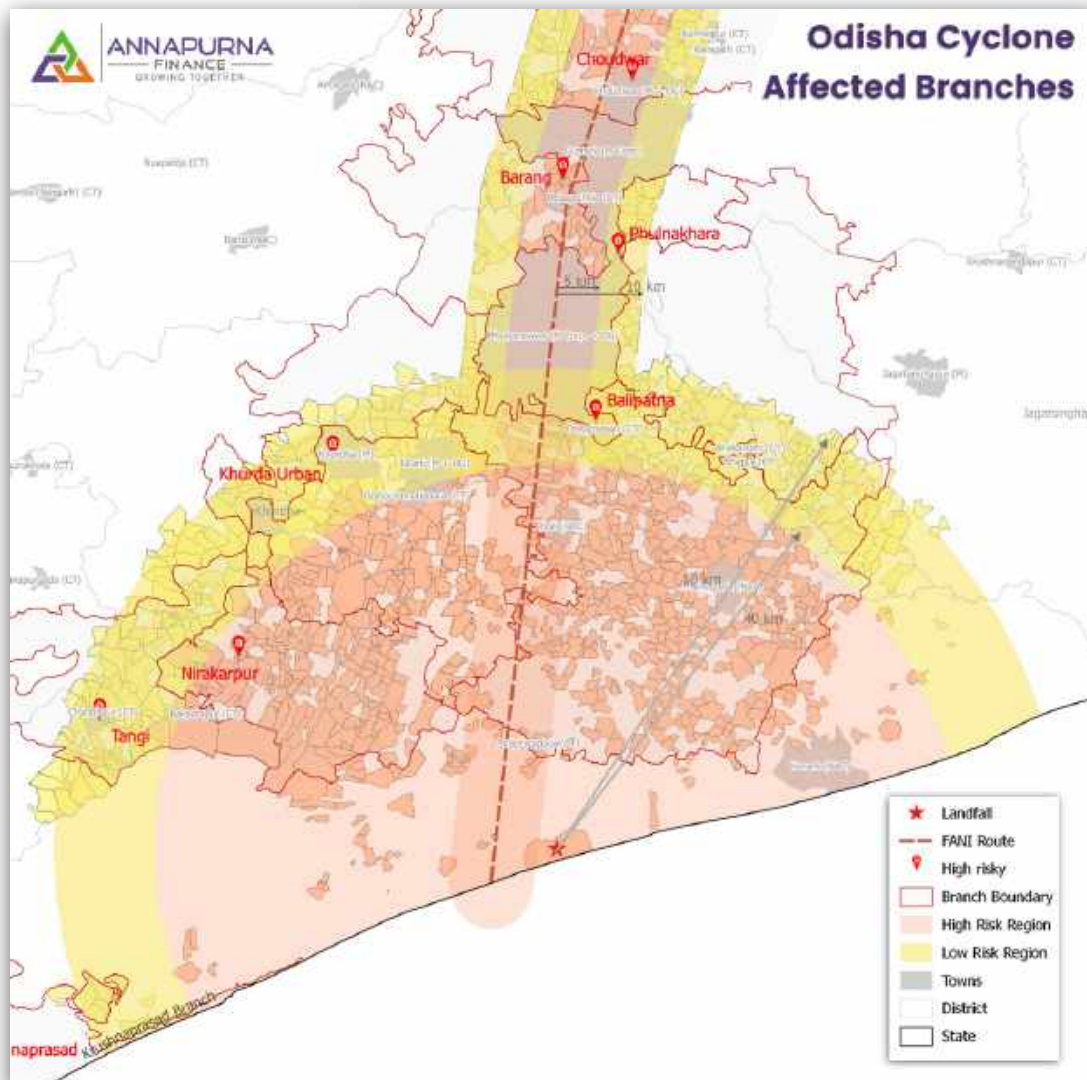
Disaster Mapping

Vulnerability analysis and hazard assessment were performed for natural disasters like cyclones by building models or representations of the real world from information in databases. It aimed towards hazard prevention and simulates the damage that would be caused in the event of a natural disaster. Disaster maps at Annapurna help us in identifying the clients that are vulnerable to the disaster and may require some specific intervention or a need-based product to help mitigate the impact on their financial strength.



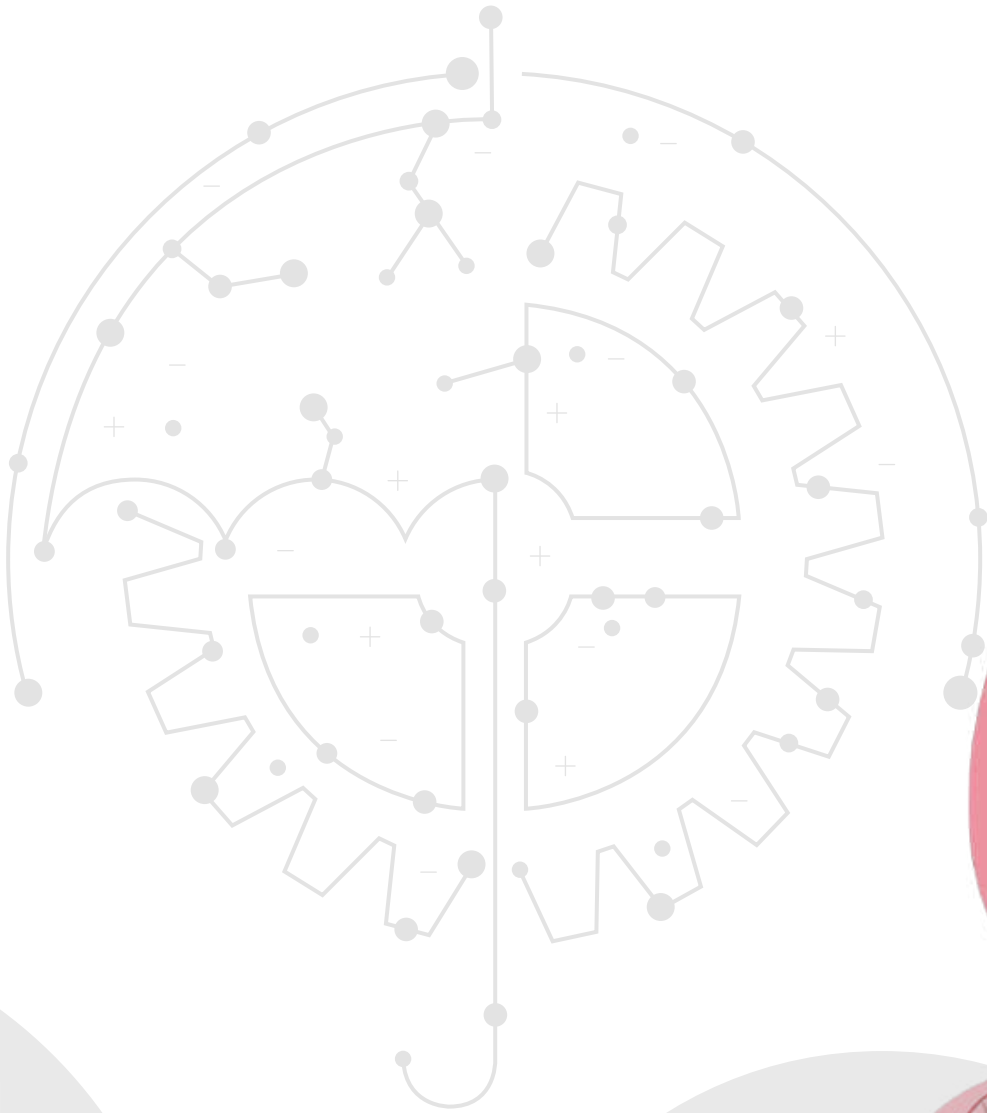
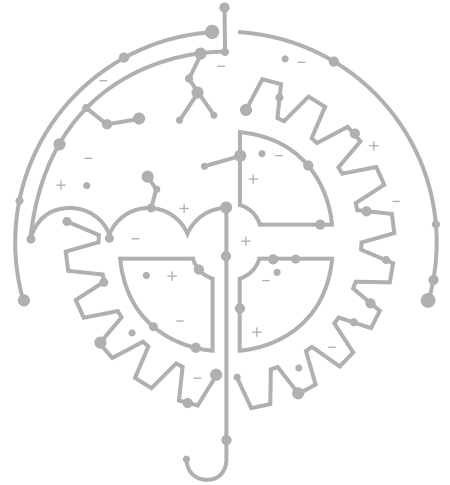
Way Forward

The GIS team continues to work proactively in developing platforms for data sharing and visualization with the help of various maps. In order to ensure and increase the feasibility of these maps, Training modules are now being developed for field Staff as well as Operation Staff of top and middle management. The training objectives include field staff sensitization by introduction to basics of GIS; introduction to maps and application of GIS at AFPL, and to make inferences from the internal maps circulated. Capacity building of field staff will result in better understanding of GIS as a concept and tool. The GIS team is at constant work to uncover new insights in the context of every functional unit in the organization.

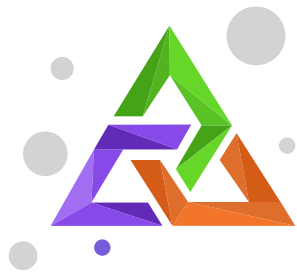




RISK



RISK



Risk management and governance is an elemental part of the company. Assessing risk has been important to maintain a sustainable approach towards fulfilling the ultimate objective of the organisation. For safeguarding the interest of all the stakeholders, Annapurna Finance has taken steps to inculcate risk management and mitigation in its operations.

As the company expands its portfolio in MSME and Inorganic business, proactive risk management measures have been put in place to mitigate its concentrated risks across different sectors and maintain a healthy portfolio. The clients in both businesses are being observed at regular intervals to ensure that risk is adequately and accurately assessed.

The company also boasts of a distinct and robust credit risk architecture, which includes policies, KRIs, and systems to manage the Credit and Operational risks for both MFI and MSME Business. These have been put in place to frequently monitor the portfolio at individual level performance and identify early warning signals and stress in the same.

Liquidity Risk & Interest Rate Risk at AFPL is governed by a Board-approved ALM and liquidity Framework as per RBI rules and guidelines. AFPL's policy of Funding Diversification, that caps the maximum funds sourced from a single lender or a single type of instrument, makes sure that the firm's liquidity resources do not dry up. Furthermore, the Risk Management Unit is tasked with the preparation of a quarterly statement for the monitoring of short-term liquidity requirements over six months considering the static liquidity position, business projections, and other commitments if any.

AFPL has tapped into the External Commercial Borrowings (ECB) Market for partly fulfilling its liquidity requirements. The company mostly uses Swaps to hedge its foreign currency exposure, albeit other hedging instruments including forwards and options as well as the effectiveness of the existing hedge are evaluated from time to time. Sensitivity analyses are performed every quarter to monitor the impact of volatilities in the Forex rates on AFPL's financials.

Risk Management at Field Level

Zonal risk management committees have been formed at the state/region level to ensure adherence to best practices at the field level and to implement risk management practices. The amalgamation of risk management practices and new technologies has helped in the reduction of field risk, Credit and Operations risk, and Fraud risk for the entire firm at each level.

Furthermore, the risk team has made progress in advanced data analytics using predictive models to identify the estimated stress and client behavior. Also, automated live tracking of all key risk indicators about clients, employees, systems, and processes are put in place to trigger off the risks at their origin.



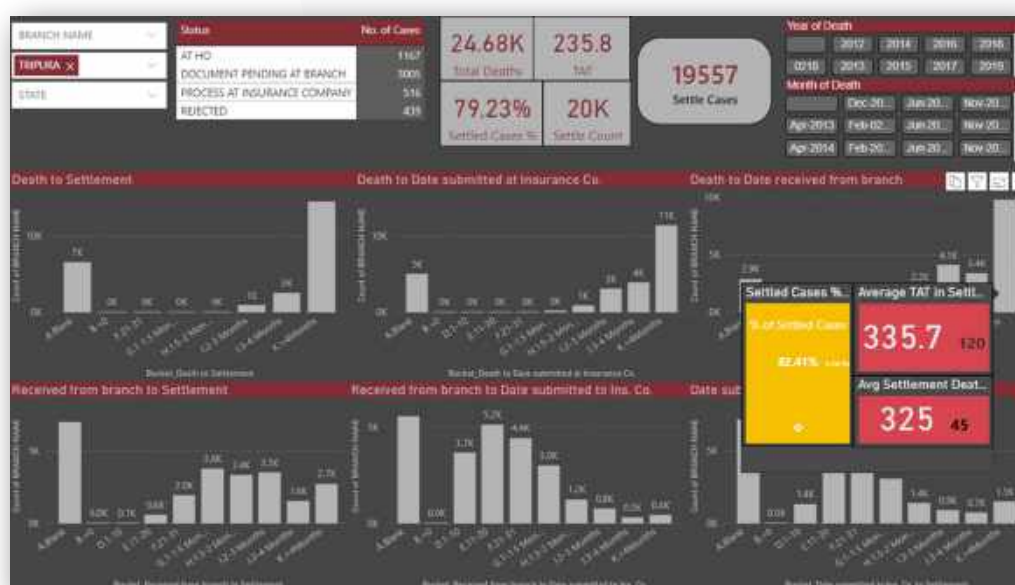
Fraud Risk Management

Fraud Risk Management as part of AFPL at the firm level has been designed and implemented as a Real-time Monitoring and Management solution. This solution assists in real-time monitoring of fraud detection and prevention. The tool is used to detect fraud issues and raise red flags by isolating suspicious activities in everyday business affairs. Advanced technology and Business Intelligence tools are used to place controls that prevent the occurrence of frauds, identify near to fraud events & fraud events as soon as they occur, and respond to them effectively.

AFPL endeavors to take an enterprise view of its risks and manages the same within a cohesive framework. Following this, the company has developed an integrated risk monitoring platform using Business Intelligence tools. The one-stop platform gives individual managers and business units a comprehensive view of all risks at the business unit level as well as the enterprise level. They can thus engage in continual identification and assessment of risks at their level and their overall contribution to firm risk.

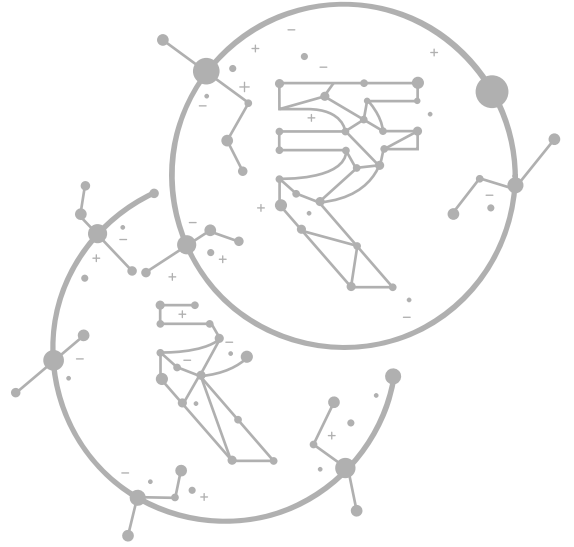
To avoid the deficiencies of handling risk initiatives, policies are reviewed at regular intervals and steps are taken to strengthen our management practices in the increasingly uncertain lending environment. To further strengthen our practices, this year, we have added advanced data analytics, and live on the go tracking of all key risk indicators to the gamut of risk management. Along with that, an all round sector analysis of the entire portfolio is conducted and updates are tracked to generate early stress warnings.

All-inclusive, risk management is a very important part of Annapurna and focuses to provide ample support to business growth with minimized risk and pro-active risk identification and management.

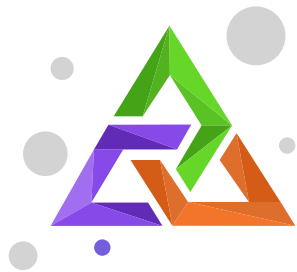




Credit & Appraisal



**Credit &
Appraisal**



Annapurna Finance has incorporated an independent Credit Department that helps us to reach our goals by eliminating roadblocks in the field of credit. With the help of technology and necessary transaction structures, the credit team is continuously working on minimizing the risk of late payments, enhances profit margins, and maximizes sales.

Credit Department of Annapurna is also responsible for formulating underwriting guidelines for various product lines, and taking immediate and reasonable action in handling risk-prone events. It also ensures screening of proposal based on various parameters associated with operational & credit risk.

Training of AOs, BMs, and UMs – Detailed Cash Flow Analysis

All Appraisal Officers and Branch Managers were provided dedicated training on how to analyze the cash flow of our rural-based clients. This exercise was intended to enhance their skill for a better understanding of the cash flow in rural households. In-depth study and analysis of different parameters were discussed so that they can take a better call whether to sanction or reject the loan with valid supporting data to back up their call. Thus, this training will certainly help in reducing our inherent risks associated with clients and avoid future defaulters.

Throughout the FY the department has also organized various Review & Refresher sessions at Zonal level to provide necessary insights to our branch managers related to Credit Quality & Proposal filtration process

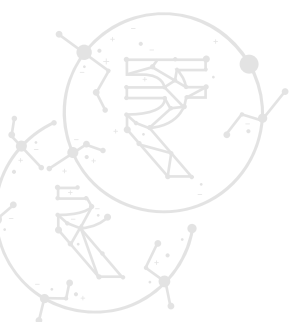
In the FY, the department has also strengthened appraisal officers by imparting training to appraise Individual Loans such as Home Improvement Loan, Dairy Loan.

Decentralised Approach

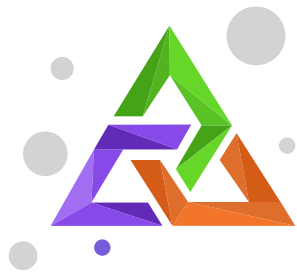
The department has promoted experienced appraisal officers to higher positions and raised responsibilities to build a strong managerial team. Their enriching experience helps the department in building a strong mix of professionals as well as in Comprehensive decision making.

Crisis Management

The credit team has always been at the forefront in overcoming crises. During the microfinance crisis of Assam, the department delegated people from various levels to help the organization in managing the stress situations. The immense experience of Appraisal Officers has helped our branch staff in formulating different grass-root level strategies which in turn have resulted in good recovery rates.





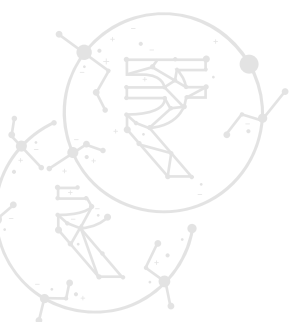


Forethoughtful Approach

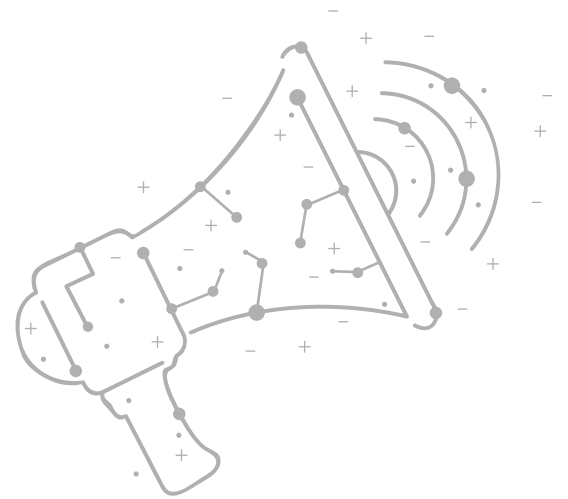
Considering today's scenario, the world is now on the verge of magnificent changes in terms of shifting from Manual to Digital working trends. To cope up with the digital interventions, the department has decided to pace up with changing conditions by digitalizing our loan processes keeping in mind the strata of market segments the company is serving to i.e. Rural markets. The department has outlined a vision to develop the department in a much more versatile and diverse way which will help in overpowering our rivals. Swift methods to avail loans digitally, user-friendly quick loan processes, and prompt delivery of service are what we have aimed for.

Presently, the department is working towards creating a credit data repository, which can be accessed through a KMS tool. This tool will help in making decisions based on various quantitative and qualitative factors. This will surely help in expanding and sustaining the business thereby reducing different threats and risks.

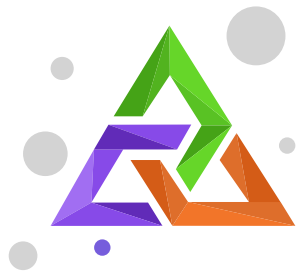
Apart from this, the department is also working to develop a branch scoring tool that will comprehensively take into consideration various factors like Branch Portfolio quality, TAT, Business trend, etc and categorize different branches.



Communicati
& Brandi



**Communication
& Branding**



With the increasing importance of corporate communications, the Communication and Branding department has been at the forefront in promoting the business values within and beyond the purview of the organization. The primary responsibility of the department is to facilitate internal and external communications, along with maintaining a positive corporate identity.

Creating a Brand Image

Branding at AFPL involves maintaining a cohesive image of the organization and designing a strategy to align with the same. The department takes the lead in organizing various corporate events, finance conventions and seminars and cultural programs, like – Annual Lender’s Meet, Women’s Day Celebrations, Zonal Review Meet etc by virtue of it’s finest and enriching branding techniques.

The department is also responsible for ensuring a digital presence of the Company, and actively engages with its audience through digital media platforms like Facebook, Instagram, YouTube and LinkedIn. In the FY 19-20, the department has successfully implemented new verticals on the official website by further enhancing the responsiveness and adding necessary services.

Internal Communication

To create and maintain a communication pathway within the organization, the department is also responsible for weekly sectoral updates and quarterly newsletter. Alongside, the department is also responsible for designing and creating content for various digital and print publications, such as e-sampark, Arogya, and Credit-O-Meter, which is further uploaded on digital platforms of the company.

The department also acts as a communication bridge between the top management and the employees. The use of HrOne as a digital billboard eases the process of disseminating information within the organization. Important announcements, messages from top management, resource publication and company event details are uploaded on the same, along with various other promotional channels. Keeping the holistic view of the organization intact, our team focuses on building wonders for better engagement.

External Communication

The department plays a pivotal role in maintaining sound communication between the external stakeholders and the organization. The field engagement activities with the beneficiaries help in building and promoting a conducive environment and identify new opportunities for further engagement.

The team also assists in promoting sustainable values within and outside the company, through social awareness programs based on gender, green financing, environmental impact, etc.





ANNAPURNA
FINANCE
GROWING TOGETHER

Annapurna Finance
received 'Chemical'



ANNAPURNA
FINANCE
GROWING TOGETHER

2018
2019



ANNAPURNA
FINANCE
GROWING TOGETHER

ANNAPURNA
FINANCE
GROWING TOGETHER

K

March 2018



Annapurna
Health
Areas

check
in the
the
iked
of
ke
es
is

PRODUCT
MANUAL

Celebrating
**Women
Entrepreneurs**

TEAM ANNAPURNA

Cordially invites you to attend

Harmony
2020

Workshop focusing on Women Entrepreneurs
presented by Annapurna MSME Finance
in Association with
Atulya Karigari
&
People's forum

11th March
11 - 02.00 PM

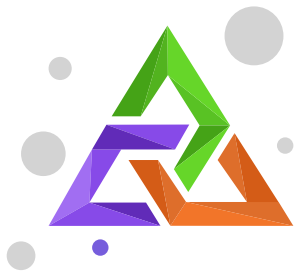
Shubaneswar



SPM &
CSR



**SPM &
CSR**



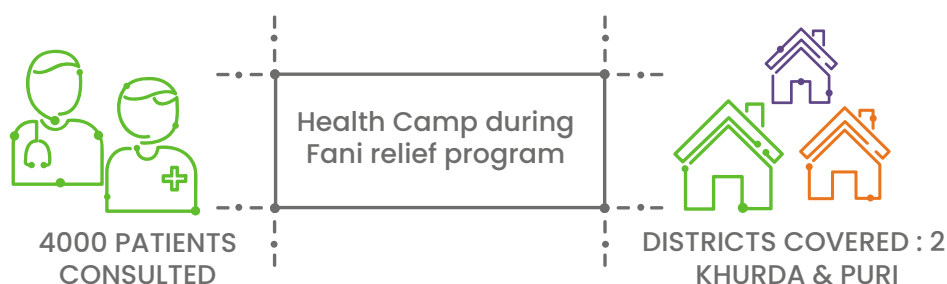
As a Social Corporate Citizen, Annapurna extends its support to the ones associated with it, beyond the micro credit programs offered. The organization is committed to make an enduring impact in the well-being of the society by promoting social and economic inclusion; and also adhering to its mission and vision of serving the underserved.

The organization, through Corporate Social Responsibility, has been working in thematic areas like healthcare, water and sanitation, and childcare home, to instill social consciousness.

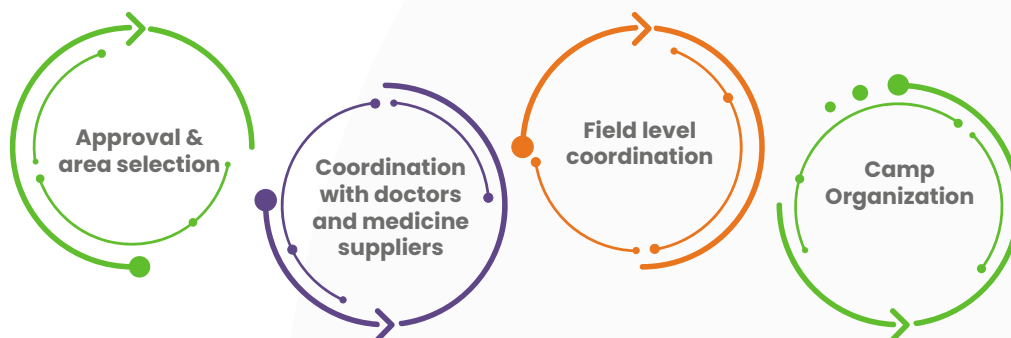
Mobile Medical Unit

Objective:

- To attend to the healthcare needs of the vulnerable sections of the society including children, women and elderly
- To provide improved, specialized and need based health consultation, free of cost
- To support the government during emergency and extreme situations like Natural disaster
- To provide free basic medicines at the doorstep in Rural areas



The Mobile Medical Unit was introduced after cyclone Fani had left the region devastated and in perils. As a post-disaster initiative, relief camps were set up in identified affected areas, in consultation with the district health department. After adopting a need-based approach, thirteen village of Balipatna, eleven villages of Balikati under Khordha district and nine villages in Puri district were identified and help was then provided under the Fani relief program.



The successful on-field implementation of the relief camp, gave birth to the idea of adopting an all-year round healthcare intervention in rural areas. Under the aegis of CSR, the Mobile Medical Unit was inaugurated on July 31, 2019 in the presence of honorable District Collector, CDMO, and MLA Khordha.

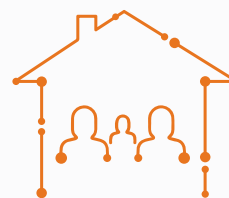
A mega health camp, along with a blood donation service, was also set up to commemorate the event. Nearly about 391 women underwent free medical checkup and medication from one of the best Physicians, Dermatologists, Gynecologists and Pediatricians. Since then, regular medication and consultation services are being provided to villages of Bhusandapur, Sananairi, Bankoi, and Gadapadanpur in Khordha district.



67 camps



**20% of patients covered
below 14 years of age**



7318 patients

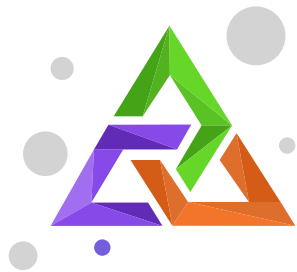
To incorporate gender mainstreaming in this project, in three of the above-mentioned villages, SHGs have been given the responsibility to do on-field promotion and day to day coordination of the camps, for which they are earning a token amount.



ଆମ ପାଇଁ ଏ

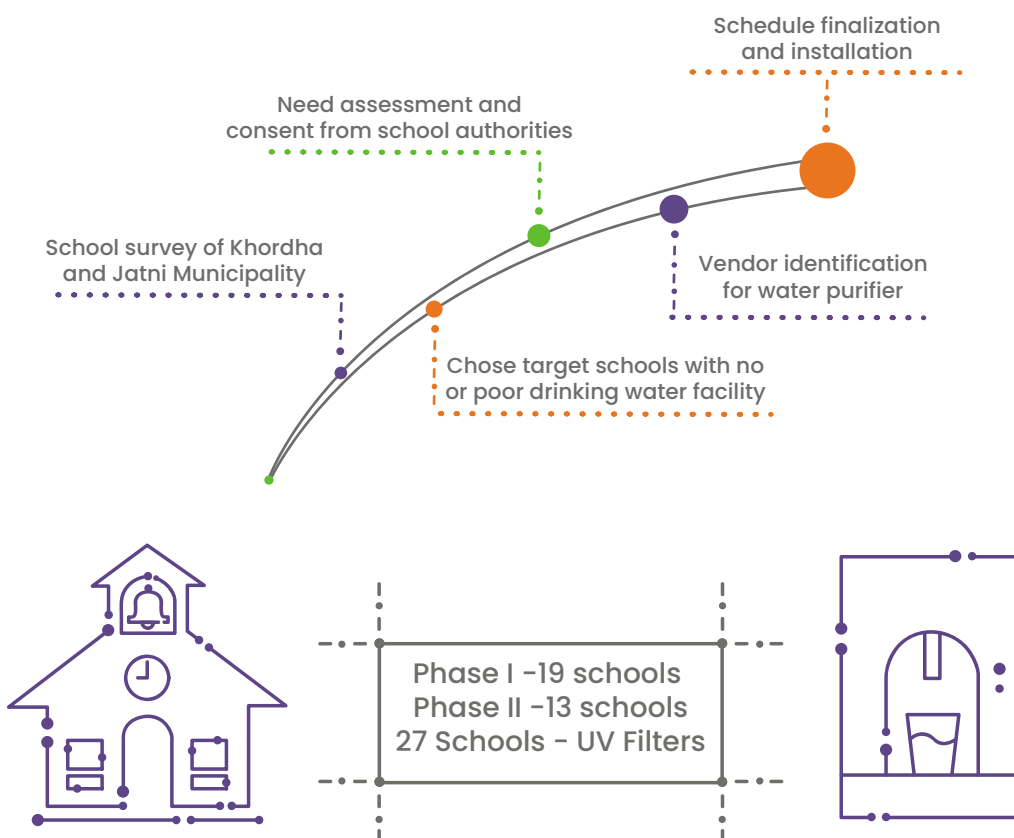
obile
cal Unit





Clean Drinking Water at Schools

As a step towards ensuring access of clean water to all, Annapurna took the initiative of installing water purifiers in schools across Odisha. In total, 17 schools in Jatni and 15 schools in Khordha were provided with water purifiers. To monitor healthy functioning of the purifiers, regular follow up visits were also conducted.

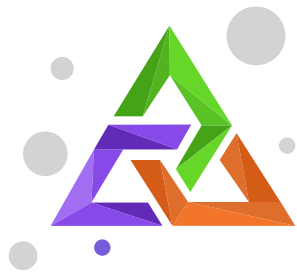


Installation of Play Equipment at Schools

Play is an essential part of childhood for any child. It nurtures social, physical, cognitive, intellectual and emotional development. Realizing the importance of play and games, AFPL took an initiative in installing play equipment in 20 schools in Khordha and Jatni. Along with this, awareness drives were organized to lay emphasis on the importance of environment conservation and safe water.

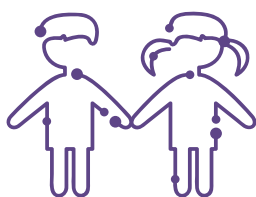




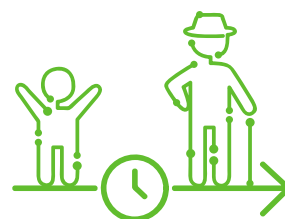


Aama Ghara: A Children's home

Aama Ghara, an initiative by People's Forum, is recognized as a Childcare Institute working under the Child Welfare Committee (CWC) and District Child Protection Unit (DCPU). Home to 54 children, the agency ensures child right protection, by establishing a healthy and child-friendly environment. AFPL engages in creating a learning space for the children, through developmental initiatives like school enrolment, psychological counselling, cultural celebrations and regular health check-ups by paediatricians.



Home to 54 children



Age distribution

59%

Girl children Percentage



Social Performance Management

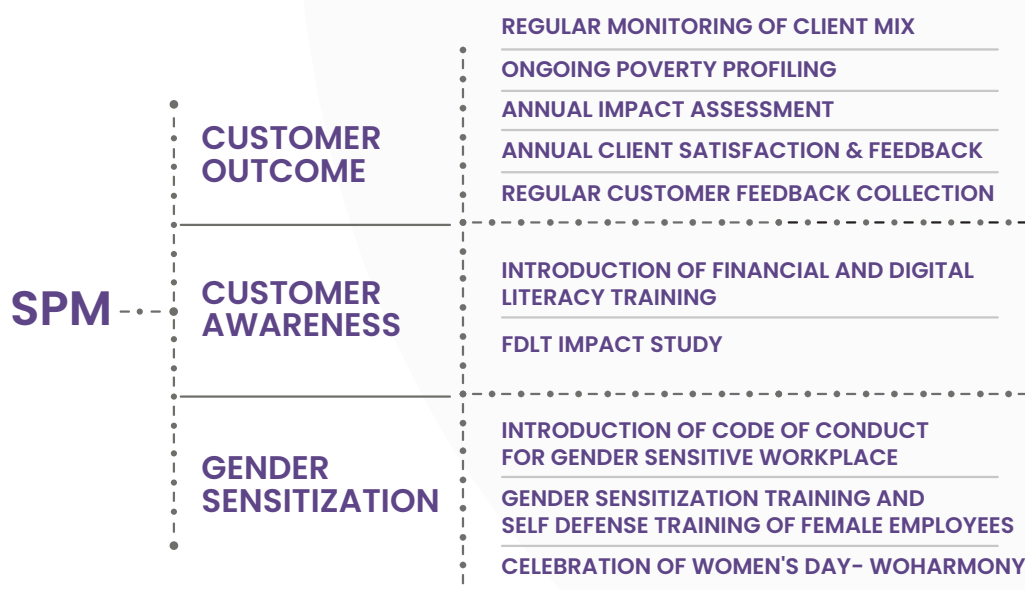
In order to uphold sustainable growth and impact, the organization has a dedicated department for Social Performance Management. Annapurna demonstrates its commitment and respect towards all stakeholders that include employees, clients, and their families by functioning ethically and transparently. Its mission and vision are aligned towards social and financial development of communities, while being environmentally conscious in its operational activities.

The Social Performance Management policy is consistent with the Smart Campaign's Client Protection Principles, the Universal Standards for Social Performance Management by the Social Performance Task Force and Reporting on Social Performance as defined by the Microfinance Information Exchange.

Awards and Ratings

- Client Protection Certified by The Smart Campaign
- A+ social rating by MicroFinanza Rating
- MFRI rating by CRISIL
- Platinum rating by The Global Impact Investing Rating System (GIIRS)
- Organizational Member of Social Performance Task Force (SPTF)

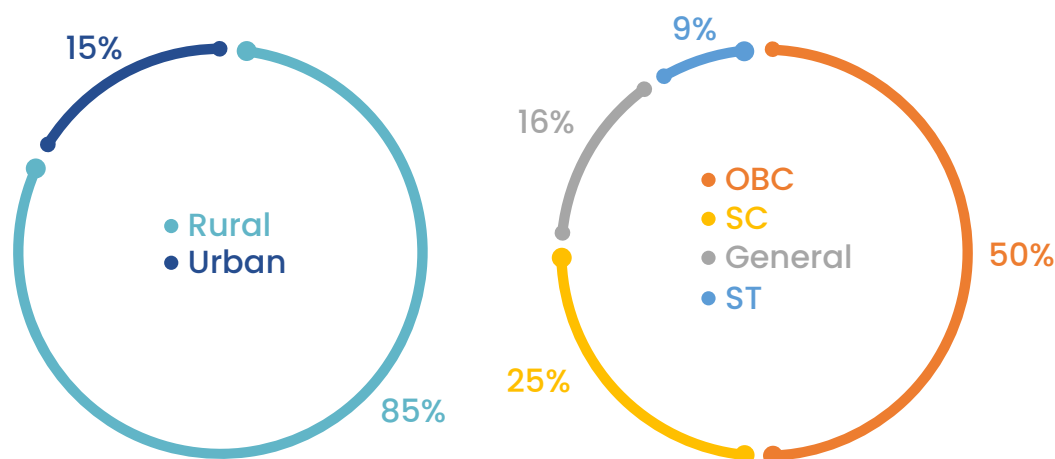
Major Activities under SPM in the Year



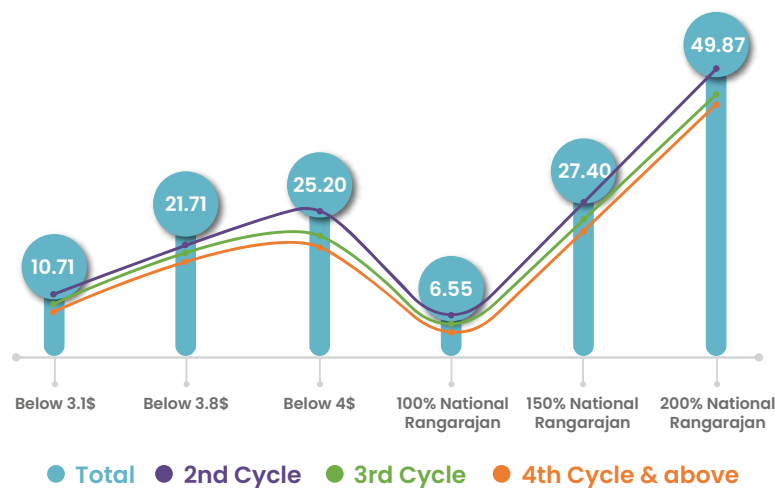
Customer Outcome

Client Mix

Annapurna's social outreach strategy focuses on the target group criteria. Monitoring the Client mix is to ensure that the operation doesn't deviate from the social characteristics of the target group.



Progress Out of Poverty



Large segments of Annapurna's customers belong to a diverse rural demographic. The caste composition of the customers include 16% belonging to the general category, and 84% belong to scheduled caste and tribe and other backward classes.

The poverty study used data from more than 100,000 customers, which is a representative sample of overall customer base of Annapurna. On poverty trend, almost one fourth of Annapurna customers are from below daily income level of 4.00 US Dollar. A positive visible trend in PPI scoring was observed in clients spending more time with AFPL, as compared to clients with a lower cycle.



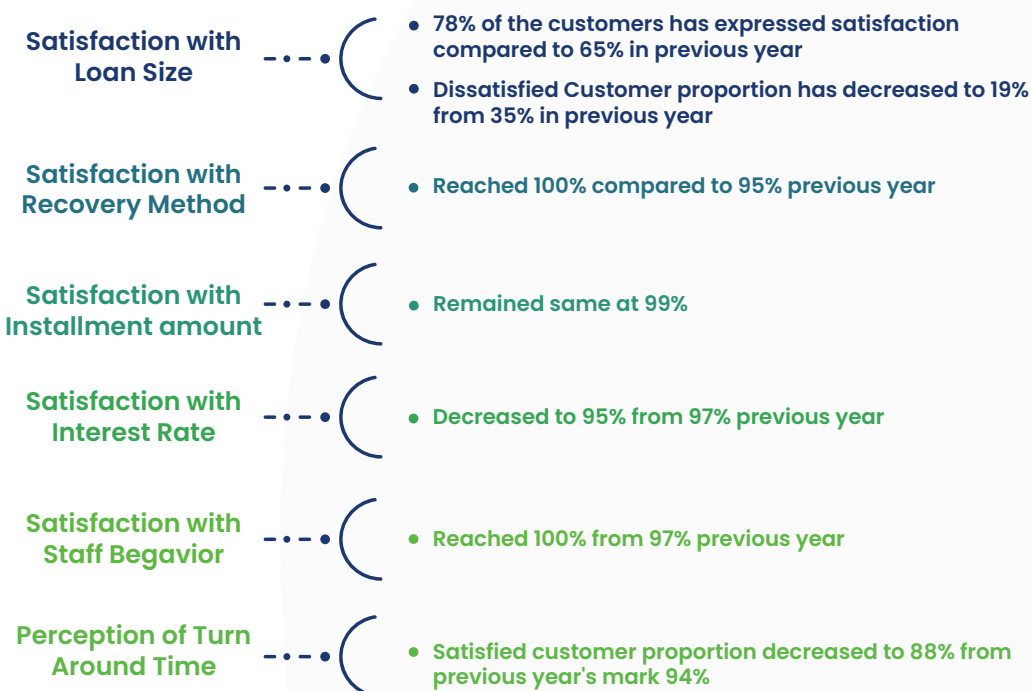
Socio-economic Impact Assessment

Annapurna conducts annual socio-impact assessment of its products and services, to enhance the benefits for the clientele and mitigate risks if any. The recent study was conducted across eight operational states, including 2499 respondents. The control group consisted of those who have been associated with Annapurna for less than six months whereas the experimental group consisted of those who have been associated for more than two years

Parameters	Control Group	Experimental Group
Sample Size	1234	1265
Income increased by 100% in last 2 years	81%	84%
Per Capita Income has been doubled in last 2 years	74%	80%
Started Business	21%	22%
Average Increase in Agricultural Asset per HH in 2 years	0.02	0.02
Average Increase in Common Use Asset per HH in 2 years	0.62	0.58
Average Increase in Consumer Durable per HH in 2 years	0.41	0.46
Have Reserve Saving for Emergency	27%	58%
Saves in Formal Institution	84%	95%
Engaged in Children's Future related decisions	81%	95%
Engaged in Livelihood Decision	64%	89%
Engaged in Loan Utilization Decision	72%	93%
Engaged in Asset related Decision	68%	92%
Mobility and Access to Market	56%	68%

Customer Satisfaction & Feedback

Through the Customer Satisfaction Survey, Annapurna tries to understand the contentment level of the clients about the products and services being offered to them. This helps in maintaining an iterative approach in addressing the needs of the clients. The following infographic draws a comparison of data of the current FY from previous two FYs.





Gender Mainstreaming

Gender Representation and Mainstreaming is embedded in Annapurna's overall operation. Beside serving a predominant part of rural women through financial support, the organization is equally committed in encouraging female employee participation in the organization. To incorporate a gender-sensitive approach at workplace, the organization has made revisions in its policies and has also written new guidelines.

This year also Annapurna has taken strong step towards making this dream a reality:

Development of Gender Sensitive Code of Conduct at Workplace

The objective of this guideline is to ensure better communication, avoid gender bias and stereotype and prevent gender conflicts at workplace. The management team from support and core operation has been trained on this module to implement the standards flawlessly at their workplace.

Gender Sensitization training

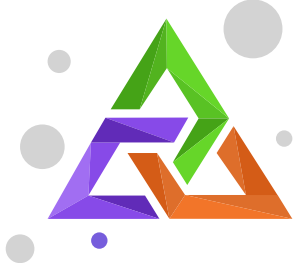
In the FY 2019-20, Annapurna has revised the previous module of Gender Sensitization, to make it more practical. Operation staff members from Assam and Chhattisgarh were given gender sensitization training this year. Additionally, self-defense training was provided to female staff members of Assam and Chhattisgarh. An online training module for Gender Sensitization is also under development.



WoHarmony

WoHarmony marked the celebration of womanhood at AFPL. To laud women in business, a platform was provided to promote women entrepreneurs and also share the struggles and rewards of their journey. A distinguished panel was invited from various sectors to give a diverse view of the field of entrepreneurship in our country. Around 40 women entrepreneurs were part of the workshop, and made it a huge success.

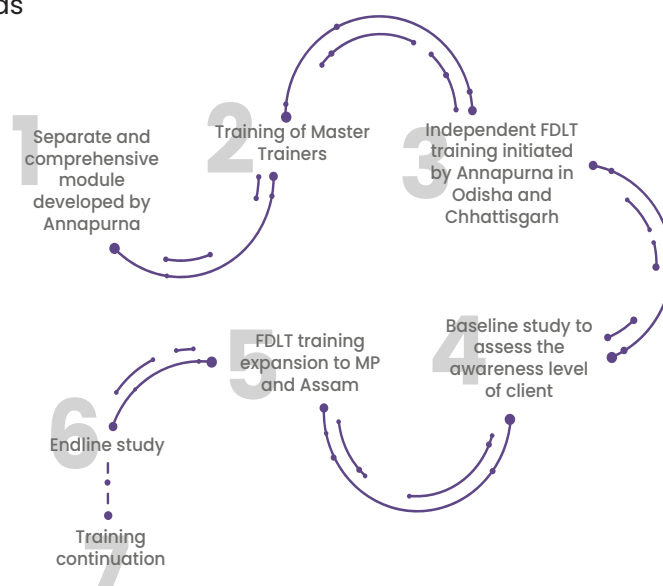




Financial and Digital Literacy Training

Financial and Digital Literacy program is the successor initiative of Financial Literacy Training previously being delivered in Odisha, with support from SIDBI. The objectives of the program were as follows:

- To improve client awareness on financial transactions
- To support better financial and health decision making at household level
- To make customer aware of the digital platforms and digital transaction methods



The training is a 3 day module covering the following areas:

- Household budget
- Financial needs and wants
- Income-Savings and Expenditure
- Long term and Short term expenditure
- Investment
- Basic banking services and digital banking
- Government schemes to help the customers in rural areas

FDLT (Financial and Digital Literacy Training) Impact study

Objective: To understand the effectiveness of FDLT in achieving its objectives

The impact assessment attempts to understand how the program has been successful in achieving the objective. Data was collected pre and post the impact study, from the same set of clients, to assess the difference in their level of awareness and change in behavioral patterns.

36753

Clients trained under FDLT

1302

Special training for clients in Assam

Highlights



Proportion of clients possessing ATM card doubled in the endline

Considerable increase (82% from 36%) in the proportion of clients who had saving habits for emergency needs



87% of the respondents had their family covered under insurance, up from 24% during baseline

A prominent increase was observed in the usage of bank account for security, emergency needs and money transfer and the frequency of visiting bank branches in a month has increased for 30% of the respondents after the training.



Increase in access to mobile and smartphone after receiving FDLT. (55% in endline as against 39% in baseline)

Increased participation in household decision making.



Increased awareness of government schemes. Proportion of respondents aware of National Pension Scheme and Sukanya Samridhi Yojana rose from 3% and 19% during baseline to 85% and 90% respectively, after imparting FDLT



DIRECTOR'S REPORT

Dear Members,

Your Board of Directors takes pleasure in presenting the Directors Report of Annapurna Finance Private Limited together with the audited financial statements, for the financial year ended March 31, 2020.

1) Financial and operational position

a. Financial Position

(in Rs. Cr)

Particulars	FY 20	FY 19	(YOY) %
Interest Income on portfolio loans	632.03	411.66	53.53%
Other Income	147.59	106.30	38.84%
Total Income	779.62	517.96	50.52%
Interest Expense on borrowings	356.34	216.99	64.22%
Provision Expense	52.70	15.74	234.82%
Total expense*	627.01	407.78	53.76%
PAT	82.89	62.50	32.62%
Total Debt Outstanding	3,907.34	2,746.70	42.26%
Total Equity	765.55	618.49	23.78%
GLP	4,008.81	3,002.25	33.53%
Managed Portfolio	503.97	291.39	72.95%

During the financial year, the Revenue from operation increased by Rs. 265.03 Crores and reached to Rs. 775.50 Crores as compared to previous financial year and registered a net profit of Rs. 82.89 Crores. Total Equity comprises of equity share capital of Rs. 68.70 crore, instruments entirely equity in nature of Rs. 3 Crore and other equity of Rs. 693.85 Crore.

b. Operational Position

Particulars	FY19	FY20	(YOY) %
No of Borrowers	1481287	1765232	19.17
No of Districts	232	292	25.86
No of Branches	570	718	25.96
Disbursement (On-Book) (Rs Cr)	3136.21	3969.12	26.56
Gross Loan Portfolio (Rs Cr)	3002.25	4029.88	34.23
Off book (BC + Securitisation) (Rs Cr)	493.39	563.04	14.12
Total Employees	4953	5947	20.07
Field Officers	2784	3550	27.51
GLP/Active Borrower	20268	22829	12.64



c. Funding Position

In terms of fundraising, the Company has mobilized funds amounting to Rs.3,330.05 crore in Financial Year 2019-20 out of which Rs. 1982.00 crores was raised through a term loan, Rs. 260.11 crore in the form of ECB, Rs. 156.52 crore in the form of securitization, Rs. 670.32 in the form of Direct Assignment and Rs.261.10 crore in the form of NCDs.

The company has added DBS Bank, Asian Development Bank, Equitas Small Finance Bank, Sumitomo Mitsui Banking Corporation (SMBC), Finnfund, Credit Agricole, Federal Bank, United Bank of India, State Bank of Mauritius, Nabsamruddhi Finance Limited, Nabkisan Finance Limited, Union Bank of India and Bank of Maharashtra to its list of funders in the FY 2019-20.

2) Dividend

To maintain a healthy Net worth & capital Adequacy ratio, the Board proposed to retain profits into the business itself and does not offer to declare a dividend on the equity shares of the company.

Further, your directors recommend a preference dividend at the rate of 0.0001% per annum on compulsory convertible preference shares of AATO (Aids Awareness Trust of Orissa) for the financial year ended as on 31st March 2020.

3) Reserves

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount not less than 20% of the profit after tax to be transferred to Statutory Reserve. The Company has transferred Rs. 18.74 Crores to Statutory Reserve.

4) Brief description of the Company's working during the year and State of Company's affair

a) Business Strategy:

The year 2019-20 was an eventful year for the Company. The Company registered positive growth for the first 11 months of the year and tested its resilience capacity in each area. It has also proven to build a sustainable and resilient organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees, generating profitable returns for our investors and contributing to the communities that we operate in.

In March, the pandemic came as an uninvited guest, and different processes within the company were affected. While the country went for a lockdown, Annapurna's top management, strategy team, and IT team worked to bring solutions to reach out to our clients, enable disbursement of loans and collect EMI. Thanks to the team that worked remotely from home, we could manage to integrate payment gateway through our website and enabled customers to pay through UPI app. Annapurna with its commitment to serve its client

throughout their lifecycle stood rock solid with the clients during this extremely difficult time and created an alternative environment for the business to continue. As a priority, Annapurna also ensured all its team members and their families remain safe during the pandemic. With this development, Annapurna is now capable of carrying out cashless disbursements along with receiving EMI digitally and digital onboarding of new clients.

As the crisis hit, it was also a testing time for our risk management system, and we are happy to inform you that we have successfully mitigated all the risks associated with the business and operation of the Company. With the help of our GIS Team, it was easy to identify the geographical areas most and least affected by the pandemic and also understand the impact of the same.

b) Product Strategy :

The loan product array of the Company includes SHG/JLG Loan, MEL (secured/unsecured), Water Sanitation, Dairy development, Samarth, Consumer Durable Loan, Solar Light loan, Housing Loan, Home improvement loan.

The Company is also planning to add more client-friendly products to its suite, which are in pipeline for the year 2020-21, i.e. emergency loan, Svanidhi subsidy Loan (A scheme under Govt of India PM Street Vendor's Atma Nirbhar Nidhi).

c) Geographical Strategy and outreach:

The operational area of the Company expanded across 18 states of the country, with 718 branches to provide financial services to 17.65 lakhs clients. In the year 2020-21, the Company will focus to strengthen the holding in existing states and to increase the client base in its operational territory.

d) Disaster Management Strategy:

The year FY 2019-20 put the Company in a gripping situation, concerning the industry. The year started on a strong footing with steady business growth but, come May 2019, the coastal parts of Odisha had been hit by an extremely severe Cyclone Fani. It led to mass devastation and had impacted districts like Puri, Khordha, Cuttack, Bhadrak, etc. The capital city, Bhubaneswar also felt the wrath of the cyclone and the city came to a standstill. The Company's in-house team was monitoring the cyclone route and had activated the business continuity plan to counter the externalities. The Company operated its satellite office in Sambalpur and Raipur to take care of the day to day operations as per the Business continuity plan.

In October 2019, there was a widespread protest in upper regions of Assam against the MFI industry which mainly erupted due to the issues related to tea garden workers. The tea garden workers have not been paid their salary for long and that resulted in cash flow mismatch. The industry body, mainly MFIN & SADHAN, along with the MFIs engaged with State administration and local administration to resolve the concerns and initiated the "BiHu Arthik Swavlamban" scheme to tackle the issues faced by stressed borrowers.



The impact of Coronavirus started being felt in the Feb-March 2020 and soon within two-three months, it engulfed the entire world. The management understood the magnanimity of the problem, and in the last week of March 2020 the Company directed all the staff to work from home and made necessary logistic arrangements for the critical resources before the nationwide lockdown was announced. The Company released the SOP for all the staff and customer engagement based on the directives released by the Ministry of Home Affairs, Government of India, and MFIN. Further with RBI circular of "COVID-19 regulatory package" which provides a moratorium on loans up to May 2020, the company instantly offered the same relief to all its borrowers and thereafter the relief further extended up to August 2020 as per RBI circular.

e) HR Management:

We are committed to hiring and retaining the best talent. We focus on promoting a collaborative, transparent, and participative organization culture, and rewarding individual contribution and innovation. The focus of our human resources management is to enable our employees to navigate their next, not just for clients, but also for themselves.

5) Credit Rating

The Company has long term rating and NCD rating from CRISIL, ICRA and CARE. The details of rating facilities as on 31st March, 2020 are as follows:

Rating	Long term Rating (Bank Loan)	NCD rating
CRISIL A-	1,100.00 Crore	414.00 Crore
CARE A-	451.83 Crore	88.60 Crore
ICRA A-	1,100.00 Crore	283.64 Crore

The Company has also rated its portfolio pools for assignment transactions.

6) Change in nature of business, if any

There was no change in nature of business.

7) Material changes & commitments affecting financial position between the end of the financial year and the date of this report.

There are no such material changes occurred after the close of the financial year of the Company to which the balance sheet relates and the date of this report like settlement of tax liabilities, major loan pre-closure, changes in the market or regulatory conditions, the institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets, changes in the business, assets, condition (financial or otherwise) or results of operations of the Company taken as a whole which is likely to have an impact on the business of the Company. However, due to the COVID-19 pandemic,

Company has granted moratorium to its substantial number of clients for tenure of 3 to 6 months.

8) Significant and material orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals in FY 2019-20 which would impact the going concern status and the Company's future operations.

9) Adequacy of internal financial controls

The Board has adopted policies and procedure for ensuring the orderly and efficient conduct of its business operations, including adherence to the company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanism, accuracy and completeness of the accounting record and timely preparation of reliable financial disclosures.

In addition to the Internal Controls on Operations, the Board has emphasized adequate internal financial control to ensure that the financial affairs of the Company are carried out with due diligence. Apart from the Internal Audit function which scrutinizes all the financial transactions, there are also processes laid down, leading to CEO/CFO certification to the Board on the adequacy of Internal Financial Controls as well as internal control over financial reporting.

10) Subsidiary/Joint Ventures/Associate Companies

The Company does not have any subsidiary/ joint venture/associate Company during the financial year 2019-20.

11) Public Deposits

During the period under review, the Company has not received or accepted any deposit from the public and retained its non-acceptance of public deposit NBFC status. The financials do not contain any figures that come under the classification of deposits as specified under Chapter V of the Companies Act, 2013.

The Company has issued Non-Convertible Debentures which does not fall under the definition of deposits as per Rule 2(c)(ix) and Rule 2(c)(ixa) of the Companies (Acceptance of Deposits) Rules, 2014.

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

12) Statutory Auditors and Audit report

- M/s. S. R. Batliboi & Co, Chartered Accountants, Statutory Auditors of the Company, holds office till the conclusion of the Annual General Meeting to be held in the year 2024. According to Sections 139 and 141 of the Act read with the Companies (Audit and Auditors) Rules 2014, they have furnished a certificate of their eligibility to act as the Statutory Auditors of the Company.



- The Statutory Auditor's report for fiscal 2019-2020 does not contain any qualification, reservation, or adverse remark and are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments. The Auditors' Report forms part of the Financial Statements as on 31st March 2020.

13) Adequacy of internal financial controls

Under the requirements of Section 204(1) of the Act and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Gopinath Nayak & Associates, Company Secretaries, (CP No. 6558), to conduct Secretarial Audit for the financial year 2019-20. The Report for the financial year ended 31st March 2020, is annexed to this report as "Annexure (i)". There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year 2019-20, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

14) Share Capital (As on March 31, 2020)

- The authorized share capital of the Company was Rs. 86.00 Crores consisting of 8,30,00,000 Equity Shares of Rs. 10 each and 30,00,000 Preference Shares of Rs. 10 each.
- The issued, subscribed and paid-up capital was Rs. 71.69 Crores consisting of 6,86,99,648 Equity Shares of Rs. 10 each and 30,00,000 Preference Shares of Rs. 10 each, both as fully paid-up.
- The Company has only one class of Equity Shares, i.e. Equity Shares of the face value of Rs. 10/- each.
- The shareholding pattern of the Company has not been altered in the financial year 2019-20.

15) Extract of annual return

The extracts of annual return (MGT-9) of the Company for the said financial year are available on the website of the Company (www.annapurnafinance.in).

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

As required under the provisions of Section 134 of the Companies Act, 2013 in respect of conservation of energy and technology absorption, your Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken.

Foreign Exchange Earnings and outgo:

Foreign exchange earnings and outgo	Amount
Foreign Exchange earning- Inflow	Nil
Foreign Exchange- Outflow	INR equivalent 16.76 Crore

17) Board of Directors

The Board of Directors of the Company has been constituted with proper combination of executive and non-executive directors. The Board consists of 12 Directors, out of which 3 (Three) are Independent Directors and 7 (Seven) are Nominee Directors. There are 3 (Three) women Directors on the Board and 83.33% of the Board consists of Non-Executive Directors.

a) Changes in Directors and Key Managerial Personnel during the year

Sl. No.	Name of Director	Designation	Nature of Change	Date of Change
1	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director	Cessation	03/04/2019
2	Ms. Milena Loayza Amorin	Nominee Director	Cessation	24/04/2019
3	Mrs. Laetitia Counye	Nominee Director	Appointment	24/04/2019
4	Mr. Krishna Kumar Tiwary	Independent Director	Re-appointment	21/06/2019
5	Mr. Sean Leslie Nossel	Independent Director	Re-appointment	21/06/2019
6	Mr. Satya Prakash Singh	Nominee Director	Cessation	12/09/2019
7	Mr. Rishi Dwivedi	Nominee Director	Appointment	24/10/2019
8	Mr. Sarath Naru	Alternate Director	Cessation	28/02/2020
9	Mr. Rishi Dwivedi	Nominee Director	Cessation	28/02/2020
10	Mr. Prakash Kumar	Nominee Director	Appointment	28/02/2020
11	Ms. Dhara Jitendra Mehta	Nominee Director	Appointment	28/02/2020

b) Declaration by Independent Director(s)

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



18) Managerial Remuneration

Details of managerial remuneration for the financial year 2019-20, pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned below:

1.	Ratio of remuneration of each directors to the median remuneration of employees of the Company:	
	Managing Director	72: 1
	Executive Director	33: 1
2.	In the Financial Year 2019-20, the percentage increase in remuneration of:	
	Managing Director Cum CEO	30%
	Executive Director	25%
	Chief Financial Officer	25%
	Company Secretary	20%
3.	Percentage increase in the median remuneration of employees in the financial year	8%
4.	Number of permanent employees on the rolls of the Company as on 31st March, 2020	5196
5.	Average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2019-20	10%
6.	Average percentile increase in the managerial remuneration in the financial year 2019-20.	14%
7.	Affirmation that the Company has a remuneration policy and the remuneration is as per the remuneration policy of the company	Yes
8.	(a) The name of every employee, who if employed throughout the financial year, was in receipt of remuneration (for FY 2019-20), in the aggregate, was not less than one crore and two lakh rupees.	N.A.
	(b) The name of every employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.	N.A.

19) Meeting of the Board of Directors

During the year, the Board met 4 (Four) times (i.e. on 21st June 2019, 12th September 2019, 6th December 2019 and 28th February 2020) which complies with the Companies Act, 2013.

20) Loans, guarantees or investments under section 186

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

21) Contracts or Arrangements with related parties.

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

22) Corporate Governance Report

A separate report on Corporate Governance (Annexure-ii) is provided and forming part of this report regarding the compliance of conditions of Corporate Governance as stipulated under Listing Regulations and Reserve Bank of India Guidelines.

23) Corporate Social Responsibility

The CSR activities of the Company during the year 2019-20 as per the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules 2014, form part of this report (Annexure-iii).

24) Directors' and Officers' Liability Insurance

The Company indemnifies all its past and present Directors and Officers in default, against certain liabilities and costs incurred by them in their respective capacities and taken an insurance policy for its Directors and Officers (D & O policy). The present limit of liability covered under the insurance policy is up to Rs. 50 Crores.

25) Directors' Responsibility Statement

The financial statements are prepared following the Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by SEBI. Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- In preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures.



- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records by the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls, which are adequate and are operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

26) Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013

The Company has been employing 525 women employees in various cadres as on March 31, 2020. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for reporting and conducting an inquiry into the complaints made by the victim on the harassments at the workplace. The functioning of the Committees was carried out as per the letter and spirit of the provisions of the Act.

During the FY 2019-2020, the Company has not received any complaint of sexual harassment and hence, no complaints were pending for redressal as on March 31, 2020.

27) Acknowledgements

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, co-operation, and dedication during the year.

Your Directors sincerely convey their appreciation to its customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

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

Sd/-

Gobinda Chandra Pattanaik
Managing Director

SECRETARIAL AUDIT REPORT

To

The Members,

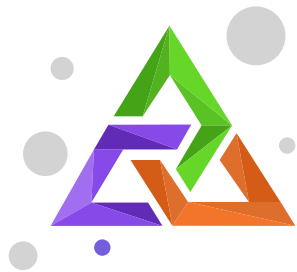
Annapurna Finance Private Limited

Khandagiri, Bhubaneswar-751030.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Annapurna Finance Private Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, statutory registers and returns filed and other records maintained by the Company for the period ended on 31.03.2020, according to the provisions of:

- I) The Companies Act, 2013 (the Act) and the Rules made there under;
- II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g) The requirements under the Debt Listing Agreements entered into with BSE Limited and The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and amendment thereof.
- h) The Memorandum and Articles of Association.

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

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

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

We further report that

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

Further the following changes have been made in the composition of Board and Key Managerial Personnel:

Sl. No.	Name of Director	Designation	Nature of Change	Date of Change
1	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director	Cessation	03/04/2019
2	Ms. Milena Loayza Amarin	Nominee Director	Cessation	24/04/2019
3	Mrs. Laetitia Counye	Nominee Director	Appointment	24/04/2019
4	Mr. Krishna Kumar Tiwary	Independent Director	Re-appointment	21/06/2019
5	Mr. Sean Leslie Nossel	Independent Director	Re-appointment	21/06/2019
6	Mr. Satya Prakash Singh	Nominee Director	Cessation	12/09/2019
7	Mr. Rishi Dwivedi	Nominee Director	Appointment	24/10/2019
8	Mr. Sarath Naru	Alternate Director	Cessation	28/02/2020
9	Mr. Rishi Dwivedi	Nominee Director	Cessation	28/02/2020
10	Mr. Prakash Kumar	Nominee Director	Appointment	28/02/2020
11	Ms. Dhara Jitendra Mehta	Nominee Director	Appointment	28/02/2020

Notice in terms of the Companies Act, 2013 was given to all directors to convene the Board and Committee Meetings. Agenda and detailed notes on agenda were sent to the respective directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, the company has not issued any shares.

We further report that during the audit period,

- a) Minutes of Board, Committees of Boards, and General Meetings, have been drafted in due time and signed.
- b) The Company has not altered its Memorandum of Association.
- c) The Company has not altered its Articles of Association.
- d) Some of the Statutory Returns filed with the ROC were beyond the prescribed date and complied with additional fee.
- e) In terms of Regulation 57 (1) of the SEBI (LODR) Regulations, the Company has submitted certificates to the stock exchange within two days of payment of interests or principal or both about timely payment.

We further report that the Company has mobilised funds amounting to Rs. 3,330.05 crore in Financial Year 2019-20 out of which Rs. 1982.00 crore was raised through term loan, Rs. 260.11 crore in the form of ECB, Rs. 156.52 crore in the form of securitization, Rs. 670.32 crore in the form of Direct Assignment and Rs. 261.10 crore in the form of NCDs. The NCDs were issued in private placement basis only.

The Company has an overall Borrowing Limit of Rs. 4300.00 Crores (Rupees Four Thousand Three Thousand Crores) as approved by the Shareholders in their meeting on 05th August, 2019 and out of which the company has borrowed Rs. 3821.63 Crores as on 31st March, 2020.

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

Sd/-

CS Gopinath Nayak

For Gopinath Nayak & Associates

FCS No: 6251

CP No: 6558



REPORT ON CORPORATE GOVERNANCE (2019-20)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Annapurna firmly believes in and has consistently endeavored to practice good corporate governance. Your Company believes that governance principles of the highest standard would enhance its reputation as a growing microfinance institution. It follows a sound governance process, consisting of a combination of best business practices, resulting in enhanced shareholders value and enabling the company to fulfill its obligations to customers, employees, financiers and to the society in general. The company further believes that, such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environment consciousness. The company makes its best endeavor to uphold and nurture these core values across all aspects of its operations.

2. BOARD STRENGTH & REPRESENTATION

2.1 Composition and Category

The composition of the Board is in conformity with the Companies Act, 2013. As on 31st March, 2020, the Board consists of 12 Directors. Out of which 3 (Three) are Independent Directors and 7 (Seven) are Nominee Directors. There are 3 (Three) women Directors on the Board. 83.33% of the Board consists of Non-Executive Directors.

The List of Directors as on 31st March 2020 are:

Sl. No.	Name of Directors	Designation
1.	Mr. Gobinda Chandra Pattanaik	Managing Director
2.	Mr. Dibyajyoti Pattanaik	Director
3.	Mr. Krishna Kumar Tiwary	Independent Director
4.	Mr. Sean Leslie Nossel	Independent Director
5.	Mr. Ashok Ranjan Samal	Independent Director
6.	Mr. Florian Christoph Grohs	Nominee Director
7.	Ms. Christina Stefanie Juhasz	Nominee Director
8.	Mrs. Laetitia Counye	Nominee Director
9.	Mr. Apurva Kumar	Nominee Director
10.	Mr. Satish Chavva	Nominee Director
11.	Ms. Dhara Jitendra Mehta	Nominee Director
12.	Mr. Prakash Kumar	Nominee Director

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

The company has complied all the necessary provisions of Companies Act 2013 and rules made there under by reporting the above mentioned changes to the Registrar of Companies in due time.

2.2 Category and Attendance of Directors

During the financial year 2019-20, the Board met 4 (Four) times (i.e. on 21st June 2019, 12th September 2019, 6th December 2019 and 28th February 2020). The names and categories of Directors, their attendance at the Board Meetings & Annual General Meeting and their interest in other companies are given below:

Name of Directors	Category	No of Board meeting attended	Attendance on AGM (05.08.2019)	No. of Directorship held in other Companies
Mr. Gobinda Chandra Pattanaik	Managing Director	4	Yes	0
Mr. Dibyajyoti Pattanaik	Director	4	Yes	0
Mr. Krishna Kumar Tiwary	Independent Director	4	No	1
Mr. Sean Leslie Nossel	Independent Director	3	No	0
Mr. Ashok Ranjan Samal	Independent Director	4	No	1
Mr. R.V Dilip Kumar	Nominee Director	0	No	N.A.
Mr. Satya Prakash Singh	Nominee Director	0	No	N.A.
Mr. Florian Christoph Grohs	Nominee Director	3	No	1
Ms. Christina Stefanie Juhasz	Nominee Director	4	Yes	0
Ms. Milena Loayza Amorin	Nominee Director	0	No	N.A.
Mr. Apurva Kumar	Nominee Director	4	No	0
Mr. Sarath Naru	Alternate Director	0	No	N.A.
Mr. Satish Chavva	Nominee Director	4	No	1



Mrs. Laetitia Counye	Nominee Director	4	No	0
Mr. Rishi Dwivedi	Nominee Director	1	No	N.A.
Mr. Prakash Kumar	Nominee Director	0	No	0
Ms. Dhara Jitendra Mehta	Nominee Director	0	No	8

2.3 Disclosure of relationship between directors inter-se

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

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

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

2.5 Information Placed before the Board

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

2.6 Evaluation of the Board

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board was undertaken. During the year, the Board undertook the process of evaluation through discussions and made an oral assessment of its functioning. The Board had, during the year, opportunities to interact and make an assessment of its functioning as a collective body. In addition, there were opportunities for Committees to interact, for Independent Directors to interact amongst themselves and for each Independent Director to interact with the Chairman. The Board found there was considerable value and richness in such discussions and deliberations.

The Board Evaluation discussion was focused around how to make the Board more effective as a collective body in the context of the business and the external environment in which the Company functions. From time to time during the year, the Board was appraised of the business issues and the related opportunities and risks. The Board discussed various aspects of the functioning of the Board and its Committees such as structure, composition, meetings, functions and interaction with Management and what needs to be done to further improve the effectiveness of the Board's functioning. Additionally, during the evaluation discussion, the Board also focused on the contribution being made by the Board as a whole, through Committees and discussions on a one on one basis with the Chairman.

The process of Board evaluation through oral assessment was led by the Chairman of the Nomination and Remuneration Committee. The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board that were functioning well with periodic reporting by the Committees to the Board on the work done and progress made during the period.

2.7 Independent Directors and Familiarization Programme

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

3. BOARD PROCEDURE AND CONDUCT

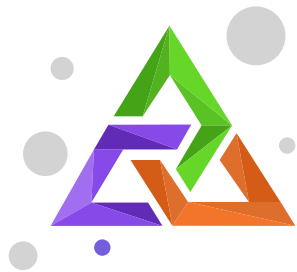
The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to arrive at appropriate decisions. The agenda and related information is circulated in electronic form through mail. This has reduced paper consumption,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

At Board Meetings, the Managing Director & CEO apprises the Board on the overall performance of the Company. The Board also, inter alia, reviews the strategy, annual business plan and capital expenditure budgets, quarterly, half-yearly and annual financial results, compliance reports on all laws applicable to the Company, EHS (Environment, Health and Safety) performance of the Company, people, process matters, minutes of meetings of Committees of the Board. In addition, the Board is kept informed of all major events and other information as required from time to time.

a) Audit Committee: The Committee met four times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Krishna Kumar Tiwary	Independent Director, Chairman
Mr. Ashok Ranjan Samal	Independent Director
Mrs. Christina Stefanie Juhasz	Nominee Director

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



b) CSR & SPM Committee: The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Gobinda Chandra Pattanaik	Managing Director, Chairman
Mr. Dibyajyoti Pattanaik	Executive Director
Mr. Sean Leslie Nossel	Independent Director
Mr. Ashok Ranjan Samal	Independent Director

c) Nomination & Remuneration Committee: The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Krishna Kumar Tiwary	Independent Director, Chairman
Mr. Sean Leslie Nossel	Independent Director
Mr. Gobinda Chandra Pattanaik	Managing Director
Mr. Ashok Ranjan Samal	Independent Director

d) Risk Management Committee: The Committee met four times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Gobinda Chandra Pattanaik	Managing Director, Chairman
Mr. Florian Christoph Grohs	Nominee Director
Mrs. Christina Stefanie Juhasz	Nominee Director

e) IT Strategy Committee: The Committee met one time during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director, Chair-man
Mr. Gobinda Chandra Pattanaik	Managing Director
Mr. Sarath Naru	Alternate Director
Mr. Dibyajyoti Pattanaik	Director

f) Product Committee: The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Dibyajyoti Pattanaik	Director, Chairman
Mr. Florian Grohs	Nominee Director
Mr. Ashok Ranjan Samal	Independent Director
Ms. Christina Juhasz	Nominee Director

g) ALM Committee (ALCO): The Committee met four times during the year. The Composition of the Committee is mentioned below: :

Name of Member	Category
Mr. Dibyajyoti Pattanaik (Executive Director)	Chairman
Mr. Satyajit Das (Chief Finance Manager)	Member
Mr. Sanjaya Pattanaik (Chief Operating Officer)	Member
Mr. Kumar Vaibhav (Head, Institutional Finance)	Member
Mr. Sabyasachi Sahu (Head, Credit Dept.)	Member
Mr. Anoop TP (Head, Risk Dept.)	Member

h) Annual Business Plan Committee (ABP committee): The Committee met one time during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director
Mr. Sean Leslie Nossel	Independent Director
Mr. Satish Chavva	Nominee Director

i) Executive Committee: The Committee met forty-two times (42) during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Gobinda Chandra Pattanaik (Managing Director)	Chairman
Mr. Dibyajyoti Pattanaik (Executive Director)	Member

5. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

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



6. DISCLOSURES

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

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from misuse or disposition and that transaction are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive program of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

For Annapurna Finance Pvt. Ltd.

Sd/-

Gobinda Chandra Pattanaik
Managing Director

CSR Activities during the Year 2019-20

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

Annapurna Finance is working diligently towards its social objective. In this process of making the social goals a reality, the organization not only has adopted customer centric approach in its operation but also the organization is creating a socially responsible image through the social activities taken up for the benefit of bigger stakeholders which is community.

To streamline the funding under CSR, Annapurna has a CSR policy in place, that stresses on areas like child development, healthcare facilities to vulnerable section of the society, environmental sustainability and supporting the government during emergency situation. The final beneficiaries of the projects under CSR funding are selected based on the level of vulnerabilities they are exposed to.

The organization has a CSR committee to monitor the CSR activities periodically and take important decisions whenever necessary. The CSR policy provides guidelines on the role and responsibility of the CSR committee, process to be followed for undertaking any CSR activities and spending under and from CSR. The CSR policy is put on the website for fairness and transparency towards the stakeholders.

2. The Composition of CSR Committee:

Name of the Committee Member	Designation
Mr. Gobinda Chandra Pattanaik (Managing Director)	Chairman
Mr. Sean Leslie Nossel (Independent Director)	Member
Mr. Ashok Ranjan Samal (Independent Director)	Member
Mr. Dibyajyoti Pattanaik (Executive Director)	Member

3. Average Net Profit of the Company for last three financial Years

INR. 43,80,44,081/-

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

INR. 87,60,882/-

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: INR 87,60,882/-

(b) Details of amount spent during the financial year:



S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) State and district where projects or programs was undertaken programs	Amount outlay (budget) project or programs wise (INR)	Actual Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Amount spent Directly or through implementing agency
1	Donation to Chief Minister's Disaster Relief Fund	Contribution to government relief funds	Khorda, Odisha	25,00,000	35,00,000	Direct
2	Amma Ghara	Child Welfare and Development	Khorda, Odisha	44,40,000	44,40,000	Through People's Forum
3	Tree Plantation on Gandhi Jayanti	Environment	Bihar	Nil	41,660	Direct
4	Installation of play equipments at Schools	Child Welfare and Development	Khorda, Odisha	10,00,000	9,57,023	Direct
5	Mobile Medical Unit	Health Care	Khorda, Odisha	34,20,285	19,18,717	Through People's Forum
Total				1,13,60,285	1,08,57,400	

6. Reason of failure to spend the two per cent of the average net profit of the last three financial years:

Not Applicable

7. Details of implementing agency:

Peoples Forum is a state-based organisation setup in 1989, and it is engaged in various development activities since. The company is affiliated under Agriculture Sector Skill Council and registered under Society registration Act 1860.

8. Responsibility statement of CSR Committee

It is hereby declared that the implementation and monitoring of CSR activities of the Company is as per the CSR objectives and Policy of the Company.

Sd/-

Gobinda Chandra Pattanaik

(Chairman of the CSR Committee)

INDEPENDENT AUDITOR'S REPORT

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Annapurna Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SA), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 44 of the Ind AS financial statements, which describes the economic and social disruption as a result of the COVID-19 pandemic on the Company's business and financial metrics, including the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework (as described in Note 43 of the Ind AS financial statements)	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS.	Our audit procedures included the following: • Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Read changes made to accounting policies in light of the requirements of the new framework. • We understood the financial statement closure process and the additional controls (including IT controls)

Key audit matters	How our audit addressed the key audit matter
The transition has involved significant changes in the Company's financial reporting processes, including generation of reliable and supportable financial information. The transition has also required the management to exercise judgement in determining the impact of Ind AS on specific disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexities and significant judgement involved in implementing Ind AS, we have considered this area as a key audit matter.	established by the Company for transition to Ind AS. - Assessed the judgement applied by the Company in determining its business model for classification of financial assets. - Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. - Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant RBI Directions. - Assessed disclosures made by the management for compliance with Ind AS
Impairment of financial assets at balance sheet date (including provision for expected credit losses) (as described in note 7 and note 42.2 of the Ind AS financial statements)	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'.	Our audit procedures included the following: - Considered the Company's accounting policies for impairment of loan receivables and assessing compliance with the policies in terms of Ind AS 109. - Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. - Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3.



Key audit matters	How our audit addressed the key audit matter
2. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. 3. Determining effect of less frequent past events on future probability of default. Additional considerations on account of CoVID-19 Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020 read with advisory issued by the Microfinance Institutions Network dated March 30, 2020 ("MFIN advisory"), the Company has extended a moratorium to its borrower in accordance with its Board approved policy as described in Note 44. In accordance with the guidance from the ICAI, extension of the moratorium to borrowers by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium period gets over. The Company has recorded a macroeconomic overlay of INR 3,567.02 lacs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (CoVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the macroeconomic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the macroeconomic overlay estimate takes into account reasonably and supportable	• Tested the input data used for determining the PD and LGD rates and • agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management • function to assess the impact of lock-down on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and MFIN advisory and tested the implementation of such policy on a sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including CoVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. Compared the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of CoVID-19 on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
information without incurring significant cost. The actual credit losses for the next 12 months could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID-19 related developments, it is a key audit matter.	
(c) IT Systems and Controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls. • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting. • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.



Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes 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, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;

(h) 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, as amended 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; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

UDIN: 20060352AAAACV4212

Place of Signature: Kolkata

Date: July 9, 2020



Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Annapurna Finance Private Limited as at and for the year ended March 31, 2020

(i) (a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.

(b) Majority of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues, applicable to the Company, have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues, applicable to the Company, were outstanding, at the year-end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs. In Lacs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,666.31	AY 2017-18	Commissioner of Income

(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 dues to debenture holders. The Company did not have any dues of loans or borrowings to government during the year.

(ix) According to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, money raised by the Company by way of term loans / debt instruments were applied for the purpose for which those 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 to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 14.26 lacs and out of which no amount has been recovered.

(xi) The Company being a private Company, hence the provisions of section 197 read with Schedule V of the Act is not applicable and hence not commented upon.



(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(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 directors 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 **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

UDIN: 20060352AAAACV4212

Place of Signature: Kolkata

Date: July 9, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ANNAPURNA FINANCE PRIVATE LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Annapurna Finance Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating



the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating

effectively as at March 31, 2020, 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 **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

UDIN: 20060352AAAACV4212

Place of Signature: Kolkata

Date: July 9, 2020



Annapurna Finance Private Limited
Balance Sheet as at March 31, 2020

(In Lakhs Rs.)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I ASSETS				
1 Financial assets				
Cash and cash equivalents	4	70,027	45,996	27,027
Bank balance other than cash and cash equivalents	5	41,784	20,429	12,626
Trade Receivables	6	47	60	153
Loans and Advances	7	353,427	270,001	155,254
Other financial assets	8.1	9,243	6,705	1,538
Total financial assets		474,528	343,191	196,598
2 Non-financial assets				
Current tax assets (net)	9.1	1,704	741	292
Deferred tax assets (net)	9.2	-	164	964
Property, plant and equipment	10	1,175	997	520
Intangible assets	11	213	157	136
Right-of-use assets	12	99	-	-
Other non-financial assets	8.2	629	493	206
Total non- financial assets		3,820	2,552	2,118
Total assets		478,348	345,743	198,716
II LIABILITIES AND EQUITY				
Liabilities				
1 Financial liabilities				
Payables				
(i) Trade Payables				
- Total outstanding dues of micro enterprises and small enterprises	13	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		336	319	161
Debt securities	14	64,179	62,056	36,714
Borrowings (other than debt securities)	15	300,782	198,704	119,169
Subordinated liabilities	16	25,776	13,922	13,938
Lease liabilities	12	85	-	-
Other financial liabilities	17.1	8,541	8,463	4,094
Total financial liabilities		399,699	283,464	174,076
2 Non-financial liabilities				
Provisions	18	668	247	42
Deferred Tax liabilities (net)	9.2	1,098	-	-
Other non-financial liabilities	17.2	328	183	94
Total non- financial liabilities		2,094	430	136
Total liabilities		401,793	283,894	174,212
Equity				
Equity share capital	19	6,870	6,870	4,302
Instruments entirely equity in nature	20	300	300	300
Other equity	21	69,385	54,679	19,902
Total Equity		76,555	61,849	24,504
Total liabilities and equity		478,348	345,743	198,716

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

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005
per Sanjay Kumar Agarwal
 Partner
 Membership No.: 060352

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

Gobinda Chandra Pattanaik **Dibyajyoti Pattanaik**
 Managing Director Director

Subrat Pradhan **Satyajit Das**
 Company Secretary Chief Financial Officer

Place: Kolkata
 Date: July 09, 2020

Place: Bhubaneswar
 Date: July 09, 2020

Annapurna Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

(In Lakhs Rs.)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	22	71,086	45,099
Fees and commission income	23.1	682	2,726
Net gain on derecognition of loans designated at FVOCI	23.2	5,664	3,032
Bad Debt Recovery		118	190
(I) Total revenue from operations		77,550	51,047
(II) Other income	24	412	749
(III) Total income (I + II)		77,962	51,796
Expenses			
Finance costs	25	37,737	22,686
Impairment of financial assets	26	5,270	1,574
Employee benefit expenses	27	17,727	12,869
Depreciation & amortisation expenses	28	874	559
Other expenses	29	6,363	4,663
(IV) Total Expenses		67,971	42,352
(V) Profit before tax (III-IV)		9,991	9,445
(VI) Tax expense:			
Current tax		3,060	3,029
Tax for prior year	9.3	(533)	-
Deferred tax charge/ (credit)		(825)	165
(VII) Profit for the year (V-VI)		8,289	6,250
(VIII) Other comprehensive income			
A Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan	33.3	(54)	(30)
Income tax relating to items that will not be reclassified to profit	9.3	13	9
Subtotal (A)		(41)	(21)
B Items that will be reclassified to profit or loss			
Net change in fair value of loans measured at fair value through other comprehensive income		8,287	2,209
Income tax relating to items that will be reclassified to profit or loss	9.3	(2,086)	(643)
Subtotal (B)		6,201	1,566
Other Comprehensive Income (A+B)		6,160	1,545
(IX) Total comprehensive income (Comprising profit / (loss) and Other Comprehensive Income for the year (VII) + (VIII))		14,449	7,796
(X) Earnings per equity share (face value of ₹10.00 each)			
Basic (Rs.)	30	12.07	11.69
Diluted (Rs.)		10.96	10.39

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

As per our report of even date

For S.R.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005
per Sanjay Kumar Agarwal
 Partner
 Membership No.: 060352

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

Gobinda Chandra Pattanaik
 Managing Director

Dibyajyoti Pattanaik
 Director

Subrat Pradhan
 Company Secretary

Satyajit Das
 Chief Financial Officer

Place: Kolkata
 Date: July 09, 2020

Place: Bhubaneswar
 Date: July 09, 2020



Annapurna Finance Private Limited
Cash Flow Statement for the year ended March 31, 2020

(In Lakhs Rs.)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before tax	9,991	9,445
Adjustments for:		
Depreciation and amortisation expenses on Property, Plant and Equipment, Intangible Assets and Right of Use Assets	874	559
Impairment of financial instruments	5,270	1,574
Provision for insurance claim receivable and others	457	348
Profit on sale of current investments	(87)	(486)
Liability no longer required written back	-	(75)
Net gain on derecognition of property, plant and equipment	(1)	-
Gain on derecognition of Loans designated at FVOCI	(5,664)	-
Share based payments to employees	263	536
Operating profit before working capital changes	11,103	11,900
Movements in working capital:		
(Increase)/Decrease in other financial and non financial assets	2,509	(5,800)
(Increase) in fixed deposits (net)	(21,354)	(8,184)
(Increase) in trade receivables	(13)	(93)
(Increase) in loans and advances	(80,408)	(114,113)
Increase in other financial and non financial liabilities	224	4,458
Increase in provisions	421	279
Increase in Trade payables	17	158
Cash (used) in operations	(87,501)	(111,395)
Income tax paid (net of refunds)	(3,477)	(2,945)
Net cash flows (used in) operating activities (A)	(90,978)	(114,340)
Cash flow from Investing activities		
Purchase of property, plant and equipment	(834)	(903)
Proceeds from sale of property, plant and equipment	4	-
Purchase of Intangible assets	(227)	(154)
Purchase of current investments	(28,200)	(140,700)
Proceeds from sale of current investments	28,287	141,190
Net cash flows (used in) investing activities (B)	(970)	(567)
Cash flow from financing activities		
Proceeds from issuance of equity share capital (including premium) (net of share issue expenses)	-	29,014
Proceeds from debt securities (net)	2,123	25,342
Repayment of Lease liabilities	(89)	-
Interest accretion on lease liabilities	13	-
Proceeds from Borrowings (other than debt securities) (net)	102,078	79,535
Proceeds/ (repayment) of Subordinated liabilities (net)	11,854	(16)
Net cash flows from financing activities (C)	115,979	133,875
Net increase in cash and cash equivalents (A+B+C)	24,031	18,969
Cash and cash equivalents at the beginning of the year	45,996	27,027
Cash and cash equivalents at the end of the year (Refer note 4)	70,027	45,996
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	24,439	24,232
deposit with original maturity of less than three months	45,391	21,593
Cash on hand	197	171
Total cash and cash equivalents at the end of the year	70,027	45,996

Cash flow from operating activities include interest received of Rs 62,238 lakhs (previous year Rs 45,950 lakhs) and interest paid of Rs 34,018 lakhs (previous year Rs 21,535 lakhs)

Notes:

- For reconciliation of liabilities arising from financing activities refer note no 39
 - Figures in () indicate cash outflow.
- The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R.Batlboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005
per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

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

Gobinda Chandra Pattanaik **Dibyajyoti Pattanaik**
Managing Director Director

Subrat Pradhan **Satyajit Das**
Company Secretary Chief Financial Officer

Place: Kolkata
Date: July 09, 2020

Place: Bhubaneswar
Date: July 09, 2020





ANNAPURNA
— FINANCE —
GROWING TOGETHER

Registered & Corporate Office
1215/1401, Khandagiri Bari,
Opposite Jayadev Vatika,
Khandagiri, Bhubaneswar
Odisha- 751030

Phone No: +91-674-2386580
info@ampl.net.in
<https://annapurnafinance.in>

follow us on

