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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) <u>Transition to Ind AS accounting framework</u> *(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)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td colspan="2">(b) <u>Impairment of financial assets at balance sheet date (including provision for expected credit losses)</u> (as described in note 7 and note 42.2 of the Ind AS financial statements)</td></tr>
<tr><td>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'.</td><td>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.</td></tr>
</table>

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

Digitally signed by Sanjay Agarwal
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Location: Kolkata
Date: 2020.07.09 23:45:09 +05'30'

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 Tax (Appeals)

(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

Digitally signed by Sanjay Agarwal
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Location: Kolkata
Date: 2020.07.09 23:44:51 +05'30'

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 LIMTED

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

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Date: 2020.07.09 23:44:40 +05'30'

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 Rs. Lakhs)

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	3,53,427	2,70,001	1,55,254
Other financial assets	8.1	9,243	6,705	1,538
Total financial assets		**4,74,528**	**3,43,191**	**1,96,598**
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		**4,78,348**	**3,45,743**	**1,98,716**
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	3,00,782	1,98,704	1,19,169
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		**3,99,699**	**2,83,464**	**1,74,076**
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		**4,01,793**	**2,83,894**	**1,74,212**
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		**4,78,348**	**3,45,743**	**1,98,716**

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
Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:44:28 +05'30'
per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: July 09, 2020

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

Gobinda Chandra Pattanaik
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Date: 2020.07.09 23:22:02 +05'30'

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Gobinda Chandra Pattanaik
Managing Director

Dibyajyoti Pattanaik
Director

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Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

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

(In Rs. Lakhs)

	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 or loss	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

Digitally signed by Sanjay Agarwal
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Date: 2020.07.09 23:44:17 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: July 09, 2020

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

Gobinda Chandra Pattanaik
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Gobinda Chandra Pattanaik
Managing Director

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Dibyajyoti Pattanaik
Director

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Company Secretary

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Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

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

(In Rs. Lakhs)

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)	(1,14,113)
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)**	**(1,11,395)**
Income tax paid (net of refunds)	(3,477)	(2,945)
Net cash flows (used in) operating activities (A)	**(90,978)**	**(1,14,340)**
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)	(1,40,700)
Proceeds from sale of current investments	28,287	1,41,190
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)	1,02,078	79,535
Proceeds/ (repayment) of Subordinated liabilities (net)	11,854	(16)
Net cash flows from financing activities (C)	**1,15,979**	**1,33,875**
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:

1. For reconciliation of liabilities arising from financing activities refer note no 39

2. 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.Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:44:04 +05'30'

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: July 09, 2020

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

Gobinda Chandra Pattanaik
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Gobinda Chandra Pattanaik
Managing Director

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Dibyajyoti Pattanaik
Director

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Subrat Pradhan
Company Secretary

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Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

Annapurna Finance Private Limited
Statement of changes in Equity for the year ended March 31, 2020

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	In Nos.	In Rs. Lakhs
As at 1 April 2018	**4,30,21,408**	**4,302**
Issued during the year	2,56,78,240	2,568
As at 31 March 2019	**6,86,99,648**	**6,870**
Issued during the year	-	-
As at 31 March 2020	**6,86,99,648**	**6,870**

b. Other Equity

(In Rs. Lakhs)

	Reserves and Surplus					
	Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained Earnings	Other items of Comprehensive Income (Fair valuation on portfolio)	Total
Balance as at April 1, 2018	**1,130**	**13,771**	**371**	**4,630**	**-**	**19,902**
Profit for the year	-	-	-	6,250	-	6,250
Other comprehensive income	-	-	-	(21)	1,566	1,545
Total comprehensive income for the year	**-**	**-**	**-**	**6,230**	**1,566**	**7,796**
Transfer to Statutory reserves	1,165	-	-	(1,165)	-	-
Issue of new shares (net of share issue expenses)	-	26,446		-	-	26,446
Amortization of vesting expenses of Employee stock option plan	-	-	535	-	-	535
Balance as at March 31, 2019	**2,295**	**40,217**	**906**	**9,695**	**1,566**	**54,679**
Profit for the year	-	-	-	8,289	-	8,289
Other comprehensive income	-	-	-	(41)	6,201	6,160
Total comprehensive income for the year	-	-	-	**8,248**	**6,201**	**14,449**
Impact due to adoption of Ind AS 116 (net of deferred tax)	-	-	-	(5)	-	(5)
Transfer to/from retained earnings	1,874			(1,874)	-	-
Amortization of vesting expenses of Employee stock option plan	-	-	263	-	-	263
Balance as at March 31, 2020	**4,169**	**40,217**	**1,169**	**16,063**	**7,767**	**69,385**

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
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Location: Kolkata
Date: 2020.07.09 23:43:20 +05'30'

Place: Kolkata
Date: July 09, 2020

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

Gobinda Chandra Pattanaik
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Date: 2020.07.09 23:25:13 +05'30'

Gobinda Chandra Pattanaik
Managing Director

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Dibyajyoti Pattanaik
Director

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Subrat Pradhan
Company Secretary

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Date: 2020.07.09 23:30:31 +05'30'

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020

1.1 Corporate information

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

The Company's registered office is at Bhubaneshwar, Odisha, India. Its debentures are listed on Bombay stock exchanges in India.

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

The financials for the year ended March 31, 2020 were approved by the Board of Directors on July 9, 2020.

1.2 Basis of Preparation

These Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act 2013 ("the Act"). The financial statement has been prepared on going concern basis.

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Direction – Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

These Ind AS financial statements for the year ended 31 March 2020, are the first , that the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 - First time adoption of Indian Accounting Standards, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 43.

In view of the matters as mentioned in note 44, the Company has assessed the impact of the Novel Coronavirus (COVID 19) pandemic on its liquidity and ability to repay its obligations as and when they are due. With the gradual relaxation of lockdown rules, as well as resumption of commercial activities by borrowers in a majority of geographies in which the Company operates, management is confident that collections will resume, albeit likely at a lower level than earlier. In this regard, all branches of the Company are in a state of readiness with optimal workforce to deal with normal business operations, while continuing to comply with regulatory guidelines on businesses, social distancing etc. The Company has also commenced field visits to meet customers. Also, the management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC- MFI, current status/ outcomes of discussions with the Company's lenders to seek/ extend moratorium and various other financial support from other banks/ agencies in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

These Ind AS financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), all of which have been measured at fair value.

These Ind AS financial statements for the year ended March 31, 2020 have been prepared in Indian Rupee (INR), which is the functional currency of the Company, and all values are rounded to the nearest lakhs, except when otherwise indicated.

1.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 38.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Revenue recognition income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

(i) Interest income and expense
Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method . The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend Income
Dividend income is recognised when the right to receive payment is established, which is generally when the shareholders approve the dividend.

(iii) Net gain on derecognition of loans designated at FVOCI:
In case of Direct assignment agreements, Income from excess interest spread over the expected life of the agreement is recognised in the statement of profit or loss upfront based on the discounted cash flows and a corresponding receivable is recognised in the Balance sheet. Further, provision as per expected credit loss model is also recognised on such receivable. Also, interest income is recognised in subsequent periods on account of unwinding of such receivable.

(iv) Fees and Commission Income:
Income from services rendered in connection with loans given on behalf of banks to Self help groups and joint liability groups organized/ monitored by the Company are recognized on accrual basis as and when such services are rendered.

(v) Other Income and expenses :
All other income and expenses are recognised in the period they occur.

2.2 Cash and cash equivalents
Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

2.3 Property, plant and equipment ('PPE') and Intangible assets

Initial Recognition and measurement
PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

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

2.4 Depreciation and amortization

2.4.1 Depreciation
Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of Asset	**Useful Life (Years)**
Furniture and fittings	10
Office equipment	5
Vehicles	8
Computers	3

2.4.2 Amortisation
Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

2.5 Impairment of non- financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will he required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

2.7 Contingent liabilities and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognised a contingent liability but discloses its existence in financial statements, if any.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.8 Retirement and other employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

2.8.1 Defined contribution plan

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

2.8.2 Defined benefit plan

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Gains or losses through remeasurements of net benefit liabilities/ assets are recognised with corresponding charge/credit to the retained earnings through other comprehensive income in the period in which they occur.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

2.8.3 Other employee benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based or the actuarial valuation using the projected unit credit method at the enc of each financial year. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.9 Taxes

2.9.1 Current income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are as per Income tax Act, 1961. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.9.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting dale and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss [either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

2.10 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.11 Employee Stock Option Plan and Management Stock Option Plan

Equity-settled share based payments to employees and senior management executives, are measured at the fair value of the equity instruments at the grant date.

The cost of equity-settled transactions is measured using the fair value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves, at the date when the grant is made using an appropriate valuation model. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.12.1 Financial Assets

2.12.1.1 Initial recognition and measurement

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

2.12.1.2 Classification and Subsequent measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms that give rise to contractual cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding in accordance with the requirements of Ind AS 109.

2.12.1.2.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.12.1.3 Loans

2.12.1.3.1 Loans at amortised cost

Loans are measured at the amortised cost if both the following conditions are met:
(a) Such loan is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

2.12.1.3.1 Loans at fair value through other comprehensive income (FVOCI)

Loans are measured at the FVOCI if both the following conditions are met:
(a) Such loan is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.12.2 Financial Liabilities

2.12.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

2.12.2.2 Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.12.2.3 Reclassification of financial assets and liabilities

The company doesn’t reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.12.3 De-recognition of financial assets and liabilities

2.12.3.1 De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flow from the financial asset have expired. The Company also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if, either:
- It has transferred its contractual rights to receive cash flows from the financial asset

Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement.
Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset’), but assumes a contractual obligation to pay those cash flows to one or more entities {the 'eventual recipients’), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:
- The Company has transferred substantially all the risks and rewards of the asset

Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
The Company considers control to be transferred and only if, the transferee has the practical ability to sell the asset in its entirely to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount {measured at the date of derecognition) and (b} the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

2.12.3.2 De-recognition of financial liabilities
Financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.12.4 Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets
In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL)

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups for the purpose of Expected credit loss computation.

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)
Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk/ SICR)
Stage 3 includes default loans. A loan is considered default at the earlier of (I) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or more on any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: 0 to 30 Days Past Due
Stage 2: 31 to 89 Days Past Due (SICR)
Stage 3: above 89 Days Past Due (Default)

2.13.1 The calculation of ECL
The Company calculates ECLs based on historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD). ECL is calculated by multiplying them. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a. **Probability of Default (PD):** PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 to March 2013 till March 2019 which is 7-years period of historical information

b. **Exposure at default (EAD):** Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

c. **Loss given default (LGD):** LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
LGD is computed as below:
1.All Loans which are above 89 DPD as on 31 March 2013, are taken and the difference in the principal outstanding as on 31st March 2013 and 31st March 2019 is considered as recovery.
2.Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018 and recovery rate is computed for each year.
3.LGD= 1- Recovery rate which is computed for each period of observation

2.13.2 Forward Looking information
The Company performs an analysis of inputs to the ECL model, as referred above, under multiple economic scenarios at the end of each reporting period and adjusts the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

2.14 Fair value measurement
The Company measures financial instruments at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received lo sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:- In the principal market for the asset or liability, or- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. (Refer Note 40 to Ind AS Financial Statements for the year ended March 31, 2020)

2.15 Derivatives
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. Derivatives embedded are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

2.16 Write-offs
Loans are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write offs. All such write offs are charged to Profit and Loss statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

2.17 Convertible Preference Shares
Convertible preference shares are classified as Instruments entirely equity in nature as per the terms of the contract since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs, if any, are deducted from equity, net of associated income tax.

2.18 Segment information
The Company operates in a single business segment i.e. lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The (Company operates in a single geographical segment i.e. domestic.

2.19 Foreign currency

Transactions in foreign currencies are initially recorded by the Company at the exchange rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except for the tax charges and credits attributable to exchange differences on monetary items , which are recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.20 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.
The Company has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1st April 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Adoption of Ind- AS 116 doesn’t have any material impact on the financial statements of the Company.
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.
If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer 2.5 Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of Office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's Ind AS financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

a. Business model assessment (Refer note 2.12.1.2.1)

b. Fair value of financial instruments (Refer note 2.14)

c. Effective Interest Rate (Refer note 2.1(I))

d. Impairment of Financial assets (Refer note 2.13)

e. Provision (Refer note 2.6)

f. Useful life of Property, plant and equipment and Intangible assets (Refer note 2.4)

g. Actuarial valuation (Refer note 2.8)

h. Taxes- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses including unabsorbed depreciation can be utilised. Significant management estimate and assumptions is required to determine the amount deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. For details, refer note 2.9

I. Leases- Estimating the incremental borrowing rate- The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For details, refer note 2.20.

Standards issued but not yet effective:
There are no standards issued but not yet effective up to the date of issuance of the Company's financial statements.

Other amendments effective from current year including amendment to appendix C of Ind AS 12 (Income taxes), Ind AS 109 (Prepayment features with negative compensation), Ind AS 19 (Employee benefits), Ind AS 23 (Borrowing costs) do not have any material impact on the financial statements of the Company.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash in hand	197	171	43
Balances with Banks in current accounts	24,439	24,232	25,184
Bank deposit with maturity of less than 3 months	45,391	21,593	1,800
	70,027	**45,996**	**27,027**

Balances with banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Fixed deposit with remaining maturity of less than 12 months*	13,923	7,355	2,686
Fixed deposit with remaining maturity of more than 12 months*	27,861	13,074	9,940
	41,784	**20,429**	**12,626**

*Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.

Note 6: Trade Receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Accrued Commission on Business Correspondant activities (Unsecured, considered good)	47	60	153
	47	**60**	**153**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

Note 7: Loans and Advances

(In Rs. Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Amortised Cost	At fair value Through Other Comprehensive Income#	Total	Amortised Cost	At fair value Through Other Comprehensive Income#	Total	Amortised Cost	At fair value Through Other Comprehensive Income	Total
i) Term loans (including securitised pool)	64,989	2,94,207	3,59,196	51,171	2,21,237	2,72,408	1,57,439		1,57,439
ii) Staff Loan	284	-	284	296	-	296	77		77
Total (A) - Gross	**65,273**	**2,94,207**	**3,59,480**	**51,467**	**2,21,237**	**2,72,704**	**1,57,516**	-	**1,57,516**
Less: Impairment loss allowance	1,792	4,261	6,053	408	2,295	2,703	2,262		2,262
Total (A) - Net	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**
i) Secured	27,193	-	**27,193**	4,797	-	-	-	-	-
ii) Unsecured	38,080	2,94,207	**3,32,287**	46,670	2,21,237	2,67,907	1,57,516		1,57,516
Total (B) - Gross	**65,273**	**2,94,207**	**3,59,480**	**51,467**	**2,21,237**	**2,72,704**	**1,57,516**	-	**1,57,516**
Less : Impairment loss allowance	1,792	4,261	**6,053**	408	2,295	2,703	2,262		2,262
Total (B) - Net	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**
Loans in India									
i) Public Sector	-	-	-	-	-	-	-	-	-
ii) Others	65,273	2,94,207	**3,59,480**	51,467	2,21,237	2,72,704	1,57,516		1,57,516
Total - Gross	**65,273**	**2,94,207**	**3,59,480**	**51,467**	**2,21,237**	**2,72,704**	**1,57,516**	-	**1,57,516**
Less: Impairment loss allowance	1,792	4,261	**6,053**	408	2,295	2,703	2,262		2,262
Total - Net	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**
Loans outside India	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-	-	-	-
Total (C)	**63,481**	**2,89,946**	**3,53,427**	**51,059**	**2,18,942**	**2,70,001**	**1,55,254**	-	**1,55,254**

Represents fair value of loans designated at FVOCI
The details of loans hypothecated against borrowings are presented in Note 14-15.

Reconciliation of Impairment allowance

Particulars	As at March 31, 2020			As at March 31, 2019		
	Amortised Cost	At fair value Through Other Comprehensive Income	Total	Amortised Cost	At fair value Through Other Comprehensive Income	Total
Opening Provision	408	2,295	2,703	109	2,153	2,262
Add: Impairment provision created during the year(Refer note 26)	1,431	3,838	5,269	305	1,269	1,574
Less: Amount written off	(47)	(1,872)	(1,919)	(6)	(1,127)	(1,133)
Less: Recovery made during the year	-	-	-	-	-	-
Closing Provision	**1,792**	**4,261**	**6,053**	**408**	**2,295**	**2,703**

7(a)(2)(1) Term Loans

Gross carrying value of assets as at 31st March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,51,511	2,800	-	3,54,311
Non Performing assets	-	-	4,886	4,886
Total	**3,51,511**	**2,800**	**4,886**	**3,59,197**

Gross carrying value of assets as at 31st March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	2,68,470	560	-	2,69,030
Non Performing assets	-	-	3,378	3,378
Total	**2,68,470**	**560**	**3,378**	**2,72,408**

Gross carrying value of assets as at 1st April 2018

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	1,53,225	932	-	1,54,157
Non Performing assets	-	-	3,282	3,282
Total	**1,53,225**	**932**	**3,282**	**1,57,439**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at 31st March 2019	2,68,470	560	3,378	2,72,408
New assets originated during the year, Netted off for repayments and derecognised portfolio	85,617	2,626	464	88,707
Assets written off during the year			(1,919)	(1,919)
Movement between stages				
Transfer from Stage 1	(2,700)	2	2,698	-
Transfer from Stage 2	0	(386)	386	-
Transfer from Stage 3	118	1	(119)	-
Gross carrying value of assets as at 31st March 2020	**3,51,511**	**2,800**	**4,886**	**3,59,197**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 31st March 2019	1,051	32	1,620	2,703
New assets originated during the year, Netted off for repayments and derecognised portfolio	2,919	199	2,151	5,269
Assets written off during the year	-	-	(1,919)	(1,919)
ECL allowance as at 31st March 2020	**3,970**	**231**	**1,852**	**6,053**

a) ECL for stage 1 has increased primarily on account of new assets originated during the year.
a) ECL for stage 2 has increased primarily on account of new assets originated during the year.
c) ECL for stage 3 (net of write off) has increased on account of new asset originated during the year.
d) Increase is also on account of additional provision made on account of COVID 19 pandemic (Refer Note 44)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at 1st April 2018	1,53,225	932	3,282	1,57,439
New assets originated during the year, Netted off for repayments and derecognised portfolio	1,15,239	(129)	992	1,16,102
Assets written off during the year			(1,133)	(1,133)
Movement between stages				
Transfer from Stage 1	(184)	5	179	-
Transfer from Stage 2	1	(248)	247	-
Transfer from Stage 3	189	0	(189)	-
Gross carrying value of assets as at 31st March 2019	**2,68,470**	**560**	**3,378**	**2,72,408**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1st April 2018	567	52	1,643	2,262
New assets originated during the year, Netted off for repayments and derecognised portfolio	484	(20)	1,110	1,574
Assets written off during the year	-	-	(1,133)	(1,133)
ECL allowance as at 31st March 2019	**1,051**	**32**	**1,620**	**2,703**

a) ECL for stage 1 has increased primarily on account of new assets originated during the year.
b) ECL for stage 2 loans has declined primarily on account of transfers to stage 3 during the year.
c) ECL for stage 3 (net of write off) has declined on account of recoveries/ collections made by the Company during the year.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 8.1: Other financial assets (at amortised cost)

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Security deposits (Unsecured, considered good)	226	166	112
Retained interest on assets assigned	2,638	1,497	-
Interest accrued on loans designated at FVOCI	3,910	2,809	-
Fixed deposit with Financial institution*	1,361	1,420	1,040
Insurance Claim Receivable (Unsecured, considered good)	739	475	257
Others**	369	338	129
Total	**9,243**	**6,705**	**1,538**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.
**Includes staff advances and other work advance recoverable from employees.

Note 8.2:Other Non- financial assets

(In Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Prepaid Expenses	469	393	206
Capital Advance	140	100	-
Other Advances (Unsecured, considered good)	20	-	-
Total	**629**	**493**	**206**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 9.1: Current Tax assets (net)

(In Rs. Lakhs)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance income tax (Net of provision)	1,704	741	292

Note 9.2: Deferred Tax Assets/Liabilities (net)
Effects of Deferred tax assets and Deferred tax liabilities

(In Rs. Lakhs)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred Tax Assets:			
Impairment of financial assets	1,272	1,022	655
Property, Plant and Equipment impact of difference between tax depreciation and depreciation charged for the financial reporting	193	158	89
Provision for Defined benefit obligation and leave encashment	168	86	68
Impact of Ind AS 116	2		
Impact due to amortization of Processing fees income	160	244	436
Others	210		
Deferred Tax Liabilities:			
Upfront recognition of Gain on Direct assignment agreements	(296)	(436)	-
Impact due to amortization of Processing fees expenses	(78)	(162)	(284)
Gain on Fair value of portfolio loans	(2,729)	(643)	-
Others	-	(105)	-
Deferred tax relating to origination and reversal of temporary differences (Net of liabilities)	**(1,098)**	**164**	**964**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Note 9.3: Income Tax expense

(In Rs. Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income tax expense in the statement of profit and loss consists of:		
Current Income Tax:		
Income Tax	3,060	3,029
Deferred Tax	(825)	165
Income Tax expense reported in respect of current year	**2,235**	**3,194**
Tax in respect of earlier years	(533)	-
Total Income Tax expense reported in the statement of profit or loss	**1,702**	**3,194**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/(losses) on defined benefit plan	(13)	(9)
Deferred tax arising on fair value gain on loan portfolio	2,086	643
Total	**2,073**	**634**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31 March 2019 is, as follows:

(In Rs. Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	9,991	9,445
At India's statutory income tax rate of 25.17% (2019: 29.12%)	2,515	2,750
Adjustment in respect of current income tax of prior years		
Change in tax rates	124	21
Income not subject to tax (Refer Note 42)		
Others (upfront gain on direct assignment deals, net of actual gain realised	(1,162)	(1,465)
Non-deductibe expenses		
Expendiuture on CSR	109	72
Others	822	1,874
Additional tax allowances	(173)	(58)
Income tax expense reported in the statement of profit or loss	**2,235**	**3,194**
Income tax adjustment in respect of current income tax of prior years	**(533)**	**-**
Total income tax expense reported in the statement of profit or los	**1,702**	**3,194**

The effective income tax rate for 31 March 2020 is 25.17% (31 March 2019: 29.12%).

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised Provision for Income Tax for the year and re-measured its Deferred tax asset (or/and deferred tax liability) basis the rate prescribed in the said section. Accordingly, deferred tax asset have reduced by Rs. 123 lakhs. The tax charge or (credit) for the year have increased by Rs. 123 lakhs.

Movement in deferred tax balances for the year ended March 31, 2020

(In Rs. Lakhs)

Particulars	Net balance April 1, 2019	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2020	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Impact of difference between tax depreciation/ amortisation	158	35	-	-	193	193	-
Provision for Defined benefit obligation and leave encashment	86	82	13	-	168	168	-
Impairment allowance for Loans	1,022	250	-	-	1,272	1,272	-
Impact of ammortisation of expense , offered to tax on upfront basis	(162)	84	-	-	(78)		(78)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	245	(85)	-	-	160	160	-
Gain on Direct assignment deals, accounted for upfront, offered to tax on accrual basis	(436)	144	-	-	(292)	-	(292)
Gain on Fair value of portfolio loans	(643)	-	(2,086)	-	(2,729)	-	(2,729)
Impact of Ind AS 116 adoption	-	-	-	(2)	(2)	-	(2)
Other items	(106)	316	-	-	210	210	
Net Deferred tax assets / (liabilities)	**164**	**825**	**(2,073)**	**(2)**	**(1,098)**	**2,003**	**(3,101)**

Movement in deferred tax balances for the year ended March 31, 2019

(In Rs. Lakhs)

Particulars	Net balance April 1, 2018	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2019	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Impact of difference between tax depreciation/ amortisation	89	69	-	-	158	158	-
Provision for Defined benefit obligation and leave encashment	68	(9)	9	-	86	86	-
Impairment allowance for Loans	655	367	-	-	1,022	1,022	-
Impact of ammortisation of expense , offered to tax on upfront basis	(284)	(122)		-	(162)	-	(162)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	436	191	-	-	245	245	-
Gain on Direct assignment deals, accounted for upfront, offered to tax on accrual basis	-	(436)	-	-	(436)	-	(436)
Gain on Fair value of portfolio loans	-		(643)	-	(643)	-	(643)
Other items	-	106	-	-	(106)	-	(106)
Net Deferred tax assets / (liabilities)	**964**	**165**	**(634)**	**-**	**164**	**1,511**	**(1,347)**

Note 10: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Land-Freehold	Office equipment	Furniture & Fixures	Vehicles	Computers	Total
Cost:						
At 1 April 2018	**14**	**338**	**331**	**92**	**423**	**1,198**
Additions	-	340	225	24	314	903
Disposals	-	-	-	-	-	-
At 31 March 2019	**14**	**678**	**556**	**116**	**737**	**2,101**
Additions	-	325	187	40	278	830
Disposals	-	-	-	(3)	-	(3)
At 31 March 2020	**14**	**1,003**	**743**	**153**	**1,015**	**2,928**
Depreciation and impairment:						
At 1 April 2018	-	203	138	50	287	678
Depreciation charge for the year	-	143	81	15	187	426
Disposal	-	-	-	-	-	-
At 31 March 2019	**-**	**346**	**219**	**65**	**474**	**1,104**
Depreciation charge for the year	-	237	119	24	269	649
Disposal	-	-	-	-	-	-
At 31 March 2020	**-**	**583**	**338**	**89**	**743**	**1,753**
Net book value:						
At 1 April 2018	**14**	**135**	**193**	**42**	**136**	**520**
At 31 March 2019	**14**	**332**	**337**	**51**	**263**	**997**
At 31 March 2020	**14**	**420**	**405**	**64**	**272**	**1,175**

The details of property, plant and equipment hypothecated against borrowings are presented in Note 14.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 11: Intangible assets

(In Rs. Lakhs)

	Computer software
Deemed Cost:	
At 1 April 2018	**280**
Additions	154
Disposals	-
At 31 March 2019	**434**
Additions	227
Disposals	-
At 31 March 2020	**661**
Accumulative amortisation:	
At 1 April 2018	144
Amortisation charge for the year	133
Disposal	-
At 31 March 2019	**277**
Amortisation charge for the year	171
Disposal	-
At 31 March 2020	**448**
Net book value:	
At 1 April 2018	**136**
At 31 March 2019	**157**
At 31 March 2020	**213**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 12:
As a Lessee:

The Company has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 to 5 years.

The Company also has certain leases with lease terms of 12 months or less and leases with low-value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	Total
As at April 1, 2019 (Restated)	87
Additions during the year	42
Security Deposits Reclassified as per IND AS 116	24
Depreciation expense	(54)
As at March 31, 2020	99

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	Total
As at April 1, 2019 (Restated)	95
Additions during the year	42
Accretion of interest	13
Payments	(65)
As at March 31, 2020	85

The maturity analysis of Lease liabilities are disclosed in Note 36

The effective interest rate for lease liabilities is 11.77% to 13.01% with maturity between 2017- 2022.

The following are the amounts recognised in profit or loss: (In Rs. Lakhs)

Particulars	Year ended 31 March 2020
Depreciation expense of right-of-use assets	54
Interest expense on lease liabilities	13
Expense relating to short-term leases and other low value assets leases (included in other expenses)	1,104
Total amount recognised in profit or loss	**1,171**

Note 13: Trade Payables

(In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	336	319	161
Total	**336**	**319**	**161**

Note 13.1 Dues to the Micro Enterprises and Small Enterprises

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
1. The principal amount remaining unpaid to supplier as at the end of accounting year	-	-	-
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-	-
3. The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2019-20	-	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-	-
5. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-	-
Total	**-**	**-**	**-**

Note 14: Debt securities (at amortised cost)

(In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Redeemable Non- convertible Debentures (secured)*	64,179	59,278	36,714
Redeemable Non- convertible Debentures (unsecured)#	-	2,778	-
Total	**64,179**	**62,056**	**36,714**
Debt securities in India	3,307	9,602	4,870
Debt securities outside India	60,872	52,454	31,844
Total	**64,179**	**62,056**	**36,714**

*Non -convertible Debentures are secured against hypothecation of all the underlying receivables/book debts to the extent 1- 1.10 times of the principle loan amount and charge over property, plant and equipment of the company.Secured NCDs are repayable in semi annual installments & bullet payment carrying interest ranging from 9.68% - 15.50% p.a.
#Unsecured Debentures are repayable monthly carrying interest rate 12.11%

Redeemable Non- convertible Debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures			Face value	Amount in Lakhs		
	March 31, 2020	March 31, 2019	April 1, 2018		March 31, 2020	March 31, 2019	April 1, 2018
13.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Forty eight months from from the date of allotment i.e. October 8, 2014,			240	10,00,000	-	-	2,556
13.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Forty eight months from from the date of allotment i.e. November 27, 2014,			150	10,00,000	-	-	1,570
11.90% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. May 29, 2015, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	384	384	384	10,00,000	3,980	3,984	4,029
15.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 29, 2015,	20	20	20	10,00,000	199	200	200
11.11% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Forty seven months from from the date of allotment i.e. September 14, 2015,		330	330	10,00,000	-	3,309	3,322
14.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par in two installments.		219	292	10,00,000	-	2,307	3,080
13.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Thirty six months from from the date of allotment i.e. December 04, 2015,			396	10,00,000	-	-	4,161
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 08, 2015,	2,004	2,004	2,004	1,00,000	2,054	2,074	2,068
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of Seventy two months from from the date of allotment i.e. December 10, 2015,	2,670	2,670	2,670	1,00,000	2,677	2,679	2,686
13 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from from the date of allotment i.e. June 15, 2016,	600	600	600	10,00,000	6,224	6,226	6,239
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Seventy two months from from the date of allotment i.e. August 30, 2017,	325	325	325	10,00,000	3,272	3,277	3,284
11.53% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	460		10,00,000	4,794	4,800	-
12.50 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from from the date of allotment i.e. December29, 2016	-	350	350	10,00,000	-	3,510	3,519
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. December 19, 2018.	60,00,000	60,00,000	-	100	6,199	6,203	-
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from from the date of allotment i.e. December 20., 2018.	350	350	-	10,00,000	3,654	3,614	-
11.82% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	-	10,00,000	10,071	10,083	-
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the company at the end of thirt six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	-	10,00,000	7,006	7,012	-
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	-	-	9,00,000	6,365	-	-
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from from the date of allotment i.e. October 16, 2019.	730	-	-	10,00,000	7,684	-	-
Total					**64,179**	**59,278**	**36,714**

Redeemable Non- convertible Debentures (unsecured) (at amortised cost)

Terms of debentures	Number of debentures			Face value	Amount in Lakhs		
	March 31, 2020	March 31, 2019	April 1, 2018		March 31, 2020	March 31, 2019	April 1, 2018
500 , 12.11% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of every month from the date of allotment i.e. May 24 2018		277.8		10,00,000.00		2,778	
Total					**-**	**2,778**	**-**

Grand Total of secured and unsecured NCD	**64,179**	**62,056**	**36,714**

Note 15: Borrowings other than debt securities (at amortised cost) (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Term loans (secured)*			
Banks	1,85,838	1,20,032	72,724
Financials institutions	52,836	36,452	21,644
Non Banking financial companies	19,405	10,754	20,702
External Commercial Borrowings**	20,943	8,593	1,691
Term loans (unsecured)			
External Commercial Borrowings**	16,016	1,517	-
Non Banking financial companies		1,143	2,380
Vehicle Loans (secured)	3	12	28
Borrowings under Securitisation arrangements (secured)			
- Financial Institutions	5,741	20,201	-
Total	**3,00,782**	**1,98,704**	**1,19,169**
Borrowings in India	2,63,823	1,88,594	1,17,478
Borrowings outside India	36,959	10,110	1,691
Total	**3,00,782**	**1,98,704**	**1,19,169**

*Term loans are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05/1.1 times of the principle loan amount.Secured Term loans are repayable in equated prinipal plus interest as well as in equated instalments carrying interest rate ranging from 6.43% - 14.25%. The above loans are also secured by personal guarantee of promoters.

**External Commercial Borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured Term loans are repayable in bullet payments/semi annual payments carrying interest rate ranging from 10.50% - 12.18%.

Borrowings under Securitisation arrangements
Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities with a corresponding debit to loans and advances.

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

Note 16: Subordinated liabilities (at amortised cost) (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Sub debt (unsecured)- Debentures*	22,249	10,397	10,437
Sub debt (unsecured)- Term Loans#	3,527	3,525	3,501
Total	**25,776**	**13,922**	**13,938**
Borrowings in India	18,404	13,922	13,938
Borrowings outside India	7,372	-	-
Total	**25,776**	**13,922**	**13,938**

*Sub Debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% - 17% p.a.
#Sub Debt Term loans are repayable in bullet payment carrying interest rate ranging from 13.5% - 16.5% p.a.

Sub debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures			Face value	Amount in Lakhs		
	March 31, 2020	March 31, 2019	April 1, 2018		March 31, 2020	March 31, 2019	April 1, 2018
17% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty five months from from the date of allotment i.e. June 30, 2015.	50	50	50	10,00,000	500	498	500
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 15, 2016.	200	200	200	10,00,000	2,007	2,006	2,012
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 28, 2016.	50	50	50	10,00,000	499	499	501
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from from the date of allotment i.e. September 29, 2016.	250	250	250	10,00,000	2,494	2,492	2,500
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 24 2017	34,000	34,000	34,000	10,000	3,410	3,405	3,422
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from from the date of allotment i.e. March 27 2018	150	150	150	10,00,000	1,499	1,497	1,502

12.87% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from from the date of allotment i.e. May 2 2019	30,00,000	-	-	100	2,991	-	-
13% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from from the date of allotment i.e. March 24 2020	396	-	-	10,00,000	3,960	-	-
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from from the date of allotment i.e. March 31 2020	340	-	-	10,00,000	3,391	-	-
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from from the date of allotment i.e. March 27, 2020	15,000	-	-	10,000	1,498	-	-
Total					**22,249**	**10,397**	**10,437**

Sub debt (unsecured)- Term Loans (at amortised cost)

Terms of term loan	Rate	As on March 31, 2020	As on March 31, 2019	As on March 31, 2018
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.50%	2,527	2,526	2,502
13.5% Unsecured term loan , having tenure of 66 months, maturing in FY 2023-24	13.50%	1,000	999	999
Total		**3,527**	**3,525**	**3,501**

Grand Total of secured and unsecured NCD	**25,776**	**13,922**	**13,938**

Note 17.1: Other financial liabilities (at amortised cost) (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Insurance Premium payable	573	971	681
Employee Dues	909	778	454
Payable towards securitization	6,684	6,425	2,847
Other payables	375	289	112
Total	8,541	8,463	4,094

Note 17.2: Other non-financial liabilities (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Statutory dues payable	328	183	94
Total	**328**	**183**	**94**

Note 18: Provisions (In Rs. Lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Provision for employee benefits:			
Gratuity (Refer Note 33)	265	118	-
Leave encashment and availment	403	129	42
Total	**668**	**247**	**42**

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Terms of repayment of borrowings as on March 31, 2020

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 Yrs.	6.43%-16.5%	603	82,441	316	46,390	106	14,922	1	269	-	-	-	-	**1,44,022**
Above 3 Yrs.	11.75%-13.65%	31	994	13	415	-	-	8	60	-	-	-	-	**1,469**
Monthly Total		**634**	**83,435**	**329**	**46,805**	**106**	**14,922**	**9**	**329**	**-**	**-**	**-**	**-**	**1,45,491**
Quarterly														
1-3 Yrs.	10.35%-12.50%	133	50,694	78	30,106	9	1,803	1	207	-	-	-	-	**82,810**
Above 3 Yrs.	11.85%	4	499	2	249	-	-	-	-	-	-	-	-	**748**
Quarterly Total		**137**	**51,193**	**80**	**30,355**	**9**	**1,803**	**1**	**207**	**-**	**-**	**-**	**-**	**83,558**
Half Yearly														
1-3 Yrs.		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Yrs.	9.68%-12.35%	10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	**36,912**
Half Yearly Total		**10**	**9,573**	**12**	**10,090**	**10**	**7,939**	**8**	**5,200**	**5**	**4,110**	**-**	**-**	**36,912**
Bullet														
1-3 Yrs.	10.25%-12.78%	9	17,142	2	4,929	5	15,913	-	-	-	-	-	-	**37,984**
Above 3 Yrs.	11.17%-14.75%	5	10,099	11	23,006	5	17,028	4	10,606	3	14,239	4	11,811	**86,789**
Bullet Total		**14**	**27,241**	**13**	**27,935**	**10**	**32,941**	**4**	**10,606**	**3**	**14,239**	**4**	**11,811**	**1,24,773**
Grand Total		**795**	**1,71,441**	**434**	**1,15,185**	**135**	**57,605**	**22**	**16,343**	**8**	**18,349**	**4**	**11,811**	**3,90,734**

Note: Vehicle Loans (Rs. 3 lakhs) have not been included in the above disclosure.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Terms of repayment of borrowings as on March 31, 2019

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 Yrs.	6.95%-16.50%	580	73,410	269	31,533	22	3,476	-	-	-	-	-	-	**1,08,419**
Above 3 Yrs.	11.60%-13.65%	65	2,294	37	1,108	5	166	-	-	-	-	-	-	**3,568**
Monthly Total		**645**	**75,704**	**306**	**32,641**	**27**	**3,642**	**-**	**-**	**-**	**-**	**-**	**-**	**1,11,987**
Quarterly														
1-3 Yrs.	9.85%-12.50%	109	32,112	55	18,978	14	3,593	1	241	-	-	-	-	**54,924**
Above 3 Yrs.	11.50%	4	499	4	498	2	248	-	-	-	-	-	-	**1,245**
Quarterly Total		**113**	**32,611**	**59**	**19,476**	**16**	**3,841**	**1**	**241**	**-**	**-**	**-**	**-**	**56,169**
Half Yearly														
1-3 Yrs.		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 Yrs.	10.95%-11.5%	6	4,792	6	4,042	6	2,798	4	647	2	398	-	-	**12,677**
Half Yearly Total		**6**	**4,792**	**6**	**4,042**	**6**	**2,798**	**4**	**647**	**2**	**398**	**-**	**-**	**12,677**
Bullet														
1-3 Yrs.	10.25%-13.60%	27	14,540	2	4,580	2	4,929	-	-	-	-	-	-	24,049
Above 3 Yrs.	10.15%-17%	3	8,264	-	8,502	11	23,003	3	12,446	4	10,604	2	6,969	69,788
Bullet Total		**30**	**22,804**	**2**	**13,082**	**13**	**27,932**	**3**	**12,446**	**4**	**10,604**	**2**	**6,969**	**93,837**
Grand Total		**794**	**1,35,911**	**373**	**69,241**	**62**	**38,213**	**8**	**13,334**	**6**	**11,002**	**2**	**6,969**	**2,74,670**

Note: Vehicle Loans (Rs. 12 lakhs) have not been included in the above disclosure

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Terms of repayment of borrowings as on April 1, 2018

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 Yrs.	6.95%-16.5%	482	39,422	219	24,675	42	7,139	-	-	-	-	-	-	**71,236**
Above 3 Yrs.	11.60%-13.70%	97	3,143	65	2,296	37	1,109	5	166	-	-	-	-	**6,714**
Monthly Total		**579**	**42,565**	**284**	**26,971**	**79**	**8,248**	**5**	**166**	**-**	**-**	**-**	**-**	**77,950**
Quarterly														
1-3 Yrs.	9.80%-12.50%	71	16,340	33	6,896	10	1,177	-	-	-	-	-	-	**24,413**
Above 3 Yrs.	11.50%	5	639	4	498	4	498	2	249	-	-	-	-	**1,884**
Quarterly Total		**76**	**16,979**	**37**	**7,394**	**14**	**1,675**	**2**	**249**	**-**	**-**	**-**	**-**	**26,297**
Half Yearly														
1-3 Yrs.	11.5%	2	1,991	-	-	-	-	-	-	-	-	-	-	1,991
Above 3 Yrs.	10.95%-11.5%	4	2,865	4	2,170	4	1,653	4	408	2	249	-	-	**7,345**
Half Yearly Total		**6**	**4,856**	**4**	**2,170**	**4**	**1,653**	**4**	**408**	**2**	**249**	**-**	**-**	**9,336**
Bullet														
1-3 Yrs.	10.5%-13.60%	6	8,244	1	3,486	-	-	-	-	-	-	-	-	11,730
Above 3 Yrs.	12.49%-17%	4	8,885	2	3,873	5	8,502	7	10,129	1	2,489	4	10,603	44,481
Bullet Total		**10**	**17,129**	**3**	**7,359**	**5**	**8,502**	**7**	**10,129**	**1**	**2,489**	**4**	**10,603**	**56,211**
Grand Total		**671**	**81,529**	**328**	**43,894**	**102**	**20,078**	**18**	**10,952**	**3**	**2,738**	**4**	**10,603**	**1,69,794**

Note: Vehicle Loans (Rs. 27 lakhs) have not been included in the above disclosure

Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorised			
8,30,00,000 (March 31, 2019: 8,30,00,000; April 1, 2018: 5,10,00,000) equity shares of Rs.10/- each	8,300	8,300	5,100
30,00,000 (March 31, 2019: 30,00,000 ; April 1, 2018: 50,00,000) preference shares of Rs.10/- each	300	300	500
	8,600	**8,600**	**5,600**
Issued, subscribed and fully paid up			
6,86,99,648 (March 31, 2019: 6,86,99,648; April 1, 2018: 43,021,408) equity shares of Rs.10/- each (in Rs Lakhs)	6,870	6,870	4,302
	6,870	**6,870**	**4,302**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Nos.	In Rs. Lakhs
As at 1 April 2018	**4,30,21,408**	**4,302**
Issued during the year	2,56,78,240	2,568
As at 31 March 2019	**6,86,99,648**	**6,870**
Issued during the year	-	-
As at 31 March 2020	**6,86,99,648**	**6,870**

Terms/rights attached to equity shares

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

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

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

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

Name of shareholder	March 31, 2020		March 31, 2019		April 1, 2018	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Equity Shares of Rs.10 each fully paid						
Gobinda Chandra Pattanaik	67,60,343	9.84%	67,60,343	9.84%	62,92,731	14.63%
RIF East 2 (Investor)	-	-	-	-	27,68,497	6.44%
Belgian Investment Company for Developing Countries NV - SA (Investor)	95,27,723	13.87%	95,27,723	13.87%	95,27,723	22.15%
SIDBI Trustee Company Limited A/c ("Samridhi Fund") (Investor)	-	-	-	-	56,01,853	13.02%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	75,40,536	10.98%	75,40,536	10.98%	64,78,589	15.06%
Women's World Banking Capital Partners, LP	58,00,000	8.44%	58,00,000	8.44%	58,00,000	13.48%
Bamboo Financial Inclusions Fund II	46,45,695	6.76%	46,45,695	6.76%	34,06,757	7.92%
Oman India Investment Fund	1,80,48,942	26.27%	1,80,48,942	26.27%	-	-
Asian Development Bank	1,16,88,702	17.01%	1,16,88,702	17.01%	-	-
Total	**6,40,11,941**	**93.17%**	**6,40,11,941**	**93.17%**	**3,98,76,150**	**92.70%**
Compulsory Convertible Preference Shares of Rs. 10 each fully paid						
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	100.00%	30,00,000	100.00%	30,00,000	100.00%
Total	**30,00,000**	**100.00%**	**30,00,000**	**100.00%**	**30,00,000**	**100.00%**

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

Shares reserved for issue under options
For details of shares reserved for issue under the management stock option plan (MSOP) and employee stock option (ESOP) of the Company, please refer Note 37.1 and 37.2.

Note 20: Instruments entirely equity in nature **In Rs. Lakhs**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Compulsorily Convertible Preference Shares (30,00,000 shares of Rs 10 each fully paid up)	300	300	300
Total	**300**	**300**	**300**

Compulsorily convertible Preference shares are non interest bearing and convertible at par at the option of the holder of the instrument

Note 21: Other equity* **In Rs. Lakhs**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,169	2,295	1,130
Securities premium	40,217	40,217	13,771
Stock option outstanding	1,169	906	371
Retained earnings	16,063	9,695	4,630
Other Comprehensive income	7,767	1,566	-
Total	**69,385**	**54,679**	**19,902**

* For detailed movement of reserves refer Statement of Changes in Equity for the year ended March 31, 2020

Nature and purpose of reserve

21.1 **Securities premium reserve**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 **Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)**
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 **Stock option outstanding**
The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 **Other comprehensive income**
The Company recognises changes in the fair value of Loan portfolio held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 **Retained Earnings**
Retained earnings represent the cumulative profit/(loss) of the Company and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 22: Interest income

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020			For year ended 31 March, 2019		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Interest income on loans	56,055	7,148	63,203	38,895	2,271	41,166
Interest income on securitised loans		4,223	4,223		2,228	2,228
Interest income on fixed deposits with Banks	-	3,574	3,574	-	1,639	1,639
Interest income on margin money deposits with NBFC/FI	-	86	86	-	66	66
Total	**56,055**	**15,031**	**71,086**	**38,895**	**6,204**	**45,099**

Note 23.1: Fees and Commission income

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Loan Portfolio servicing fees	682	2,726
Total	**682**	**2,726**

Note 23.2: Net gain on derecognition of loans designated at FVOCI

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Net gain on derecognition of loans designated at FVOCI	5,664	3,032
Total	**5,664**	**3,032**

Note 24: Other income

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Net gain on derecognition of property , plant and equipment	1	-
Profit on sale of current investments	87	486
Liabilities no longer required written back	-	75
Miscellaneous income	324	188
Total	**412**	**749**

Note 25: Finance costs (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Interest on debt securities	7,709	5,128
Interest on borrowings other than debt securities	25,575	14,612
Interest on subordinated liabilities	2,351	1,959
Interest on Lease liabilities	13	-
Other borrowing costs (includes documentation fees and stamp duty charges)	2,089	988
Total	**37,737**	**22,686**

Note 26: Impairment of Financial assets (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020			For year ended 31 March, 2019		
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Total
Impairment on portfolio loans	3,838	1,432	5,270	1,269	305	1,574
Total	**3,838**	**1,432**	**5,270**	**1,269**	**305**	**1,574**

Note 27: Employee benefit expenses (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Salaries, wages and bonus	16,032	11,417
Contributions to provident fund and other funds	891	555
Gratuity expense (Refer Note 33)	204	98
Expenses on Employee Stock Option Plan	263	536
Staff welfare expenses	337	263
Total	**17,727**	**12,869**

Note 28: Depreciation & amortisation expenses (Rs. in Lakhs)

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Depreciation on tangible assets	649	426
Depreciation on Right of use asset (Refer Note 12)	54	-
Amortisation on intangible assets	171	133
Total	**874**	**559**

Note 29: Other expenses **(Rs. in Lakhs)**

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
Rent		
- On Building	1,104	807
-On Others	64	20
Rates and taxes	350	233
Office maintenance	239	114
Office Expenses	482	333
Director sitting fees	11	9
Travelling and conveyance	584	334
Communication expenses	248	227
Printing & stationery	187	200
Legal and professional fees	1,209	903
Payment to auditors (Refer Note 29.1)	78	58
Remuneration to Directors	193	151
Insurance Cost	58	38
Provision and other contingencies*	457	348
Advertisement	11	5
Training & meeting expenses	605	473
Electricity charges	139	107
Corporate Social Responsibility Expenses (Refer Note 29.2)	109	49
Miscellaneous expenses	235	254
Total	**6,363**	**4,663**

* represents provision for insurance Claims in respect of dues from deceased borrowers

Note 29.1: Payment to auditors **(Rs. in Lakhs)**

Particulars	For year ended 31 March, 2020	For year ended 31 March, 2019
As auditor:		
Audit fee (excluding taxes)	32	27
Limited Review	39	26
Other services (certification fees etc.)	2	2
Reimbursement of expenses	5	3
Total	**78**	**58**

Note 29.2: Corporate Social Responsibility

Gross amount required to be spent by the Company during the current year ended is Rs. 87.61 Lakhs (PY: Rs 59 Lakhs)

(Rs. in Lakhs)

Particulars	For year ended 31 March, 2020			For year ended 31 March, 2019		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction/ acquisition of any assets	-	-	-	24	-	24
On purpose other than (i) above	109	-	109	49	-	49
Total	**109**	**-**	**109**	**73**	**-**	**73**

Note 30: Earning per share

The following reflects the profit/loss after tax and equity share data used in the basic and diluted EPS calculations:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax as per the Statement of profit and loss (Rs in lakhs)	8,289	6,250
Net profit after tax as above for calculation of basic EPS and diluted EPS (Rs in lakhs)	8,289	6,250
Weighted average number of ordinary shares for basic earnings per share	687	535
Effect of dilution:		
Stock options granted under ESOP (Nos.)	69	67
Weighted average number of ordinary shares adjusted for effect of dilution	756	602
Earnings per share		
Basic earnings per share (Rs.)	12.07	11.69
Diluted earnings per share (Rs.)	10.96	10.39
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

The Company operates in a single reportable segment i.e. lending to members, and other related activities which has similar risks and returns for the purpose of Ind AS-108 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. India.

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

(Rs. in lakhs)

	March 31, 2020	March 31, 2019
Securitizations		
Carrying amount of transferred assets measured at FVOCI	5,741	20,201
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	5,741	20,201
Fair value of transferred assets	5,741	20,201
Fair value of associated liabilities	5,741	20,201
Net position at fair value	-	-

Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Reconciliation of present value of defined benefit obligation			
Obligation at the beginning of the year	282	143	80
Current service cost	199	98	46
Interest cost	22	11	6
Past service cost	-	-	-
Benefits settled	(3)	(1)	(0)
Actuarial (gains)/ losses recognised in other comprehensive income	-	-	11
- Changes in experience adjustments	(51)	4	-
- Changes in demographic assumptions	-	-	-
- Changes in financial assumptions	99	26	-
Transfer in			
Obligation at the end of the year	**548**	**281**	**143**
Reconciliation of present value of plan assets			
Plan assets at the beginning of the year, at fair value	164	147	60
Interest income on plan assets	17	11	5
Re-measurement- actuarial gain	(5)	(0)	(1)
Return on plan assets recognised in other comprehensive income	-	-	-
Contributions	110	6	84
Benefits settled	(3)	(1)	(0)
Plan assets at the end of the year, at fair value	**283**	**163**	**148**
Net defined benefit liability/ (asset)	**265**	**118**	**(5)**

33.2 Expense recognised in profit or loss

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Current service cost	199	98	46
Interest cost	22	11	6
Past service cost	-	-	-
Interest income	(17)	(11)	(5)
Net gratuity cost	**204**	**98**	**47**

33.3 Re-measurement recognised in other comprehensive income

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Re-measurement of the net defined benefit liability			
- Changes in experience adjustments	(51)	4	-
- Changes in demographic assumptions	-	-	-
- Changes in financial assumptions	99	26	-
Re-measurement of the net defined benefit asset	-	-	
Return on plan assets (greater)/Less than discount rate	6	-	-
Total Actuarial (gain)/ loss included in OCI	**54**	**30**	**-**

33.4 Plan assets

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Funds managed by insurer	100%	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Discount rate	6.70%	7.70%	7.75%
Future salary growth	7.00%	7.00%	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liabilty (in years)	29.31	29.80	29.74

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(Rs. in lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	482	629	250	320
Future salary growth (1% movement)	629	480	321	248
Attrition rate (1% movement)	538	558	280	283

33.7 Expected payment for future years

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	14	8
Between 2 and 5 years	119	69
Between 5 and 10 years	193	117
Beyond 10 years	1,365	785
Total expected payments	**1,691**	**979**

Note 34: Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2020: **(Rs. in lakhs)**

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (Refer note 1)	6,426	9,368	17,554	46,900	91,194	1,72,790	34,694	11,809	**3,90,734**
Advances (Refer note 2)	502	398	24,620	70,588	1,19,569	1,33,634	6,104	3,782	**3,59,196**
Investment in Fixed deposit (Refer Note 3)	29,093	11,229	5,069	3,059	1,614	300	-	-	**50,364**

Maturity pattern of assets and liabilities as on March 31, 2019: **(Rs. in lakhs)**

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	7,075	9,720	9,741	33,852	75,522	1,07,456	24,335	6,969	**2,74,670**
Advances	17,700	17,553	17,522	50,556	84,576	81,591	1,777	1,133	**2,72,408**
Investment in Fixed deposit (Refer Note 3)	14,566	7,027	-	2,034	3,051	201	-	-	**26,879**

Maturity pattern of assets and liabilities as on April 1, 2018: **(Rs. in lakhs)**

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	6,274	4,431	6,071	24,016	40,739	63,970	13,690	10,603	**1,69,794**
Advances	12,354	10,868	10,620	30,037	47,361	46,170	29	-	**1,57,439**
Investment in Fixed deposit (Refer Note 3)	1,800	-	-	-	-	-	-	-	**1,800**

Note 1: (i) The maturity pattern of borrowings has been presented considering the effect of moratorium on contractual repayments upto May 31, 2020 to the extent confirmed by the lenders subsequently.
(ii) Vehicle loans amounting to Rs 3 lakhs as on 31 March 2020 (Rs 12 lakhs as on 31 March 2019 and Rs 27 lakhs as on April 1,2018) have not been included in the above.

Note 2: (i) The maturity pattern of advances have been prepared considering the effect of revised contractual dues of loans pursuant to moratorium granted to its borrowers upto May 31, 2020.
Such maturity pattern does not reflect additional moratorium upto August 31, 2020 allowed by RBI vide its notification dated May 23, 2020 as it represents an event subsequent to the date of these financial statements.
(ii) The maturity pattern of advances shown above are gross of related impairment allowances.

Note 3: excludes fixed deposits held as margin money or security with Banks, NBFCs and Financial institutions

Note 35.1: Additional disclosures pursuant to the Master Directions issued by RBI :

A) Information on Net Interest Margin

Computation of aggregate margin cap as on March 31, 2020:

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
a)	Average Interest charged by the Company on advances (%)	19.97	20.46
b)	Average effective cost of borrowings of the Company (%)	11.72	11.75
c)	Net interest margin (a-b) (%)	8.25	8.71

Note:

1 Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the “MFIN format”) read with the FAQs issued by RBI on October 14, 2016 and RBI CIrcular dated March 13, 2020 on Implementation of Indian Accounting Standards.

2 Average loan outstanding determined for the purpose of calculating NIM is based on the carrying value of loans under Ind AS , excluding effect of the following-

(a) Securitised loans qualifying for de-recognition as per RBI’s “true sale” criteria and related interest income have not been considered for computation of “average interest charged” in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of “average effective cost of borrowings”. As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements;

(b) Fair value changes recognised through other comprehensive income and;

(c) Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109.

3 Interest income considered for computation of “average interest charged” excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

B) Exposure to Gold Loan

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

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

Particulars			Remarks
1.	Capital to Risk (Weighted) Assets Ratio		Refer Note No. 35 (D)
2.	Investments		The Company does not have any investment as on March 31, 2020, March 31, 2019 and March 31, 2018
3.	Derivatives		The Company has entered into Cross currency interest rate swaps during the year ended March 31, 2020 (2019- Nil, 2018- Nil).
	i)	Forward Rate Agreement / Interest Rate Swap	The Company has no unhedged foreign currency exposure as on March 31, 2020, March 31, 2019 and March 31, 2018.
	ii)	Exchange Traded Interest Rate (IR) Derivatives	
	iii)	Disclosures on Risk Exposure in Derivatives	
	iv)	Forward rate agreement/interest rate swap	
4.	Disclosures relating to Securitisation		
	i)	Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer Note No. 35 (E.1)
	ii)	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction during the current and previous year.
	iii)	Details of Assignment transactions undertaken by NBFCs	Refer Note No. 35 (E.2)
5.	Details of non-performing financial assets purchased / sold		The Company has not purchased / sold non-performing financial assets during the current and previous year.
	i)	Details of non-performing financial assets purchased :	
	ii)	Details of Non-performing Financial Assets sold :	
6.	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities		Refer Note No. 35 (P)
7.	Exposures		
	i)	Exposure to Real Estate Sector	The Company has no exposure to real estate directly or indirectly.
	ii)	Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.

8.	Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any holding or parent company.
9.	Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	The Company has not exceeded any limit in respect of qualifying asset SGL / GBL during the current and previous year.
10.	Unsecured Advances	Refer Note No. 35 (F)
11.	Miscellaneous	
	i) Registration obtained from other financial sector regulators	Refer Note No. 35 (G)
	ii) Disclosure of Penalties imposed by RBI and other regulators	No penalties were imposed by RBI and other regulators during the current and previous year.
	iii) Related Party Transactions	Refer Note No. 36
	iv) Ratings assigned by credit rating agencies and migration of ratings during	Refer Note No. 35 (H)
	v) Remuneration of Directors	Refer Note No. 36
	vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Accounting policy
	vii) Revenue Recognition	Refer Accounting policy
	viii) Accounting Standard 21 -Consolidated Financial Statements (CFS)	The Company does not have any investment as on March 31, 2020, March 31, 2019 and March 31, 2018
12.	Additional Disclosures	
	i) Provisions and Contingencies	Refer Note No. 35 (I)
	ii) Draw Down from Reserves	There has been no draw down from reserves during the year ended March 31, 2020 (March 31, 2019 : Nil; April 1, 2018 : Nil).
	iii) Concentration of Deposits, Advances, Exposures and NPAs	
	a) Concentration of Deposits (for deposit taking NBFCs)	This Disclosure is not applicable as the Company as it is not a deposit taking NBFC.
	b) Concentration of Advances	Refer Note No. 35 (J)
	c) Concentration of Exposure	Refer Note No. 35 (K)
	d) Concentration of NPAs	Refer Note No. 35 (L)
	e) Sector-wise NPAs	Refer Note No. 35 (M)
	f) Movement of NPAs	Refer Note No. 35 (N)
	iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The Company has no exposure or transaction with overseas assets.
	v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	There are no off balance sheet exposure as on March 31, 2020, March 31, 2019 and March 31, 2018.
13.	Disclosure of Complaints	Refer Note No. 35 (O)

D) Capital to Risk-Assets ratio (CRAR)

	Particulars	31-Mar-20	31-Mar-19
i)	CRAR (%)	26.74	25.24
ii)	CRAR - Tier I capital (%)	20.36	22.31
iii)	CRAR - Tier II capital (%)	6.38	2.93
iv)	Amount of subordinated debt raised as Tier - II Capital	18,000	8,920
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

CRAR as on March 31, 2020 has been determined in accordance with the RBI Master Directions read with RBI Notification dated March 13, 2020, on Implementation on Indian Accounting Standard. Accordingly, CRAR for March 31, 2019 is not comparable.

E.1) The followings figures are being reported based on certificate issued by the auditors of the SPV

	Particulars	31-Mar-20	31-Mar-19
1	No of SPVs sponsored by the NBFC for securitisation transactions	6	10
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	10,384	25,671
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	2,732	3,353
	• Others		-

4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	1,944	2,762
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-

E.2) The followings figures are being reported based on Direct Assignment undertken by the Company.

	Particulars	31-Mar-20	31-Mar-19
1	No of SPVs sponsored by the NBFC for Direct Assignment transactions (SPV Not required)	-	-
2	Total amount of Direct Assignment assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	55,975	24,060
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	5,898	2,405
	• Others	-	-
4	Amount of exposures to Direct Assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-

F) Unsecured Advances **(In Rs Lakhs)**

Particulars	31-Mar-20	31-Mar-19
Portfolio loans	3,32,003	2,67,611

G) Registration obtained from other financial sector regulators :

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

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

A Credit rating agency had assigned a grading of A-' to the company on October 30, 2019, (Previous Year: A-).
A Credit rating agency had assigned a rating of 'A-' on the term loans of the Company on September 9, 2019 (Previous Year: BBB).

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

I) Provisions and Contingencies **(In Rs Lakhs)**

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account		31-Mar-20	31-Mar-19
i)	Provision towards NPA*	232	(23)
ii)	Provision made towards Income tax (including adjustment for deferred tax)	2,189	3,193
iii)	Portfolio loans written off	1,919	1,133
iv)	Payment made against the Securitised/ Managed Portfolio	188	243
iii)	Other Provision and Contingencies (withdetails)		
	a) Provision for Gratuity	204	98
	b) Provision for Leave Benefit	274	87
	c) Provision for insurance claims	269	105
iv)	Provision for Standard Assets**	3,118	463

* Represents impairment allowance on stage III loans
** Represents impairment allowance on stage I and stage II loans

J) Concentration of Advances **(Rs. In lakhs)**

Particulars	31-Mar-20	31-Mar-19
Total advances to twenty largest borrowers *	11,229	301
Percentage of advances to twenty largest borrowers to total advances of the NBFC	3.13%	0.11%

* Represents amount outstanding as per contract with customers

K) Concentration of Exposures **(Rs. In lakhs)**

Particulars	31-Mar-20	31-Mar-19
Total Exposure to twenty largest borrowers / customers *	11,229	301
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.13%	0.11%

* Represents amount outstanding as per contract with customers

L) Concentration of NPA's

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Total Exposure to top four NPA accounts	13	2

M) Sector-wise NPAs

Sector		% of NPAs to total advances in that sector as at March 31, 2020	% of NPAs to total advances in that sector as at March 31, 2019
i)	Agriculture & allied activities	1.57%	0.45%
ii)	MSME	1.34%	0.24%
iii)	Corporate borrowers	0.00%	0.00%
iv)	Services	0.10%	0.44%
v)	Unsecured personal loans	1.10%	-
vi)	Auto loans	-	-
vii)	Other personal loans	-	-

N) Movement of NPAs* **(Rs. In lakhs)**

Particulars		31-Mar-20	31-Mar-19
i)	Net NPAs to Net Advances (%)	0.86%	0.65%
ii)	Movement of Gross NPAs		
	a) Opening balance	3,378	3,282
	b) Additions during the year	3,427	1,229
	c) Reductions during the year (represents loan portfolio written-off)	(1,919)	(1,133)
	d) Closing balance	4,886	3,378
iii)	Movement of Net NPAs		
	a) Opening balance	1,758	1,639
	b) Additions during the year	1,276	119
	c) Reductions during the year	-	-
	d) Closing balance	3,034	1,758
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	1,620	1,643
	b) Provisions made during the year	2,151	1,110
	c) Write-off / write-back of excess provisions	(1,919)	(1,133)
	d) Closing balance	1,852	1,620

* refers to Stage 3 loans

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

O) Disclosure of Complaints

Particulars		31-Mar-20	31-Mar-19
i)	No. of complaints pending at the beginning of the year	23	-
ii)	No. of complaints received during the year	13,447	8,760
iii)	No. of complaints redressed during the year	13,275	8,737
iv)	No. of complaints pending at the end of the year	195	23

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

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

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

P) Public Disclosure on Liquidity Risk as on March 31, 2020 Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated November 4, 2019

Public Disclosures on liquidity risk management

i) **Funding Concentration based on significant counterparty (both deposits and borrowings)**

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Seven (27)	3,00,212	NA	74.72%

ii) **Top 20 large deposits** (Amount in Lakhs and % of total deposits) - Not applicable. The company being a Systematically Important Non Deposit taking NBFC registered with the RBI does not accept public deposits.

iii) **Top 10 Borrowings (amount in lakhs and % of total borrowings)**

Amount in Lakhs *	% of Total Borrowings
48,673	12.46%

iv) **Funding Concentration based on significant instrument/product**

Name of the instrument/Product	Amount in lakhs *	% of Total Liabilities
Term Loans from Banks	1,85,838	46.25%
Term Loans from FI	52,836	13.15%
Secured Redeemable Non Convertible debentures	64,179	15.97%
Term Loans from NBFC's	19,405	4.83%
External Commercial Borrowings	16,016	3.99%
Sub Debt (unsecured) - Debentures	22,249	5.54%
Total Borrowings	**3,60,523**	**89.73%**
Total Liabilities	**4,01,793**	

Note : The above does not include borrowings on account of securitisation agreements recognised as per Ind AS 109

v) **Stock Ratios**

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial Papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other Short term liabilities	5.14%	5.00%	4.20%

*Represents amount outstanding as per contracts with lenders

v) **Institutional set up for liquidity risk management**
The company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the company to manage liquidity risk in accordance with the risk tolerance limit as decided by the board

The company also has a Risk Management Committee, which is a sub-committee of the board and is responsible for evaluating the overall risk faced by the company including liquidity risks.

Asset Liability Management Committee (ALCO) of the company is responsible for ensuring adherence to risk tolerance limits as well as implementing the liquidity risk management strategy of the company

Chief Risk Officer shall be a part of the process of identification, measurement and mitigation of liquidity risks

The ALM support group consists of CFO and Head-Treasury who shall be responsible for analysing, monitoring and reporting the liquidity profile to the ALCO

***Notes**

1. A significant counterparty is defined as a single counterparty or a group of connected or affiliated counterparties accuntig in aggregate for more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's .

2. A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amounts to more than 1% of the NBFC's-NDSI, NBFC-D's total liabilities and 10% of the other non-deposit taking NBFC's.

3. Total Liabilities has been computed as sum of all liabilities (Balance sheet figures) less equities and Reserves/Surplus.

4. Public funds shall include funds raised either directly or indirectly through Public Deposits, Commercial Paper's and debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC No. 206/03.10.001/2010-11 dated January 5, 2011.

5. The amount stated in the disclosure is based on the audited Financial statements for the year ended March 31, 2020.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 35.2: Disclosure required as per RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As on March 31, 2020 **(In Rs. Lakhs)**

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying value	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	3,51,510	3,970	3,47,540	571	3,399
	Stage 2	2,800	231	2,569	127	104
Subtotal		**3,54,310**	**4,201**	**3,50,109**	**698**	**3,503**
Non- Performing Assets (NPA)						
Substandard	Stage 3	4,886	1,852	3,034	3,626	(1,774)
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		**4,886**	**1,852**	**3,034**	**3,626**	**(1,774)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,886**	**1,852**	**3,034**	**3,626**	**(1,774)**
Total	Stage 1	3,51,510	3,970	3,47,540	571	3,399
	Stage 2	2,800	231	2,569	127	104
	Stage 3	4,886	1,852	3,034	3,626	(1,774)
	Total	**3,59,196**	**6,053**	**3,53,143**	**4,324**	**1,729**

Note 1: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.
Note 2: Includes additional provision pursuant to the RBI notification dated April 17, 2020 on accounts classified as standard but overdue as at February 29, 2020.

Disclosures pursuant to RBI notification- RBI 2019-20/220 DOR. No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 SMA/ overdue categories, where the moratorium/deferment was extended ("RBI circular")

Details of moratorium granted to overdue accounts as at February 29, 2020

Asset classification as per Ind AS 109	Exposure as on March 31, 2020 (A)	Asset classification benefit*
Stage 1	110	-
Stage 2	2,801	948
Stage 3	4,887	-

* represents accounts out of A which were not classified as Stage III (non- performing assets) as at March 31, 2020.

Note: Amounts indicate in the above represent gross carrying value of these exposures before adjustment for impairment allowance as required under Ind AS 109 as at March 31, 2020.

Note 35.3: Frauds

1 Information on instances of fraud for the year ended March 31, 2020:

(Rs in Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	5	14	-	-	14

2 Information on instances of fraud for the year ended March 31, 2019:

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	2	25	1	-	24

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 36: Related Party Transactions

Name of the Related Parties (as per Ind AS 24)

Relationship	Name of the party
(i) Key Management Personnel	Mr. Gobinda Chandra Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das (w.e.f. 19th June 2018)- Chief Financial Officer Mr. Subrat Pradhan- Company Secretary Mr. Ashok Ranjan Samal- Independent Director Mr.K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel- Independent Director
(ii) Enterprise having significant influence over the Company	Oman India Investment Fund

Related Party transactions during the year:

(in Rs. Lakhs)

Particulars	For the year ended March 31. 2020	For the year ended March 31. 2019
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	138	107
Mr. Dibyajyoti Pattanaik	55	45
Mr. Satyajit Das (w.e.f 19th June 2018)	49	33
Mr. Subrat Pradhan	15	15
	257	**200**
Sitting Fees Paid		
Mr. Ashok Ranjan Samal	5	4
Mr.K.K. Tiwary	3	2
Mr. Sean Leslie Nossel	3	3
	11	**9**
(iI) Enterprise having significant influence over the Company		
Investment in Equity shares	-	1,805
[Nil during 2019-20, 1,80,48,942 shares during 2018-19]	**-**	**1,805**

Note:
a) Related parties have been identified on the basis of the declaration received by the management and other records available.
b) The above remuneration to the key managerial personnel consitute the short term employee benefits and above does not include the provisions made towards post employement gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Note 37.1 Management Stock Option Plan (MSOP)

The Company provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2020 are MSOP Series- A and MSOP - Series -B.

Particulars	MSOP - Series A	MSOP - Series B (i)	MSOP - Series B (ii)
Date of Grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of Board Approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of Shareholder's Approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of Options expected to exercise within the vesting period	8,16,214	4,16,119	20,83,304
Exercise Price per Share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting Period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise Period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting Conditions	Performace milestones as set out in shareholder agreement dated June 29, 2012	Performace milestones as set out in shareholder agreement dated March 19, 2014	Performace milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

MSOP- Series A

Particulars	31-Mar-20		31-Mar-19	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	1,64,060	-
Adjustment of opening:	-	-	6,52,154	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

MSOP- Series B

Particulars	31-Mar-20		31-Mar-19	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	13,31,581	5.00
Adjustment of opening:	-	-	11,67,842	-
Granted During the year	-	-		-
Forfeited During the year	-	-	-	-
Exercised During the year	-	-	-	-
Expired During the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans (MSOP & ESOP) on the statement of profit and loss:

Particulars	March 31, 2020	March 31, 2019
Stock options outstanding (gross)	1,169	906
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	**1,169**	**906**

The Stock option outstanding contains of Rs 544 lakhs for MSOP (A & B) as on March 31, 2020 (March 31, 2019: Rs. 544 lakhs) and Rs. 625 lakhs (March 31, 2019: Rs. 362.14 lakhs) for ESOP

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

Note 37.2 Employee Stock Option Scheme (ESOS)

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

Description	Grant - 2	Grant - 1
Date of Grant	01 July 2018	01 July 2017
Date of Board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of Settlement	Equity	Equity
Graded Vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		

The vested options can be exercised within a period of 5 years as per the table below:

End of the Year	Exercise period	Exercise period
1	Within 4 year of 1st Vesting	Within 5 year of 1st Vesting
2	Within 3 year of 2nd Vesting	Within 4 year of 2nd Vesting
3	Within 2 year of 3rd Vesting	Within 3 year of 3rd Vesting

Description	Grant - 2	Grant - 1
Vesting Conditions	Continuous service with the company and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (₹)	49	41

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

Grant 1

Description	31st March 2020 (No. of options)	31st March 2019 (No. of options)
Outstanding at the beginning of the year	10,34,300	10,24,700
Granted during the year	1,14,200	48,000
Forfeited during the year	20,100	38,400
Exercised during the year		-
Outstanding at the end of the year	11,28,400	10,34,300
Exercisable at the end of the year	11,28,400	10,34,300
Weighted average remaining contractual life of options (years)	3	4
Weighted average share price during the exercise period (in ₹)	41	41

Grant 2

Description	31st March 2020 (No. of options)	31st March 2019 (No. of options)
Outstanding at the beginning of the year	4,74,700	-
Granted during the year	80,300	4,93,800
Forfeited during the year	46,700	19,100
Exercised during the year		-
Outstanding at the end of the year	5,08,300	4,74,700
Exercisable at the end of the year	5,08,300	4,74,700
Weighted average remaining contractual life of options (years)	3	4
Weighted average share price during the exercise period (in ₹)	49	49

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs-

Particulars	Grant 2	Grant 1
Share Price on the date of Grant (Rs)	90.64	76.09
Exercise price (₹)	49.00	41.00
Dividend yield (%)	0%	0%
Expected volatility (%)	56.14-57.59%	43.88% - 46.22%
Risk-free interest rate (%)	7.23-7.32%	6.60% - 6.74%
Weighted average fair value of stock options (Rs)	61.13	48.29
Weighted average share price (₹)	90.64	76.09

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

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Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 38: Maturity analysis of assets and liabilities

The table below shows assets and liabilities analysed according to when they are expected to be recovered or settled.

(In Rs. Lakhs)

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2020			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	70,027	-	**70,027**
(b)	Bank balance other than cash and cash equivalents	13,923	27,861	**41,784**
(c)	Trade Receivables	47	-	**47**
(d)	Loans	2,11,760	1,41,667	**3,53,427**
(e)	Other financial assets	6,607	2,637	**9,243**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	-	1,704	**1,704**
(b)	Deferred tax assets (net)	-	-	**-**
(c)	Property, plant and equipment	485	690	**1,175**
(d)	Intangible assets	141	72	**213**
(e)	Right of Use Assets	47	52	**99**
(f)	Other non-financial assets	417	212	**629**
	Total Assets	**3,03,453**	**1,74,895**	**4,78,348**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	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	336	-	**336**
(b)	Debt securities	11,170	53,009	**64,179**
(c)	Borrowings (other than debt securities)	1,59,693	1,41,089	**3,00,782**
(d)	Subordinated liabilities	582	25,194	**25,776**
(e)	Lease liabilities	51	33	**85**
(f)	Other financial liabilities	8,541	-	**8,541**
(2)	**Non-financial liabilities**			
(a)	Provisions	417	251	**668**
(b)	Deferred Tax liabilities (net)	-	1,098	**1,098**
(c)	Other non-financial liabilities	328	-	**328**
(3)	**Equity**			
(a)	Equity share capital	-	6,870	**6,870**
(b)	Instruments entirely equity in nature	-	300	**300**
(c)	Other equity	-	69,385	**69,385**
	Total Liabilities and Equity	**1,81,119**	**2,97,229**	**4,78,348**

	Particulars	Within 12 months	After 12 months	Total
	As at March 31, 2019			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	45,996	-	**45,996**
(b)	Bank balance other than cash and cash equivalents	7,355	13,074	**20,429**
(c)	Trade Receivables	60		**60**
(d)	Loans	1,87,121	82,881	**2,70,001**
(e)	Other financial assets	5,083	1,623	**6,705**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	741	-	**741**
(b)	Deferred tax assets (net)	-	164	**164**
(c)	Property, plant and equipment	426	570	**997**
(d)	Intangible assets	100	57	**157**
(e)	Other non-financial assets	354	139	**493**
	Total Assets	**2,47,235**	**98,508**	**3,45,743**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	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	319		**319**
(b)	Debt securities	13,076	48,980	**62,056**
(c)	Borrowings (other than debt securities)	1,22,779	75,925	**1,98,704**
(d)	Subordinated liabilities	66	13,856	**13,922**
(e)	Other financial liabilities	8,463	-	**8,463**
(2)	**Non-financial liabilities**			
(a)	Provisions	137	110	**247**
(b)	Other non-financial liabilities	183	-	**183**
(3)	**Equity**			
(a)	Equity share capital	-	6,870	**6,870**
(b)	Instruments entirely equity in nature	-	300	**300**
(c)	Other equity	-	54,679	**54,679**
	Total Liabilities and Equity	**1,45,023**	**2,00,721**	**3,45,743**

	Particulars	Within 12 months	After 12 months	Total
	As at April 1, 2018			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	27,027	-	**27,027**
(b)	Bank balance other than cash and cash equivalents	2,686	9,940	**12,626**
(c)	Trade Receivables	153	-	**153**
(d)	Loans	1,10,698	44,556	**1,55,254**
(e)	Other financial assets	744	794	**1,538**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	292	-	**292**
(b)	Deferred tax assets (net)	-	964	**964**
(c)	Property, plant and equipment	210	310	**520**
(d)	Intangible assets	86	50	**136**
(e)	Other non-financial assets	195	11	**206**
	Total Assets	**1,42,091**	**56,624**	**1,98,716**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	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	161	-	**161**
(b)	Debt securities	13,060	23,654	**36,714**
(c)	Borrowings (other than debt securities)	68,457	50,712	**1,19,169**
(d)	Subordinated liabilities	40	13,898	**13,938**
(e)	Other financial liabilities	4,094	-	**4,094**
(2)	**Non-financial liabilities**			
(a)	Provisions	42	-	**42**
(b)	Other non-financial liabilities	94	-	**94**
(3)	**Equity**			
(a)	Equity share capital	-	4,302	**4,302**
(b)	Instruments entirely equity in nature	-	300	**300**
(c)	Other equity	-	19,902	**19,902**
	Total Liabilities and Equity	**85,948**	**1,12,768**	**1,98,716**

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Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 39: Changes in Liability arising from Financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2019	Cash Flows	Other	As at 31 March 2020
Debt Securities	62,056	2,123	-	64,179
Borrowings other than debt securities	198,704	102,078	-	300,782
Subordinated Liabilities	13,922	11,854	-	25,776
Lease liabilities	-	64	21	85
Total liabilities from financing activities	**274,682**	**116,119**	**21**	**390,822**

(In Rs. Lakhs)

Particulars	As at April 1 2018	Cash Flows	Other	As at March 31, 2019
Debt Securities	36,714	25,342	-	62,056
Borrowings other than debt securities	119,169	79,535	-	198,704
Subordinated Liabilities	13,938	(16)	-	13,922
Lease liabilities	-	-	-	-
Total liabilities from financing activities	**169,821**	**104,861**	**-**	**274,682**

Note 40: Financial instruments – Fair values

40.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year .

As at March 31, 2020	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	70,027	70,027
Bank balance other than cash and cash equivalents	-	-	41,784	41,784
Trade Receivables	-	-	47	47
Loans	-	2,85,494	67,933	3,53,427
Other financial assets	-	-	9,243	9,243
Total	**-**	**2,85,494**	**1,89,034**	**4,74,528**
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	336	336
Debt securities	-	-	64,179	64,179
Borrowings (other than debt securities)	-	-	3,00,782	3,00,782
Subordinated liabilities	-	-	25,776	25,776
Lease Liabilities	-	-	85	85
Other financial liabilities	-	-	8,541	8,541
Total	**-**	**-**	**3,99,699**	**3,99,699**

As at March 31, 2019	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	45,996	45,996
Bank balance other than cash and cash equivalents	-	-	20,429	20,429
Trade Receivables	-	-	60	60
Loans	-	2,18,942	51,059	2,70,001
Other financial assets	-	-	6,705	6,705
Total	**-**	**2,18,942**	**1,24,249**	**3,43,191**
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	319	319
Debt securities	-	-	62,056	62,056
Borrowings (other than debt securities)	-	-	1,98,704	1,98,704
Subordinated liabilities	-	-	13,922	13,922
Other financial liabilities	-	-	8,463	8,463
Total	**-**	**-**	**2,83,464**	**2,83,464**

As at April 1, 2018	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	27,027	27,027
Bank balance other than cash and cash equivalents	-	-	12,626	12,626
Trade Receivables	-	-	153	153
Loans	-	-	1,55,254	1,55,254
Other financial assets	-	-	1,538	1,538
Total	**-**	**-**	**1,96,598**	**1,96,598**
Financial liabilities				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	161	161
Debt securities	-	-	36,714	36,714
Borrowings (other than debt securities)	-	-	1,19,169	1,19,169
Subordinated liabilities	-	-	13,938	13,938
Other financial liabilities	-	-	4,094	4,094
Total	**-**	**-**	**1,74,076**	**1,74,076**

The carrying amounts of Cash and cash equivalents, Bank Balances other than cash and cash equivalents, other financial assets/liabilities, Payables are considered to be the same as their fair values, due to their short-term nature.

40.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

As on March 31, 2020

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,85,494	-	2,85,494	-
Total	**2,85,494**	**-**	**2,85,494**	**-**

As on March 31, 2019

Financial assets (measured at fair value)	Carrying amount	Fair value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,18,942	-	2,18,942	-
Total	**2,18,942**	**-**	**2,18,942**	**-**

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

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Note 41: Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the company ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

(Rs. in lakhs)

Regulatory capital	**As at 31 March 2020**	**As at 31 March 2019**
Tier 1 Capital	69,703	56,403
Tier 2 Capital	21,836	7,416
Total capital	**91,539**	**63,819**
Risk weighted assets	3,42,351	2,52,950
Tier 1 CRAR	20.36%	22.30%
Tier 2 CRAR	6.38%	2.93%
Total capital ratio	26.74%	25.23%

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends . Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India.

Note 42: Risk Management

1 Introduction and risk profile

Annapurna Finance Private Limited Limited ("Company") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Company predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the company has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the company are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the company. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Company's policy is that risk management processes throughout the Company are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition
- Review of new initiatives and product/policy/process changes
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

1.4 Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Company to manage the various key risks.

Political Risk mitigation measures:
• Low cost operations and Low pricing for customers
• Customer centric Approach, High Customer Retention
• Rural Focus
• Systematic customer awareness activities
• High Social Focused Activities
• Adherence to client protection guidelines
• Robust Grievance Redressal Mechanism
• Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
• District Centric Approach
• District Exposure Cap
• Restriction on growth in urban locations
• Maximum Disbursement Cap per loan account
• Maximum loan exposure Cap per customer
• Diversified Funding Resources

Operational & HR Risk mitigation measures:
• Stringent customer enrolment process
• Multiple products
• Proper recruitment policy and appraisal system
• Adequately trained field force
• Weekly & fortnightly collections – higher customer touch, lower amount instalments
• Multilevel monitoring framework
• Strong, Independent and fully automated Internal Audit Function
• Strong IT system with access to real time client and loan data

Liquidity Risk mitigation measures:
• Diversified funding resources
• Asset Liability management
• Effective Fund management
• Maximum Cash holding Cap

Expansion Risk mitigation measures:
• Contiguous growth
• District centric approach
• Rural focus
• Branch selection based on Census Data & Credit Bureau Data
• Three level survey of the location selected

2 Impairment assessment/ Credit risk (Also refer Note 7a)

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

2.1 Definition of default, Significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or moreon any material credit obligation to the company.

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:

Stage 1: 0 to 30 DPD

Stage 2: 31 to 89 DPD (SICR)

Stage 3: above 89 DPD (Default)

2.2 Probability of Default

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of Default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2012 to March 2013 till March 2020 which is 8-years period of historical information

2.3 Exposure at default

Exposure at default (EAD) is the sum of outstanding principle and the interest amount accrued but not received on each loan as at reporting date. EAD includes on Balance Sheet portfolio, Securitized portfolio and over collateral portion (i.e. Company's own risk) pertaining to the Assigned Portfolio.

2.4 Loss given default

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.

LGD is computed as below:

1. All Loans which are above 89 DPD as on 31 March 2013, are taken and the difference in the principle outstanding as on 31st March 2013 and 31st March 2020 is considered as recovery.

2. Likewise the same is done for all the loans (excluding the loans which are already considered in previous years) which are above 89 DPD as on 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018, 31 March 2019 and recovery rate is computed for each year.

3.LGD= 1- Recovery rate which is computed for each period of observation

2.5 Grouping financial assets measured on a collective basis

The Company believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Company will separately calculate credit losses for them.

2.6 Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 Liquidity risk and funding management (Also Refer Notes 34 and 38)

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Company may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

The Company's treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Company continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to Interest rate risk as follows:

4.1 Interest Rate Risk (IRR)

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principlely because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

	Impact on Profit		Impact on Pre tax Equity	
Finance Cost	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
0.50 % Increase	(224)	(246)	(224)	(246)
0.50 % Decrease	224	246	224	246

5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Company currently doesnot have any exposure to Foreign currency.

Annapurna Finance Private Limited
Notes to the Ind AS financial statements for the year ended March 31, 2020

Note 43: First time adoption

These financial statements, for the year ended 31 March 2020, are the first financial statements of the Company and have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

Optional Exemptions applied:
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

> **Lease Arrangements:**
Ind AS requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

> **Property, Plant and Equipments & Intangible Assets:**
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2018, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 1, 2018

Mandatory Exceptions:
> **Classification and measurement of Financial assets:**
Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.
The Company has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.

> **De-recognition of Financial assets:**
As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "Derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event).
The Company has opted not to re-evaluate financial assets derecognized in the past including those sold under Securitisation agreements.

Estimates:
The estimates at 1 April 2018 and at 31 March 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
> Impairment of financial assets based on expected credit loss model
The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2018, the date of transition to Ind AS and as of 31 March 2019.

Reconciliation of Equity under Ind AS and previous GAAP **Amount (Rs in Lakhs)**

Particulars	Notes	As on 31st March, 2019	As on 1st April, 2018
Total Equity as per IGAAP		59,639	24,265
Add: Ind AS Adjustments			
Loan portfolio			
Impairment on financial assets		411	878
Measurement of financial assets at amortised cost using	1	(2,100)	(1,259)
Measurement of financial assets at Fair value through Other Comprehensive Income		2,209	-
Borrowings			
Measurement of financial liabilities at amortised cost usin	2	1,103	747
Others			
Gain on derecognition of Financial Assets measured at A	3	1,497	-
Recognition of Deferred Tax Liability		(908)	(127)
Total Equity as per Ind AS		**61,849**	**24,504**

Reconciliation of Profit under Ind AS and previous GAAP **Amount (Rs in Lakhs)**

Particulars	Notes	Profit Reconciliation for the year ended March 31, 2019
Profit as per previous IGAAP		5,824
Add: Ind AS Adjustments		
Loan portfolio		
Impairment on financial instruments		(468)
Measurement of financial assets at amortised cost using	1	(841)
Measurement of financial assets at Fair value through Other Comprehensive Income		2,209
Borrowings		
Measurement of financial liabilities at amortised cost using EIR method	2	357
Others		
Gain on derecognition of Financial Assets measured at	3	1,497
Recognition of Deferred Tax Liability		(780)
Total Comprehensive Income under Ind AS		**7,796**

Footnotes to the reconciliation of equity as at 1 April 2018 and 31 March 2019 and profit or loss for the year ended 31 March 2019

1. Loan Portfolio
a. Under previous GAAP, loan processing fees received in connection with loans portfolio is recognized upfront and credited to profit or loss for the year. Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.

b. Under the Ind AS, allowance is provided on the loans given to customers is on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses. Under the previous GAAP the allowance is provided on the basis of percentage decided by the management.

c. Under Indian GAAP, the Company had recognized its Loan Portfolio at transaction value. However, the Company has made a business model assessment for its Loan portfolio and recognised a part of its portfolio as financial assets measured at FVOCI. The difference between the fair value and the Indian GAAP carrying amount has

2. Borrowings

Under previous GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

3. Others

a. Under IGAAP, Income on Direct Assignments was recognised over the tenure of the Loans transferred based on the RBI guidelines. Under Ind AS, Loans sold under Direct Assignment agreements do not meet the de-recognition criteria as per Ind AS 109. The Company has elected the first time adoption exemption for not applying de-recognition criteria to Financial Assets recognised prior to date of transition. Hence, income on agreements entered post April 1, 2018 has been recognised upfront in the year in which such sale takes place.

b. Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

4. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

5. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

6. Major items of difference in income statement for the year ended March 31, 2020, on account of adoption of Ind AS is given below:

Particulars	Amount (In Rs. Lakhs) as per Upfront recognition (Indian GAAP)	Amount (In Rs Lakhs)under Amortisation as per EIR model (Ind AS)	Difference	Remarks
Processing fees income	4,191	3,557	634	Under Ind AS, loan processing fee is credited to statement of profit and loss using the effective interest rate method.
Income from direct assignment	5,664	4,503	1,161	Under Ind AS, loans sold under Direct Assignment (DA) agreements meets the de-recognition criteria as per Ind AS 109. Hence, income from DA has been recognised upfront in the year in which such sale takes place as per the provisions of that standard.
Processing fees expense	1,541	1,135	406	Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest rate method.

Particulars	Amount as per RBI norms	Amount as per Expected Credit loss model under Ind AS	Difference	Remarks
Provision on Loan Portfolio	4,324	6,053	-1,729	Under Ind AS, Provision is created on the basis of Expected credit loss model as defined under Ind AS 109 based on estimates. Hence, the Provision under Ind AS is higher than under IGAAP.

Note 44: Impact of COVID-19 on business and Expected Credit Losses

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements , to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach the borrowers.

The Company has major proportion of its borrowers and Asset under management (AUM) in rural geographies, where the impact of COVID-19 has been relatively lower so far compared to urban geographies. Additionally, the government has announced a series of relief measures for rural India, which will further support rural borrowers' repayment capacity.

As discussed above, the COVID -19 pandemic has impacted the Company's regular operations including lending and collection activities, consequently impacting the carrying value of the financial assets, financial position and performance of the Company.Further , pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020. The Company has extended/will be extending moratorium to its borrowers in accordance with it's Board approved policy.

In Management's view, providing moratorium to borrowers at a mass scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated and recorded a management overlay allowance in its provision for expected credit loss, based on information available at this point in time to reflect, among others things, the deterioration in macro economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic , including government and regulatory measures, on the business and financial metrics of the Company (including credit losses) could be different from that estimated by the Company.

In view of the matters mentioned in above, the Company has assessed the impact of COVID-19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the orders issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to operate in specified areas, the Company resumed operations in those specified areas from May 4, 2020 , by complying with the regulatory guidelines on the businesses , social distancing etc. With the gradual relaxation of lockdown rules thereafter, our employees were able to meet and collect from those borrowers willing to repay, due to minimal impact of the lockdown on them. As observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level that earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status /outcomes of discussions with the Company's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Company's liquidity position over the next 12 months from the end of the reporting period. Based on the foregoing and necessary stress tests considering various scenarios, ,management believes that the Company will be able to fulfil its obligations as and when these become due in the foreseeable future.

During the year ended March 31, 2020, the Company has made an additional provision of Rs. 3567.02 lakhs towards COVID -19.

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
Digitally signed by Sanjay Agarwal
DN: cn=Sanjay Agarwal, c=IN, o=S R Batliboi & Co.LLP, ou=Assurance, email=Sanju.agarwal@srb.in
Location: Kolkata
Date: 2020.07.09 23:42:59 +05'30'

Place: Kolkata
Date: July 09, 2020

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

Gobinda Chandra Pattanaik
Digitally signed by Gobinda Chandra Pattanaik Date: 2020.07.09 23:26:02 +05'30'
Gobinda Chandra Pattanaik
Managing Director

DIBYAJYOTI PATTANAIK
Digitally signed by DIBYAJYOTI PATTANAIK Date: 2020.07.09 23:26:21 +05'30'
Dibyajyoti Pattanaik
Director

SUBRATA PRADHAN
Digitally signed by SUBRATA PRADHAN Date: 2020.07.09 23:30:59 +05'30'
Subrat Pradhan
Company Secretary

SATYAJIT DAS
Digitally signed by SATYAJIT DAS Date: 2020.07.09 23:31:28 +05'30'
Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: July 09, 2020