S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Annapurna Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone 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 standalone 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, 2021, its loss 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 standalone financial statements in accordance with the Standards on Auditing (SAs), 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 Standalone 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 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 standalone financial statements.

Emphasis of Matter

We draw attention to Note 44 of the standalone financial statements, which describes the extent to which the COVID – 19 pandemic may impact the Company's operations and its financial metrics which are dependent on uncertain future developments. 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 standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone 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.

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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 standalone 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 standalone 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 standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of loan receivables at balance sheet date (including provision for expected credit losses) *(as described in note 7 and note 42.2 of the standalone financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables using the expected credit loss (ECL) approach. In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters: 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. 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** The impact of Novel Coronavirus (COVID-19) pandemic, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations and collection efficiency. The Company uses the principles of prudence wherever applicable to assess the impact of pandemic on the standalone financial statements specifically while assessing management overlays. The Company has recorded a total provision (including management overlay) of INR 23,547 lakhs 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 of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory	Our audit procedures included the following: • Read and assessed the Company's accounting policy for impairment of loan receivables and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India ('RBI') guidelines issued on March 13, 2020. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default and loss given default 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 (i.e. the default in repayment is within the range of 31 to 90 days) or stage 3 (i.e. the default in repayment is more than 90 days). • Tested the input data used for determining the probability of default and loss given default 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 Microfinance Institutions Network (MFIN) advisory and tested the implementation of such policy on a sample basis.

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Key audit matters	How our audit addressed the key audit matter
measures and the Company's responses thereto, the actual credit loss can be different than that being estimated. 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.	• Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium by testing on a sample basis. • 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 RBI guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Assessed the adequacy of disclosures included in the standalone financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. We also evaluated the adequacy of COVID-19 specific disclosure in the standalone financial statements and verified the data included in the disclosures.
(b) Information technology ('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. Deficiency in the IT control environment could potentially 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	Our audit procedures included the following with support from IT specialist: • 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 and assessed 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.

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Key audit matters	How our audit addressed the key audit matter
and preparation of the financial information is considered to be a key audit matter.	• 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone 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 standalone 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 Standalone 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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Auditor's Responsibilities for the Audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone financial statements for the financial

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Kolkata

year ended March 31, 2021 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 the Statement of 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 standalone 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to standalone 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, 2021;

   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:

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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

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership Number: 055596

S.R. Batliboi & Co. LLP
Kolkata
*

UDIN: 21055596AAAACU6853
Place of Signature: Kolkata
Date: June 30, 2021

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, 2021

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

(b) Majority of the property, plant and equipment 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax,

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duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, 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 Lakhs)	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. 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 utilization 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. 65 lakhs and out of which Rs. 11 lakhs 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

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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 standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of shares. According to the information and explanations given by the management, we report that the amount raised, have been used for the purposes for which the funds were raised except for idle/surplus funds which were not required for immediate utilization and which have been gainfully invested in fixed deposits. The Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.

(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

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership Number: 055596

S.R. Batliboi & Co. LLP Kolkata

UDIN: 21055596AAAACU6853
Place of Signature: Kolkata
Date: June 30, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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 with reference to standalone financial statements of Annapurna Finance Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). 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 with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to these Standalone financial statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

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

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership Number: 055596

S.R. Batliboi & Co. LLP
Kolkata

UDIN: 21055596AAAACU6853
Place of Signature: Kolkata
Date: June 30, 2021

Annapurna Finance Private Limited
Standalone Balance Sheet as at March 31, 2021

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	86,135	70,027
Bank balance other than cash and cash equivalents	5	82,161	41,784
Trade receivables	6	37	47
Loans	7	3,86,716	3,53,427
Investment	7.1	500	-
Other financial assets	8.1	14,560	9,243
Subtotal - Financial assets		5,70,129	4,74,528
Non-financial assets			
Current tax assets (net)	9.1	125	1,704
Deferred tax assets (net)	9.2	2,778	-
Property, plant and equipment	10	1,139	1,175
Intangible assets	11	99	213
Right to use assets	12	39	99
Other non-financial assets	8.2	1,198	629
Subtotal - Non- financial assets		5,378	3,820
Total assets		5,75,507	4,78,348
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
Trade Payables	13		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		227	336
Debt securities	14	1,73,854	64,179
Borrowings (other than debt securities)	15	2,82,307	3,00,782
Subordinated liabilities	16	32,275	25,776
Lease liabilities	12	36	85
Other financial liabilities	17.1	9,046	8,541
Subtotal - Financial liabilities		4,97,745	3,98,699
Non-financial liabilities			
Provisions	18	1,034	668
Deferred tax liabilities (net)	9.2	-	1,098
Other non-financial liabilities	17.2	468	328
Total non- financial liabilities		1,502	2,094
Equity			
Equity share capital	19	6,872	6,870
Instruments entirely equity in nature	20	300	300
Other equity	21	69,088	69,385
Subtotal - Equity		76,260	76,555
Total liabilities and equity		5,75,507	4,78,348

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

As per our report of even date

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

per Bhaswar Sarkar
Partner
Membership No.: 055596

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

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02784187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

S.R. Batliboi & Co. LLP Kolkata

Annapurna Finance Pvt. Ltd. India

Place: Kolkata
Date: June 30, 2021

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Private Limited
Standalone Statement of Profit and Loss for the period ended March 31, 2021

(In Rs. Lakhs)

	Particulars	Notes	For the year March 31, 2021	For the year March 31, 2020
	Revenue from operations			
	Interest income			
	Fees and commission income	22	90,709	71,096
	Net gain on derecognition of financial instruments	23.1	271	882
	Other operating revenue	23.2	6,363	5,684
	Bad debt recovery			
(I)	Total revenue from operations		142	116
(II)	Other income		97,485	77,650
(III)	Total Income (I + II)	24	226	412
			97,711	77,962
	Expenses			
	Finance costs			
	Impairment of financial instruments	25	51,105	37,737
	Employee benefits expenses	26	19,175	5,270
	Depreciation and amortisation expenses	27	20,599	17,727
	Other expenses	28	893	874
(IV)	Total expenses	29	5,772	6,363
			97,544	67,971
(V)	Profit before tax (III-IV)			
			167	9,991
(VI)	Tax expense:			
	Current tax			
	Deferred tax credit		3,705	3,060
	Tax expense for earlier year	9.3	(3,720)	(825)
			-	(533)
(VII)	Profit for the year (V-VI)			
			182	8,289
(VIII)	Other comprehensive income			
	A Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan	33.3	15	(54)
	Income tax relating to items that will not be reclassified to profit or loss	9.3	(4)	13
	Subtotal (A)		11	(41)
	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		(635)	8,287
	Income tax relating to items that will be reclassified to profit or loss	9.3	160	(2,086)
	Subtotal (B)		(475)	6,201
	Other Comprehensive Income (A+B)		(464)	6,160
(IX)	Total comprehensive income (Comprising profit / (loss) and Other Comprehensive Income for the year) (VII)+(VIII)		(282)	14,449
(X)	Earnings per equity share (face value of ₹10.00 each)			
	Basic (Rs.)	30	0.26	12.08
	Diluted (Rs.)		0.24	10.98

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

As per our report of even date

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

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership No.: 055596

S R Batliboi & Co. LLP Kolkata

Place: Kolkata
Date: June 30, 2021

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

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716380)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrata Pradhan
Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

ANNAPURNA FINANCE PVT. LTD.

Annapurna Finance Private Limited
Statement of Standalone cash flows for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	167	9,991
Adjustments for:		
Depreciation and amortisation expenses on property, plant and equipment, intangible assets and right of use assets	893	874
Impairment of financial instruments	19,175	5,270
Provision for insurance claim receivable and others	167	457
Profit on sale of current investments	-	(87)
Net gain on derecognition of financial instruments	(6,363)	(5,664)
Share based payments to employees	126	263
Operating profit before working capital changes	14,165	11,104
Movements in working capital:		
Decrease in other financial and non financial assets	319	2,498
Increase in bank balance other than cash and cash equivalents (net)	(40,397)	(21,354)
Decrease / (increase) in trade receivables	10	(13)
Increase in loans and advances	(53,099)	(80,408)
Increase in other financial and non financial liabilities	645	224
Increase in provisions	381	421
(Decrease) / increase in trade payables	(109)	17
Cash (used) in operations	(78,085)	(87,512)
Income tax paid (net of refunds)	(2,124)	(3,478)
Net cash flows used in operating activities (A)	(80,209)	(90,990)
Cash flow from investing activities		
Purchase of property, plant and equipment	(542)	(834)
Proceeds from sale of property, plant and equipment	-	4
Purchase of intangible assets	(149)	(227)
Purchase of current investments (net)	-	87
Investment in equity instruments of subsidiary	(500)	-
Net cash flows used in investing activities (B)	(1,190)	(959)
Cash flow from financing activities		
Proceeds from issuance of equity share capital (including premium)	7	-
Proceeds from debt securities (net)	1,09,675	2,123
Repayment of lease liabilities	(57)	(65)
Proceeds from Borrowings (other than debt securities) (net)	(16,476)	1,02,078
Proceeds of Subordinated liabilities (net)	6,499	11,854
Share issue expenses	(141)	-
Net cash flows from financing activities (C)	97,507	1,15,990
Net increase in cash and cash equivalents (A+B+C)	16,108	24,031
Cash and cash equivalents at the beginning of the year	70,027	45,996
Cash and cash equivalents at the end of the year (Refer note 4)	86,135	70,027
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	41,975	24,439
deposit with original maturity of less than three months	44,013	45,391
Cash on hand	147	197
Total cash and cash equivalents at the end of the year	86,135	70,027
Cash flow from operating activities include interest received of Rs 78,149 lakhs (March 31, 2020: Rs 62,238 lakhs) and interest paid of Rs 46,411 lakhs (March 31, 2020: Rs 34,018 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 standalone 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 Bhaswar Sarkar
Partner
Membership No.: 055596

S.R. Batliboi & Co. LLP Kolkata

Place: Kolkata
Date: June 30, 2021

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

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02784187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Pvt. Ltd. India

Annapurna Finance Private Limited
Statement of Standalone changes in Equity for the year ended March 31, 2021

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	In Nos.	In Rs. Lakhs
As at 1 April 2019	6,86,99,648	6,870
Issued during the year (refer note 19)	-	-
As at 31 March 2020	6,86,99,648	6,870
Issued during the year (refer note 19)	16,300	2
As at 31 March 2021	6,87,15,948	6,872

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, 2019	2,295	40,217	906	9,694	1,566	54,677
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 Statutory reserves	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
Profit for the year	-	-	-	182	-	182
Other comprehensive income	-	-	-	11	(475)	(464)
Total comprehensive income for the year	-	-	-	193	(475)	(282)
Transfer to/from retained earnings	36	-	-	(36)	-	-
Share issue / debenture issues expenses	-	(141)	-	-	-	(141)
Amortization of vesting expenses of Employee stock option plan	-	-	126	-	-	126
Balance as at March 31, 2021	4,205	40,076	1,295	16,220	7,292	69,088

The accompanying notes are an integral part of the standalone 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 Bhaswar Sarkar
Partner
Membership No.: 055596

S.R. Batliboi & Co. LLP Kolkata

Place: Kolkata
Date: June 30, 2021

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

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Pvt. Ltd. India

1.1 Corporate information

Annapurna Finance Private Limited ("the Company") is a private company incorporated in India. The Company was registered as a non-deposit taking Non-Banking Financial Company ("NBFC-ND") with the Reserve Bank of India ("RBI") and 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 recognised stock exchange 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 standalone financial statements for the year ended March 31, 2021 were approved by the Board of Directors on June 30, 2021.

1.2 Basis of Preparation

These standalone 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.

The standalone financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability and cash flows.

These standalone 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 standalone financial statements for the year ended March 31, 2021 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 standalone 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/ loss on fair value changes: The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models.

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(iv) Fees and Commission Income: The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 "Financial Instruments" is applicable) based on a comprehensive assessment model as set out in Ind AS 115 "Revenue from contracts with customers". The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received/ receivable.

(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 arived 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 equipments	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 be 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 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 contigent 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.

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Kolkata

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.

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 on the actuarial valuation using the projected unit credit method at the end 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 date 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.

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.

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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.

2.12.1.3.1 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 entirety 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.

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Annapurna Finance Pvt. Ltd.

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 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 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. <u>Probability of Default (PD)</u>: 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. <u>Exposure at default (EAD)</u>: 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. <u>Loss given default (LGD)</u>: 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, 31 March 2019 and recovery rate is computed for each year.
3.LGD= 1- Recovery rate which is computed for each period of observation

2.13.2 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.

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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 to 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 standalone financial statements for the year ended March 31, 2021)

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 is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services 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 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 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 to the accounting policies in section 2.5 Impairment of non-financial assets.

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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.

2.21 Share Issue Expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity

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.

New and amended standards
(i) Amendments to Ind AS 1 and Ind AS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is there expected to be any future impact to the Company.

(ii)Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The impact of the same is immaterial.

Standards notified but not yet effective
There are no new standards that are notified, but not yet effective, upto the date of issuance of the Group's financial statements.

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INDIA

Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	147	197
Balances with Banks in current accounts	41,976	24,499
Bank deposit with maturity of less than 3 months	44,013	45,391
Total	86,136	70,027

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, 2021	As at March 31, 2020
Fixed deposit with remaining maturity of not more than 12 months*	39,621	13,923
Fixed deposit with remaining maturity of more than 12 months*	42,560	27,861
Total	82,181	41,784

(*) Includes deposit certificates along with interest accrued of Rs. 27,067.68 lakhs (March 31, 2020: Rs. 21,636.37 lakhs) marked as lien towards term loans availed from banks, towards cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

Note 6: Trade Receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued commission on business correspondant activities (Unsecured, considered good)	37	47
Total	37	47

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.

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Note 7: Loans and Advances

Considered good unless stated otherwise

Particulars	As at March 31, 2021			As at March 31, 2020		
	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)	98,072	3,11,819	4,09,891	64,989	2,94,207	3,59,196
Considered good	97,859	2,81,980	3,79,839	64,796	2,89,514	3,54,310
Credit impaired	213	29,839	30,052	193	4,693	4,886
Total term loans	98,072	3,11,819	4,09,891	64,989	2,94,207	3,59,196
ii) Staff Loan	372	-	372	284	-	284
Total (A) - Gross	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Less: Impairment loss allowance	5,634	17,913	23,547	1,792	4,261	6,053
Total (A) - Net	92,810	2,93,906	3,86,716	63,481	2,89,946	3,53,427
Term loans (including securitised pool)						
i) Secured	23,925	-	23,925	27,193	-	27,193
ii) Unsecured	74,147	3,11,819	3,85,966	37,796	2,94,207	3,32,003
Sub-total - Term loans	98,072	3,11,819	4,09,891	64,989	2,94,207	3,59,196
Staff loan						
-Unsecured	372	-	372	284	-	284
Sub-total - Staff loan	372	-	372	284	-	284
Total (B) - Gross	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Less : Impairment loss allowance	5,634	17,913	23,547	1,792	4,261	6,053
Total (B) - Net	92,810	2,93,906	3,86,716	63,481	2,89,946	3,53,427
Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Total - Gross	98,444	3,11,819	4,10,263	65,273	2,94,207	3,59,480
Less: Impairment loss allowance	5,634	17,913	23,547	1,792	4,261	6,053
Total - Net	92,810	2,93,906	3,86,716	63,481	2,89,946	3,53,427
Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-
Total (C)	92,810	2,93,906	3,86,716	63,481	2,89,946	3,53,427

The details of loans hypothecated against borrowings are presented in Note 14-15.

Reconciliation of impairment allowance

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised Cost	At fair value – Through Other Comprehensive Income	Total	Amortised Cost	At fair value – Through Other Comprehensive Income	Total
Opening Provision	1,793	4,260	6,053	408	2,295	2,703
Add: Impairment provision created during the year (Refer note 28)	4,588	14,587	19,175	1,432	3,837	5,269
Less: Loan portfolio (own) written off during the year	(817)	-	(817)	(47)	(1,872)	(1,919)
Less-: EIS receivable on assignment transaction written off during the year	(760)	-	(760)	-	-	-
Less-: Provision for managed portfolio disclosed under "provisions" (refer note 18)	(104)	-	(104)	-	-	-
Closing Provision	4,700	18,847	23,547	1,793	4,260	6,053

Note 7.1: Investment (Fair value through Profit and Loss Account)

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment		
A) In India		
Equity Instruments		
(a) Investment in subsidiary (at cost)		
49,99,000 (March 31, 2020: Nil) equity shares of Rs. 10 each fully paid in Annapurna SME Finance Private Limited	500	-
Less: Impairment loss allowance	-	-
Total	500	-
Above amount includes		
Investment in India	500	-
Investment outside India	-	-
Total	500	-

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 7A

Gross carrying value of assets as at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,41,161	38,678	-	3,79,839
Non Performing assets	-	-	30,052	30,052
Total	3,41,161	38,678	30,052	4,09,891

Gross carrying value of assets as at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,51,510	2,800	-	3,54,310
Non Performing assets	-	-	4,886	4,886
Total	3,51,510	2,800	4,886	3,59,196

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 April 1, 2020	3,51,510	2,800	4,886	3,59,196
Add: New assets originated during the year (net of collections)	51,512	-	-	51,512
Less-: assets written off during the year	-	(453)	(364)	(817)
Movement between stages				
Transfer from Stage 1	(61,929)	38,423	23,506	-
Transfer from Stage 2	67	(2,092)	2,025	-
Transfer from Stage 3	1	-	(1)	-
Gross carrying value of assets as at March 31, 2021	3,41,161	38,678	30,052	4,09,891

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2020	3,970	231	1,852	6,053
Provision created / (reversed) during the year	(3,221)	4,716	16,816	18,311
Assets written off during the year	-	(453)	(364)	(817)
ECL allowance as at March 31, 2021	749	4,494	18,304	23,547

a) ECL for stage 1 has decreased primarily on account of restructuring done during the year.
b) ECL for stage 2 has increased primarily on account of restructured debt during the year.
c) ECL for stage 3 (net of write off) increased primarily on account of COVID-19 pandemic during the year.

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2019	2,68,470	560	3,378	2,72,408
New assets originated during the year, netted off for repayments and derecognised portfolio	88,707			88,707
Assets written off during the year	-	-	(1,919)	(1,919)
Movement between stages				
Transfer from Stage 1	(5,785)	2,625	3,160	-
Transfer from Stage 2	-	(386)	386	-
Transfer from Stage 3	118	1	(119)	-
Gross carrying value of assets as at March 31, 2020	3,51,510	2,800	4,886	3,59,196

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2019	1,051	32	1,620	2,703
Provision created / (reversed) during the year	2,919	199	2,151	5,269
Assets written off during the year	-	-	(1,919)	(1,919)
ECL allowance as at March 31, 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.
b) 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 assets originated during the year.
d) Increase is also on account of additional provision made on account of COVID-19 pandemic.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 8.1: Other financial assets
(at amortised cost)
(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	271	226
Retained interest on assets assigned	4,668	2,638
Interest accrued on loans designated at FVOCI	4,182	3,910
Fixed deposit with financial institution*	1,889	1,361
Insurance claim receivable (Unsecured, considered good)	930	739
Ex-gratia claim receivable#	2,213	-
Other financial assets- Others**	407	369
Total	14,560	9,243

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.
**includes EIS receivable and advances recoverable in cash
#The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme ("the Scheme") for grant of exgratia payment being difference between compounded interest and simple interest for six months period from March 1, 2020 to August 31, 2020 to eligible borrowers as per the Scheme. The management has credited the differential interest in the borrower accounts in line with the requirement of the Scheme. As at March 31, 2021, the Company have not received the amount from Government of India and the amount is shown as "ex-gratia claim receivable". The management is confident of the recovery of ex-gratia claim receivable from the Government of India with in 12 months from the date of balance sheet.

Note 8.2:Other Non-financial assets
(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	608	469
Capital advance	100	140
Other Advances *	490	20
Total	1,198	629

*Includes advances to vendor

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Annapurna Finance India

Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 9.1: Current tax assets (net)

(In Rs. Lakhs)

	As at March 31, 2021	As at March 31, 2020
Advance income tax (net of provision)	125	1,704

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

(In Rs. Lakhs)

	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets:		
Impairment loss allowance on loan portfolio	5,935	1,272
Difference of written down value property, plant and equipment	271	193
Provision for defined benefit obligation and leave encashment	230	168
Difference of lease liabilities and right of use asset	1	2
Impact due to amortization of processing fees income	(54)	160
Others	-	210
Deferred Tax Liabilities:		
Upfront recognition of gain on direct assignment transactions	(985)	(296)
Impact due to amortization of processing fees expenses	(51)	(78)
Fair value gain on loans	(2,569)	(2,729)
Deferred tax relating to origination and reversal of temporary differences (Net of liabilities)	2,778	(1,098)

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 2021	Year ended 31 March 2020
Income tax expense in the statement of profit and loss consists of:		
Current Income Tax:		
Income tax	3,705	3,060
Deferred tax	(3,720)	(825)*
Income Tax expense reported in respect of current year	(15)	2,235
Tax in respect of earlier years	-	(533)
Total Income Tax expense reported in the statement of profit or loss	(15)	1,702
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/(losses) on defined benefit plans	(4)	(13)
Deferred tax arising on fair value gain on loan portfolio	(160)	2,086
Total	(164)	2,073

* includes deferred tax charge (net) of Rs.123 lakhs arising from revised estimates pertaining to prior year

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 2021 and 31 March 2020 are, as follows:

(In Rs. Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	167	9,991
At India's statutory income tax rate of 25.17%	42	2,515
Change in tax rates	-	124
Income not subject to tax		
Others	210	(1,162)
Non-deductibe expenses		
Expenditure on CSR	84	109
Others	(89)	822
Additional tax allowances	(262)	(173)
Income tax expense reported in the statement of profit or loss	(15)	2,235
Income tax adjustment in respect of current income tax of prior years	-	(533)
Total income tax expense reported in the statement of profit or loss	(15)	1,702

The effective income tax rate for March 31, 2021 is 25.17% (March 31, 2020: 25.17%).

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Annapurna Finance

Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Movement in deferred tax balances for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance April 1, 2020	(Charge)/Credit in Profit and Loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2021	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	193	78	-	-	271	271	-
Provision for defined benefit obligation and leave encashment	168	66	(4)	-	230	230	-
Impairment loss allowance on loan portfolio	1,272	4,663	-	-	5,935	5,935	-
Impact of ammortisation of expense , offered to tax on upfront basis	(78)	27	-	-	(51)	-	(51)
Impact of ammortisation of processing fee income , offered to tax on upfront basis	160	(214)	-	-	(54)	-	(54)
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(286)	(689)	-	-	(985)	-	(985)
Fair value gain on loans	(2,729)	-	160	-	(2,569)	-	(2,569)
Difference of lease liabilities and right of use asset	2	(1)	-	-	1	1	-
Other items	210	(210)	-	-	-	-	-
Net Deferred tax assets / (liabilities)	(1,098)	3,720	156	-	2,778	5,437	(3,659)

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 assets	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	158	35	-	-	193	193	-
Provision for defined benefit obligation and leave encashment	86	69	13	-	168	168	-
Impairment loss allowance on loan portfolio	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)
Fair value gain on loans	(643)	-	(2,086)	-	(2,729)	-	(2,729)
Difference of lease liabilities and right of use asset	-	-	-	(2)	(2)	-	(2)
Other items	(106)	316	-	-	210	210	
Net Deferred tax assets / (liabilities)	165	812	(2,073)	(2)	(1,098)	2,003	(3,101)

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Note 10: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land	Office equipment	Furniture and Fixtures	Vehicles	Computers	Total
Cost:						
At 1 April 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
Additions	-	125	159	-	257	542
Disposals	-	-	-	-	-	-
At 31 March 2021	14	1,128	902	153	1,272	3,470
Accumulated Depreciation:						
At 1 April 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
Depreciation charge for the year	-	210	121	20	227	579
Disposal	-	-	-	-	-	-
At 31 March 2021	-	794	459	109	970	2,331
Net book value:						
At 31 March 2020	14	420	405	64	272	1,175
At 31 March 2021	14	334	443	44	302	1,139

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

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ANNAPURNA FINANCE PRIVATE LIMITED

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 11: Intangible assets

(In Rs. Lakhs)

	Computer software
Deemed Cost:	
At at 1 April 2019	434
Additions	227
Disposals	-
At at 31 March 2020	661
Additions	149
Disposals	-
At at 31 March 2021	809
Accumulative amortisation:	
At at 1 April 2019	277
Amortisation charge for the year	171
Disposal	-
At 31 March 2020	448
Amortisation charge for the year	262
Disposal	-
At 31 March 2021	710
Net book value:	
At 31 March 2020	213
At 31 March 2021	99

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Annapurna Finance Pvt Ltd

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 12: Leases (where the Company is the lessee)

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	As at March 31, 2021	As at March 31, 2020
Opening balance	99	87
Adjustment due to change in lease agreement and security deposit reclassification	(21)	24
Additions during the year	14	42
Depreciation expense	(53)	(54)
Closing balance	39	99

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

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	85	95
Adjustment due to change in lease agreement	(14)	-
Additions during the year	14	42
Accretion of interest	8	13
Payments	(57)	(65)
Closing balance	36	85

The maturity analysis of Lease liabilities are disclosed in Note 38

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 the statement of profit or loss: (In Rs. Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Amortisation charge on right of use asset (refer note 28)	53	54
Interest expense on lease liabilities (refer note 26)	8	13
Expense relating to short-term leases and other low value assets leases (included in other expenses) (refer note 29)	1,264	1,104
Total amount recognised in statement of profit or loss	1,325	1,171

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ANNAPURNA FINANCE PVT. LTD.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended,March 31, 2021

Note 13: Trade Payables:

Particulars	As at March 31, 2021	As at March 31, 2020
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	227	336
Total	227	336

Note 13.1 Dues to the Micro Enterprises and Small Enterprises:

Particulars	As at March 31, 2021	As at March 31, 2020
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	-	-

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Note 14: Debt securities (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Redeemable, Non-convertible Debentures (secured)*	1,50,972	64,179
Compulsorily Convertible Preference Shares #	22,882	-
Total	1,73,854	64,179
Debt securities in India	72,427	3,307
Debt securities outside India	1,01,427	60,872
Total	1,73,854	64,179

* Redeemable Non-convertible Debentures (secured) (at amortised cost) ("NCDs")

Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
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	10,00,000	-	3,980
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	10,00,000	-	199
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	1,00,000	2,058	2,054
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	1,00,000	2,683	2,677
13.70 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par partially from July 2020 with the date of allotment i.e. June 15, 2016	600	600	3,33,333	2,076	6,224
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March 2021 with the date of allotment i.e. August 30, 2017,	325	325	8,33,333	2,732	3,272
12.376% 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. September 22, 2020, 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.	700	-	10,00,000	7,012	-
12.1113% 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	4,791	4,784
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	6,209	6,199
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	3,649	3,654
11.8468% 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	10,047	10,071
11.9526% 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. August 31, 2020, 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.	1,000	-	10,00,000	9,961	-
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	-	8,33,333	8,322	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	-	10,00,000	2,545	-
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 18, 2020.	1,000	-	10,00,000	10,073	-

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Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	350	-	10,00,000	3,536	-
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	100	-	10,00,000	1,010	-
10.85% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	-	10,00,000	5,995	-
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	-	10,00,000	2,699	-
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. September 29, 2020.	500	-	10,00,000	5,248	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 05, 2020.	100	-	10,00,000	1,093	-
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	250	-	10,00,000	2,581	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	500	-	10,00,000	5,077	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	500	-	10,00,000	5,077	-
10.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. July 21, 2020.	200	-	10,00,000	2,136	-
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	-	10,00,000	10,228	-
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	-	10,00,000	1,630	-
10.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 12, 2020.	580	-	10,00,000	5,835	-
12.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. December 22, 2020.	275	-	10,00,000	2,012	-
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 thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,021	7,006
9.60% 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	695	7,00,000	4,942	6,365
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from from the date of allotment i.e. July 07, 2020.	18,750	-	25,000	4,758	-
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	730	10,00,000	7,637	7,684
Total				1,59,972	64,179

 # Compulsorily Convertible Preference Shares ("CCPS")

Terms	Number of CCPS		Face value	Amount in Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,94,18,612	-	10.00	22,882	-
Total				22,882	-
Grand total (NCDs and CCPS)				1,73,854	64,179

Note: terms of conversion for CCPS
At the discretion of CCPS holder, the CCPS shall be converted into Equity Shares at the earlier of:

(i) at any time but not earlier than June 30, 2022 if the audited accounts for the financial year ending on 31 March 2022 are available or such other date on which the audited accounts for the financial year ending on 31 March 2022 are available ("Target Conversion Date");
(ii) at the time of closing of a Subsequent Round;
(iii) at the time of a Qualified IPO of the Company in accordance with the Shareholders' Agreement; or
(iv) upon the Transfer of 100% (one hundred percent) of the Share Capital of the Company, such date being the "Conversion Date", at the Conversion Rate, which shall be determined in accordance with this Schedule XVII of the Shareholder Agreement.

Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 15: Borrowings other than debt securities *(at amortised cost)*

Particulars	At at March 31, 2021	At at March 31, 2020
Term loans (secured)*		
Banks	1,70,932	1,85,838
Financials institutions	45,813	52,836
Non Banking financial companies	12,708	19,405
External commercial borrowings**	32,679	20,943
Term loans (unsecured)		
External commercial borrowings**	16,006	16,016
Vehicle Loans (secured)	-	3
Borrowings from Securitisation arrangement (secured)		
- Securitisation transactions	4,169	5,741
Total	2,82,307	3,00,782
Borrowings in India	2,33,622	2,63,823
Borrowings outside India	48,685	36,959
Total	2,82,307	3,00,782

*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 principal loan amount and margin money deposits.Secured Term loans are repayable in equated prinipal plus interest as well as in equated instalments carrying interest rate ranging from 6.38% - 12.60% (March 31, 2020: 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 10.00% - 12.78% (March 31, 2020: 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.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 15.1 Terms of repayment of borrowings as on March 31, 2021

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year: No. of instalments	Due within 1 year: Amount (In Rupees)	Due between 1 to 2 Years: No. of instalments	Due between 1 to 2 Years: Amount (In Rupees)	Due between 2 to 3 Years: No. of instalments	Due between 2 to 3 Years: Amount (In Rupees)	Due between 3 to 4 Years: No. of instalments	Due between 3 to 4 Years: Amount (In Rupees)	Due between 4 to 5 Years: No. of instalments	Due between 4 to 5 Years: Amount (In Rupees)	Due between 5 to 6 Years: No. of instalments	Due between 5 to 6 Years: Amount (In Rupees)	Total
Monthly														
0-3 Yrs.	6.38%-13.5%	812	93,575	416	44,349	3	337	-	-	-	-	-	-	1,38,261
Above 3 Yrs.	9.80%-11.30%	51	7,684	31	6,899	6	2,170	-	-	-	-	-	-	16,754
Monthly Total		863	1,01,259	447	51,249	9	2,507	-	-	-	-	-	-	1,55,015
Quarterly														
0-3 Yrs.	9.10%-12.25%	101	41,643	21	6,710	5	460	-	-	-	-	-	-	48,813
Above 3 Yrs.	10.00%-10.75%	4	533	-	-	-	-	-	-	-	-	-	-	533
Quarterly Total		105	42,176	21	6,710	5	460							49,346
Half Yearly														
0-3 Yrs.	7%-12.75%	4	13,063	3	8,290	1	1,658	-	-	-	-	-	-	23,011
Above 3 Yrs.	9.08%-12.49%	15	12,411	14	11,512	12	9,194	13	11,805	-	-	-	-	44,922
Half Yearly Total		19	25,474	17	19,802	13	10,852	13	11,805	-	-	-	-	68,533
Annually														
0-3 Yrs.	11.50%-12.00%	2	1,793	2	1,741	2	1,741	-	-	-	-	-	-	5,275
Annually Total		2	1,793	2	1,741	2	1,741							5,275
Bullet														
0-3 Yrs.	9.75%-12.76%	15	44,139	7	21,171	4	14,822	-	-	-	-	-	-	80,232
Above 3 Yrs.	10.50%-17.00%	13	24,801	6	15,204	6	35,429	5	18,802	3	14,409	3	21,389	1,30,035
Bullet Total		28	68,940	13	36,375	10	50,251	5	18,802	3	14,409	3	21,389	2,10,267
Grand Total		1,017	2,40,242	500	1,15,677	39	65,011	18	30,608	3	14,409	3	21,389	4,86,436

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term Loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External Commercial Borrowings
The Company holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 15.2 Terms of repayment of borrowings as on March 31, 2020

(Amount 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														
0-3 Yrs.	8.43%-16.5%	603	82,441	316	46,390	100	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	105	14,922	9	329	-	-	-	-	1,45,491
Quarterly														
0-3 Yrs.	10.35%-12.50%	133	50,684	78	30,108	9	1,803	1	207	-	-	-	-	82,810
Above 3 Yrs.	11.65%	4	499	2	249	-	-	-	-	-	-	-	-	748
Quarterly Total		137	51,183	80	30,359	9	1,803	1	207					83,558
Half Yearly														
0-3 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														
0-3 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	139	57,605	22	16,343	8	18,349	4	11,811	3,90,734

* Vehicle loans of Rs. 3 lakhs have not been included in the above disclosure.

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term Loans
Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External Commercial Borrowings
The Company holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 15: Subordinated liabilities *(at amortised cost)*

Particulars	As at March 31, 2021	As at March 31, 2020
Indian Rupee term loan		
Subordinate debt (unsecured)- debentures*	28,746	22,249
Subordinate debt (unsecured)- term loans#	3,529	3,527
Total	32,275	25,776
Borrowings in India	17,918	18,404
Borrowings outside India	14,359	7,372
Total	32,275	25,776

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% - 14.9% p.a. (March 31, 2020: 12.21% - 17% p.a.)
#Subordinate debt term loans are repayable in bullet payment carrying interest rate ranging from 13.5% - 16.5% p.a. (March 31, 2020: 13.5% - 16.5% p.a.)

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

Terms of debentures	Number of debentures		Face value	Amount in Rs. Lakhs	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
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	10,00,000	-	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	10,00,000	2,008	2,007
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	10,00,000	500	499
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	10,00,000	2,490	2,494
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	10,000	3,414	3,410
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	10,00,000	1,499	1,499
12.07% 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	30,00,000	100	2,957	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	395	396	10,00,000	3,970	3,960
12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from from the date of allotment i.e. February 10 2028	28,500	-	25,000	7,006	-
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	340	10,00,000	3,395	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	15,000	10,000	1,497	1,498
Total				28,746	22,249

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

Terms of term loan	Rate	As at March 31, 2021	As at March 31, 2020
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.60%	1,001	1,000
13.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2023-24	13.50%	2,528	2,527
Total		3,529	3,527

Grand total of debentures and term loans (subordinate debt) (unsecured)	32,275	25,776

Note 17.1: Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Insurance premium payable	962	573
Employee dues	1,118	909
Payable towards securitisation transaction	4,028	6,684
Liability against interest subvention scheme	914	-
Arranger / processing charges payable	812	-
Death claim payable to customers	474	193
Other financial liabilities - Other payable*	338	182
Total	9,046	8,541

* consists of payable to vendors

Note 17.2: Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	468	328
Total	468	328

Note 18: Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits:		
Gratuity (refer note 33)	404	265
Leave encashment and availment	527	403
Provision on managed loan portfolio (under business correspondence arrangement)	104	-
Total	1,034	668

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Note 19: Equity Share Capital

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

(Amount in Rs. Lakhs except no. of shares)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised 8,30,00,000 (March 31, 2020: 8,30,00,000) equity shares of Rs.10/- each	8,300	8,300
2,40,00,000 (March 31, 2020: 30,00,000) preference shares of Rs.10/- each	2,400	300
	10,700	8,600
Issued, subscribed and fully paid up 6,87,15,948 (March 31, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs. Lakhs)	6,872	6,870
	6,872	6,870

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

Particulars	In Nos.	Amount in Rs. Lakhs
As at April 1, 2019	6,86,99,648	6,870
Issued during the year	-	-
As at March 31, 2020	6,86,99,648	6,870
Issued during the period	16,300	2
As at March 31, 2021	6,87,15,948	6,872

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	As at March 31, 2021 No. of Shares held	As at March 31, 2021 % of Holding in the class	As at March 31, 2020 No. of Shares held	As at March 31, 2020 % of Holding in the class
Equity Shares of Rs.10 each fully paid	67,60,343	9.84%	67,60,343	9.84%
Gobinda Chandra Pattanaik Belgian Investment Company for Developing Countries	95,27,723	13.87%	95,27,723	13.87%
NV - SA (Investor)	75,40,636	10.97%	75,40,636	10.98%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	58,00,000	8.44%	58,00,000	8.44%
Women's World Banking Capital Partners, LP	46,45,695	6.76%	46,45,695	6.76%
Bamboo Financial Inclusions Fund II	1,80,48,942	26.27%	1,80,48,942	26.27%
Oman India Joint Investment Fund II	1,16,88,702	17.01%	1,16,88,702	17.01%
Asian Development Bank	6,40,11,941		6,40,11,941	
Total				
Compulsory Convertible Preference Shares of Rs. 10 each fully paid	30,00,000	13.38%	30,00,000	100.00%
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	1,94,18,612	86.62%	-	-
Naveen Global Impact Fund India S.A.R.L (*)				
Total				

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.

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 14

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.

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 20: Instruments entirely equity in nature

In Rs. Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Compulsorily Convertible Preference Shares (30,00,000 preference shares (March 31, 2020: 30,00,000 preference shares) of Rs 10 each fully paid up)	300	300
Total	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, 2021	As at March 31, 2020
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,206	4,169
Securities premium	40,076	40,217
Stock option outstanding	1,295	1,169
Retained earnings	16,220	16,083
Other Comprehensive income	7,292	7,767
Total	69,089	69,395

* For detailed movement of reserves refer Statement of Changes in Equity for the year ended March 31, 2021 & 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 Group 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 Group 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 Group and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 22: Interest income

(Rs. In Lakhs)

Particulars	For the year ended 31 March, 2021			For the year ended 31 March, 2020		
	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	70,568	13,332	83,900	56,055	7,148	63,203
Interest income on securitised loans	-	858	858	-	4,223	4,223
Interest income on fixed deposits with Banks	-	5,792	5,792	-	3,574	3,574
Interest income on margin money deposits with NBFC/FI	-	117	117	-	86	86
Interest income on others	-	43	43	-	-	-
Total	70,568	20,141	90,709	56,055	15,031	71,086

Note 23.1: Fees and Commission Income

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loan portfolio servicing fees	271	682
Total	271	682

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

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on derecognition of loans designated at FVOCI(*)	6,363	5,664
Total	6,363	5,664

* represents net gain accounted on assignment transactions during the year

Note 24: Other Income

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of current investments	-	87
Miscellaneous income	226	324
Total	226	412

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Note 25: Finance costs

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on debt securities	13,380	7,709
Interest on borrowings other than debt securities	33,656	25,575
Interest on subordinated liabilities	3,736	2,351
Interest on Lease liabilities	8	13
Other borrowing costs*	325	2,089
Total	51,105	37,737

* consists of credit rating fees, bank charges etc.

Note 26: Impairment of Financial assets

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	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 loan portfolio (Own portfolio) (including loan portfolio written off)	14,587	4,484	19,071	3,838	1,432	5,270
Impairment on loan portfolio (Managed portfolio)	-	104	104	-	-	-
Total	14,587	4,588	19,175	3,838	1,432	5,270

Note 27: Employee benefit expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	18,519	16,032
Contributions to provident fund and other funds	1,103	891
Gratuity expense (refer note 33)	292	204
Expenses on employee stock option plan (refer note 37.1 and 37.2)	126	263
Staff welfare expenses	559	337
Total	20,599	17,727

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/interpretation are yet to be promulgated. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 28: Depreciation and amortisation expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	578	649
Amortisation charge on right of use asset (refer note 12)	53	54
Amortisation on intangible assets	262	171
Total	893	874

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Note 29: Other expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent on building (refer note 12)	1,264	1,104
Rent on property, plant and equipment (refer note 12)	186	64
Rates and taxes	224	350
Office maintenance	313	239
Office expenses	548	482
Director sitting fees	20	11
Travelling and conveyance	95	584
Communication expenses	266	248
Printing and stationery	253	187
Legal and professional fees	1,159	1,209
Payment to auditors (refer note 29.1 below)	85	78
Remuneration to directors	-	193
Insurance	50	58
Provision and other contingencies*	167	457
Advertisement	15	11
Training and meeting expenses	317	605
Electricity charges	161	139
Corporate Social Responsibility expenses (refer note 29.2 below)	335	109
Miscellaneous expense	309	235
Total	5,772	6,363

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

Note 29.1: Payment to auditors

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditor:		
Audit fee (excluding taxes)	59	32
Limited review	21	39
Other services (certification fees etc.)	5	2
Reimbursement of expenses	-	5
Total	85	78

Note 29.2: Corporate Social Responsibility
Gross amount required to be spent by the Company during the current year ended is Rs. 123.91 Lakhs (March 31, 2020: Rs. 87.61 Lakhs)

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction/ acquisition of any assets	-	-	-	-	-	-
Corporate Social Responsibility expenses	335	-	335	109	-	109
Total	335	-	335	109	-	109

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, 2021	Year ended March 31, 2020
Net profit after tax as per the Statement of profit and loss (Rs. in lakhs)	182	8,289
Net profit after tax as above for calculation of basic EPS and diluted EPS (Rs. in lakhs)	182	8,289
Weighted average number of ordinary shares for basic earnings per share	687	687
Effect of dilution:		
Stock options granted under ESOP (Nos.)	39	39
Compulsorily Convertible Preference Shares	30	30
Weighted average number of ordinary shares adjusted for effect of dilution	756	756
Earnings per share		
Basic earnings per share (Rs.)	0.26	12.08
Diluted earnings per share (Rs.)	0.24	10.96
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

"The Company is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on "Operating Segments'. The Company operates in a single geographical segment i.e. domestic."

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)

	As at March 31, 2021	As at March 31, 2020
Securitizations		
Carrying amount of transferred assets measured at FVOCI	4,169	5,741
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,169	5,741
Fair value of transferred assets	4,169	5,741
Fair value of associated liabilities	4,169	5,741
Net position at fair value	-	-

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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:

Particulars	As at March 31, 2021	As at March 31, 2020
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	548	282
Current service cost	279	189
Interest cost	37	22
Benefits settled	(6)	(3)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(3)	(51)
- Changes in financial assumptions	23	99
Obligation at the end of the year	878	646
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	283	164
Interest income on plan assets	24	17
Re-measurement- actuarial gain / (loss)	6	(5)
Contributions	168	110
Benefits settled	(6)	(3)
Plan assets at the end of the year, at fair value	474	283
Net defined benefit liability	404	266

33.2 Expense recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	279	189
Interest cost	37	22
Interest income	(24)	(17)
Net gratuity cost	292	204

33.3 Re-measurement recognised in other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(3)	(51)
- Changes in financial assumptions	23	99
Re-measurement of the net defined benefit asset		
Return on plan assets (greater) / less than discount rate	(6)	6
Total Actuarial (gain)/ loss included in OCI	15	54

33.4 Plan assets

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Funds managed by insurer	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.76%	6.70%
Future salary growth	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
Average term of liability (in years)	28.89	29.31

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	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	777	1,011	492	829
Future salary growth (1% movement)	1,012	774	829	490
Attrition rate (1% movement)	866	897	638	658

33.7 Expected payment for future years

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31,
Within the next 12 months (next annual reporting period)	27	14
Between 2 and 5 years	198	119
Between 5 and 10 years	304	193
Beyond 10 years	-	1,965
Total expected payments	529	1,551

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 34 Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2021:

(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	20,484	12,287	17,206	58,559	1,31,695	1,81,786	45,018	21,388	4,88,439
Advances (Gross) [refer note 7(a)]	24,480	24,148	23,571	67,997	1,12,951	1,34,025	8,396	14,324	4,09,891
Investment in Fixed deposit	47,965	22,051	5,671	15,584	18,961	15,778	184	-	1,26,194

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	6,426	9,368	17,554	46,903	91,194	1,72,790	34,694	11,809	3,90,737
Advances (Gross) [refer note 7(a)]	502	398	24,620	70,588	1,19,569	1,33,634	6,104	3,762	3,59,186
Investment in Fixed deposit	37,239	9,991	18,410	2,808	11,983	9,210	1,533	-	87,176

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Notes to the Standalone financial statements for the year ended March 31, 2021

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

A) Information on Net Interest Margin

Computation of aggregate margin cap :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Average interest charged by the Company on loans (%)	20.75	19.97
b) Average effective cost of borrowings of the Company (%)	11.36	11.72
c) Net interest margin (a-b) (%)	9.39	8.25

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	Refer note 7.1
3. Derivatives	The Company has entered into Cross currency interest rate swaps (refer note 15.1 and 15.2) The Company has no unhedged foreign currency exposure as on March 31, 2021 and March 31, 2020.
i) Forward Rate Agreement / Interest Rate Swap	
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 (F)
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.

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Particulars	Remarks
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)	During the year, the Company has incorporated a new subsidiary "Annapurna SME Finance Private Limited" and hence consolidated financial statements is applicable from the year ended March 31, 2021. In the previous financial year, consolidated financial statements was not applicable.
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, 2021 (March 31, 2020 : 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, 2021 and March 31, 2020.
13. Disclosure of Complaints	Refer Note No. 35 (O)

D) Capital to Risk-Assets ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
i) CRAR (%)	27.71	26.74
ii) CRAR - Tier I capital (%)	21.94	20.36
iii) CRAR - Tier II capital (%)	5.77	6.38
iv) Amount of subordinated debt raised as Tier - II Capital (in Rs. Lakhs)	32,385	25,760
v) Amount raised by issue of Perpetual Debt Instruments (in Rs. Lakhs)	-	-

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

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

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1 No of SPVs sponsored by the NBFC for securitisation transactions	2	6
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	5,416	10,384
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	1,139	2,732
• 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
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

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

Particulars	31-Mar-21	31-Mar-20
Numbers of loans assigned	2,40,247	2,97,711
Aggregate value of accounts sold	72,438	74,635
Aggregate consideration	72,438	74,635
Portfolio loan assigned and outstanding as at the year end	76,437	55,975
Income from direct assignment recognised in the statement of profit and loss	6,363	5,684

The Company has transferred all the rights and obligations relating to above assigned loan assets to the buyers.

F) Unsecured Advances

(In Rs Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Portfolio loans	3,85,986	3,32,009

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) having CIN no. U65999OR1986PTC015931.

H) Ratings assigned by credit rating agencies and migration of ratings during the year:
A Credit rating agency had assigned a rating of 'A-' on the term loans of the Company on March 16, 2021 (Previous Year: 'A-').

I) Provisions and Contingencies

(In Rs Lakhs)

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	For the year ended March 31, 2021	For the year ended March 31, 2020
i) Provision made towards income tax (including adjustment for deferred tax)	(15)	2,235
ii) Payment made against the securitised/ managed portfolio	104	-
iii) Other provision and contingencies		
a) Provision for gratuity	292	204
b) Provision for leave benefit	124	274
c) Provision for insurance claims	167	269
iv) Provision towards NPA*	18,304	1,852
v) Provision for Standard Assets**	5,243	3,118

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

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

(Rs. in lakhs)

J) Concentration of Advances

Particulars	As at March 31, 2021	As at March 31, 2020
Total advances to twenty largest borrowers *	5,006	11,229
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.22%	3.13%

* Represents amount outstanding as per contract with customers

(Rs. in lakhs)

K) Concentration of Exposures

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers / customers *	739	13,001
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	0.24%	3.30%

* Represents amount disbursed during the year as per contract with customers

L) Concentration of NPA's

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to top four NPA accounts	3	13

M) Sector-wise NPAs

Sector	% of NPAs to total advances in that sector as at March 31, 2021	% of NPAs to total advances in that sector as at March 31, 2020
i) Agriculture & allied activities	7.62%	1.57%
ii) MSME	6.95%	1.34%
iii) Corporate borrowers	-	-
iv) Services	13.56%	0.10%
v) Unsecured personal loans	3.97%	1.10%
vi) Auto loans	-	-
vii) Other personal loans	-	-

(Rs. in lakhs)

N) Movement of NPAs*

Particulars	As at March 31, 2021	As at March 31, 2020
i) Net NPAs to Net Advances (%)	3.04%	0.06%
ii) Movement of Gross NPAs		
a) Opening balance	4,886	3,378
b) Additions during the year	25,530	3,427
c) Reductions during the year (represents loan portfolio written-off)	(384)	(1,919)
d) Closing balance	30,032	4,886
iii) Movement of Net NPAs		
a) Opening balance	3,034	1,758
b) Additions during the year	8,714	1,276
c) Reductions during the year	-	-
d) Closing balance	11,748	3,034
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,852	1,620
b) Provisions made during the year	16,836	2,151
c) Write-off / write-back of excess provisions	(384)	(1,919)
d) Closing balance	18,304	1,852

* refers to Stage 3 loans

O) Disclosure of Complaints

Particulars	As at March 31, 2021	As at March 31, 2020
i) No. of complaints pending at the beginning of the year	195	23
ii) No. of complaints received during the year	11,592	13,447
iii) No. of complaints redressed during the year	11,703	13,275
iv) No. of complaints pending at the end of the year	84	195

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.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

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) for the year ended March 31, 2021

Number of significant counter parties	Amount (in Lakhs)*	% of Total Deposits	% of Total Liabilities
Twenty Eight (28)	3,62,993	NA	72.71%

Funding Concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2020

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 Systemically 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) for the year ended March 31, 2021

Amount in Lakhs *	% of Total Borrowings
1,07,707	23.58%

Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2020

Amount in Lakhs *	% of Total Borrowings
48,873	12.46%

iv) Funding Concentration based on significant instrument/product for the year ended March 31, 2021

Name of the Instrument/Product	Amount in lakhs *	% of Total Liabilities
Term loan from banks	7,109	1.42%
Term loan from FI	9,164	1.83%
Secured redeemable non convertible debentures	94,633	18.93%
Term loan from NBFC's	54,699	10.98%
External commercial borrowings	29,553	5.91%
Subordinate Debt (unsecured) - debentures	7,125	1.43%
Total borrowings	2,02,483	40.60%
Total liabilities	4,99,247	

Funding Concentration based on significant instrument/product for the year ended March 31, 2020

Name of the Instrument/Product	Amount in lakhs *	% of Total Liabilities
Term loan from banks	1,85,820	46.25%
Term loan from FI	52,836	13.15%
Secured redeemable non convertible debentures	64,179	15.97%
Term loan from NBFC's	19,405	4.83%
External commercial borrowings	16,016	3.99%
Subordinate Debt (unsecured) - debentures	22,249	5.54%
Total borrowings	3,60,623	89.75%
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 as at March 31, 2021

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	3.6%	3.5%	3.0%

Stock Ratios as at March 31, 2020

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

vi) 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

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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 accounting 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, 2021 and March 31, 2020.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

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

(In Rs. Lakhs)

As at March 31, 2021

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	3,41,161	749	3,40,412	176	573
	Stage 2	38,678	4,494	34,184	3,399	1,095
Subtotal		3,79,839	5,243	3,74,596	3,575	1,668
Non-Performing Assets (NPA)						
Substandard	Stage 3	30,052	18,304	11,748	18,300	4
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		30,052	18,304	11,748	18,300	4
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		30,052	18,304	11,748	18,300	4
Total	Stage 1	3,41,161	749	3,40,412	176	573
	Stage 2	38,678	4,494	34,184	3,399.0	1,095
	Stage 3	30,052	18,304	11,748	18,300	4
	Total	4,09,891	23,547	3,86,344	21,875	1,672

Note 1: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.

(In Rs. Lakhs)

As at March 31, 2020

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.

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Notes to the Standalone financial statements for the year ended March 31, 2021

Note 35.3: Frauds

1 Information on instances of fraud for the year ended March 31, 2021:

(Rs In Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	9	65	11	-	54

2 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

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2021

Note 35: 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 Pattanaik- Managing Director Mr. Dibyajyoti Pattanaik- Director Mr. Satyajit Das - 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 Joint Investment Fund II
(iii) Subsidiary Company	Annapurna SME Finance Private Limited (incorporated on December 18, 2020)

Related Party transactions during the year:

(in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	153	138
Mr. Dibyajyoti Pattanaik	70	55
Mr. Satyajit Das	62	49
Mr. Subrat Pradhan	18	15
	303	257
Expenses on employee stock option plan		
Mr. Subrat Pradhan	2	4
	2	4
Sitting Fees Paid		
Mr. Ashok Ranjan Samal	10	5
Mr.K.K. Tiwary	8	3
Mr. Sean Leslie Nossel	6	3
	24	11
(ii) Subsidiary Company		
Investment in Annapurna SME Finance Private Limited	500	-
	500	-

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 constitute the short term employee benefits and above does not include the provisions made towards post employment gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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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-21		31-Mar-20	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	8,16,214	-
Adjustment of opening	-	-	-	-
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-21		31-Mar-20	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	24,99,423	5.00
Adjustment of opening.	-	-	-	-
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, 2021	March 31, 2020
Stock options outstanding (gross)	1,295	1,169
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	1,295	1,169

The Stock option outstanding contains of Rs 544 lakhs for MSOP (A & B) as on March 31, 2021 (March 31, 2020: Rs. 544 lakhs) and Rs. 751 lakhs (March 31, 2020: Rs. 625 lakhs) for ESOP

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

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Annapurna Finance Private Limited
Notes to the financial statements for the year ended March 31, 2021

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	18,17,481	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

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 2021 (No. of options)	31st March 2020 (No. of options)
Outstanding at the beginning of the year	11,28,400	10,34,300
Granted during the year	-	1,14,200
Forfeited during the year	1,64,000	20,100
Exercised during the year	11,000	-
Outstanding at the end of the year	9,52,000	11,20,400
Exercisable at the end of the year	0,62,400	11,20,400
Weighted average remaining contractual life of options (years)	-	3
Weighted average share price during the exercise period (in ₹)	41	41

Grant 2

Description	31st March 2021 (No. of options)	31st March 2020 (No. of options)
Outstanding at the beginning of the year	5,05,300	4,74,700
Granted during the year	-	80,300
Forfeited during the year	70,599	49,700
Exercised during the year	5,200	-
Outstanding at the end of the year	4,32,000	5,88,300
Exercisable at the end of the year	4,32,000	6,05,300
Weighted average remaining contractual life of options (years)	1	3
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)	50.64	76.03
Exercise price (₹)	40.00	41.00
Dividend yield (%)	-	-
Expected volatility (%)	53.14-57.59%	43.88%-40.22%
Risk-free interest rate (%)	7.23-7.32%	6.60%-0.74%
Weighted average fair value of stock options (Rs)	61.13	45.20
Weighted average share price (₹)	50.84	70.03

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

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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, 2021			
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	66,135	-	66,135
(b)	Bank balance other than cash and cash equivalents	39,621	42,560	82,181
(c)	Trade Receivables	37	-	37
(d)	Loans	2,29,971	1,56,745	3,86,716
(e)	Investments	-	500	500
(f)	Other financial assets	8,528	6,032	14,560
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	-	125	125
(b)	Deferred tax assets (net)	-	2,778	2,778
(c)	Property, plant and equipment	472	667	1,139
(d)	Intangible assets	62	37	99
(e)	Right of Use Assets	37	2	39
(f)	Other non-financial assets	534	664	1,199
	Total Assets	3,65,397	2,10,110	5,75,507
	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	227	-	227
(b)	Debt securities	56,950	1,16,904	1,73,854
(c)	Borrowings (other than debt securities)	1,79,714	1,02,593	2,82,307
(d)	Subordinated liabilities	3,578	28,697	32,275
(e)	Lease liabilities	33	3	36
(f)	Other financial liabilities	9,046	-	9,046
(2)	**Non-financial liabilities**			
(a)	Provisions	417	617	1,034
(b)	Other non-financial liabilities	468	-	468
(3)	**Equity**			
(a)	Equity share capital	-	6,872	6,872
(b)	Instruments entirely equity in nature	-	300	300
(c)	Other equity	-	69,088	69,088
	Total Liabilities and Equity	2,50,432	3,25,075	5,75,507

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Notes to the Standalone financial statements for the year ended March 31, 2021

(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	2,09,907	1,43,520	3,53,427
(e)	Other financial assets	6,945	2,298	9,243
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	1,704	-	1,704
(b)	Property, plant and equipment	426	749	1,175
(c)	Intangible assets	100	113	213
(d)	Right of use assets	47	52	99
(e)	Other non-financial assets	354	275	629
	Total Assets	3,03,480	1,74,868	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	13,076	51,103	64,179
(c)	Borrowings (other than debt securities)	1,22,779	1,78,003	3,00,782
(d)	Subordinated liabilities	66	25,710	25,776
(e)	Lease liabilities	51	34	85
(f)	Other financial liabilities	8,541	-	8,541
(2)	**Non-financial liabilities**			
(a)	Provisions	137	531	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	1,45,314	3,33,034	4,78,348

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Note 39: Changes in Liability arising from Financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2020	Cash Flows	Other	As at 31 March 2021
Debt Securities	64,179	1,09,675	-	1,73,854
Borrowings other than debt securities	3,00,783	(18,476)	-	2,82,307
Subordinated liabilities	25,776	6,499	-	32,275
Lease liabilities	85	(65)	15	36
Total liabilities from financing activities	3,90,823	97,633	15	4,88,472

(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	1,98,704	1,02,078	-	3,00,782
Subordinated Liabilities	13,922	11,854	-	25,776
Lease liabilities	-	64	21	85
Total liabilities from financing activities	2,74,682	1,16,120	21	3,90,822

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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.

(Rs. in lakhs)

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	88,135	88,135
Bank balance other than cash and cash equivalents	-	-	82,181	82,181
Trade receivables	-	-	37	37
Loans		2,93,906	92,810	3,86,716
Investment	500	-	-	500
Other financial assets	-	-	14,580	14,580
Total	500	2,93,906	2,75,723	5,70,129
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	-	-	227	227
Debt securities	-	-	1,73,854	1,73,854
Borrowings (other than debt securities)	-	-	2,82,307	2,82,307
Subordinated liabilities	-	-	32,275	32,275
Lease liabilities	-	-	38	38
Other financial liabilities	-	-	9,048	9,048
Total	-	-	4,97,745	4,97,745

(Rs. in lakhs)

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)	-	-	3,00,702	3,00,702
Subordinated liabilities	-	-	25,776	25,776
Lease liabilities	-	-	85	85
Other financial liabilities	-	-	8,541	8,541
Total	-	-	3,99,699	3,99,699

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 face values, due to their short-term nature.

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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.

(Rs. in lakhs)

As at March 31, 2021

Financial assets (measured at fair value)	Carrying amount	Fair Value		
	FVOCI	Level 1	Level 2	Level 3
Loans	2,93,908	-	2,93,908	-
Total	2,93,908	-	2,93,908	-

(Rs. in lakhs)

As at 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	-

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.

During the current year, the Company has changed its accounting estimate for measuring the gain on fair valuation of it's micro-finance loan portfolios through Other comprehensive income from yearly discounting to monthly discounting of future cashflows. Accordingly, Other Comprehensive Income, Other equity and loan portfolio for the current year is lower by Rs. 1,073.27 lacs.

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Notes to the Standalone financial statements for the year ended March 31, 2021

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 2021	As at 31 March 2020
Tier 1 Capital	85,806	69,703
Tier 2 Capital	22,552	21,836
Total capital	1,08,358	91,539
Risk weighted assets	3,91,160	3,42,351
Tier 1 CRAR	21.94%	20.36%
Tier 2 CRAR	5.77%	6.38%
Total capital ratio	27.71%	26.74%

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.

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Note 42: Risk Management

1 Introduction and risk profile

Annapurna Finance Private 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 Management 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

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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 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 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 2019 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 March 31, 2013, are taken and the difference in the principal outstanding as on March 31, 2013 and March 31, 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 March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018, March 31, 2019, March 31, 2020 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. homogenous). 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 39)

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.

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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, Equidity 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, principally 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	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
0.50 % Increase	(256)	(224)	(255)	(224)
0.50 % Decrease	256	224	256	224

5.0 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.

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Note 43: Liquidity Disclosure Template as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20

Rs. in crore		Total Unweighted Value(average)	Total Weighted Value(average)
High Quality Liquidity Assets			
1	Total High Quality Liquid Assets (HQLA)		
	Cash in hand	1	
	Balances with Banks in current accounts	420	
	Bank deposit with maturity of less than 3 months	440	
	Fixed deposit with remaining maturity of less than 12 months	396	
	Fixed deposit with remaining maturity of more than 12 months	426	
	Total cash, bank & fixed deposits	1,683	
	Less: Pledged fixed deposits against loans / borrowings	271	
	HQLA	1,412	1,412
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	295	340
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	295	340
Cash Inflows			
9	Secured lending		
10	Inflows from fully performing exposures	287	215
11	Other cash inflows	-	-
12	TOTAL CASH INFLOWS	287	215
			Total Adjusted Value
13	TOTAL HQLA		1,412
14	TOTAL NET CASH OUTFLOWS		125
15	LIQUIDITY COVERAGE RATIO (%)		1133%

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Note 44: Impact of COVID-19 on business and expected credit losses

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, the national lockdown was lifted by the Government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has offered moratorium on the payment of instalments and interest that had fallen due between March 1, 2020 and August 31, 2020 to all eligible borrowers who had such moratorium.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different from that being estimated.

Note 45: The disclosure as per para 10 of the RBI circular no. DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 is as below:

(in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended in terms of paragraph 2 and 3 of February 29, 2020	3,074.04	3,875.81
Respective amount where asset classification benefit is extended#	274.29	1,014.21
Provisions made in terms of paragraph 5 of the circular	27.95	87.43
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	-	-
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	27.95	87.43

excludes amounts in SMA / overdue categories, where the moratorium / deferment was extended on securitized, assigned and business correspondence loan portfolio.

Note 46: Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

(in Rs. Lakhs)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan*	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution^
Personal Loans	-	-	-	-	-
Corporate persons					
of which MSMEs	-	-	-	-	-
Others	1,46,939	35,659	-	-	3,612
Total	1,46,939	35,659	-	-	3,612

* As of March 31, 2021 and including assigned portfolio

^ Provision held as at March 31, 2021

Para 41 of Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 requires the lending institutions which did not sign the inter-creditor agreement to keep provisions of 20% of the restructured debt and who had signed ICA are required to keep the provision of 10% on restructured debt.

However, the Company has created provision of 10% on the restructured debt on the basis of resolution passed by members of Microfinance Institutions Network (MFIN) through Extra Ordinary General Meeting dated December 24, 2020. Through this resolution, all such members who may be the co-lenders are automatic signatories for ICA and agree to provide restructuring support to the borrower (under stipulated guidelines of RBI) only and only if approached by the borrower for restructuring of the loans and make adequate provisions under guidelines (i.e. 10% of restructured debt).

Note 47: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

Note 48: Previous years figures have been regrouped / rearranged wherever necessary to conform with current year's classification.

As per our report of even date

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

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership No.: 055596

S.R. Batliboi & Co. LLP Kolkata

Place: Kolkata
Date: June 30, 2021

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

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02784187)

Subrat Pradhan

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Place: Bhubaneswar
Date: June 30, 2021

Annapurna Finance Pvt Ltd India