



**ANNAPURNA**  
FINANCE  
GROWING TOGETHER

# Annual Report 2021















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**Mr. Gobinda Chandra Pattanaik**  
**Managing Director**

Mr. Pattanaik is a pioneer in the field of microfinance with over two decades of experience; he has always been in the forefront of implementing developmental activities and building microenterprises. He is well known in the development sector for his thoughtful and innovative approach. He has been entitled with being the initiator of several shelter homes and rehabilitation centres for women and children in Odisha. His strong urge and will power towards creating means to sustainable livelihood for women has led him to establish Annapurna Finance Pvt. Ltd. He is an advisor to many District Administrations and has played a key role in setting up various community based institutions.



**Mr. Dibyajyoti Pattanaik**  
**Director**

Mr. Pattanaik has over 17 years of experience in microfinance, micro-enterprise development and development sector consulting. He has worked with Public and Development Sector institutions in various roles before joining Peoples' Forum as Program Head & CFO in 2007. His experience and expertise played a crucial role in the transformation of Mission Annapurna to Annapurna Finance Private Limited, which under his guidance and leadership is now one of the top MFIs in India. He was the Vice President of MFIN (Microfinance Institutions Network), where he contributed to the overall issues pertaining to the financial inclusion sector. He also serves as the President of OSAFII (Orissa Association of Financial Inclusion), and is actively involved in the financial inclusion forum of the state. He holds a post-graduate degree in management from EDII, Ahmedabad, and a management certificate in finance from Boulder Institute of Management, USA.



**Mr. Krishna Kumar Tiwary**

**Independent Director**

**Mr. Sean Leslie Nossel**

**Independent Director**

**Mr. Ashok Ranjan Samal**

**Independent Director**

**Mr. Prakash Kumar**

**Nominee Director, SIDBI**

**Mr. Venkiteswaran. M.R**

**Nominee Director, OIKOCREDIT**

**Ms. Christina Stefanie Juhasz**

**Nominee Director, WWB**

**Mr. Satish Chava**

**Nominee Director, OIJIF**

**Mr. Sunit Vasant Joshi**

**Nominee Director, ADB**

**Ms. Laetitia Counye**

**Nominee Director, BIO**

**Ms. Radhika Shroff**

**Nominee Director, NUVEEN**

**Mr. Ranganathan Varadarajan Dilip Kumar**

**Nominee Director, SVCL**

## MESSAGE FROM CHAIRMAN CUM MANAGING DIRECTOR

Dear Readers,

In this fancy and complex world that we live in are always need too much of concern to take any single decision of our day-to-day life. All that stress are come into our life based on these decisions; whether it's our personal or professional doesn't matter, it affects internal and external parts of our body and mind. I believe the root causes of our problems may be multiple factors but are always based on basic components of fear, hurt, insecurity, and unhealed emotions. By overthinking of all above makes our life miserable. When the entire world of the post-Covid pandemic started talking about the change we can't seat simple without working on the above factors to make our life simplest. Annapurna started its journey by ten years back by just a simple principle to make the life easier of needy people by financing their day-to-day needs and make their life simpler. In between the Covid pandemic, Annapurna faced many challenges and still fighting to overcome the situation. What happened in the previous year was a turning point for Annapurna and forced us to look beyond our previous journey map. The roadmap we set for now need complete revision and the reassessment of our journey map is now on.

Hope all our beloved stakeholders understand the demand of the time and blessing Annapurna to continue its journey to support the last people of our society to fulfill their small dreams to make their life smother and bring back their lost smile on their faces. A sincere thanks to our Board for their continuous guidance and support. We are really blessed and proud by having all of them on our board. Every single individual on our board are extended their full support to the management in this crucial juncture and I have no words for giving thanks to them.

My team always are my inspiration and my love to all of them. I remember and apprise the on-time effort of all departmental heads for their wholehearted support to manage the pandemic situation. They are showing their togetherness which is something different from the rest of the world. They are different and unique and they are achieving many awards this time like Great Place to Work, Best BFSI Brand, and many more which they deserved. My congratulations to all of them. Each one is very important for Annapurna and my sincere gratitude and respect to the great soul those who were passed away in the Covid Pandemic. My best support will be always there for the family members of those deceased.



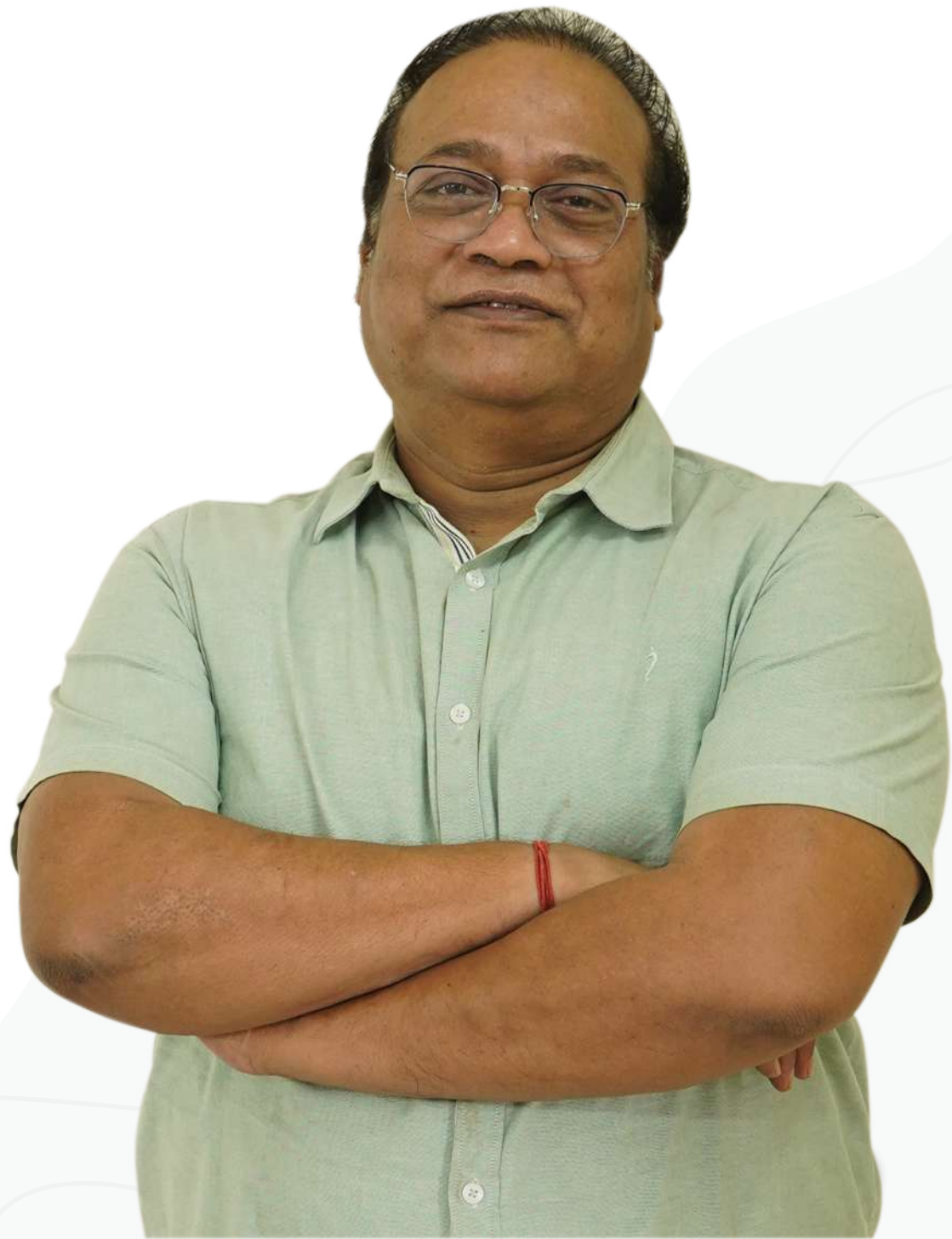
My sincere gratitude to our shareholders, bankers, advisors, auditors, consultants, well-wishers, and last but not the least to the almighty for being with us in every step of our journey.

Thanks to DJ, Satyajit to stand strongly in every step of Annapurna's Pandemic Journey and Sanjay for his rigorous efforts to rejuvenate hope for my field staff by reaching out to them. I would again like to thank Satyajeet for his generous request for coming out with this write-up "Be Simple" in this tagline for this year, hope everyone can understand our simple mind and language.

Thanking You all.

With Love,

**Gobinda Chandra Pattanaik**



## ABOUT US

Annapurna Finance is one of the top 10 NBFC-MFIs in the country which is committed to serve and empower the rural section of the society. Promoting financial independence and providing the right resources to people in terms of manpower, operational area, client outreach, and credit products, the organization has empowered millions of customers today. With its head office in Bhubaneswar, the organization started with its operation in Odisha and has now expanded up to 18 states catering to more than 1.8 million clients, standing at a portfolio of 4793.16 Cr across 870 branches.

The philosophy of Annapurna Finance is to help those who are excluded from the basic needs of life. With a mission of reaching underprivileged and marginalized communities, Mission Annapurna was started by People's Forum, a non-government sector. Seeing the success of this mission, Annapurna Finance was established in 2009 for providing loans and services in the field of Micro, Small, and Medium enterprises and the underserved female population in rural areas.

The trust rested by the customers inspires Annapurna Finance to broaden its scope and support the aspirations of individuals who have limited access to financial capital. At the heart of each product and services offered, Annapurna Finance, aims at keeping the client's needs at the forefront. Aligning with sustainable development goals, the organization is steadily striving to meet the agenda of financial inclusion for all. With digital technologies, it targets at providing quick, on-demand, and hassle-free access to a variety of financial services and products. By improving thematic areas such as water and sanitation, and gender-sensitization, Annapurna Finance has been able to achieve milestones to eliminate barriers and empower aspiring individuals in the financial ecosystem.

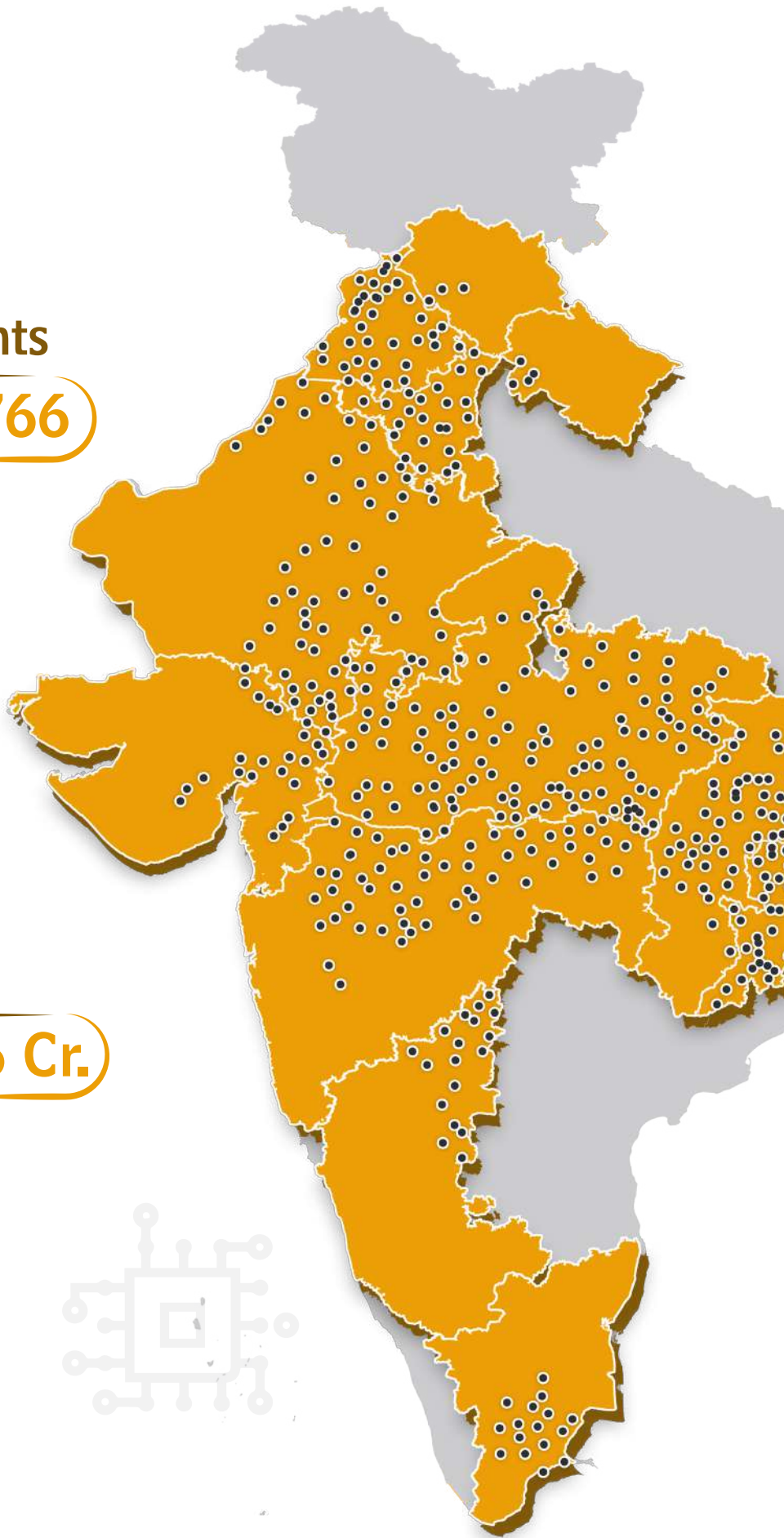
As the COVID-19 pandemic prompted a global shift in regular activities, Annapurna Finance started its operation across India to help the individuals who seek medical assistance. From employment generation to credit assistance, Annapurna Finance has always taken initiatives in serving the best to its clients and employees.







**Number of Clients**  
**1847766**



**GLP**  
**INR. 4793.16 Cr.**





# OPERATIONAL FOOTPRINTS



Total Employees

7304



Number of States

18

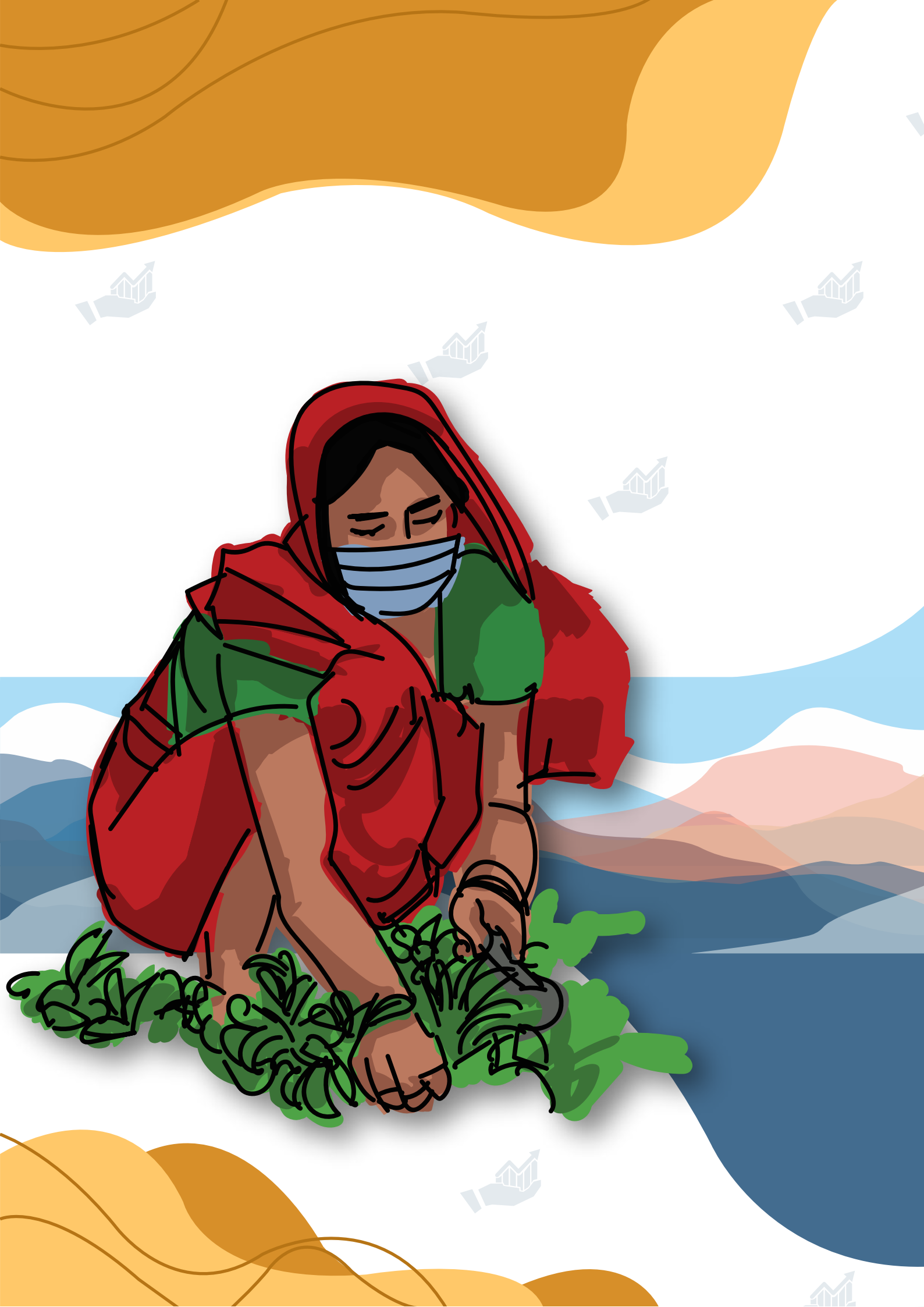
Total Number of Districts

320

Total Branches

870







# Finance & Operations

This year has undoubtedly been a difficult one with the global pandemic event taking its toll. The impact was felt on the whole financial ecosystem and microfinance sector also saw its fair share of impact.

Microfinance is no more peculiar to emergency, yet the COVID-19 is extraordinary. Dissimilar to past downturns which began from monetary business sectors, the current emergency is spread through an imperceptible infection, which was hard to contain and control. The infection, not just contrarily influenced organizations and businesses; it additionally saw unexpected losses of life which was unheard of. It made social disturbance and led to a change in the way we live and work.

The COVID-19 pandemic is applying a more extremist and sudden impact and spreads exceptionally quick. It has put the genuine economy down and out quickly choking out market interest at the same time.

Various Small and Micro-enterprises have seized working or utilize elective channels to speak with customers and sell their items and administrations. Numerous small ventures, including customers of MFIs, have suspended or shut down their financial exercises, leaving the proprietors and laborers without pay and business. This stressed the microfinance establishments, who themselves were confronting their own interior difficulties to keep up with their centre exercises when the public authority ordered lockdowns and social distancing rules.



## Introduction on Company Vision towards an Overall Growth

The country's growth can only be accelerated by tapping the untapped community of the society, making a difference for them to achieve their dreams. Annapurna Finance's vision of empowering the rural and sub-urban society will help in uplifting the community by introducing them to financial inclusion.

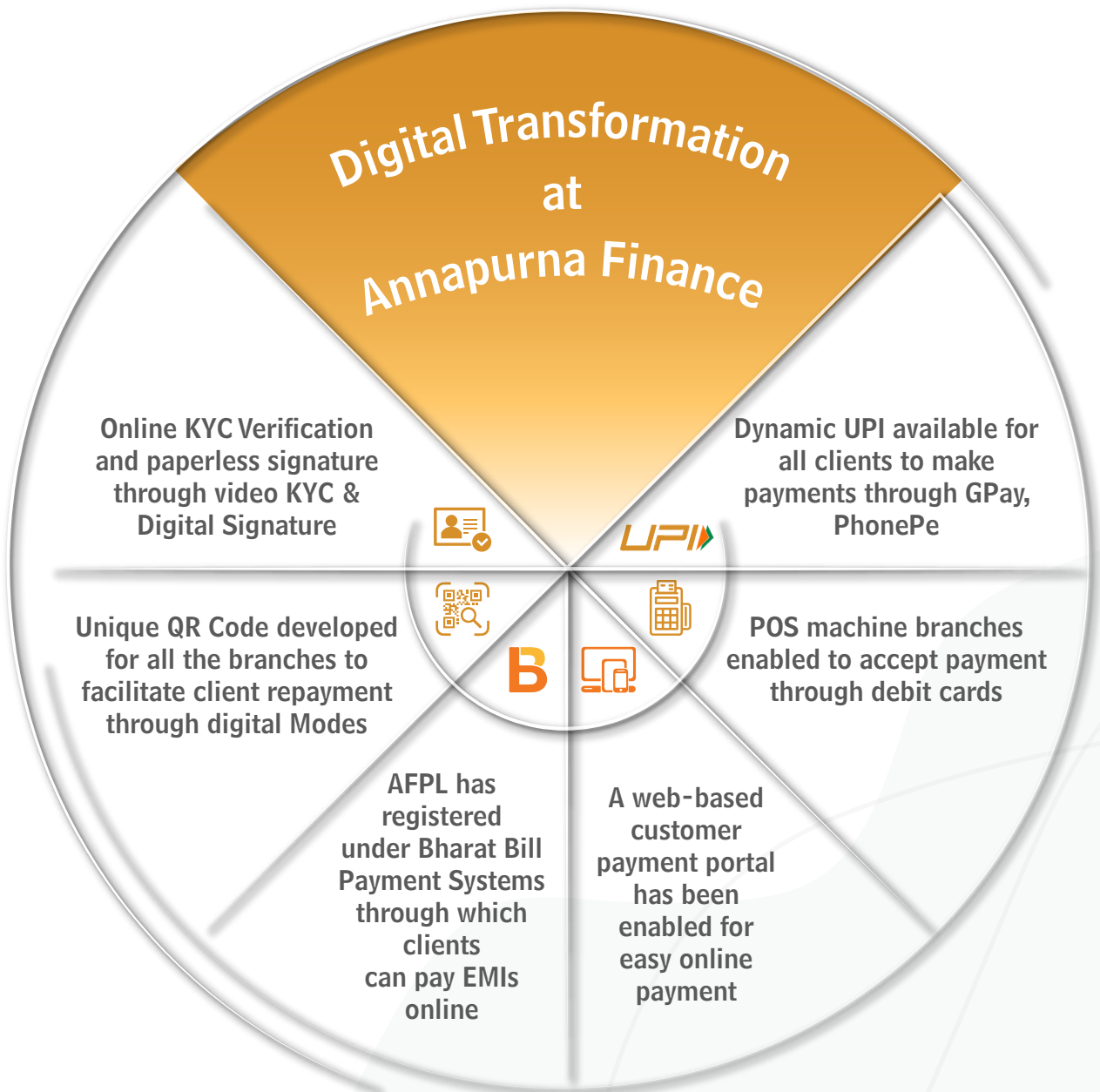
Annapurna Finance started its journey in the year 2009. The journey started with the mission of serving the aspiration of an unreached and unserved population. The self-inspiration of being an entrepreneur and owner brings prosperity and social status for himself and for the entire family. Annapurna Finance always follows a customer-centric approach of business by focusing on the holistic development of the customer besides financial inclusion. The company creates value by providing products and services as per our customer need and aim to do so in a way that fits well into their lives which in turn helps us in building a long-term relationship with our customer.

## Response to COVID-19 in terms of Business

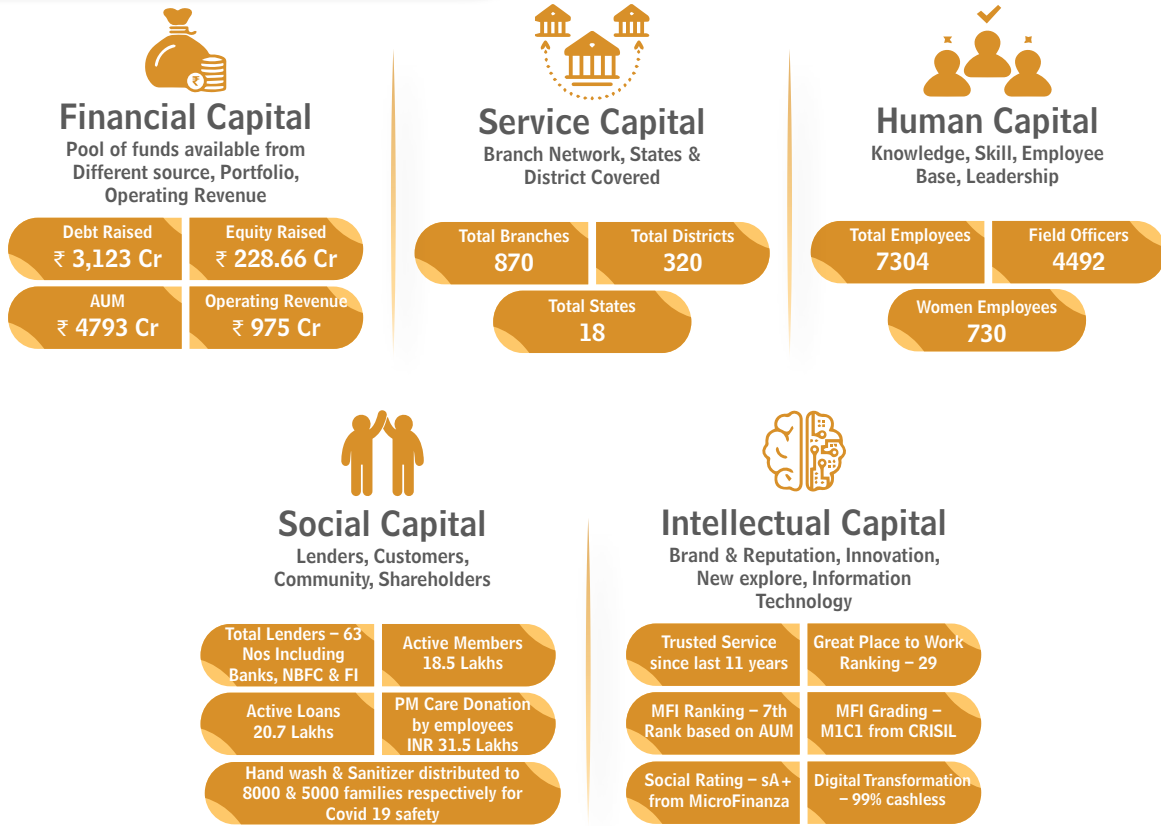
The pandemic has brought the MFI into accelerated innovation space. It has changed the business environment, the interior administration choice, the correspondence cycle, etc. The entire cycle has been engaged by innovation starting from the disbursement of advances to the assortment which prior required an actual presence. Annapurna Finance has adopted the online disbursement prior years to the pandemic which has helped the organization in disbursing the loan amount directly to the customers bank account. The organization has supported customers for instalments through QR code, UPI, Payment through POS Machines, and web-based banking.



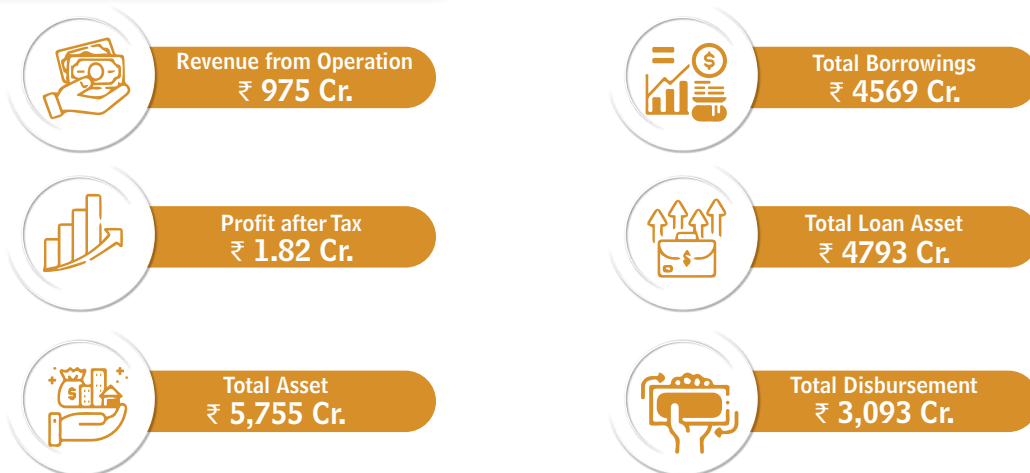




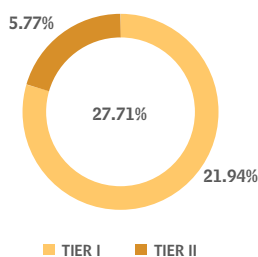
## Value Creation at Annapurna Finance



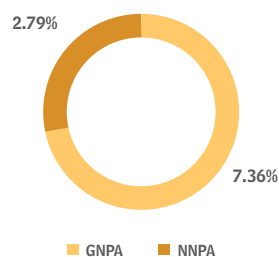
## Key Financial Highlights (FY 2021)



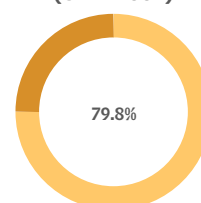
Capital Adequacy Ratio



Net NPA (Own Book)

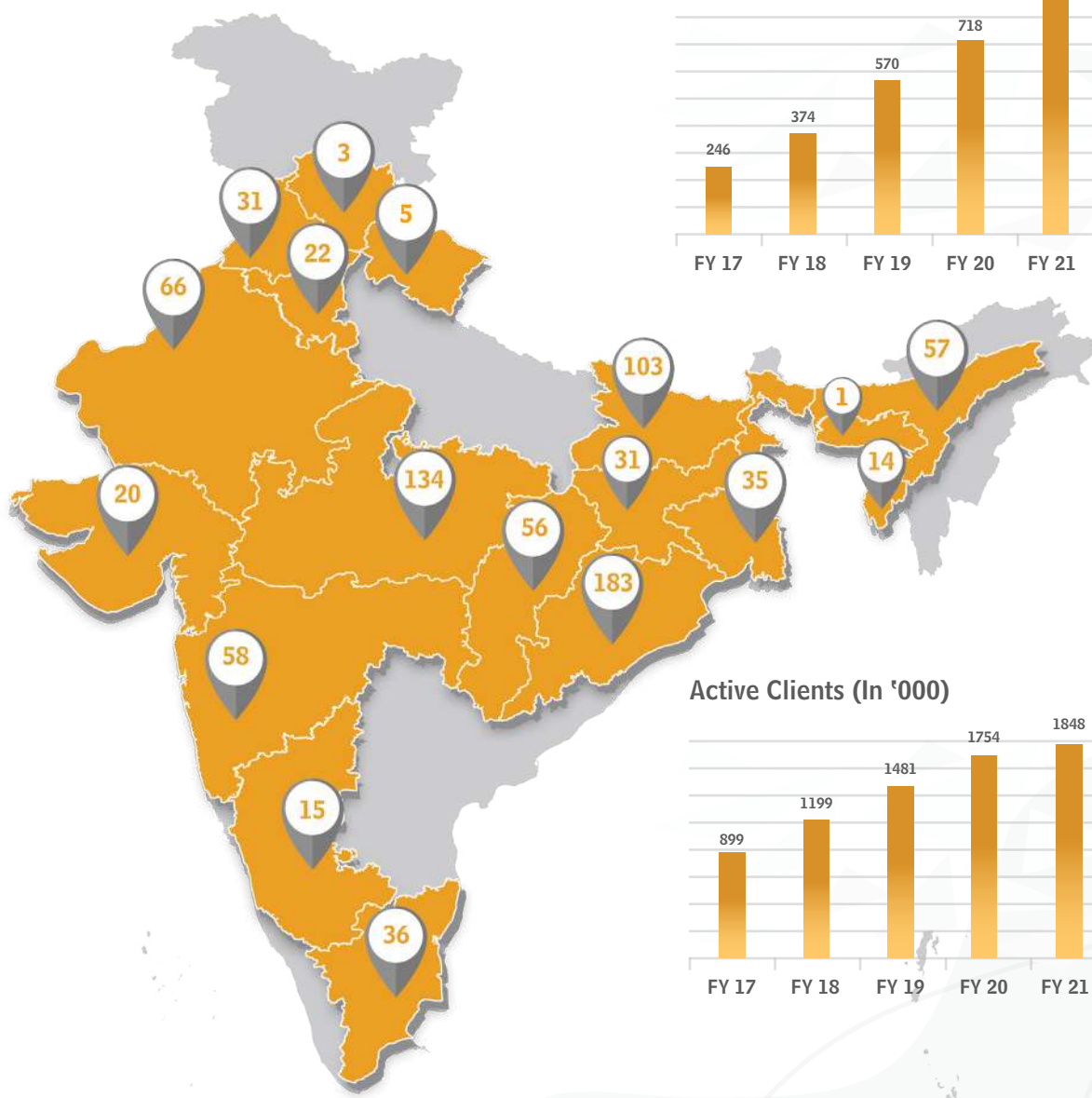


Provision Coverage Ratio (Own Book)





PAN India Presence



Note - Nos Showing state wise count of Branches as on FY21

Region wise FY 21

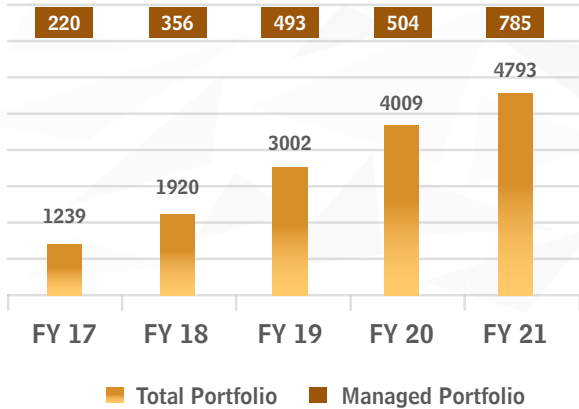
Particulars	East	West	North	South	Inorganic Portfolio	Total
AUM (In Crs)	2886	1199	541	119	49	4793
Branch	480	212	127	51	NA	870
Employee	4,374	1,677	929	324	NA	7,304

The Company has started its operation from the Eastern part of India, but with agility and adaptability, we expanded our geographical coverage across India to become a pan India player. As on March 21, we have a

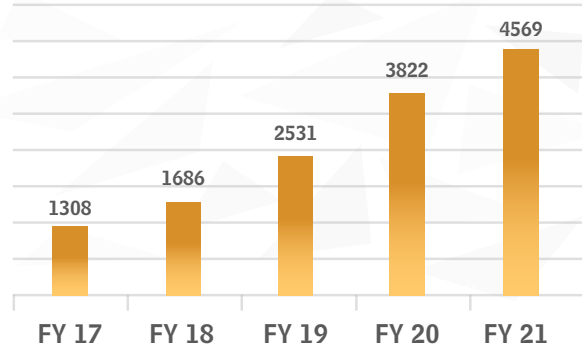
network of 870 branches in 18 states, enabling us to serve more than 20 lakhs total borrowers with AUM of INR 4793 Cr.



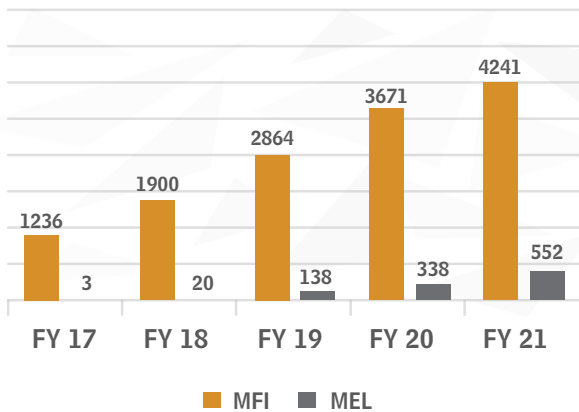
### Total Portfolio & Managed Portfolio (In Cr)



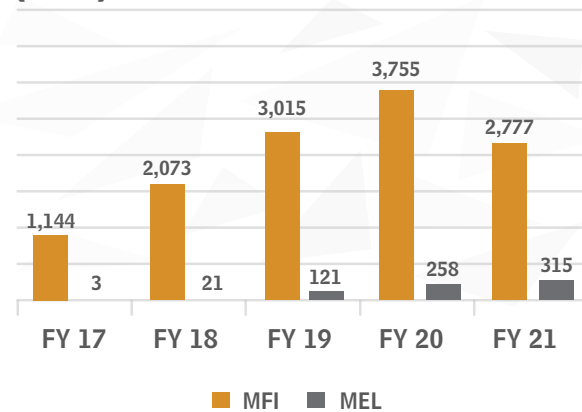
### Borrowings Outstanding (In Cr)



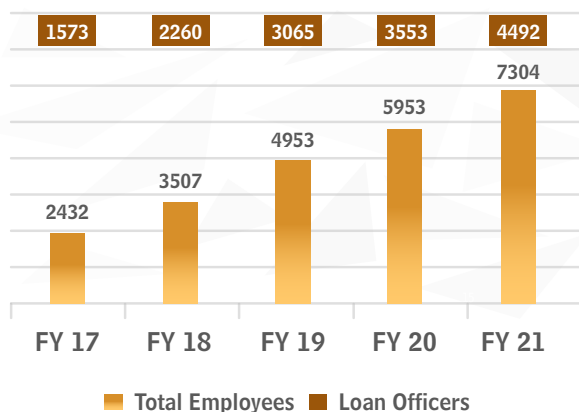
### Gross Loan Book Segment Wise (In Cr)



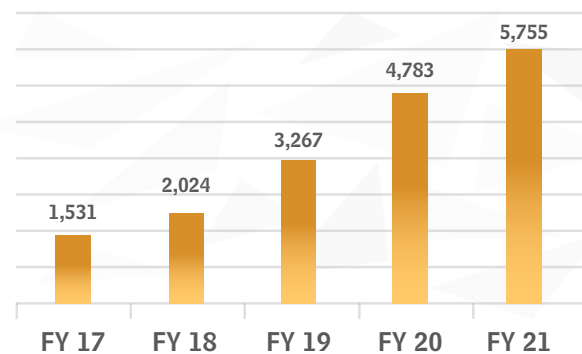
### Gross Disbursement Segment Wise (In Cr)



### Total Employees & Loan Officers



### Total Asset (In Cr)

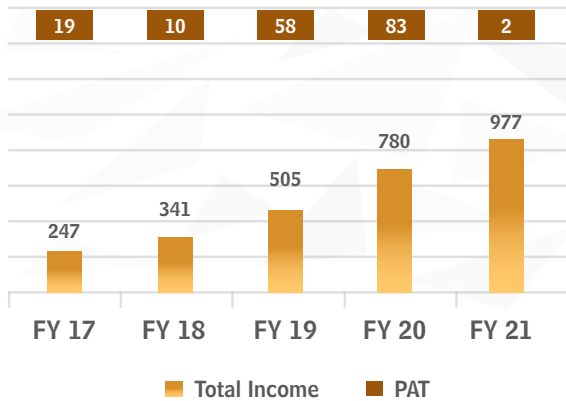


In FY 17 the company has diversified its portfolio and started its MEL Operation. The Company has grown its portfolio by CAGR of 40 % in the last 5 years. Last year, the Company grew by ~20% with microfinance portfolio

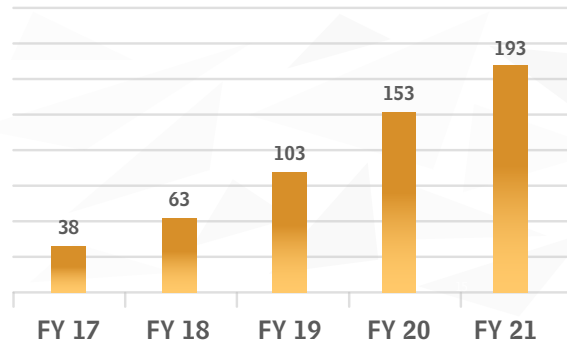
amounting to INR 4241 Cr and micro-enterprise loan vertical amounting to INR 552 Cr. The company has disbursed INR 3,092 Cr in FY 21 in comparison to INR 4,014 Cr in FY 20 marred with the pandemic.



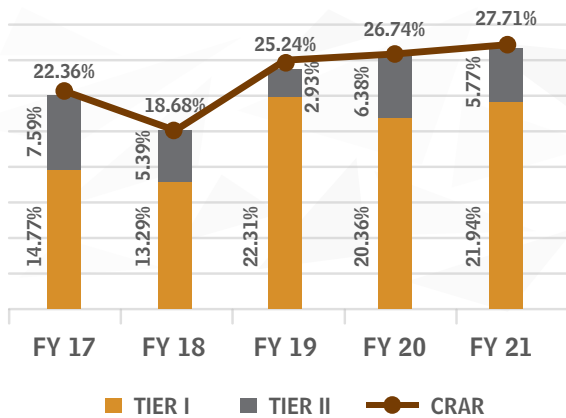
## Total Income & PAT (In Cr)



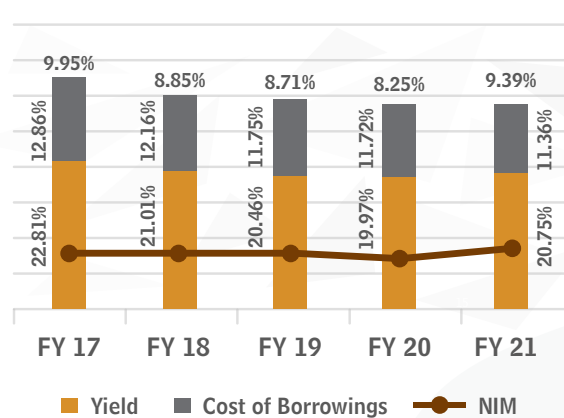
## Pre-Provisioning Operating Profit (In Cr)



## Capital Adequacy (In %)



## Yield, COB & NIM (In %)



Annapurna Finance recorded revenue of INR 977 Cr in FY 21 which shows 25.3% growth from the previous financial year. Annapurna Finance recorded PAT of INR 1.82 Cr in FY 21 on account of higher provisioning against the impairment of assets which was mainly due to the COVID-induced stress. The company has achieved a profit before tax of INR 193 Cr prior provisioning Expenses in FY 21 as against the pre-provisioning profit before tax of INR 153 Cr in FY 20.

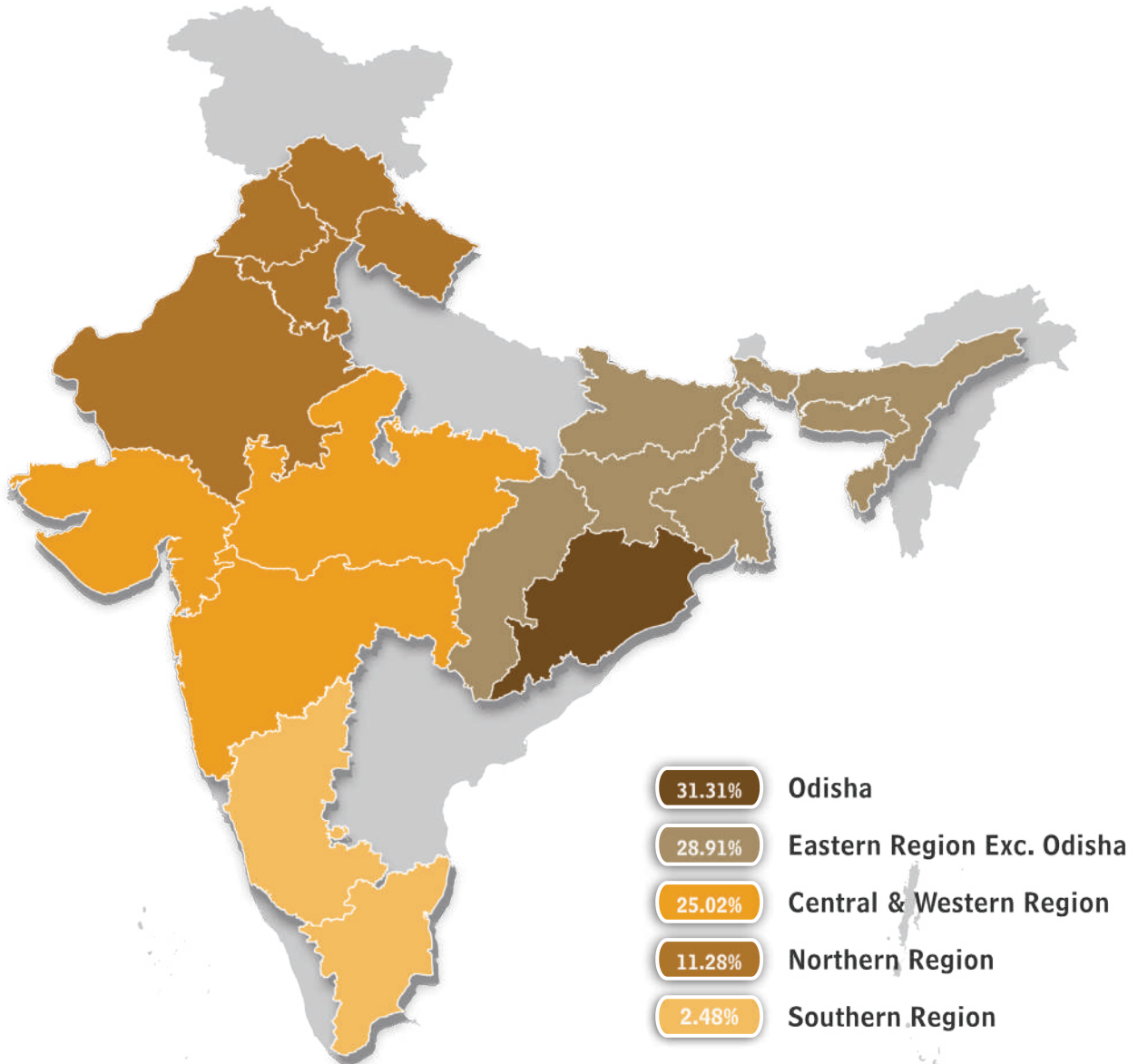
As an NBFC- MFI, RBI directs us to maintain a minimum capital to risk-weighted assets ratio (“CRAR”) consisting of Tier I and Tier II capital at 15% of our aggregate risk-weighted assets. Annapurna Finance endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, an increase in capital is planned well in advance to ensure adequate funding for its growth. During FY 21, company raised fresh capital of

INR. 228.66 Crore in the form of Compulsorily Convertible Preference Shares (CCPS) through private placement to meet its business requirement as per its business plan and to augment the growth of company. The Tier I capital including CCPS of Annapurna Finance became stronger at INR 991 Crore as of March 31, 2021. This helped the organization to boost the CRAR well above the regulatory limit throughout the year.

The cost of borrowings for FY 20-21 stands at 11.36% as compared to 11.72% in FY 19-20. The lowered cost of borrowings is attributed to the reduction in the MCLR of the banks after repo rates cuts by the RBI. The benefits of lower cost of borrowings were in turn passed on to end-customers. Annapurna Finance has successfully been able to reduce its cost of borrowings by 150 basis points over the last 5 years.



## Well Balanced Regional Concentration



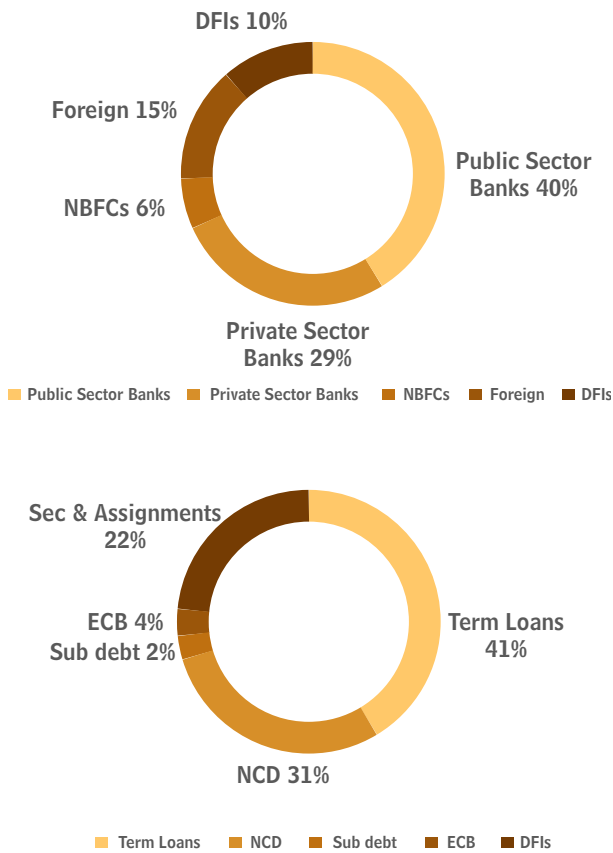
Annapurna Finance has started its operation from East India and have diversified its operation to become a pan India player. The company has expanded from 10 states in FY 17 to 18 states in FY 21. The branches have been increased from 246 in FY 17 to 870 branches in FY 21. The management's continuous effort in reducing

the geographical risk diversification helped reducing the exposure of Odisha. The portfolio concentration of Odisha has reduced by 23.66 % in last 5 years and today stands at 31.31% and going forward the company aims to bring it down to 25%. The company also aims to maintain single state exposure of not more than 20 %.





## Fund Raised FY 21



During FY 20-21, Annapurna Finance has successfully raised INR 3,123.07 Cr of funds through Term loans, NCDs, ECB and PTC, and Direct Assignments. The company has raised the funds from the lenders such as ICICI Bank, RBL Bank, Standard Chartered, Indian Bank, SIDBI, NABARD, UCO Bank, Bandhan Bank, etc. Further, the company also successfully established new relationships with debt partners such as Allahabad Bank, Jana Small Finance Bank, Utkarsh Small Finance Bank, CDC, Punjab National Bank, Bank of India.

The company has also executed a Direct Assignment transaction of INR 642.97 Cr with State Bank of India, Indian Bank, Bank of Maharashtra, Federal Bank, etc. in FY 21. In FY 21, the company has raised INR 665.00 Cr of funds through NCDs from public and private sector banks in the form of Targeted Long-Term Repo Operations (TLTRO) and Partial Credit Guarantee Scheme (PCGS) schemes through the liquidity measures announced by RBI during COVID-19 first wave.

## Credit Rating & Grading of Annapurna Finance

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

**Grading:** CRISIL has assigned a Comprehensive Microfinance Grading of 'MIC1' to the company. It is the highest notch of certification. Grading has been assigned on an eight-point scale with respect to Microfinance Capacity Assessment Grading. It has been assigned on Annapurna Finance's ability to manage its microfinance operations in a scalable and sustainable manner and good performance on code of conduct dimensions.

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

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



## Clientele Insurance

Annapurna Finance has tied up with India First Life Insurance, HDFC Life, ICICI Prudential & Kotak Life for Group Term Life Insurance, Bharati Axa Life Insurance, for providing credit linked insurance to the clients. This safeguards the interest of both the parties as in case of the unfortunate demise of the client or spouse,

the insurance helps them to repay the remaining principal amount and the rest sum assured is directly being paid to the beneficiary by the insurance company. Hence, the family of clientele gets a means in times of worry and needs to avoid indebtedness.

## Debt Listing Details

Type of Securities Listing (Non-convertible debentures)	F Group Debt instrument listed with Bombay Stock Exchange (BSE Limited)
Name and address of Stock Exchange	1. BSE Limited, Department of Corporate Services, 1st Floor, P. J. Towers, Dalal Street, Mumbai – 400 001
Name and address of Debenture Trustee	1. CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Limited), Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098.
Name and address of Depository	1. National Securities Depository Limited (NSDL), 4 Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013  2. Central Depository Services (India) Limited (CDSL), Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort, Mumbai - 400 001
Name and address of Rating Agency	1. ICRA Limited FMC Fortuna, A-10 & A-11, 3rd Floor, 234/3A, A.J.C. Bose Road, Kolkata—700020  2. CRISIL Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076  3. CARE Limited Godrej Coliseum, 4th Floor, Somaiya Hosp Road, Off Exp Highway, Sion (E), Mumbai, Maharashtra -400022, India.
Name and address of Registrars and Transfer Agents	1. KFin Technologies Pvt. Ltd. Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032  2. NSDL Database Management Limited + 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

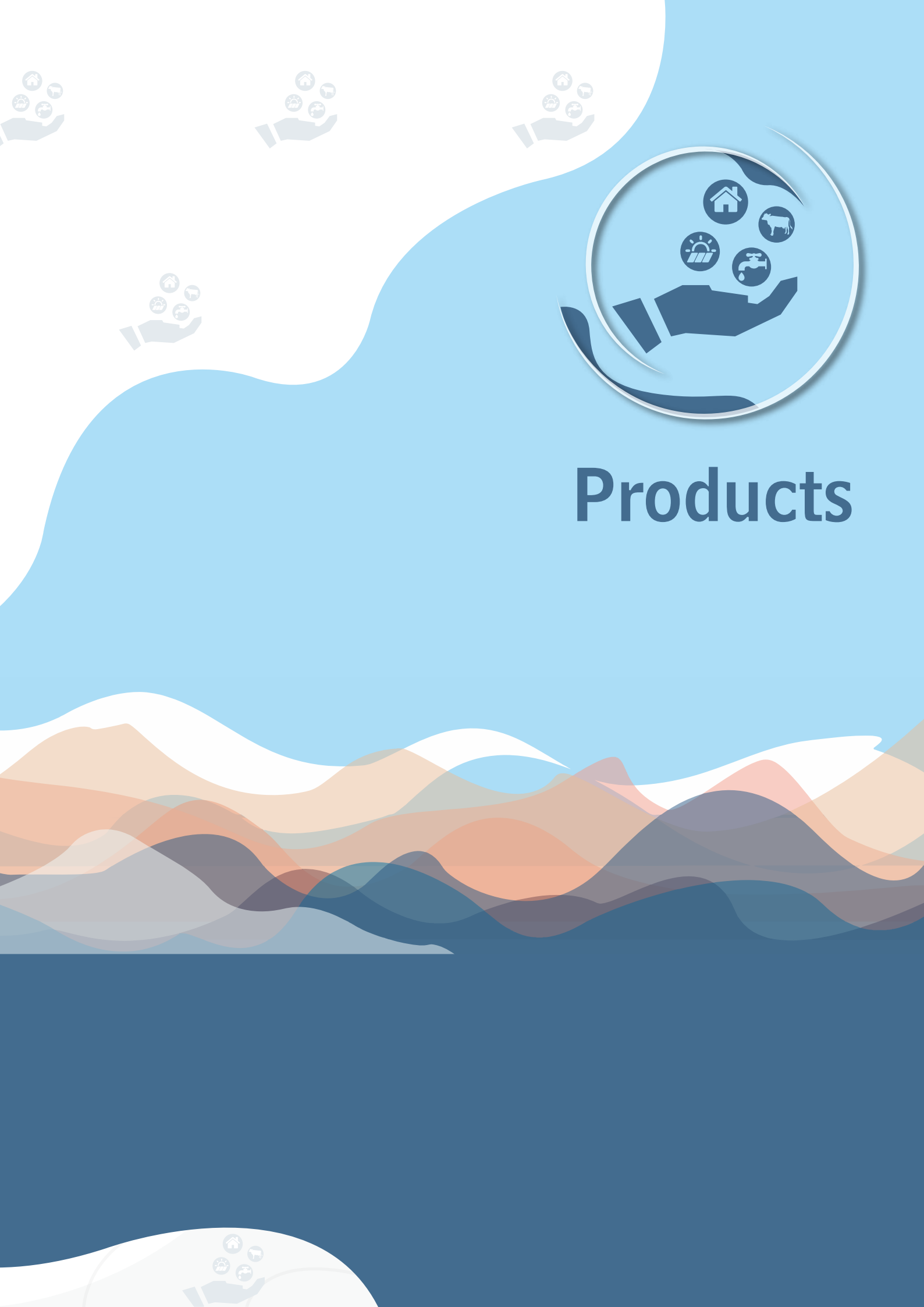












# Products



Annapurna Finance, as a customer-centric development finance institute, always keeps the needs of its customers at the forefront of all of its operations. **Product Development** department is responsible for translating this customer needs to a well-designed credit offering through detailed market survey, stakeholder and feasibility analysis. The designed products are thus piloted for understanding its viability and business potential, along with assessing the extent to which the product meets the customer requirement and the organization's social commitment. In a nutshell, the product department is the brain behind all credit solutions the organization offers to its target customers.

## SWASTH

Annapurna Finance provides loan services to establish resiliency in our clients, thus creating a better, accommodative world for them. Annapurna Finance's SWASTH Loan, launched in 2014, aims to provide safe sanitation and clean water through low-cost loans for significant sanitation assets and infrastructure at household, village and community levels.

The design objective of this product is to work for behavioural and attitudinal change towards healthy sanitation habits and use of safe water. Moreover, it also eliminates the need for lump sum investments to build infrastructure, without compromising the need for living a healthy lifestyle.

The construction and renovation of user-friendly toilets and access to safe water connections have been provided to 11634 villages, in 208 districts, 12 states, and 494 branches. As of 31st March'21, the active client base is 27,319, resulting in a portfolio of INR 26.57 Cr. The cumulative disbursement stands at INR 129.17 Cr and 71,089 households have been served till March.

Name of the Programme	Total Number
Client Awareness and Sensitization	1 Lakh households
School-Level Awareness Programmes	9,422
Mason Training Programmes	3,974
G.P Sensitization Programmes	2 Lakh households
Branch-Level Awareness Programmes	25,768

## SWASTH Loan



POS: ₹ 25,44,03,687



Clients  
7921



Branches  
494

## Dairy Development Loan

For years, milching cattle has been regarded as a prestigious asset in every household, due to its significant role in household's income generation and contributes immensely to the development of resiliency against poverty through dairy business. However, to expand their respective businesses by facilitating better resources for production, people always require finance. After observing the need for finance for the purpose of livestock purchase, infrastructure support, medical support, and other additional expenses, Annapurna Finance started a Dairy Development Loan in the year 2015. The company not only facilitates the purchase of livestock, but also enables building of livestock sheds and mitigates risk of cattle death through the insurance.

## Dairy Development Loan



POS: ₹ 8,91,70,013



Clients  
2313



Branches  
224



States  
9



## Samarth Loan

Samarth Loan was launched in 2016 with the objective of providing financial access to vulnerable sections of the society, such as people with disability, transgender, single mothers, widowed women and leprosy affected communities. These communities are often disadvantaged and are systematically excluded from mainstream financial banking services. By introducing a separate product for these communities, the company aims to go above and beyond traditional credit facilities, thus recognising the importance of financial independence as a stepping stone in the society.

### Samarth Loan



POS: ₹ 29,05,439



Clients

68



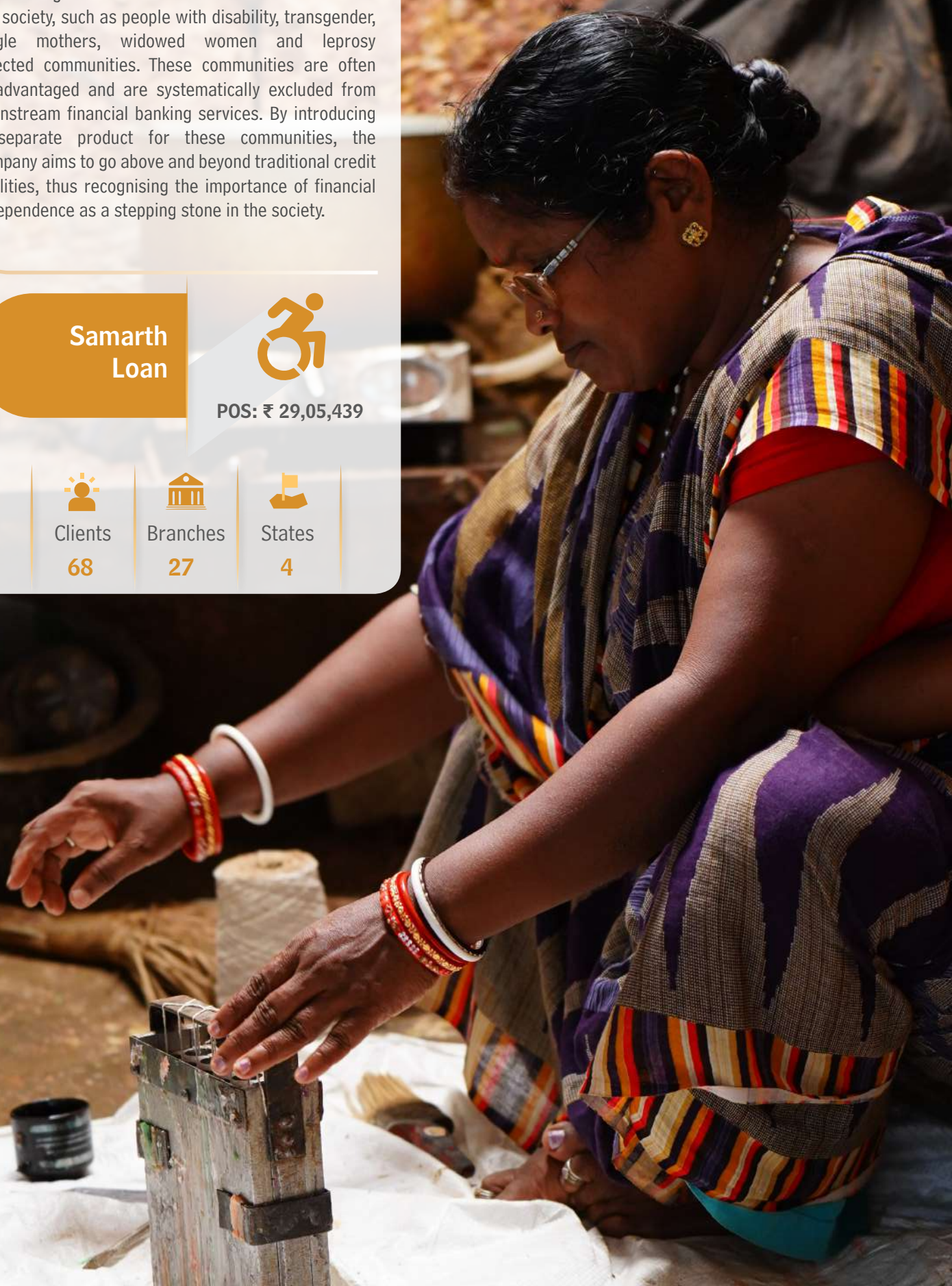
Branches

27



States

4





## Home Improvement Loan

A home brings a sense of economic wellbeing and belongingness. However, affordable housing in our country is still under-developed. Some of the major constraints affecting affordable housing are lack of fund mobilization, accessible housing finance, among other existing issues. Annapurna Finance recognized the existing issues and introduced Home Improvement Loan (HIL) in 2016, with the aim of improving the social standing of low-income households leading to greater social inclusion. HIL further allows clients to improve their existing houses, enabling a better standard of living, securing their privacy, thus enabling their safety and wellbeing. Annapurna Finance's affordable HIL loan allows our clients to build personal assets, thus adding value to their financial standing.

### Home Improvement Loan



POS: ₹ 12,06,69,556.5



Clients  
**3,088**



Branches  
**248**



States  
**11**

## PM SVANidhi Loan

Annapurna Finance recognizes the significance of urban informal economy, and its role in ensuring availability of essential goods and services to people. In order to provide safety net to street vendors amidst pandemic, the organization facilitated PM SVANidhi Loan. This product has been launched under the umbrella of PM Street Vendor's AtmaNirbhar Nidhi, initiated by the Ministry of Housing and Urban Affairs, Government of India. PM SVANidhi is a working capital credit facility provided to street vendors without any collateral. It can help the street vendors to resume their livelihoods which were negatively affected during the nationwide lockdown, by providing them the much needed liquidity. Through the implementation of this product, the company also aims to incentivize regular digital transactions amongst street vendors. This will allow them to build their credit history, allowing them to enter the formal banking ecosystem.



### PM SVANidhi Loan

POS: ₹ 75,92,024



Clients  
**1071**



Branches  
**86**



States  
**11**







## Consumer Durable Loan

Consumer Durable Loan (CDL) is an innovative approach by Annapurna Finance to financially support clients who are unable to afford products for everyday use. This loan fulfils financial needs as well as ensures a better lifestyle. Thus, in order to serve the increasing demand of consumer durables and household appliances market in rural and semi-urban regions, along with rising aspirations of clientele, the company launched this product in 2017. With CDL, Annapurna Finance aims to provide end-to-end loan consumer durable solutions. Product details of CDL are as follows:

## Consumer Durable Loan



POS: ₹ 85,32,482



Clients  
**886**



Branches  
**118**

## New Loan Products

### Just-in-Time Loan

Annapurna Finance has introduced a pre-approved, emergency loan offering through a digital platform, Just-in-Time Loan. Like the name suggests, the credit facility is an instant loan, and aims to assist customers facing cash-flow issues. The loan is facilitated entirely through a digital lending platform. The 'instant' loan provides cash-in-hand to the clients without engaging them in bureaucratic procedures and paper-work. The primary focus of this product is to facilitate credit services to customers who need finance during any emergency situation such as medical, educational fees, debt consolidation from an informal institute, repairs, and renovations, business cash-flow disruptions, etc. With the launch of Just-in-Time loan, Annapurna Finance shall be the 'go-to' financial institution in times of emergencies for clients. The product is currently in pilot-phase in Odisha.

### Just-in-Time Loan



Loan Amount	Upto Rs. 5,000
Customer Age	According to JLG norms
Co-borrower / Guarantor Requirement	None
Purpose	Any Emergency Purpose
ROI	21.25%
LPF	Rs. 100 (Flat Fee)
Tenure of Loan	Rs. 1,000-2,000 : 3 months Rs. 3,000-5,000 : 6 months
Business Verification Norms	Not Applicable
Residence Verification Norms	Not Applicable
Collateral	Not Required
Insurance	Client Insurance for 6 months (Rs. 5.6 per thousand per year)
Pre-close Charges	Not Applicable

### Edu-Finance Product

Edu-finance loan is Annapurna Finance's foray into financing primary and secondary school education loans in semi-urban regions of operational regions. The target population of this product is low-income parents, aspiring to send their children to private schools. This product aims to ease the burden of school fees on these parents, thus relieving them of the psychological pressure. The product will be first piloted in Rajasthan and Bihar. The product has been developed under partnership with Samavit and Opportunity International.

### Small holder Safety Net Upscaling Programme

Grameen Credit Agricole Foundation, in cooperation with the Ministry of Foreign and European Affairs of Luxembourg, and the Swiss Agency for Development has launched the Smallholder Safety Net Upscaling Programme. Under this, Annapurna Finance has been selected to receive a technical assistance grant, to work towards small and marginal agricultural farmers. For the purpose of this project, the organization will be working towards providing Non-Financial Services and organic certification support to small-holder farmers. Financial Literacy Training, promotion of sustainable farming methods and a replication model will be set-up. Being an MFI, Annapurna Finance will also develop and provide financial services to these farmers, such as a micro-savings product, agri-insurance product and micro-credit product. In the age of technological advancement and digital integration in farming, the company aims to be ahead of the curve, and assist in providing important real-time information to small and marginal farmers, provide them access to e-markets and facilitate access to financial products and services.





**MSME**

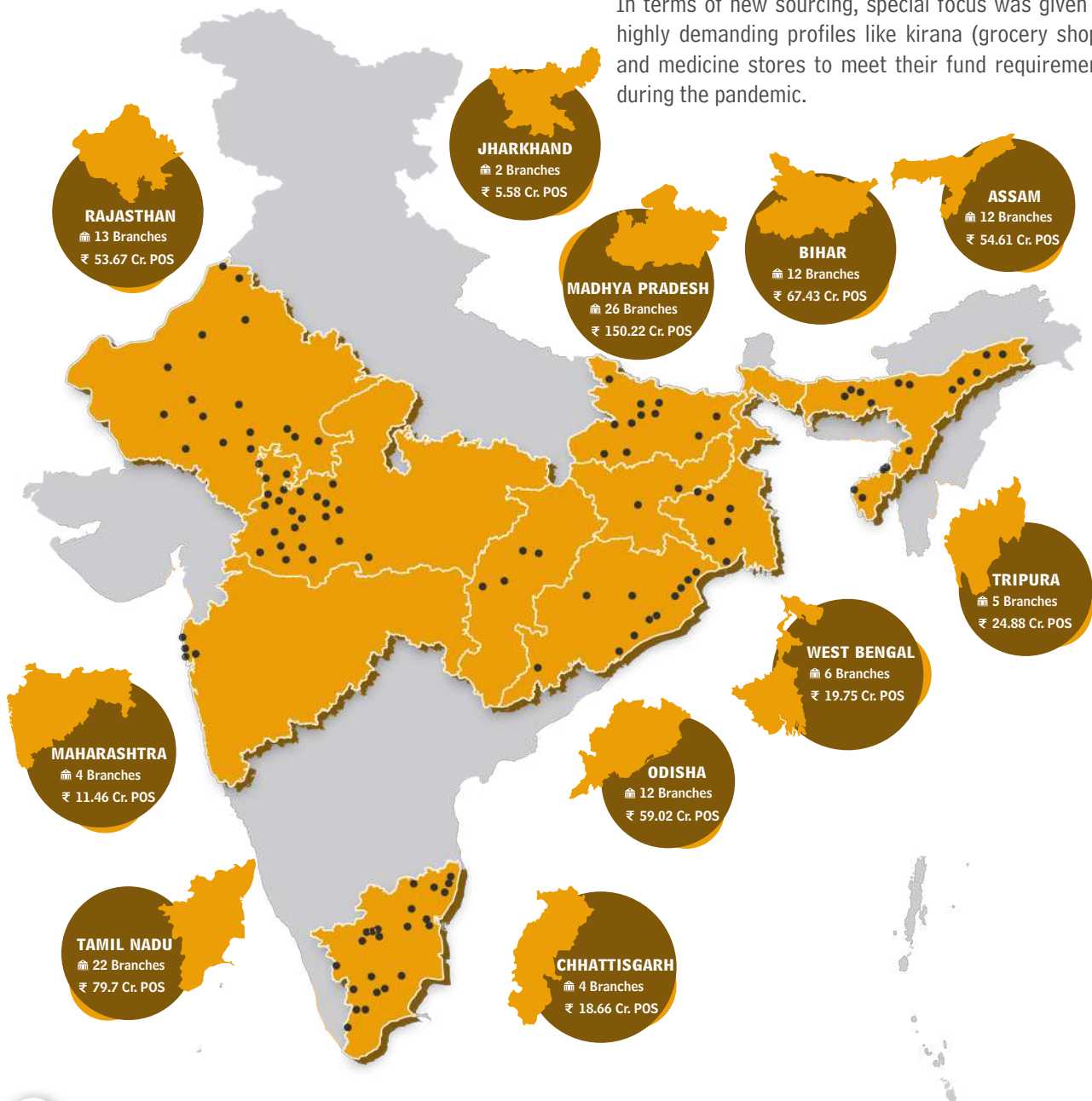


### Micro Small and Medium Enterprises (MSME)

is a highly vibrant and dynamic sector which fosters entrepreneurship and generates employment opportunities for the Indian economy. MSME is one of the majorly focused areas of development in the current decade. Moreover, it has huge credit demand in all the geographies of the country irrespective of rural, semi-urban, urban, or metro cities. A larger portion of micro and small entrepreneurs are still considered as a missing middle segment in terms of availability of credit and this segment is the main target of Annapurna Finance's MSME product. The current portfolio is a mix of both NTC and customers with loan records. Currently, Annapurna Finance has 118 MSME locations in 11 states. The expansion process of more than 50 new locations in both existing and new states has already started.

### MSME's Response to COVID-19

The paradigm shift at the operating areas of Annapurna Finance has led to successful disbursements, which has helped in serving 20,000 customers. The strategy of business continuity even in the first quarter during the pandemic, and by having various schemes/surrogates in the credit delivery model, MSME vertical of Annapurna Finance has successfully reached the pre-COVID business numbers by the end of the third quarter. As a strategic response to the challenging business environment, various initiatives were taken for the existing customers like a top-up loan scheme with a moratorium facility (scheme like ECLGS). Moreover, various cashless collections options were also implemented, which resulted in 75% of cashless collections out of total collection during the month. In terms of new sourcing, special focus was given on highly demanding profiles like kirana (grocery shops) and medicine stores to meet their fund requirements during the pandemic.



## Growth in Business

Year	Branches	States	Employees	Disbursement in the FY in Cr
2016-17	5	1	32	2.3
2017-18	23	6	148	21.3
2018-19	66	9	510	152.2
2019-20	93	11	890	258.73
2020-21	118	11	1035	313.64

## Way Forward

The readiness of the microfinance industries in changing the gears from the traditional systems to the digitized processes is making the citizens financially literate. The impact of the internet further helps in making judicious decisions and implementation of various programs to make it happen. Annapurna Finance has already taken the step to come up with a highly digitized end-to-end process and a fintech-based loan delivery model. Both customers self-assisted and employee-assisted loan journeys are under construction and the same will be implemented very soon with the help of the newly registered IT partner of Annapurna Finance. Various third-party integrations have also been initiated towards digital interventions which result in lesser TAT, limited manual interventions, and a quality portfolio.









# Human Resource



The **Human Resource Department** of Annapurna Finance plays a pivotal role in bringing a positive culture to the organization. The department truly focuses on achieving strategic goals, and is determined & committed to provide the best environment to its employees through best practices in human resources management. Employees are the biggest strength of organization. The HR department always strive to develop an organizational culture which includes a high level of job satisfaction and job security, and the same is reflected in the high employee retention rate.

### Highlights



7304 -total employee strength  
YOY increase 23%



642 training programs conducted  
More than 12000 employees  
trained during the year



GPTW certified, ranked 29th  
among Great Places to Work in India

### Virtual Recruitment & Onboarding

All the recruitment during this FY was done virtually. The onboarding was carried out through blended technological platforms including the HR-One application and In-meeting application. The joining formalities were carried out with adherence to the organization's COVID-19 safety protocols. Though there were challenges in the new mode of recruitment, i.e. virtual recruitment, the HR team was able to onboard 2552 employees in the year.

### Virtual Training

More than 90% of the training programs were conducted on a virtual platform. Annapurna Finance partnered with M2i Consulting for providing an e-learning platform that enabled the employees to have access to various in-house certification programs. The training team was trained to handle the e-learning platform & virtual classroom application. There were 642 training programs conducted during the FY and a total of 12215 employees were trained.

### Employee Safety

All the branches were provided with adequate materials to keep the office space sanitized and safe from coronavirus. The employees were educated on COVID-19 safety guidelines from time to time by the HR department. All the cases related to the COVID outbreak were promptly handled.

The employees who contracted the coronavirus were provided with all types of support which include a COVID Relief Fund, hospitalization support, Doctor on Call facility, COVID special leave & mental counselling.

The COVID Relief Fund helped employees to procure medicines and avail other necessary healthcare services. The Doctor on Call facility was one of the lifesaving initiatives as it helped employees to connect to the doctor from any place and get a free consultation.

The COVID special leave was introduced to ensure that the employees need not suffer from any loss of pay because of the quarantine rules of the state government and central government.

### Great Place to Work

Annapurna Finance participated in the annual survey conducted by the Great Place to Work Institute, India. The process involved a rigorous audit of the organization's culture and an employee survey to examine the level of job satisfaction.

Annapurna Finance got certified as a Great Place to Work. The organization was also acknowledged for being on 29th position for best place to work across all sectors and has achieved a status of being in 'Top 5' in BFSI sector.

### Vaccination

The HR department of Annapurna Finance proactively has taken a combination of measures to get all the employees vaccinated. These are the following measures that were taken by the department.

1. Awareness on vaccination was given to the employees. They were made aware about the effectiveness of the vaccine.
2. In case anyone wanted to get the vaccination done from a private hospital, they were encouraged to do so. The vaccination amount was reimbursed.



3. The HR team also tied up with reputed hospitals and vaccination centers in order to get the employees vaccinated.

4. Mass vaccination drives were organized at the Head Office in Bhubaneswar. These drives were also conducted in other regional offices which included Nagpur, Aurangabad, Raipur, Bilaspur, Ranchi, Siliguri and Udaipur.

## COVID-19 Initiatives

Most of the employees of Annapurna Finance were residing in office locations during the peak of COVID-19 pandemic. To safeguard them, the following policies were announced:

1. In case of COVID-19 contraction, Annapurna Finance would bear hospitalization as well as treatment charges.
2. Treatment of dependent parents of field staff was also covered.
3. As a curative approach, COVID Relief Fund of Rs. 10,000 was released to compensate for the hardships faced by the employees. The fund was released within 24 hours.
4. Databases of nearest hospitals were arranged in case of emergency.
5. Once the employees recovered from the infection, nutrition packages were sent to their residing places. It was an immunity booster package to help them regain their health sooner.

## COVID Safe House

The rising number of cases of coronavirus almost broke the country's health infrastructure. All the hospitals were stretched to their maximum capacity. To safeguard the employees, Annapurna Finance created COVID safe house initiative in Khordha. In this facility, there were 20 beds with oxygen support, visiting doctors and full-time pharmacists. There was availability of ambulance as well in case of an emergency.

## Rapid Action Team

COVID-19 pandemic has devastated millions of lives in India. There were many individuals who couldn't get proper medical facility at the right time. More than the virus itself, panic was gripping everyone. In order to reduce the panic among employees, Annapurna

Finance formed the State as well as Centre Level Rapid Action Team. The HR team took proactive measures to reduce the casualties during such challenging times. The continuous effort for months resulted in minimized casualties. There were 10 deaths in 1000 infected employees. A vast majority of members from the Rapid Action Team engaged in regulating immediate requirements such as medicines, equipment support, and other medical emergencies.

## Annapurna Lifeline

Employees are the backbone of any organization. Hence, their physical as well as mental health becomes vital. During the pandemic, various employees were in a confused state regarding the test procedures, post-COVID care, symptoms etc. Annapurna Finance took a proactive approach and started Annapurna Lifeline. Under this initiative, doctors were appointed to interact with all the employees from the Operation department. This initiative ensured a proper and clear dissemination of information in the field staff. The doctors responded to all their doubts and queries. There was a regular follow-up on all the cases. Additionally, Rs. 1000 fund was released for arrangement of essential medicines in all branches.

## Saathi Suraksha Yojana

To continue supporting the families of employees even after their demise due to COVID-19, Annapurna Finance introduced Saathi Suraksha Yojana. It incorporated following initiatives to ensure the organization's support to the family members of its deceased employees.

1. Full month salary for next 1 year to the dependents of the deceased employee. This initiative is taken to provide financial support so that their sudden loss shouldn't leave the family financially unstable.
2. Educational expenses of deceased employee's children till graduation will be taken care of by Annapurna Finance. Their quality of education will not be compromised due to financial constraints.
3. Mediclaim policy of Rs. 3 Lakh assured to the family for 3 years. This initiative is to combat increasing healthcare costs and prevent any financial stress during medical emergencies.
4. Doctor on Call Facility will be provided to the family of the deceased employee for a duration of 3 years. This facility will provide medical assistance required by the family.

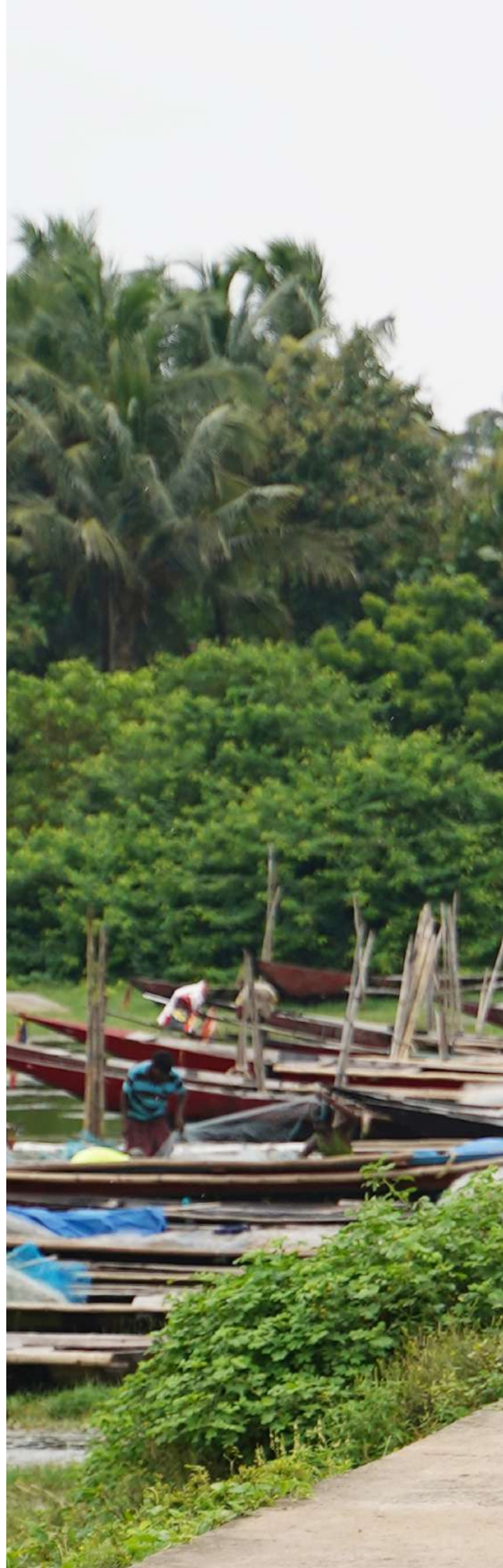


5. Employment to the dependent or spouse will be provided by Annapurna Finance. It will be based on the qualification or skills possessed by the dependent. Two individuals have already joined under this initiative.

6. Old Age Pension will be provided to the parents of the deceased employee for 5 years up to Rs. 7000 per month. The pension plan helps with supplemental income for unforeseen circumstances.

### Way Forward

As the organization continues to grow, the HR department is preparing to recruit 2000 employees in this financial year. To promote diversity at the workplace, it plans to hire 1000 women employees. There are robust gender sensitization training programs. The HR team will come up with AI based recruitment along with e-learning platforms. With the new labour reforms, the team is prepared to bring in the changes in accordance to the new laws. YLDP (Young Leadership Development Program), one of the flagship programs, will host 30 new employees this year. The required assistance and guidance will be provided to the selected candidates.













# Internal Audit



The **Audit** team is responsible for the examination and evaluation of processes, policies and internal controls at the head office and branches. Any observed deviations, gaps encountered in the existing process and mitigative strategies recommended to ensure compliance with the standards are reported to the Audit Committee and Senior Management quarterly.

### Challenges During Pandemic

The financial year 2021 began with lockdown due to COVID-19 pandemic. The restrictions affected the conduct of the businesses across the industries. This impacted the audit teams' efforts to fulfil the mandate of auditing the branches once in every quarter. During lockdown, either some branches were in containment zones or the staff contracted the virus, which resulted in a delayed audit process. As soon as the restrictions were relaxed by the local administration, audit teams started the movement. There was an increase in the number of unpaid customers and customer visits were also reduced due to strict regulations. Increased cash retention at branches has been another challenge faced during the year as bank branches were operating with limited services. The complete ecosystem like banks, CMS services etc. were disturbed which led to slowdown in smooth operations. With relaxation in lockdown, the audit team conducted partial balance confirmation audits to ensure the proper sanitization of the branches.

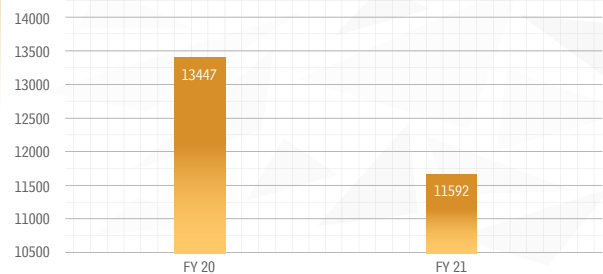
In Q1 2020-21, 16% of microfinance and 45% of MSME branches were covered by the audit team due to restrictions in movement during the lockdown, health issues, etc. In the subsequent quarters with gradual relaxation in lockdown, coverage improved and in Q4 2020-21 the team covered 96% of microfinance branches and 99% in MSME.

The State Audit Committees (SAC) are functioning in full capacity in their fifth year with an initial slowdown due to the pandemic. During the conduct of SAC, representatives of the entire concerned department meet once every month regularly, where all the findings and their compliances are deliberated for better process implementation. Recommendations from SAC form the base for changes in the audit tool and bring in new processes or validations to improve the operational functioning of the departments.

### Grievance Cell

The Grievance Cell at Annapurna Finance comes under the purview of the Internal Audit Department. The vernacularly proficient team of 21 dedicated members is tasked to receive the inbound complaints and coordinate with the various departments to ensure proper closure for each of the cases. The Grievance cell received about 14% less complaints in comparison to FY 20.

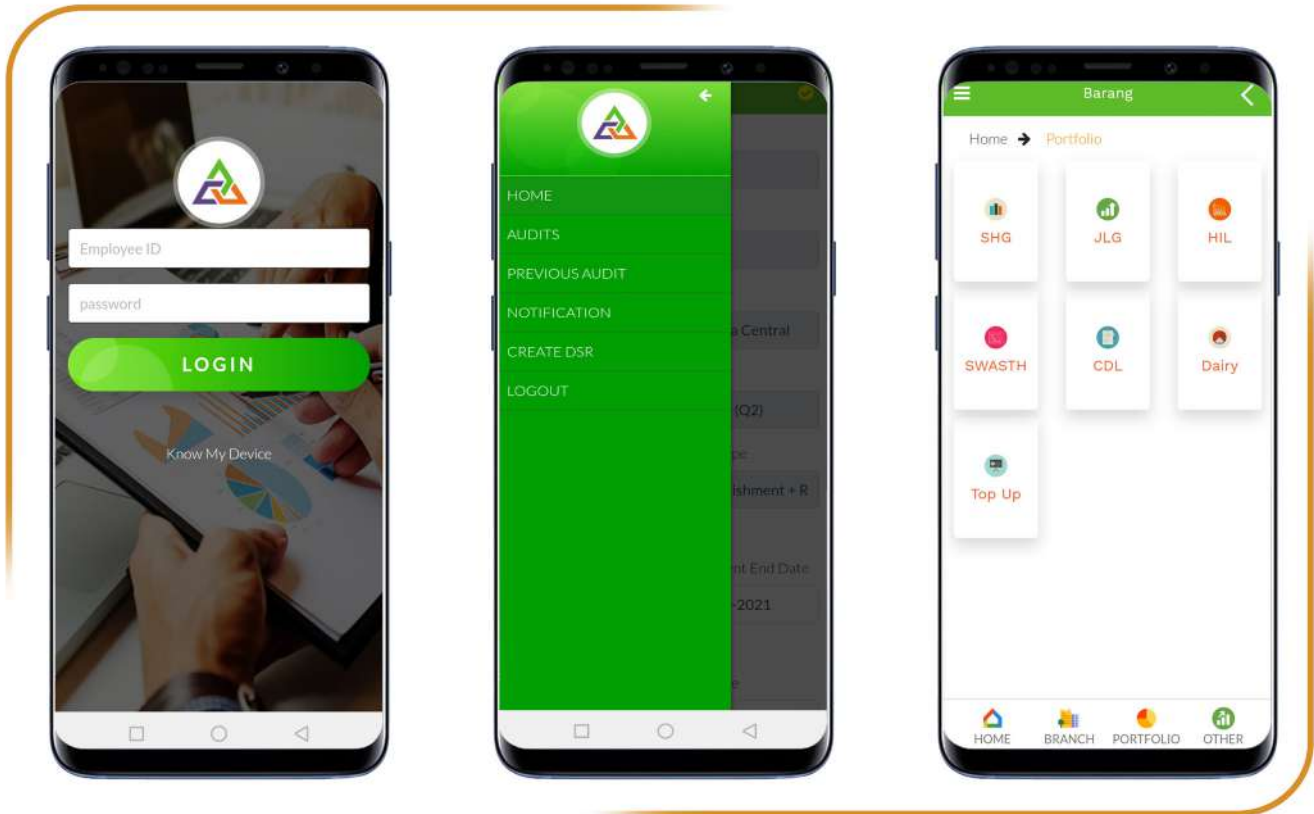
**TOTAL COMPLAINTS RECEIVED IN GRIEVANCE CELL**



Due to lockdown in the 1st quarter of FY 21, queries received were on a lower side. The team has successfully resolved 99.5% of the received cases for FY 21. Apart from inbound grievances, the team is also involved in conducting outbound calls to customers for validating cashless disbursements, collections, informing them about company guidelines and other consumer-centric surveys.

### Digital Audit

The pandemic gave an opportunity to explore digital platforms. With the technical upgrades in the organization, the audit team was delighted to introduce the digital audit conduct for the MSME segment. With the success of this project, the audit team started to work on an app for microfinance audits to shift from their old excel based platform. The app is designed to increase the efficiency of team members while conducting the audit. This will also enhance their productivity using auto-fetching of the pre-existing data. With the app in place, auditors can mark the entries as and when they want, reducing the dependency on branch infrastructure. The testing of the app has already been started and will be fully functional post-completion of successful testing and amendments.



Internal Audit Application

## Way Forward

The audit team has worked continuously to evolve the technological and managerial environment to conduct the audit process smoothly and in a more efficient manner. In the ethos of the same, the teams for MFI and MSME audit were decentralized to enhance the segment-specific monitoring and supervision. The audit conduct of regional/zonal hubs is also in the pipeline for the new financial year. Apart from technological upgrades, the audit team is also in process of increasing its team size to meet the unforeseen consequences of COVID for an indefinite time.

COVID-19 pandemic and resulting lockdown have been there for more than a year and still are challenging the conduct of regular business activities. Health risks have increased since last year and many team members were diagnosed positive during the year. The vaccination drive is in full swing and all the team members are registered for the same to prevent future health hazards.









# Credit & Appraisal

The **Credit** department of Annapurna Finance helps in reaching the financial goals with industry specific regulatory and best lending practice codes. The credit team is responsible for customer sourcing process to minimize the risk of late payments, improve profit margins and maximize sales with the help of technology and necessary transaction structures.

The department is also responsible for the formulation of underwriting guidelines for various product lines, and taking immediate and reasonable action in handling risk-prone events. It also ensures proper screening of proposals based on various parameters associated with operational and credit risk.

### Training & Development

During the lockdown period, the credit department has developed a special module to help teams of appraisal officers in restrengthening their capacity. The focus is to reshape the credit-related skills required to assess the true potential of the borrowers. Several techniques and case methodologies were used to equip the appraisal officers in doing cash flow analysis. Module-specific sessions were organized for the team of appraisal officers to help them analyse cash flow assessment of different livelihood activities related to the various sectors. During the nationwide lockdown phase, through the virtual interactive sessions the department has connected with all the state appraisal officers' teams to sharpen their professional skills.

### Post Unlock Initiatives

Post unlocking, appraisal officers were sent on special assignments to different branches to help the branches reopen or start their operational activity. The team of appraisal officers supported cashless collection and prepared a strategy to optimize branch collection efficiency. Post unlock, the appraisal officers went to the field to assess borrowers' requirements and thus helped branches in picking the business momentum. With the support of appraisal officers, branches were able to get in touch with maximum borrowers which helped in optimizing the efficiency of the collection of the branches.







## Post COVID Financial Assistance

Post unlock period, the credit team has done underwriting of loan products to cater to the needs of the borrowers. Whereas, in line with the regulatory framework, the team went to the field to assess the situation of non-paid borrowers. After the field assessment, appraisal officers have given recommendations to restructure those loan accounts.

Post unlock, it has been observed that borrowers' overall EMI repayment capacity has been critical in the process of their credit assessment. So, the credit team has done the assessment of clients in restructured loans in such a manner so that needful borrowers can avail maximum financial support with lower EMI burden. Multiple moratorium options for six months have been provided to restructured clients to assist them in their rebuilding process.

## Emergency Loans

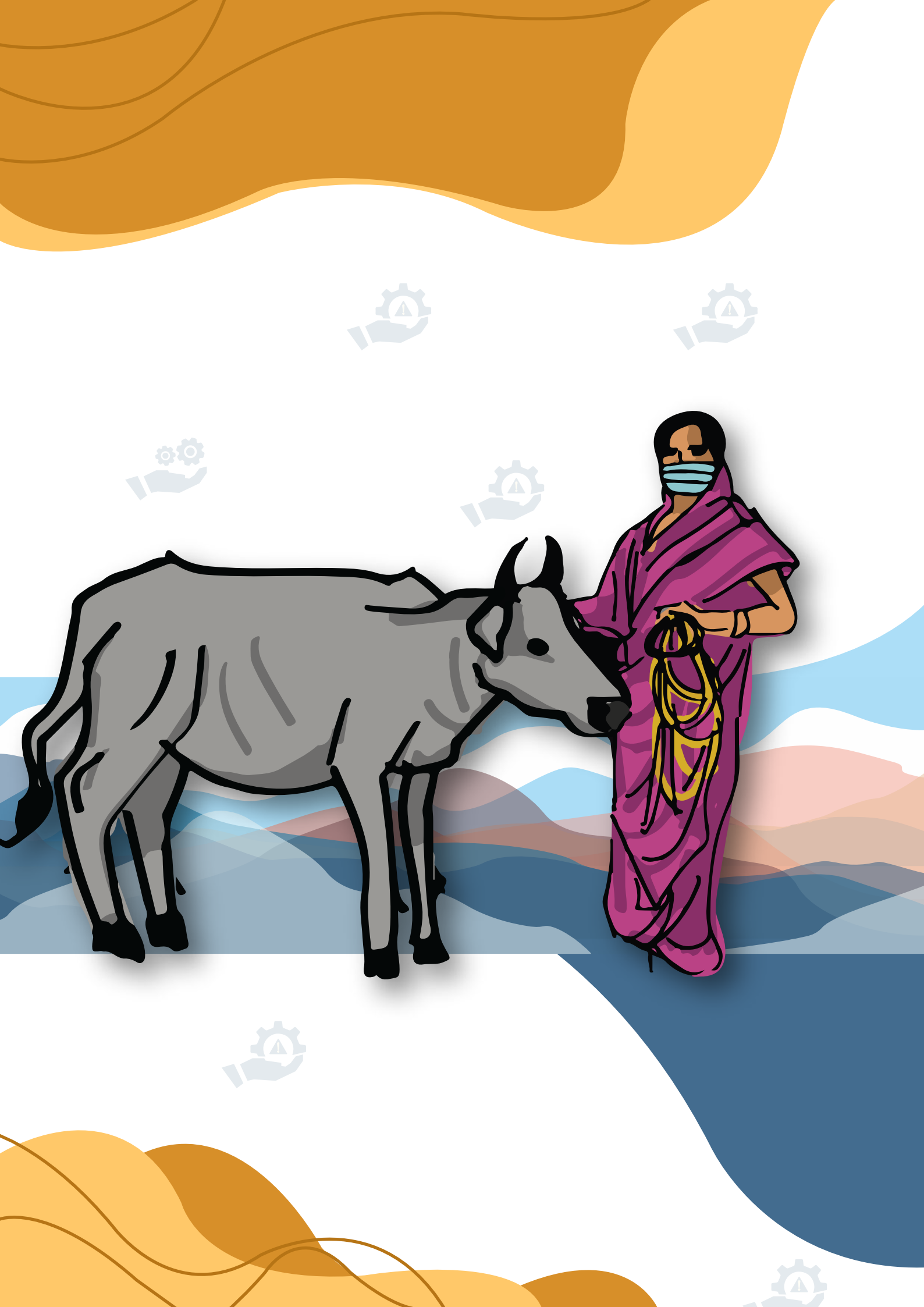
In the FY, the department has come up with an emergency loan segment with a small ticket size to meet the emergency requirements of the borrowers in the time of the pandemic. The product was designed to offload the financial stress of the borrowers.

## Way Forward

Going ahead, the department has a plan to reconceptualize the profile of appraisal officers. For every branch, each appraisal officer will be assigned to take care of the overall quality of the branch. In this role, the appraisal officer will supervise field appraisal, back-office branch loan documentation screening work, etc. Under this profile, appraisal officers will now be called Branch Credit Quality Managers (BCQM). The objective behind creating this profile is to ensure closer monitoring and reduce TAT in filing appraisal and disbursement. Through this profile, branches will now be able to fasten the loan approval process with much more efficiency and quality in the documentation screening before final loan disbursement.

The department is working to integrate Credit Matrix in the loan origination system and parallelly looking after other viable options to come up with a credit decision engine for all loan segments. The step will help the department in filtering basic loan criteria thus TAT will significantly reduce during the loan approval process. In the matrix, all regulatory and credit-related standard criteria have been integrated to help appraisal officers in approving the loan proposals.







# Risk





**Risk** is inherent to any business and a systematic approach to managing risk is now regarded as the best management practice. As an NBFC, Annapurna Finance is exposed to credit, liquidity, interest rate & operational risk. Annapurna Finance has a robust risk management framework in place to identify, mitigate and monitor material risks across all its functions. Considering the recent advancement in the risk management practice, the risk policy of Annapurna Finance has been framed by measuring all the objectives of ISO 31000 holistically. The policy covers all the guidelines, principles, framework, and the process of managing risk as defined in ISO 31000 through which Annapurna Finance can maximize the likelihood of achieving its business objectives, improve the trade-off between opportunity & threats and effectively use and allocate resources.

### COVID-19 Measures

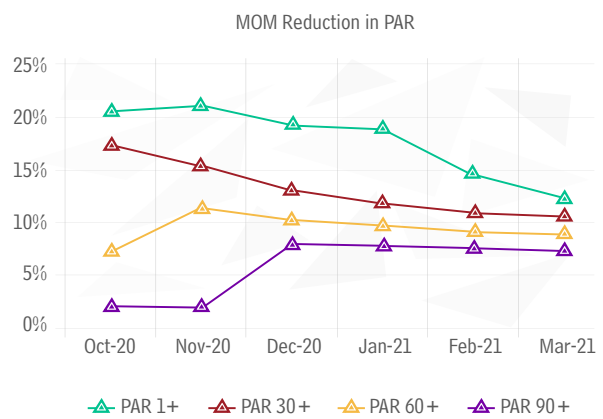
The adversity caused by the COVID-19 pandemic has brought the economy to a standstill. There has been a sharp contraction in the growth caused by lockdown to control the spread of the virus which has led to supply shock, reduction in output, employment, and consequently demand. The month of March 2020 saw a disruption in the normal course of business due to nationwide lockdown. In June 2020, the fastest growing economy long ago contracted 23.9% on a YoY basis & there was a technical recession for India during July-Sep 2020. On the account of several intermittent lockdowns and restrictions being imposed on various states, Annapurna Finance witnessed a temporary decline in overall business thus affecting its credit risk, liquidity risk, and several challenges in the operational part. Looking at the prevalent scenario, the Business Continuity Plan (BCP) of Annapurna Finance was triggered and several action teams were formed as per the policy.

### Portfolio Quality

The microfinance industry is well known for its resilience towards external shocks. It has shown strength during previous events like demonetization, floods and cyclones. Though there is no comparison in scale and impact of these events, microlending which is based on high touch, mutual trust, and social collateral are inherently immune to externalities at the very least capable of reviving.

The Portfolio at Risk indicators like PAR 1+, 30+, 60+ and 90+ movements over the months after the unlock stage begin in the country indicates this revival capacity of the industry. Collection efficiency crossed 97% for most of the operational area except for a couple of states where the impact of COVID and the following lockdown was severe.

To reduce the debt stress and revamp customers' economic status, Annapurna Finance, following the regulatory requirements, designed new crisis-specific financial products like emergency loans and COVID resolution framework which acted as a survival kit for the existing customers with strong credit history.



### Credit Underwriting

The company from its inception has deployed an independent field credit underwriting team as part of risk minimization. This effort has helped in maintaining a better portfolio quality across the geography even during these tough times. Now as the COVID crisis has limited mobility, social interactions, the risk management systems in Annapurna Finance have also undergone structural modifications to accommodate these constraints while underwriting loan proposals. The field visit and personal discussion-based underwriting have now given way for low-touch alternate data-based risk assessment.





### Field Risk Monitoring

Annapurna Finance has developed a risk monitoring team during the demonetization to tackle the challenges in the operation area. The team focused on providing area-specific countermeasures for risk mitigation, which has worked wonders for the company in improving collection efficiency and reducing fraud risk.

The COVID scenario has increased the need for this area-specific risk monitoring and management mechanism. The scope of work for the field risk monitoring team was enhanced to strengthen the risk management at the field level. It has enabled the monitoring mechanism to independently assess the field scenarios and advice for the best possible action.

The Field Risk Monitoring team provided ad-hoc support to the branches to further strengthen the channel with all required control in place and also provided local level institutional support during external interactions. The team was also responsible to identify and take necessary action for external threats, frauds, or any other negative issues which might impact the business.

### Liquidity Risk Monitoring

In line with the Prudent Risk Management Framework, Annapurna Finance has in place a Board-approved Asset Liability Management Framework. The company has ALCO (Asset Liability Committee) in place to review and monitor the liquidity risk and ensure compliance

with the prescribed RBI threshold. The team computes cash flow mismatch using structural liquidity statements to ensure the organization's liquidity position in that time period. Annapurna Finance has always been committed to maintain a positive ALM mismatch, with the average maturity of assets being consistently lower than the average maturity of liabilities. This has held the company to withstand multiple credit crunch scenarios without impacting the liquidity position.

The massive debt crisis of one of the biggest shadow lenders (IL&FS) to the current COVID-19 pandemic & lockdown has adversely impacted the NBFC Sector and has brought the economic stability to halt. Annapurna Finance as a part of its Business Continuity Plan stimulated the Liquidity Crisis Management group to ensure proper execution of the Contingency Funding Plan. The liquidity contingency team assessed various facilities provided by RBI like the on-tap liquidity of funds under TLTRO 2.0 and was successful in generating fund commitments from various sources. The fund was judiciously used to ensure positive cash flow and to manage the moratorium period. Annapurna Finance also conducted stress tests based on various scenarios which acted as a proactive tool for driving strategic actions by Senior Level Management. A suite of techniques was deployed as a part of liquidity risk management to ensure surplus liquidity.









# GIS

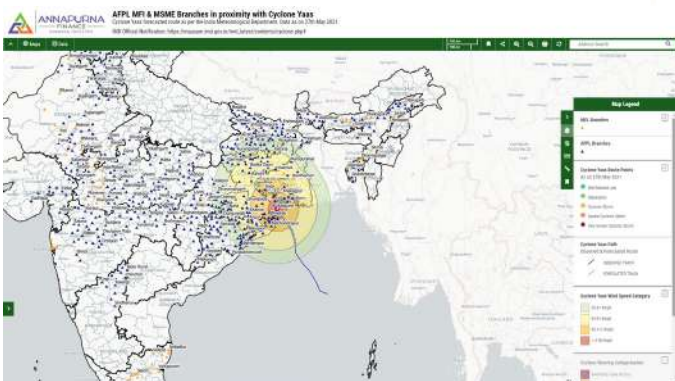


The **Geographical Information System (GIS)** department is one of the crucial parts of Annapurna Finance. Being an early adopter in the field of innovation and technology, GIS team works at an intersection of programming, cartography, and data analysis. Since its inception at the organization, GIS brings the angle of spatial analysis in decision making and solutioning in everyday operations. Starting from the primary to secondary data examination, developing key insights, maximizing the efficiency of planning, facilitating complex analysis and querying through interactive maps, managing and updating a digital library of maps, GIS has been involved in various innovative objectives.

With the pace of time, the GIS department has made a remarkable impression within the organization by providing valuable data driven insights in the form of spatial data analysis and visualization. The extent of analysis ranges from micro units like villages and blocks to macro units like operational regions and states. GIS inputs are required throughout the life cycle of a branch, starting from peer institutions performance reports while opening a branch to continuous monitoring of its performance. Due to the effective use of applications by the GIS team, monitoring of data becomes easier and efficient through online and offline maps. Spatial analysis exercises are also taken up during every interval, and this criterion has helped a lot during the COVID-19 crises around the country. GIS team proactively worked on data collection and visualization of COVID-19 cases. Some of the other uses include:

### Disaster Mapping

It is aimed towards hazard prevention and simulates the damage that would be caused in the event of a natural disaster. Disaster maps at Annapurna Finance help in identifying the clients that are vulnerable to the disaster and may require some specific intervention or a need-based product to help mitigate the impact on their financial strength. Various disasters maps include Cyclones, Earthquakes and Floods.

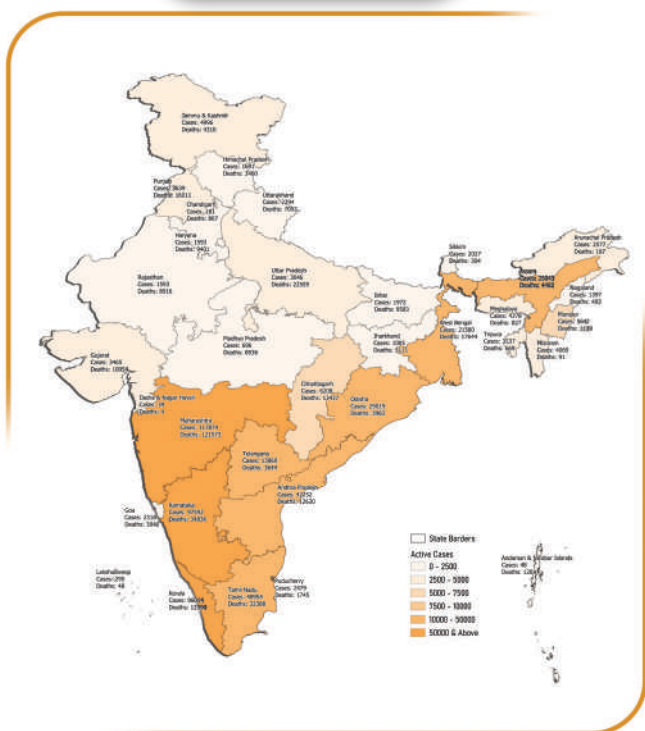


### COVID-19 Mapping

Owing to the rapid spread of the coronavirus across the world, the outbreak was declared a pandemic by the WHO. Since the pandemic was estimated to spread all over the country, proactive measures were required to monitor the outbreak and assess the situation. The GIS team began keeping a track of cases and deaths across the states of the country, to streamline the data coming from various sources. On Annapurna Finance's web-map portal, the "Corona affected map" was created to keep a record of the exact location, where the positive cases and the deceased cases were detected.

The data is collected from central and state agencies, from all over India. The main purpose of this map was to inform the field and operations staff at an early stage so that they could take the necessary precaution against the spread of the virus.

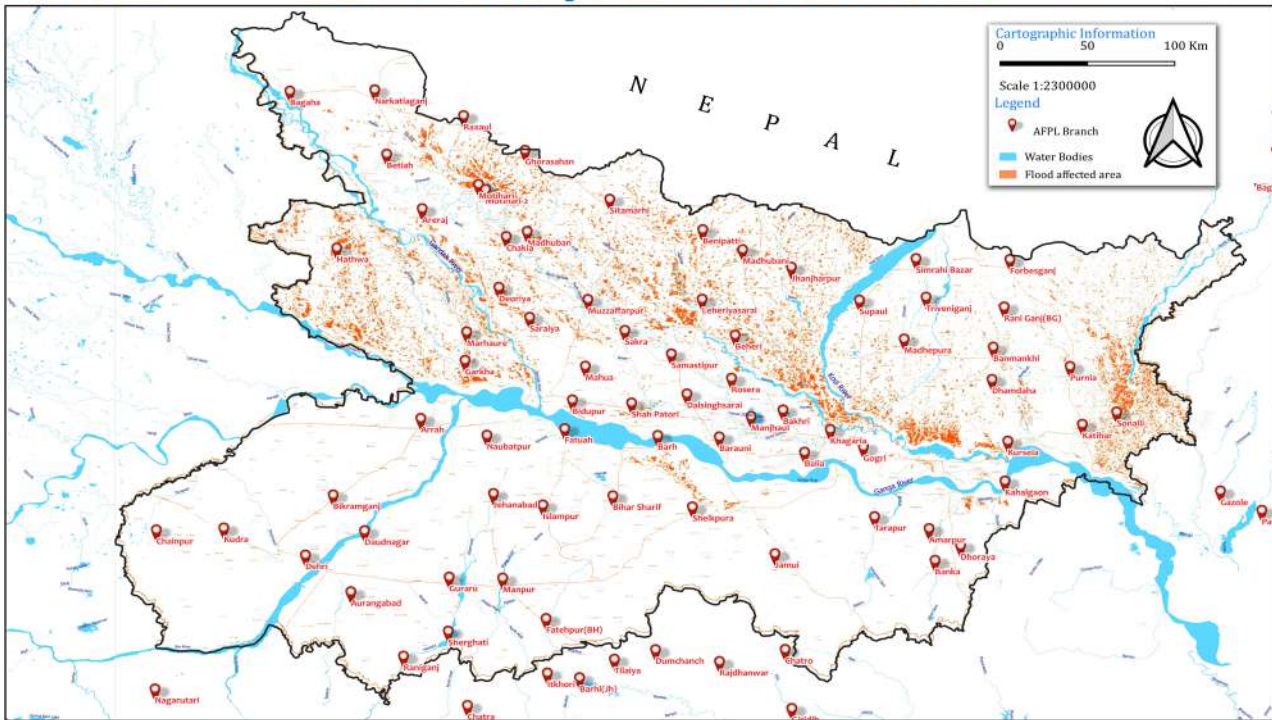
### COVID-19 Map





India - Bihar

Situation as on 3rd August 2020 - Disaster extent overview



Flood affected districts		Sitamarhi, Sheohar, Supaul, Kishanganj, Darbhanga, Muzaffarpur, Gopalganj, West Champaran, East Champaran, Khagaria, Saran, Samastipur, Siwan and Madhubani.
Rivers flowing at Danger levels		Baghmati, Gandak, Burhi Gandak, Koshi, Kamlabalan, Adhwara, Lalbakeya, Khiroi, Mahananda and Ghaghra
AFPL branches affected	Severe	Sitamarhi, Muzaffarpur
	Moderate	Benipatti, Madhubani, Khagaria, Jhanjharpur, Narkatiaganj, Bagaha, Raxaul, Betiah, Motihari
	Low	Forbesganj, Supaul, Sonaili, Purnea, Katihar, Balia, Hathwa, Saraiya, Leheriyasarai, Areraj, Chakia
Branch Categorization --->		Severe - >50% area affected,      Moderate - 10-40% area affected,      Low - <10% area affected

Way Forward

In the coming financial year, the GIS team aims to be the facilitator of Annapurna Finance's growth in a technologically enabled finance environment. Experimentation and adoption of the latest technology with regard to increased operational efficiency and decreased risks will help the organization take a big leap in the journey of digital transformation.

As the knowledge center, the GIS team seeks to take innovative steps in streamlining the field operations with the help of the integrated Field Force Management, which will lead to an expected amount of cost savings and enhancement in operational efficiency. Furthermore, achieving industry standards in a proactive way will ensure that Annapurna Finance's legacy of setting milestones in the Microfinance industry is maintained.









# Technology

The **Technology** Department believes in innovation and creative approaches to satisfy every single need of customers. Due to Annapurna Finance's robust digital ecosystem, serving clients has always been easier and convenient till the previous financial year. The year was tough for almost every industry, as the government guidelines were imposed for maintaining social distance and the national lockdown was carried forward. Amidst these scenarios, there was an upsurge in digitalization across industries for managing the crisis in a strong manner to avoid its toll on productivity and eventually on the economy. With the ongoing circumstances, it became imperative to showcase innovations in dealing with emergencies. Digital signatures, cashless modes of loan repayment collection, communication platform development etc. are some of the new initiatives that were introduced in the existing digital ecosystem of Annapurna Finance. These initiatives have helped by minimizing the requirement of the physical presence of staff and clients for some processes by reducing the overall time.

## Loan

### Just-in-Time (JIT) Loan

A pre-approved emergency loan product, which was never heard of before, called Just-in-Time Loan was launched for the active customers of Annapurna Finance. This big step was taken by the organization to simplify the digital lending process. The product aims to cater to immediate financial assistance with minimum documentation and a one-touch disbursement process. The loan is facilitated through multiple communication channels. Here, clients may choose the required loan amount up to a maximum of five thousand Rupees through SMS or Missed Call/IVR options and the requested amount is credited to their registered bank account.

### PM SVANidhi Loan

Street Vendor Scheme launched by GOI India: PM SVANidhi product has been launched across all MFI branches with seamless integrations between GOI Appointed Implementation Tech Partner SIDBI & Jayam. Through this particular integration, new innovative digital lending eco processes such as loan origination to loan disbursement with real-time updates plays a pivotal role in getting on-time interest subsidy to the beneficiary bank account. The government has also announced to incentivize cash back rewards for the customers who are doing business through digital channels.

## Other Initiatives

### Customer Payment Portal with ICICI PG and RBL UPI Integration

- It provides flexibility to the customer for paying back their EMIs anytime/anywhere.
- This web-based payment portal service was developed and updated with ICICI Payment Gateway and RBL UPI integration for UPI payments last year.

### Basic Collection App with Live Moratorium Calculator

- Jayam Solution developed this lightweight Basic Collection App for quick recovery.
- It includes a Moratorium Calculator that helps field users to know about moratorium differences across all the branches during the pandemic.
- Field users can punch the collection entry at the field and customers get a real-time e-collection receipt in vernacular language.

### Fixed Asset, and Expense Management module added in existing Jayam

- The modules help in the process of tracking.
- It maintains the organization's physical assets and equipment for accounting and inventory, and expense management purposes.

## Cashless Collections

### B

A unified bill payment service that helps the clients in paying bills through UPI application

It allows in paying EMI payments under Loan Repayment Section

### UPI

Dynamic QR codes get generated in the collection app, which helps the customer in using their UPI apps for making payments

### A@PS

Allows Aadhaar cardholders to seamlessly make financial transactions through Aadhaar-based authentication and fingerprint scanning

### ATM

Field staff use it to help the customers to make easy payments of their EMI using debit cards



## Way Forward

The technology department continues to work efficiently towards the development of quality solutions, which then reduces the manual endeavor, calculated risks, and errors. Some of the upcoming innovative implementations include E-signing/ E-Stamping, Aadhaar NACH, Video KYC, KYC Profiling, UPI Fund Transfer, Penny Drop Validation, and Cash Management System helps in completing the disbursement by OTP, UPI mode, video calls, and other hassle-free repayment options. Digital Lending and UPI Recurring Mandate also allows in maintaining seamless workflow through interactive Native App. In addition to this, Credit Decision Machine, Funder Dashboard & Data Bank, and customer engagement through various communication channels will offer easier credit decision workflow, giving details about outstanding and client's data including KYC, CB report, by using the integration of machine learning and AI.







# Communications & Branding





The **Communication and Branding** team in Annapurna Finance ensures the sectoral developments by providing a cohesive image for better alignment with the brand value. The organization imposes enriching branding techniques that primarily fulfil the vision and mission by maintaining a cordial investor and public relationship. The establishment of the team enthusiastically facilitates promotional activities and branding initiatives that help in maintaining a positive brand image on social media channels, over the years.

During the pandemic, it became even more important to keep a proper channel for internal as well as external communications.

### Emerging Strategies & Execution

With the ongoing pandemic, the Communication and Branding team has worked on multiple initiatives to ensure the proper dissemination of information. The team assists in promoting sustainable values within and outside the organization. It plays a vital role in conducting social awareness programs based on gender, green financing, environmental impact etc. The two-way communication between the beneficiaries in the respective field and the stakeholders is also maintained thoroughly.

To facilitate proper communication, the team designs and compiles sectoral highlights and quarterly newsletters. It also designs and creates content for newsletter such as E-Sampark, Arogya and Credit-O-Meter. These publications are further uploaded on digital platforms so that it can reach a larger audience. The team also manages digital media platforms such as Facebook, Instagram and LinkedIn.

### Brand Strengthening During Pandemic

The surge of COVID-19 pandemic has made individuals more fearful and secluded. In order to give them hope for a better future, it was necessary to engage them in activities. Hence, the Communication and Branding Department of Annapurna Finance planned a few activities. This was done to boost the spirit of the employees by facilitating highly energetic activities, corporate meetings, social awareness programs, and a lot more. From celebrating little joyful moments to enriching experiences during the lockdown, employees participated in the programs such as 'Teri-Meri Kahaani', musical concerts, cooking contests, and various similar

activities. These events were conducted to cheer up the moral spirit of employees, and to give them the required stage to showcase their hidden talents.

Amidst pandemic, the department has taken proper precautions to conduct corporate events, seminars and cultural programs like Women's Day Celebrations, Zonal Review Meet, Virtual Annual Lender's Meet. For all the physical events, the arrangements were done by keeping COVID-19 safety protocols into consideration. The department has designed the banners, pamphlets, brochures and other promotional contents. In addition to this, the department is also responsible for branding and marketing for the events.

The department focuses on building useful content for better engagement. The preventive measures for COVID-19 were promoted through animated videos, banners and other promotional activities. Accountability and transparency are two of the most important building blocks for Annapurna Finance, and the team has always extended its support to strengthen them. From organizing corporate events to publishing the Annual Report, the team acts on communicating with the concerned demographic and maintaining a consistent long-term brand image.

### Way Forward

The Communication and Branding team keeps on looking to find innovative ways for interaction and communication. In future, the team commits to maintain the brand image consistently by disseminating the proper information, in accordance with the norms of the organization. The department further targets to include a larger audience by conducting engaging activities and programs on the promotional platforms, which will help to keep up the brand value. The upcoming plans also include the management of social awareness programs to dignify the brand name and its value, by keeping its objective intact.















# SPM & CSR

The **Social Performance Management (SPM)** team at Annapurna Finance makes an effort to go beyond the microcredit programs & SME loans that are being offered. The team keeps the motto of Annapurna Finance which is serving the underserved in all its efforts. On the lines of Annapurna Finance's mission and vision, the team is committed to have a positive impact in the society by promoting social as well as economic inclusion.

Four main pillars of Annapurna Finance's Social Performance are social research, gender mainstreaming, customer awareness and social assessments. The research and studies done by the department include annual client satisfaction and socio-economic impact assessment, regular client feedback, poverty assessment and other social research as per requirement. Gender mainstreaming activities involves policy level intervention, continuous awareness generation of employees, prevention of sexual harassment at all form in the organization. Among the activities done in the organization to meet these requirements a few important ones are alignment of HR policies with gender needs, self-defence training for female employees and women washroom renovation in branches etc. In this financial year, with the outbreak of COVID-19, there was a focus on circulation of small awareness videos regarding COVID-19, moratorium and new loan product details.

### Social Rating and Re-Certification

Annapurna Finance's commitment to its clients and their families is in sync with its mission and vision. The Social Performance Management team of Annapurna Finance is dedicated to achieving whatever is promised to people and much more.

There are several regular social assessment audits at which Annapurna Finance excels every time. SMART Campaign is a globally recognized evaluation which recognizes financial institutions that meet certain standards in treating their clients. The Social Performance Management policy is consistent with the Smart Campaign's Client Protection Principles. Annapurna Finance has also received MFR1 rating by CRISIL. CRISIL's microfinance institution (MFI) Grading is for the conduct of an MFI for its scalable and sustainable manner. The MFI Grading is assigned on an eight- point scale, with mfr1 being the highest.

Also, Annapurna Finance goes through a third party social rating, which focuses on overall organization's alignment with the social development agenda.

It follows Universal Standards of Social Performance Management, a globally accepted parameter set to assess how the microfinance institution is performing in the social space, besides usual financial achievements and how it is maintaining a sustainable approach towards serving its target population.



### Foundation of ESG

Social performance of the organization is mainly guided by four fundamental level policies. SPM Policy delineates the SPM framework for achieving positive social contribution through business. CSR Policy presents the focus of corporate social responsibility activities. Environmental Policy focuses on efforts for optimized resource utilization within the organization.

Environmental & Social Management System (ESMS) provides ways for mitigation of negative environmental and social impact of the investments. The ESMS policy of the organization considers both the United Nation's safeguard policy and revised industry categorization of the Ministry of Environment, Forest and Climate Change. The organization follows an extensive exclusion list which includes the IFC exclusion list and ADB's Prohibited Investment Activity List for all loans, before approving them and thus it controls the interest of the organization making a positive impact in the society and on the environment.

### Social Performance at Current FY

#### Resources Training

COVID outbreak followed by nation-wide lockdown threatened the regular business continuity for all, it also restricted mobility of the employees and branch operations to certain extent. There was a scope of skill enhancement of the human resources while they stayed at home.

As Annapurna Finance has both microfinance and MSME



operations, different types of training were provided to the employees belonging from each of these verticals.

### Microfinance Vertical

- Complete online training on microfinance operation and credit process in collaboration with Northern Arc application
- Training module introduced on responsible lending which includes social performance and client protection principle on Annapurna Finance's e-learning app
- An online gender training module for all the employees on Annapurna Finance e-learning platform

### MSME Vertical

- Gender training module was introduced on Annapurna Finance's e-learning platform and 100% of the MSME employees were trained in the financial year
- Module on environmental and social management system introduced for all MSME employees on Annapurna Finance's e-learning platform

### Gender Mainstreaming

In West Bengal and Assam, Annapurna Finance has renovated washrooms for female staff. The renovation happened in 8 branches and 11 branches of Guwahati and Dibrugarh zone respectively. The same was done in 7 branches and 1 regional office in West Bengal. Overall, Annapurna Finance's 56 women employees benefited with this initiative.

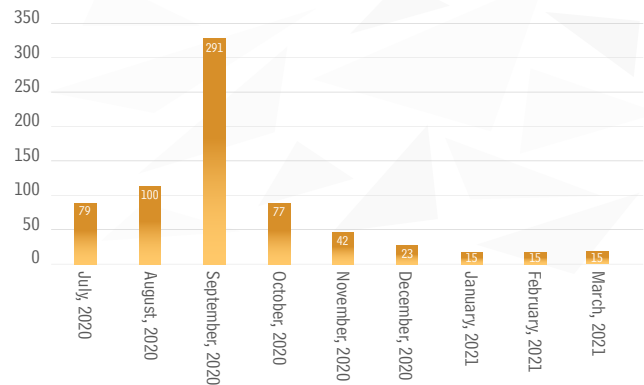
As part of gender sensitization, there was a gender sensitive training in collaboration with Northern Arc application in microfinance vertical.

### Preventive Healthcare Facility

Doctor on Call facility was introduced to support Annapurna Finance's employees to fight COVID and make them aware of facts regarding the pandemic. To make this initiative a success, there were two general physicians, four dedicated employees to handle calls. About 27 percent of callers were women. The time duration between receiving the call and doctor's consultation was less than 24 hours.

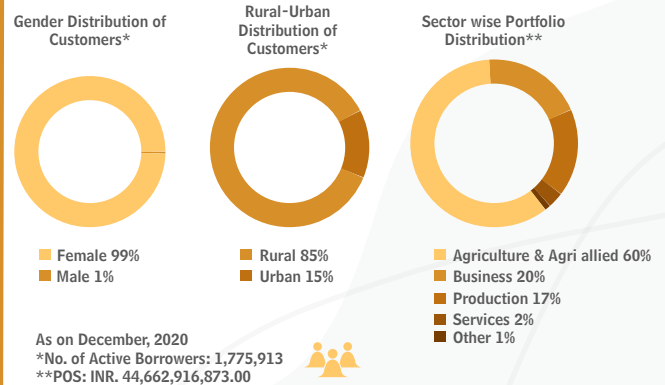
Approximately 77% of the patients were contacted through follow-up facilities. In the FY 2020-21, 657 employees benefited from the 'Doctor on Call' facility.

### Employees Covered through COVID Helpdesk



### Customers' Demographic Distribution

#### Demographic Distribution of Annapurna Customers



### PPI Analysis

For every microfinance institute, it's vital to carry out a thorough poverty measurement. It is a critical step as it helps in identifying the right people to achieve social goals. As Annapurna Finance's mission is to serve the unserved and reach the unreached, it becomes even more important to find who truly needs the services.

PPI (Poverty Probability Index) helps in the authentication process. It takes the household data and translates it into a probability figure. The probability is a likelihood below a certain income level, which when averaged produces the percentage of the respondents falling under the same income level.



## Survey on Impact of COVID-19

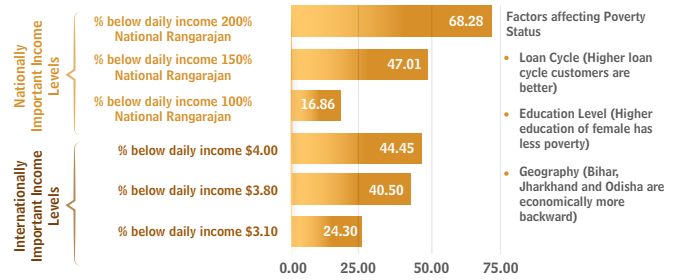
The objective of the study is to see the impact of COVID-19 on Annapurna Finance's customers. The pandemic had an adverse effect on them. With the change in lockdown rules, the lives of the customers were getting affected. Each decision had an impact on their lifestyles and livelihoods, hence the study was conducted four times: Lockdown 1, Lockdown 3, Unlock 1 and Unlock 2.

### Survey on Impact of COVID-19 on Annapurna Customers

Timeline	Study Coverage	Highly Affected	Partially Affected	Respondents can Sustain at least a Month	Wants to avail Moratorium Facility
Lockdown 1.0	States : 7 Customers : 1007	55%	44%	39%	77%
Lockdown 3.0	States : 11 Customers : 3739	66%	27%	55%	69%
Unlock 1.0	States : 15 Customers : 5620	40%	25%	69%	46%
Unlock 2.0		20%	18%	88%	21%

## Poverty Status of Annapurna Customers

### % Annapurna Customers Below Different Income Levels



## Customer Satisfaction Survey

This survey was done to document customers' satisfaction with the products that Annapurna Finance offers to them. Across both the verticals (MFI and MSME) a sample of 722 customers were interviewed telephonically. Below are the representation of the data collected.





### Customer Satisfaction Survey

**Mode of Survey:**  
Telephonic Interview

**Limitations:**  
No cross validation at field, 30% hit rate of total calls made were covered

**States:12**

**Sample:722**

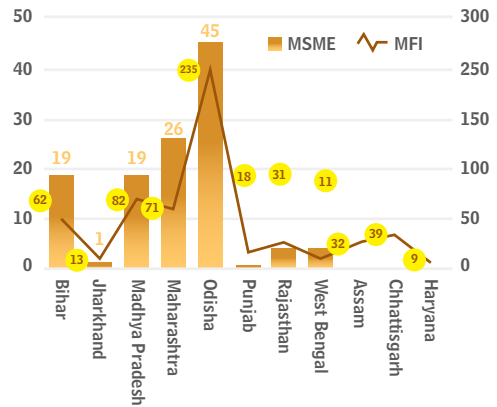
**MSME Sample: 119**

**MFI Sample: 603**

**Sampling Method:**  
Multi Stage Sampling

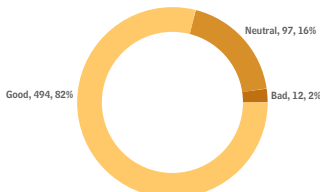
**Study Type:**  
Descriptive, Quantitative and Qualitative both

State Wise Sample Distribution

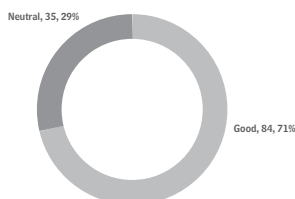


### Process Convenience

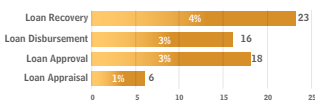
The overall process is convenient for MFI customers, only 2% has reported bad experience



MSME Sample is overall happy with the complete loan process of Annapurna Finance



Loan Process where MFI Customers need further improvement

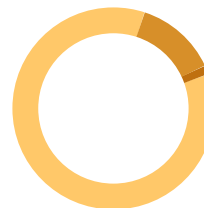


Loan Process where MSME Customers need further improvement



### Staff Behaviour

Only 1% of MFI sample has mentioned any bad staff behaviour. Most respondents are happy with the way Annapurna staffs provide handholding during the complete loan process



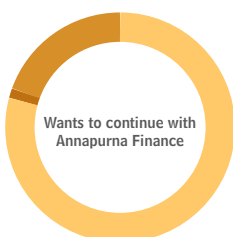
In MSME sample, one in every four respondents reported bad experience with staffs. High level of bad experience is due to difference in expected and approved loan amount and TAT for disbursement



### Loyalty

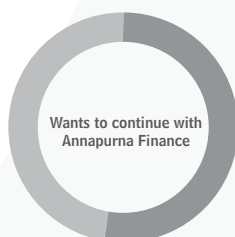
77% of the MFI Sample definitely wants to continue with Annapurna Finance in future

38% of the uncertain sample experienced higher waiting time to get the loan after application compared to their expectation



50% of the MSME sample definitely wants to continue with Annapurna Finance

All the uncertain sample experienced a waiting time which is at least 6 days more than their expectation

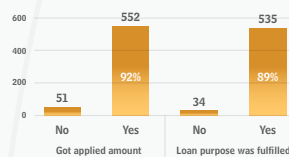


### Need Fulfilment

In MFI sample, one in every respondents did not get the amount for which they applied for regulatory reasons

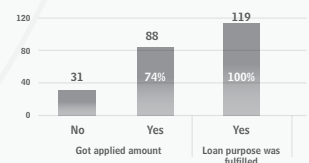
Only 5% respondents says that their need was not completely met with the loan amount, another 5% says their need was partially met

The main reasons for need not being fulfilled are less sanctioned amount, lockdown, delay in disbursement etc.



In MSME sample, one in every four respondents did not get the applied amount for regulatory purposes

Though 100% says that their need was met



### Activities under Corporate Social Responsibility (CSR)

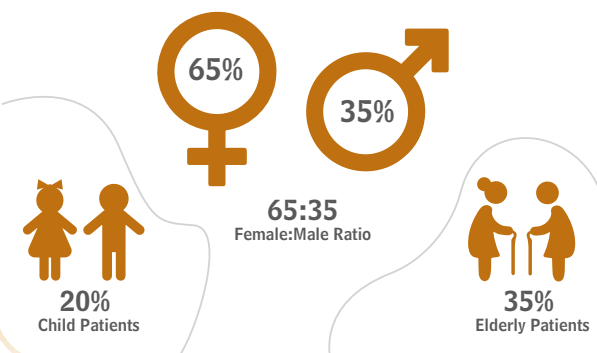
- Mobile Medical Unit
- Aama Ghara: Child Care Institute
- Mask Distribution
- Flood Relief in Odisha
- Plantation Programme
- TV Programme Education
- Artisan Cluster development with Atulya Karigari
- Skill development of Women SHG members in Assam

### Mobile Medical Unit

Mobile Medical Unit (MMU) was introduced with an objective to provide medical facilities and medicines to vulnerable sections of society which includes children, women and elderly citizens in rural areas.

Through MMU, Annapurna tries to empower women by involving them in various activities as well. For instance, giving Self Help Group members responsibilities of camp promotion in local areas, registration of patients and overall management.

The facility ran in four Gram Panchayats regularly with specialized doctors and covered 11318 patients. There are general physicians as well as specialists to take care of the patients properly.



### Aama Ghara: Child Care Institute

Aama Ghara is a People’s Forum’s initiative. It is recognized as a childcare institute working under the Child Welfare Committee (CWC) and District Child Protection Unit (DCPU). It is a home to 64 children, and the agency ensures child right protection, by establishing a healthy and child-friendly environment. Annapurna Finance engages in creating a learning space for the children, through developmental initiatives like school enrolment, psychological counselling, cultural celebrations and regular health check-ups by specialized doctors.

Aama Ghara recently has been recognized as a Specialized Adoption Agency which focuses on a healthy and child friendly environment. The facility provides a better scope to academics with exposure to extra-curricular activities and opportunity of both mental and physical development.

### Mask Distribution

During the onset of COVID, when much focus was given on preventive measures, Annapurna Finance under its social responsibility wing distributed 2 lakh masks in rural areas. The masks were designed by rural artisans, so it also ensured livelihood for them during such troubled times. Along with mask distribution, a campaign to generate awareness about COVID was also done.

Additionally, Annapurna Finance also supported frontline workers like sanitation workers working in Bhubaneswar Municipality Corporation and healthcare professionals in Capital Hospital with PPE kits. A total of 2000 PPE kits were distributed to them.

### Flood Relief in Odisha

In this year, 1000 relief packets were distributed in the coastal belt of Odisha to support the flood victims of Khurda and Ganjam district. The packets other than basic food supplies also contained medicines to help the victims against water borne diseases.







## Plantation Programme

Every year Annapurna Finance conducts plantation programmes at a big level. Because of the pandemic, this year's programme was a small one. One hundred saplings were planted in hospitals for ensuring a better environment.

## TV Programme Education

With the ongoing pandemic, the education of children has taken a hit as the schools are closed for months. In order to educate them, Annapurna Finance created 'Gyan Sutra', an education program in regional language to target the students of class IX and VIII. It was an episodic programme that was aired on DD Odia. The topics that were covered in twenty four episodes were Mathematics, Biology, Physics and Geography.

## Artisan Cluster Development

Annapurna Finance funds Atulya Karigari which focuses on mainstreaming handloom and handicraft artisans by providing them training, proper designs for production and linking them on online platforms.

Artisan Cluster Development focuses on integrating and improving livelihoods of handicraft and handloom artisans. Currently, 1480 artisans from different parts of the country are working under the banner and getting benefitted from it.

It provides required support, in terms of raw material as well as technical training to the artisans, whenever it is required. The products are sold at a competitive price in the market. 70% of the margin is directly paid to artisans whereas 30% is utilized for cluster development.

Future holds more promising prospects. For instance, a dedicated website is being developed to place the products on online platforms. The products are already available on various international e-commerce portals such as Amazon and Flipkart. There will be a Buyer-Seller meet, on a large platform, to provide exposure to the market of handicraft and handloom.







# DIRECTOR'S REPORT



Dear Members,  
 Annapurna Finance Private Limited

Your Board of Directors takes pleasure in presenting the Directors Report of Annapurna Finance Private Limited together with the audited financial statements, for the financial year ended March 31, 2021.

## 1. Financial and Operational Position

### a. Financial Position

Particulars	(in Rs. Cr)		
	FY 21	FY 20	(YOY) %
Interest Income	847.58	674.26	25.70%
Other Income	129.54	105.36	22.95%
Total Income	977.11	779.62	25.33%
Interest Expense on Borrowings	507.72	356.34	42.48%
Provision Expense	191.75	52.70	263.87%
Total expense*	783.69	627.01	24.99%
PAT	1.82	82.89	-97.80%
Total Debt Outstanding	4884.36	3907.37	25.00%
Total Equity **	762.60	765.55	-0.39%
GLP(Total)	4,793.16	4008.81	19.57%
Managed Portfolio	784.90	503.97	55.74%

\*Total expenses exclude provision expenses

During the financial year, the revenue from operation increased by Rs.199.35 Crores and reached to Rs.974.85 Crores as compared to previous financial year and registered a net profit of Rs. 1.82 Crores. Total Equity comprises of equity share capital of Rs.68.72 crore, instruments entirely equity in nature of Rs.3 Crore and other equity of Rs.690.88 Crore.

### b. Operational Position

Particulars	FY 20	FY 21	(YOY) %
No of Borrowers	17,53,813	18,47,766	5.36
No of Districts	293	320	9.22
No of Branches	718	870	21.17
Disbursement (On-Book) (Rs Cr)	3,969.42	3,092.58	-22.09
Gross Loan Portfolio (Rs Cr)	4,008.81	4,793.16	19.57
Off book (BC + Securitisation) (Rs Cr)	503.97	784.90	55.74
Total Employees	5,953	7,304	22.69
Field Officers	3,553	4,492	26.43
GLP/Active Borrower	22,858	25,940	13.49

### c. Funding Position

In terms of fund raising, the Company has mobilised funds amounting to Rs.3,123.12 crore in Financial Year 2020-21 out of which Rs.1276.17 crore was raised through term loan, Rs.113.37 crore in the form of ECB, Rs.50.00 crore in the form of securitization, Rs.642.97 crore in the form of Direct Assignment and Rs.1040.63 crore in the form of NCDs. The company has added Jana Small Finance Bank, Utkarsh Small Finance Bank, CDC Group Plc. in FY 2020-21.

### 2. Dividend

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

Further your directors recommend preference dividend at the rate of 0.0001% per annum on compulsory convertible preference shares of AATO (Aids awareness Trust of Orissa) for the financial year ended as on 31st March 2021.

Further your directors recommend preference dividend at the rate of 0.01% per annum on compulsory convertible preference shares of Nuveen (Nuveen Global Impact Fund India S.À.R.L) for the financial year ended as on 31st March 2021.

### 3. Reserves

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount not less than 20% of the profit after tax to be transferred to Statutory Reserve. The Company has transferred Rs. 0.36 Crores to Statutory Reserve.

### 4. Brief Description of The Company's Working During The Year And State of Company's Affairs

#### Industry's Overview:

The year 2020-21 was a tough year, neither the Company nor the MFI industry had never experienced this type of challenges in past. Since the emergence of COVID cases in India from March 2020, every business



impacted including the microfinance industry. India went for complete lockdown in the first quarter and partial lockdowns were implemented by most of the State. During the period and till now in June 2021, the business and services are creeping, as many human lives are gone by COVID and much more lives affected by COVID and economic activities were almost shut during the first wave and second waves. The Government started free COVID vaccination at large in every region which is a vital relief to people of India and prioritising the same for each segment of society. The Government further introduced various relief measures to revive the economy, which includes loan moratorium, liquidity support, restructuring measures, compliance relief, etc to manage the economic loss to the industry.

During the lockdown also, govt. had permitted certain essential services to operate which includes the financial services and MFIs were allowed to open branches during pandemic also to serve the customers.

### Company's Overview:

Challenges were not new to the Company and has faced different operational issue in past as well like Demonetisation, Cyclones etc, but during this COVID time, it was really a difficult phase for the Company. The Company tried to make the system more robust to face the pandemic situations.

The Company operated with very few staffs in Head offices and branches and all others were working from homes. The Company always ensured to provide uninterrupted services to its clients during the pandemic. The Company had taken many technological changes to facilitate contact less digital offering of its financial services for disbursements of loan as well collection of loans.

The business growth was not normal as most of the months in the financial year 2020-21 faced complete lock down or partial lock down, however Company's policy proactively accepted the new normal situation. The doorstep collection is a crucial process for MFI industries, which was got affected due to the COVID restriction that compels limited access to rural clients and to maintain social distancing.

The Company has developed a dedicated helpdesk for its customers to understand and to take necessary resolution plan for customer grievances due to the pandemic situation. Similar arrangement was also made for its field staffs to handle the COVID situation in their operational areas.

The Company has also acted positively to all the measures taken by govt to revive the economic situation of its clients.

### Regulatory measures by Statutory authorities Impact and Company's action

i) Loan moratorium	RBI announced COVID-19 Regulatory Package, and permitted to grant loan moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The same relief further extended upto August 31, 2020. This relief was extended to ultimate borrowers and the company adopted a Board approved policy of loan moratorium. We at Annapurna also offered moratorium of six months to all our eligible clients for this period.
ii) Liquidity support	The Reserve Bank of India introduced TLTRO Scheme, Special refinance facilities from NABARD, SIDBI and PCGS scheme to manage the liquidity crisis of the industry It helped the Company to maintain a healthy liquidity position and to meet its business obligations.
iii) Compliance relief	Due to non-operational of offices, the regulators, like MCA, Tax authorities and RBI, extended various compliance relief in form of extension of due dates for filing of statutory returns.
iv) Ex- Gratia scheme	Under the ex-gratia scheme, the Company has passed on the benefits to its customer and paid to the borrower account of the difference between compound interest and simple interest on loan accounts on the outstanding balance During the moratorium period.
v) Re-structuring 1.0 (6th August 2020)	As part of RBI's invocation and implementation of resolution framework for COVID-19 related stress, the re-structuring model provides a special window aimed at providing a principle-based resolution process for addressing defaults under a normal scenario. The restructuring policy allows to restructure the loans of the eligible clients whose income were impacted due to COVID-19. The company adopted the resolution framework 1.0 and implemented the Board's approved re-structuring model for its borrowers.
vi) Re-structuring 2.0 (5th May 2021)	After the second wave of COVID-19, the RBI has reintroduced the COVID resolution framework on 5th May 2021, in response to the resurgence of the COVID-19 second wave The company bring in the resolution framework 2.0 for its customer to mitigate the repayment stress.

## 5. Credit Rating

The Company has long term rating and NCD rating from CRISIL, ICRA and CARE. The details of rating facilities as on 31st March, 2021 are as follows:

Rating	Long term Rating (Bank Loan)	NCD rating
CRISILA-	1,100.00 Crore	852.33 Crore
CARE A-	705.30 Crore	399.85 Crore
ICRA A-	1,100.00 Crore	592.198 Crore

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

## 6. Change in Nature of Business, If Any

There was no change in nature of business.

## 7. Material Changes & Commitments affecting Financial Position between the end of the Financial Year and the Date of this Report.

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

## 8. Significant and Material Orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals in FY 2020-21 which would impact the going concern status and the Company's future operations.

## 9. Adequacy of Internal Financial Controls

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

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

## 10. Subsidiary/Joint Ventures/Associate Companies

The Company has formed a wholly owned subsidiary during the FY 2020-21 named as Annapurna SME Finance Private Limited to takeover and manage the MSME business of the Company.

## 11. Public Deposits

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

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

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

## 12. Statutory Auditors and Audit Report

M/s. S. R. Batliboi & Co, Chartered Accountants, Statutory Auditors of the Company, holds office till September 2021. Pursuant to Sections 139 and 141 of the Act read with the Companies (Audit and Auditors)





Rules 2014, they have furnished a certificate of their eligibility to act as the Statutory Auditors of the Company.

The Statutory Auditor's report for the fiscal 2020-2021 does not contain any qualification, reservation or adverse remark and are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments. The Auditors' Report forms part of the Financial Statements as on 31st March 2021.

### 13. Secretarial Audit Report

Under the requirements of Section 204(1) of the Act and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Gopinath Nayak & Associates, Company Secretaries, to conduct the Secretarial Audit for the financial year 2020-21. The Report for the financial year ended 31st March 2021, is annexed to this report as "Annexure (i)". There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year 2020-21, the Secretarial Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### 14. Share Capital (As on March 31, 2021)

- The authorized share capital of the Company was Rs. 107.00 Crores consisting of 8,30,00,000 Equity Shares of Rs. 10 each and 2,40,00,000 Preference Shares of Rs. 10 each.
- The issued, subscribed and paid-up capital was Rs.91.1345 Crores consisting of 6,87,15,948 Equity Shares of Rs. 10 each and 2,24,18,612 Preference Shares of Rs. 10 each, both as fully paid-up.
- The Company has only one class of Equity Shares, i.e. Equity Shares of face value
- of Rs. 10/- each.
- During the financial year 2020-21, the Company has issued and allotted 16,300 nos. of equity shares and 1,94,18,612 nos. of compulsory convertible preference shares thus increasing the paid-up share capital from Rs.71.69 Cr to Rs.91.13 Cr.

### 15. Extract of Annual Return

The extracts of annual return (MGT-9) of the Company for the said financial year is available on the website of the Company ([www.annapurnafinance.in](http://www.annapurnafinance.in)).

### 16. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

### 17. Board of Directors

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

#### a. Changes in Directors and Key Managerial Personnel during the year

Sl. No.	Name of Director	Designation	Nature of Change	Date of Change
1	Mr. Apurva Kumar	Nominee Director	Cessation	19/05/2020
2	Mr. Sunit Vasant Joshi	Nominee Director	Appointment	19/05/2020
3	Mr. M R Venkiteswaran	Nominee Director	Appointment	25/09/2020
4	Mr. Florian Christoph Grohs	Nominee Director	Cessation	25/09/2020

## b. Declaration by Independent Director(s)

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

## 18. Meeting of the Board of Directors

During the year, the Board met 10 (Ten) times (i.e. on 19th May 2020, 9th July 2020, 25th Sept 2020, 11th Nov 2020, 1st Dec 2020, 23rd Dec 2020, 12th Jan 2021, 15th Mar 2021, 16th Mar 2021 & 26th Mar 2021) which is in compliance with the Companies Act, 2013.

## 19. Managerial Remuneration

Details of managerial remuneration for the financial year 2020-21, pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned below:

1	Ratio of remuneration of each directors to the median remuneration of employees of the Company:	93.77 : 1
	a) Managing Director	49.00 : 1
	b) Executive Director	
2	In the Financial Year 2020-21, the percentage increase in remuneration of:	10.50%
	a) Managing Director Cum CEO	20.10%
	b) Executive Director	9.00%
	c) Chief Financial Officer	17.00%
	d) Company Secretary	
3	Percentage increase in the median remuneration of employees in the financial year	4%
4	Number of permanent employees on the rolls of the Company as on 31st March, 2021	6166
5	Average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2020-21	22%
6	Average percentile increase in the managerial remuneration in the financial year 2020-21.	21%
7	Affirmation that the Company has a remuneration policy and the remuneration is as per the remuneration policy of the company	Yes
8	(a) The name of every employee, who if employed throughout the financial year, was in receipt of remuneration (for FY 2020-21), in the aggregate, was not less than one crore and two lakh rupees.	N.A.
	(b) The name of every employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.	N.A.

## 20. Loans, Guarantees or Investments Under Section 186

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

## 21. Contracts or Arrangements with Related Parties

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

## 22. Corporate Governance Report

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

## 23. Corporate Social Responsibility

The CSR activities of the Company during the year 2020-21 as per the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules 2014, forms part of this report (Annexure-iii).

## 24. Directors' and Officers' Liability Insurance

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



## 25. Directors' Responsibility Statement

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

### The directors confirm that:

- In preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls, which are adequate and are operating effectively.

- They have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

## 26. Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has been employing 731 women employees in various cadres as on March 31, 2021. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committees were carried out as per letter and spirit of the provisions of the Act.

## 27. Acknowledgements

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

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

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

Sd/-

Gobinda Chandra Pattanaik  
Managing Director





## SECRETARIAL AUDIT REPORT

To  
The Members,  
Annapurna Finance Private Limited  
Khandagiri, Bhubaneswar-751030.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Annapurna Finance Private Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31.03.2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, statutory registers and returns filed and other records maintained by the Company for the period ended on 31.03.2021, according to the provisions of:

- I. The Companies Act, 2013(the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - g) The requirements under the Debt Listing Agreements entered into with BSE Limited and The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and amendment thereof.
  - h) The Memorandum and Articles of Association.
- VI. RBI Act, 1934 and Rules & Guidelines made there under.

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

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

### We further report that

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

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

Sl. No.	Name of Director	Designation	Nature of Change	Date of Change
1	Mr. Venkiteswaran Mecherimadam Ramakrishnan	Nominee Director, OIKO Credit	Appointment	25/09/2020
2	Mr. Sunit Vasant Joshi	Nominee Director, ADB	Appointment	19/05/2020
3	Mr. Florian Christoph Grohs	Nominee Director, OIKO Credit	Cessation	25/09/2020
4	Mr. Apurva Kumar	Nominee Director, ADB	Cessation	19/05/2020

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

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

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

We further report that during the audit period, the company issued the following shares on a private placement basis:

Allotment date	No. of shares (face value Rs. 10/- each)	Name of Allottees	Date of filing of return
March 26, 2021	100 nos. of Equity Shares	Nuveen Global Impact Fund India S.À.R.L	March 31, 2021
March 26, 2021	1,94,18,612 nos. of Series-A Compulsorily Convertible Preference Shares	Nuveen Global Impact Fund India S.À.R.L	March 31, 2021
March 31, 2021	11,000 nos. of equity shares ranking pari passu with existing equity shares	Annapurna Employees Welfare Trust	April 16, 2021
March 31, 2021	5,200 nos. of equity shares ranking pari passu with existing equity shares	Annapurna Employees Welfare Trust	April 16, 2021

**We further report that during the audit period, the Company had closed 20 NCD transactions through private placement issue basis with total amount of Rs.1040.63 Crore.**

### We further report that during the audit period,

- Minutes of Board, Committees of Boards, and General Meetings, have been drafted in due time and signed.
- The Company has altered its Memorandum of Association in March 2021.
- The Company has altered its Articles of Association in March 2021.
- Some of the Statutory Returns filed with the ROC were beyond the prescribed date and complied with additional fee.
- In terms of Regulation 57 (1) of the SEBI (LODR) Regulations, the Company has submitted certificates to the stock exchange within two days of payment of interests or principal or both about timely payment.

We further report that the Company has mobilized funds amounting to Rs.3,123.12 crore in Financial Year 2020-21 out of which Rs.1,276.17 crore was raised through term loan, Rs.113.37 crore in the form of ECB, Rs.50 crore in the form of securitization, Rs.642.97 crore in the form of Direct Assignment and Rs.1,040.63 crore in the form of NCDs. The NCDs were issued on private placement basis only.

The Company has an overall Borrowing Limit of Rs.5500.00 Crore (Rupees Five Thousand Five Hundred Crores) as approved by the Shareholders in their meeting on 2nd November, 2020 and out of which the company has borrowed Rs.4,568.60 Crore as on 31st March, 2021.

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

**For Gopinath Nayak & Associates**

Sd/-

CS Gopinath Nayak

FCS No: 6251

CP No: 6558

UDIN:F006251C000524329



## REPORT ON CORPORATE GOVERNANCE (2020-21)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE: -

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

### 2. BOARD STRENGTH & REPRESENTATION

#### 2.1 Composition and Category

The composition of the Board is in conformity with the Companies Act, 2013. As on 31st March, 2021, the Board consists of 12 Directors. Out of which 3 (Three) are Independent Directors and 7 (Seven) are Nominee Directors. There are 3 (Three) women Directors on the Board. 83.33% of the Board consists of Non-Executive Directors.

#### The List of Directors as on 31st March 2021 are:

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

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

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

#### 2.2 Category and Attendance of Directors

During the year, the Board met 10 (Ten) times (i.e. on 19th May 2020, 9th July 2020, 25th Sept 2020, 11th Nov 2020, 1st Dec 2020, 23rd Dec 2020, 12th Jan 2021, 15th Mar 2021, 16th Mar 2021 & 26th Mar 2021). The names and categories of Directors, their attendance at the Board Meetings & Annual General Meeting and their interest in other companies are given below:

Name of Directors	Category	No of Board meeting attended	Attendance on AGM (02.11.2020)	No. of Directorship held in other Companies
Mr. Gobinda Chandra Pattanaik	Managing Director	10	Yes	0
Mr. Dibyajyoti Pattanaik	Director	10	Yes	0
Mr. Krishna Kumar Tiwary	Independent Director	10	No	1
Mr. Sean Leslie Nossel	Independent Director	8	No	0
Mr. Ashok Ranjan Samal	Independent Director	10	Yes	1
Mr. M R Venkiteswaran	Nominee Director	8	No	3
Ms. Christina Stefanie Juhasz	Nominee Director	10	Yes	0
Mrs. Laetitia Counye	Nominee Director	9	Yes	0
Mr. Satish Chavva	Nominee Director	10	No	2
Mr. Sunit Vasant Joshi	Nominee Director	10	No	0
Mr. Prakash Kumar	Nominee Director	4	No	0
Ms. Dhara Jitendra Mehta	Nominee Director	8	No	8

### 2.3 Disclosure of relationship between directors inter-se

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

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

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

### 2.5 Information Placed before the Board

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

### 2.6 Evaluation of the Board

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

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

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

## 2.7 Independent Directors and Familiarization Programme

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

## 3. BOARD PROCEDURE AND CONDUCT

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

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

## 4. COMMITTEES OF THE BOARD

### a) Audit Committee:

The Committee met six times during the year. The Composition of the Committee is mentioned below:

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

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

### c) Nomination & Remuneration Committee:

The Committee met three times during the year. The Composition of the Committee is mentioned below:

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

### b) CSR & SPM Committee:

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

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

### d) Risk Management Committee:

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

Name of Member	Category
Mr. Gobinda Chandra Pattanaik	Managing Director, Chairman
Mr. Sunit Vasant Joshi	Nominee Director
Mrs. Christina Stefanie Juhasz	Nominee Director
Mrs. Laetitia Couney	Nominee Director

### e) IT Strategy Committee:

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

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director, Chairman
Mr. Gobinda Chandra Pattanaik	Managing Director
Mr. Dibyajyoti Pattanaik	Director
Mr. Sankarshan Panda	CIO- Chief Information Officer
Mr. Dilipa Khuntia	CTO- Chief Technology Officer

### f) Product Committee:

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

Name of Member	Category
Mr. Dibyajyoti Pattanaik	Director, Chairman
Mr. M R Venkiteswaran	Nominee Director
Mr. Ashok Ranjan Samal	Independent Director
Ms. Christina Juhasz	Nominee Director



### g) ALM Committee (ALCO)

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

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

### h) Annual Business Plan Committee (ABP committee):

The Committee met three times during the year. The Composition of the Committee is mentioned below:

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

## 6. DISCLOSURES

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

## 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

### For Annapurna Finance Pvt. Ltd.

Sd/-

Gobinda Chandra Pattanaik

Managing Director

### i) Executive Committee:

The Committee met forty-nine times (49) during the year. The Composition of the Committee is mentioned below:

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

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

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

## CSR Activities during the Year 2020-21

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

Annapurna Finance Pvt. Ltd., an NBFC MFI working to provide small credit support to vulnerable communities, has the social development objective embedded in its operation from the inception days. Besides ensuring financial freedom in the rural sector, Annapurna also focuses on the holistic improvement of the customers' standard of life and that is why the organization has customer centricity in the center of its operations. To meet its social commitments, Annapurna goes beyond the customer level and takes up multiple community development projects under its corporate social responsibility initiatives.

The organization has a well defined CSR policy in place to select and manage the projects under the wing and this is also aligned with the government mandates. As per the policy the development challenges the organization tries to work on are healthcare challenges of women and children, child development, disaster situations, environmental sustainability etc. and tries to reduce the vulnerabilities of the community with well thought projects and programs.

The CSR committee of Annapurna Finance plays a very crucial role in approving the projects every year and also in monitoring the progress over the time. The committee sits periodically for this purpose. The CSR policy is put on the website for fairness and transparency towards the stakeholders.

### 2. The Composition of CSR Committee.

Sl.No.	Name of the Committee Member	Designation
1.	Mr. Gobinda Chandra Pattanaik (Managing Director)	Chairman
2.	Mr. Sean Leslie Nossel (Independent Director)	Member
3.	Mr. Ashok Ranjan Samal (Independent Director)	Member
4.	Mr. Dibyajyoti Pattanaik (Executive Director)	Member

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

Rs. 67,45,73,597/-

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

Rs. 1,34,91,472/-

### 5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: INR 1,34,91,472/-

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

Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (INR)	Actual Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Amount spent directly or through implementing agency
1.	Healthcare	Public Health & Flood Relief	Khordha, Odisha	8,43,200	9,94,674	Through People's Forum
2	Disaster Response	Current Pandemic, Flood Relief	Whole Odisha	35,00,000	36,24,701	Direct
3	Livelihood Support	Artisan Cluster, Assam Skill Training, Beggar's Home	Odisha & Assam	13,60,000	11,45,637	Direct
4	Amma Ghara	Child Welfare and Development	Khorda, Odisha	64,56,000	64,56,000	Through People's Forum
5	Education	Child Education Programme	Odisha	3,50,000	3,03,282	Direct
6	Donation	Donation for COVID Support	Pan India	0	2,08,42,083	Direct
7	Others	Small Donation, Plantation, Overhead etc	Odisha	0	1,04,300	Direct
Total				1,25,09,200	3,34,70,677	

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

Not Applicable

## 7. Details of implementing agency:

Peoples Forum is a state-based organisation setup in 1989, and it is engaged in various development activities since its inception. It is registered under Society registration Act 1860.

## 8. Responsibility statement of CSR Committee

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

Sd/-

Gobinda Chandra Pattanaik

Chairman, CSR & SPM Committee



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

(In Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	86,135	70,027
Bank balance other than cash and cash equivalents	82,181	41,784
Trade receivables	37	47
Loans	386,716	353,427
Investment	500	-
Other financial assets	14,560	9,243
<b>Subtotal - Financial assets</b>	<b>570,129</b>	<b>474,528</b>
<b>Non-financial assets</b>		
Current tax assets (net)	125	1,704
Deferred tax assets (net)	2,778	-
Property, plant and equipment	1,139	1,175
Intangible assets	99	213
Right to use assets	39	99
Other non-financial assets	1,198	629
<b>Subtotal - Non- financial assets</b>	<b>5,378</b>	<b>3,820</b>
<b>Total assets</b>	<b>575,507</b>	<b>478,348</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Financial liabilities</b>		
Payables		
Trade Payables		
- 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	173,854	64,179
Borrowings (other than debt securities)	282,307	300,782
Subordinated liabilities	32,275	25,776
Lease liabilities	36	85
Other financial liabilities	9,046	8,541
<b>Subtotal - Financial liabilities</b>	<b>497,745</b>	<b>399,699</b>
<b>Non-financial liabilities</b>		
Provisions	1,034	668
Deferred tax liabilities (net)	-	1,098
Other non-financial liabilities	468	328
<b>Total non- financial liabilities</b>	<b>1,502</b>	<b>2,094</b>
<b>Total liabilities</b>	<b>499,247</b>	<b>401,793</b>
<b>Equity</b>		
Equity share capital	6,872	6,870
Instruments entirely equity in nature	300	300
Other equity	69,088	69,385
<b>Subtotal - Equity</b>	<b>76,260</b>	<b>76,555</b>
<b>Total liabilities and equity</b>	<b>575,507</b>	<b>478,348</b>

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

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

**per Bhaswar Sarkar**  
Partner  
Membership No.: 055596

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)

**Subrat Pradhan**  
Company Secretary

Place: Bhubaneswar  
Date: June 30,2021

**Dibyajyoti Pattanaik**  
Director  
(DIN: 02764187)

**Satyajit Das**  
Chief Financial Officer

**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	March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>167</b>	<b>9,991</b>
<b>Adjustments for:</b>		
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
<b>Operating profit before working capital changes</b>	<b>14,165</b>	<b>11,104</b>
<b>Movements in working capital:</b>		
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
<b>Cash (used) in operations</b>	<b>(78,085)</b>	<b>(87,512)</b>
Income tax paid ( net of refunds)	(2,124)	(3,478)
<b>Net cash flows used in operating activities (A)</b>	<b>(80,209)</b>	<b>(90,990)</b>
<b>Cash flow from Investing activities</b>		
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)	-
<b>Net cash flows used in investing activities (B)</b>	<b>(1,190)</b>	<b>(969)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital ( including premium)	7	-
Proceeds from debt securities ( net)	109,675	2,123
Repayment of lease liabilities	(57)	(65)
Proceeds from Borrowings (other than debt securities) (net)	(18,476)	102,078
Proceeds of Subordinated liabilities (net)	6,499	11,854
Share issue expenses	(141)	-
<b>Net cash flows from financing activities (C)</b>	<b>97,507</b>	<b>115,990</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>16,108</b>	<b>24,031</b>
Cash and cash equivalents at the beginning of the year	70,027	45,996
<b>Cash and cash equivalents at the end of the year ( Refer note 4)</b>	<b>86,135</b>	<b>70,027</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
<b>Balances with banks:</b>		
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
<b>Total cash and cash equivalents at the end of the year</b>	<b>86,135</b>	<b>70,027</b>
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)		

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

2. Figures in () indicate cash outflow.

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

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

**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)

**Subrat Pradhan**

Company Secretary

**Dibyajyoti Pattanaik**

Director

(DIN: 02764187)

**Satyajit Das**

Chief Financial Officer

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	For the year March 31, 2021	For the year March 31, 2020
<b>Revenue from operations</b>		
Interest income	90,709	71,086
Fees and commission income	271	682
Net gain on derecognition of financial instruments	6,363	5,664
<b>Other operating revenue</b>		
Bad debt recovery	142	118
<b>(I) Total revenue from operations</b>	<b>97,485</b>	<b>77,550</b>
<b>(II) Other income</b>	<b>226</b>	<b>412</b>
<b>(III) Total income (I + II)</b>	<b>97,711</b>	<b>77,962</b>
<b>Expenses</b>		
Finance costs	51,105	37,737
Impairment of financial instruments	19,175	5,270
Employee benefits expenses	20,599	17,727
Depreciation and amortisation expenses	893	874
Other expenses	5,772	6,363
<b>(IV) Total expenses</b>	<b>97,544</b>	<b>67,971</b>
<b>(V) Profit before tax (III-IV)</b>	<b>167</b>	<b>9,991</b>
<b>(VI) Tax expense:</b>		
Current tax	3,705	3,060
Deferred tax credit	(3,720)	(825)
Tax expense for earlier year	-	(533)
<b>(VII) Profit for the year (V-VI)</b>	<b>182</b>	<b>8,289</b>
<b>(VIII) Other comprehensive income</b>		
<b>A Items that will not be reclassified to profit or loss</b>		
Remeasurement gain/(loss) on defined benefit plan	15	(54)
Income tax relating to items that will not be reclassified to profit or loss	(4)	13
<b>Subtotal (A)</b>	<b>11</b>	<b>(41)</b>
<b>B Items that will be reclassified to profit or loss</b>		
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	160	(2,086)
<b>Subtotal (B)</b>	<b>(475)</b>	<b>6,201</b>
<b>Other Comprehensive Income (A+B)</b>	<b>(464)</b>	<b>6,160</b>
<b>(IX) Total comprehensive income (Comprising profit / (loss) and Other Comprehensive Income for the year) (VII) + (VIII)</b>	<b>(282)</b>	<b>14,449</b>
<b>(X) Earnings per equity share (face value of ₹10.00 each)</b>		
Basic (Rs.)	0.26	12.08
Diluted (Rs.)	0.24	10.96

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

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

**per Bhaswar Sarkar**  
Partner  
Membership No.: 055596

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)

**Subrat Pradhan**  
Company Secretary

Place: Bhubaneswar  
Date: June 30,2021

**Dibyajyoti Pattanaik**  
Director  
(DIN: 02764187)

**Satyajit Das**  
Chief Financial Officer



## ABBREVIATIONS

AATO- AIDS Awareness Trust of Orissa	JLG- Joint Liability Group
ADB- Asian Development Bank	KMP - Key Managerial Personnel
AFPL- Annapurna Finance Private Limited	KYC- Know Your Customer
AGM- Annual General Meeting	LODR - Listing Obligations and Disclosure Requirements
AI - Artificial Intelligence	LPF- Loan Processing Fees
ALCO- Asset-Liability Committee	MCA -Ministry of Corporate Affairs
ALM- Asset Liability Mismatch	MCLR - Marginal Cost of Funds based Lending Rate
AUM- Assets under Management	MD- Managing Director
BC - Business Correspondent	MEL- Micro Enterprise Loan
BFSI - Banking, Financial Services, and Insurance	MFI- Microfinance Institutions
BSE- Bombay Stock Exchange	MOM - Month on Month
CAGR- Compound Annual Growth Rate	MSME- Micro, Small and Medium Enterprises
CB- Credit Bureau	NABARD- National Bank for Agriculture and Rural Development
CDSL - Central Depository Securities Limited	NACH - National Automated Clearing House
CEO- Chief Executive Officer	NBFC- Non-Banking Financial Company
CFO- Chief Financial Officer	NCD-Non Convertible Debentures
COB - Cost of Borrowings	NIM - Net Interest Margin
CR.- Crore	NNPA - Net Non-Performing Assets
CRAR- Capital to Risk Assets Ratio	NPA- Non-Performing Assets
CS- Company Secretary	NSDL - National Securities Depository Limited
CSR- Corporate Social Responsibility	NTC - New to Credit
CWC- Child Welfare Committee	OTP- One Time Password
DD-Doordarshan	PAR- Portfolio at Risk
DFIs - Development Financial Institutions	PAT- Profit after Tax
ECB - External Commercial Borrowings	PCGS Scheme - Partial Credit Guarantee Scheme
ECLGS - Emergency Credit Line Guarantee Scheme	PMSVANidhi - PM Street Vendor's AtmaNirbhar Nidhi
EMI- Equated Monthly Instalment	POS-Point of Sales
ESG - Environmental, Social and Governance	PPE - Personal Protective Equipment
FI- Financial Institution	PTC - Pass through Certificate
FY- Financial Year	QR - Quick Response
GIS- Geographical Information System	RMC- Risk Management Committee
GLP- Gross Loan Portfolio	ROC- Registrar of Companies
GNPA Gross Non-Performing Assets	RoI- Rate of Interest
GOI- Government of India	SEBI- Securities and Exchange Board of India
Govt-Government	SHG- Self-Help Group
G.P. - Gram Panchayat	SIDBI- Small Industries Development Bank of India
GPay - Google Pay	SME - Small and Medium Enterprises
GPTW - Great Place to Work	SMS- Short Message Service
HR- Human Resources	SPM- Social Performance Management
ICRA- Information and Credit Rating Agency	SWASTH- Safe Water and Sanitation to Households
IFC- International Finance Corporation	T&C- Terms and Conditions
IL&FS - Infrastructure Leasing & Financial Services	TAT- Turn around Time
INR- Indian Rupees	UPI - Unified Payments Interface
ISO - International Organization for Standardization	WHO - World Health Organization
IT- Information Technology	YoY- Year on Year
IVR - Interactive Voice Response	





**ANNAPURNA**  
FINANCE  
GROWING TOGETHER



1215/1401, NH-5 Bypass Rd,  
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Bhubaneswar, Odisha 751030