B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Annapurna Finance Private Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairement of loans to customers

Refer to the accounting policies in "Note 3 (12) (A) (III)" to the standalone financial statements: Impairment of financial assets", "Note 3 (2.5) to the standalone financial statements: Significant Accounting Policies - use of estimates and judgments" and "Note 8 to the standalone financial statements: Loans"

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Charge: INR 17,406 lakhs for the year ended 31 March 2023 Provision: INR 18,397 lakhs as at 31 March 2023	**How the matter was addressed in our audit**
Subjective Estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: a) Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data used to create assumptions in the model. b) Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. c) Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements. we have considered this as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: **Testing of design and operating effectiveness of controls:** Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of ECL. Testing the relevant manual control, general IT and application controls over information used in the computation of ECL. Key aspects of our controls testing involved the following: a) Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. b) Testing the 'Governance Framework' controls over evaluation, implementation and model monitoring in line with the guidelines issued by Reserve Bank of India. c) Testing the design and operating effectiveness of the key controls over the application of the staging criteria. d) Testing key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. e) Testing key controls operating over the information used in the computation of ECL including system access, change management, program development and computer operations. **Involvement of specialists** - We involved financial risk modelling specialists for the following: a) Evaluating the Company's Ind AS 109 impairment methodologies and assumptions used. b) Evaluating the relevance of inputs used in the model for computation of ECL. **Test of details:** Key aspects of our testing included:

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	a) Testing samples over key inputs, data and assumptions impacting ECL computations to assess the completeness, accuracy and relevance of data, economic forecasts, weights, and model assumptions applied. b) Testing model computations through re-performance on sample basis, where applicable.

Information Technology

The key audit matter Information Technology (IT) systems and controls	**How the matter was addressed in our audit**
The Company's key financial accounting and reporting processes are dependent on the automated controls in the information systems. There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence for scoped in application: a) Evaluating the design, implementation and operating effectiveness of the scoped-in IT systems. b) Testing a sample of key controls operating over the information technology in relation to financial accounting and reporting systems. c) Testing the design and operating effectiveness of a sample of key controls over user access management. Access management includes granting access rights, access right modification, removal of user rights and preventative controls designed to enforce segregation of duties. d) Reperforming procedures to determine the operating effectiveness of application controls over financial and reporting systems. e) Testing change management control for information technology application / General IT controls which were changed during the year. f) Assessing other areas including password policies, system configurations, controls over changes to applications, privileged access to applications and operating system or databases is restricted to authorized personnel. g) Performing alternate procedures by testing compensatory controls for areas where IT systems and controls were not relied upon.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

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estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Company as on 31 March 2023 taken on record by the Board of Directors of the Company , none of the directors of the Company is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position.

b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6 to the standalone financial statements.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 40(m)(i) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 40(m)(ii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Sameer Mota

Partner

Membership No.: 109928

ICAI UDIN:23109928BGYAYC9055

Place: Bhubaneswar

Date: 26 May 2023

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Annapurna Finance Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a non deposit taking NBFC, primarily providing loans. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from a financial institution on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such financial institution are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or advances in the nature of loans to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments and granted secured or unsecured loans to companies, firms, limited liability partnership or any other party during the year in respect of which the requisite information is as below.

(a) As the Company's principal business is to give loans, clause 3(iii)(a) of the Order is not applicable.

(b) According to the information and explanantions given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions of the grant of loans provided during the year are, prima facie, not prejudicial to the interest of the Company. Further, the Company, has not provided any gurantee or security or advances in the nature of loans to companies, firms, limited liability partnership, or other parties during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Annapurna Finance Private Limited for the year ended 31 March 2023 *(Continued)*

principal and payment of interest has been stipulated and the receipts have been regular except for the following:

Amount in Lakhs	Number of delays	Extent of delay
10,402	432,188	1-29 days
1,478	64,789	30-59 days
1,471	36,619	60-89 days
88,532	607,166	90 days and above

For the following case, where there is no stipulation of schedule of repayment of principal, we are unable to comment on the regularity of repayment of principal:

Name of the entity	Amount as at 31 March 2023	Remarks
Annapurna Employees welfare trust	9,855,075	There is not stipulation of schedule of repayment of principal

Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given except an amount of Rs. 24,632 lakh (principal amount) and Rs 1,208 lakh (interest) overdue for more than ninety days as at 31 March 2023. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year.

(e) As the Company's principal business is to give loans, accordingly clause 3(iii)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans to its related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):.

	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan - Repayable on demand (A)	-	-	-
- Agreement does not specify any terms or period of	9,855,075	-	9,855,075

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Annapurna Finance Private Limited for the year ended 31 March 2023 *(Continued)*

	All Parties	Promoters	Related Parties
Repayment (B)			
Total (A+B)	9,855,075	-	9,855,075
Percentage of loans/advances in nature of loan to the total loans	0.02%	-	0.02%

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Duty of customs, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of professional tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax and Income-Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,666	Assessment year 2017 - 2018	Commissionerof Income Tax (Appeals)

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Annapurna Finance Private Limited for the year ended 31 March 2023 *(Continued)*

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Goods and Service Tax and Central Excise, Bhubaneswar	Service Tax	86	Assessment year 2014 - 2015	Customs, Excise and Service tax appellate Tribunal, East Zonal Bench, Kolkata

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by management, term loans were applied for the purpose for which the loans were obtained, other than Rs 83,800 lakhs which remain unutilized as at 31 March 2023 out of which term loans amounting to Rs 35,700 lakhs were received towards the end of the year. The Company has temporarily invested such unutilized balance in fixed deposits as at 31 March 2023.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no short-term funds have been raised by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment of compulsory convertible preference shares ('CCPS') on a private placement basis during the year. In our opinion, in respect of preferential allotment on a private placement basis of CCPS made during the year, the Company has duly complied with the requirements of Section 42 and Section 62 of the Act. The proceeds from issue of CCPS have been used for the purposes for which the funds were raised.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Annapurna Finance Private Limited for the year ended 31 March 2023 *(Continued)*

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Annapurna Finance Private Limited for the year ended 31 March 2023 *(Continued)*

balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in annual report is expected to be made available to us after the date of this auditor's report.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Sameer Mota

Partner

Membership No.: 109928

ICAI UDIN:23109928BGYAYC9055

Place: Bhubaneswar

Date: 26 May 2023

Annexure B to the Independent Auditor's Report on the standalone financial statements of Annapurna Finance Private Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Annapurna Finance Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Annexure B to the Independent Auditor's Report on the standalone financial statements of Annapurna Finance Private Limited for the year ended 31 March 2023 ***(Continued)***

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Sameer Mota

Partner

Place: Bhubaneswar

Membership No.: 109928

Date: 26 May 2023

ICAI UDIN:23109928BGYAYC9055

Annapurna Finance Private Limited
Standalone Balance Sheet as at March 31, 2023

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	75,679	95,134
(b) Bank balance other than (a) above	5	84,034	94,889
(c) Derivative financial instruments	6	2,187	1,355
(d) Receivables			
(i)Trade receivables	7	-	5
(ii)Other receivables		-	-
(e) Loans	8	6,32,625	4,96,682
(f) Investments	9	10,049	500
(g) Other financial assets	9.1	39,800	18,327
Subtotal - financial assets (A)		**8,44,374**	**7,06,892**
(2) Non-financial assets			
(a) Current tax assets (net)	10.1	4,007	2,251
(b) Deferred tax assets (net)	10.2	2,828	4,810
(c) Property, plant and equipment	11	2,386	1,787
(d) Intangible assets	13	422	156
(e) Other non-financial assets	9.2	3,768	2,165
Subtotal - non- financial assets (B)		**13,411**	**11,169**
Total assets (A+B)		**8,57,785**	**7,18,061**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	6	-	475
(b) Payables			
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	1,836	1,398
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	15	1,53,008	1,85,677
(d) Borrowings (other than debt securities)	16	5,19,132	4,02,413
(e) Subordinated liabilities	17	32,714	33,150
(f) Other financial liabilities	17.3	28,217	13,830
Subtotal - financial liabilities (A)		**7,34,907**	**6,36,943**
(2) Non-financial liabilities			
(a) Provisions	18	1,323	1,186
(b) Other non-financial liabilities	17.4	724	543
Total non- financial liabilities (B)		**2,047**	**1,729**
Total liabilities		**7,36,954**	**6,38,672**
(3) Equity			
(a) Equity share capital	19	8,813	6,880
(b) Instruments entirely equity in nature	20	300	300
(c) Other equity	21	1,11,718	72,209
Subtotal - equity (C)		**1,20,831**	**79,389**
Total liabilities and equity (A+B+C)		**8,57,785**	**7,18,061**

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

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 26, 2023

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

ANNAPURNA FINANCE PVT. LTD.
INDIA

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 26, 2023

Annapurna Finance Private Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2023

(In Rs. Lakhs)

	Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
	Revenue from operations			
	(i) Interest income	22	1,20,896	99,144
	(ii) Fees and commission income	23.1	24	94
	(iii) Net gain on fair value changes	23.2	1,111	314
	(iv) Net gain on assignment transactions	23.3	33,747	15,164
(I)	**Total revenue from operations**		**1,55,778**	**1,14,716**
(II)	Other income	24	1,179	561
(III)	**Total income (I + II)**		**1,56,957**	**1,15,277**
	Expenses			
	Finance costs	25	66,531	56,356
	Impairment of financial instruments	26	36,184	19,383
	Employee benefits expenses	27	39,062	28,798
	Depreciation, amortisation and impairment	28	1,244	1,106
	Other expenses	29	9,518	7,259
(IV)	**Total expenses**		**1,52,539**	**1,12,902**
(V)	**Profit before tax (III-IV)**		4,418	2,375
(VI)	**Tax expense:**			
	Current tax		-	3,220
	Deferred tax	10.3	1,146	(2,558)
(VII)	**Profit for the year (V-VI)**		**3,272**	**1,713**
(VIII)	**Other comprehensive income (OCI)**			
	A Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit liabilities	33.3	60	40
	Income tax relating to items that will not be reclassified to profit or loss	10.3	(15)	(10)
	Subtotal (A)		**45**	**30**
	B Items that will be reclassified to profit or loss			
	Fair value of loans and advances and cash flow hedges through other comprehensive income		3,264	2,047
	Income tax relating to items that will be reclassified to profit or loss	10.3	(821)	(515)
	Subtotal (B)		**2,443**	**1,532**
	Other Comprehensive Income (A+B)		**2,488**	**1,562**
(IX)	**Total comprehensive income for the year (VII)+(VIII)**		**5,760**	**3,275**
(X)	**Earnings per equity share (face value of ₹10 each)**			
	Basic (Rs.)	30	3.93	2.39
	Diluted (Rs.)		3.34	2.25

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

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 26, 2023

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 26, 2023

Annapurna Finance Private Limited
Standalone Statement of Cash Flows for the year ended March 31, 2023

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	**4,418**	**2,375**
Adjustments for:		
Depreciation, amortisation and impairment	1,244	1,106
Impairment on financial instruments	36,184	19,383
Provision for insurance claim receivable and others	-	272
Profit on sale of current investments	(1,111)	(314)
Profit on sale of property, plant and equipment	-	(10)
Net gain on derecognition of financial instruments	(33,747)	(15,164)
Share based payments to employees	10	33
Interest income	(1,14,382)	(99,144)
Finance cost	66,475	56,356
Operating loss before working capital changes	**(40,909)**	**(35,107)**
Movements in working capital:		
Decrease in other financial and non financial assets	10,670	2,292
Increase/ (Decrease) in bank balance other than cash and cash equivalents	10,855	(12,708)
Decrease in trade receivables	5	32
Increase in loans	(1,81,975)	(1,19,474)
Increase in other financial and non financial liabilities	17,245	5,914
Increase in provisions	137	152
Increase in trade payables	438	64
Cash used in operations	**(1,83,534)**	**(1,58,835)**
Interest received	1,15,793	97,136
Finance cost paid	(67,301)	(52,013)
Income tax paid (net of refunds)	(1,756)	(5,346)
Net cash flows used in operating activities (A)	**(1,36,798)**	**(1,19,058)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,282)	(1,109)
Proceeds from sale of property, plant and equipment	-	34
Purchase of intangible assets	(424)	(344)
Purchase of current investments	(3,80,300)	(2,28,100)
Proceeds from sale of current investments	3,81,411	2,28,414
Net cash flows used in investing activities (B)	**(595)**	**(1,105)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	11,648	38
Proceeds from debt securities	33,563	22,779
Repayment of debt securities	(42,567)	(12,312)
Repayment of lease liabilities	(194)	(81)
Proceeds from borrowings (other than debt securities)	4,09,781	3,21,344
Repayment of borrowings (other than debt securities)	(2,93,707)	(2,03,095)
Proceeds of subordinated liabilities	2,000	4,490
Repayment of subordinated liabilities	(2,500)	(3,814)
Share issue expenses	(86)	(187)
Net cash flows generated from financing activities (C)	**1,17,938**	**1,29,162**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(19,455)**	**8,999**
Cash and cash equivalents at the beginning of the year	95,134	86,135
Cash and cash equivalents at the end of the year (Refer note 4)	**75,679**	**95,134**
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	48,355	37,950
deposit with original maturity of less than three months	27,102	56,687
Cash on hand	222	497
Total cash and cash equivalents at the end of the year	**75,679**	**95,134**

Note:

The above cash flow statement has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.
Refer note 38 for cash flow related disclosure as per Ind-AS 7.

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

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 26, 2023

For and on behalf of the Board of Directors of Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

ANNAPURNA FINANCE PVT. LTD. INDIA

Bhubaneswar
May 26, 2023

Annapurna Finance Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2023

a. Equity share capital

Current reporting period
Refer Note 19

(In Rs. Lakhs)

Balance at the beginning of April 01, 2022	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2022	Changes in equity share capital during April 01, 2022 to March 31, 2023	Balance at the end of March 31, 2023
6,880	-	-	1,933	8,813

Previous reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2021	Changes in equity share capital during April 01, 2021 to March 31, 2022	Balance at the end of March 31, 2022
6,872	-	-	8	6,880

b. Instruments entirely equity in nature

Current reporting period
Refer Note 20

(In Rs. Lakhs)

Balance at the beginning of April 01, 2022	Changes in compulsorily convertible preference shares due to prior period errors	Restated balance at the beginning of April 01, 2022	Changes in compulsorily convertible preference shares during April 01, 2022 to March 31, 2023	Balance at the end of March 31, 2023
300	-	-	-	300

Previous reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2021	Changes in compulsorily convertible preference shares due to prior period errors	Restated balance at the beginning of April 01, 2021	Changes in compulsorily convertible preference shares during April 01, 2021 to March 31, 2022	Balance at the end of March 31, 2022
300	-	-	-	300

c. Other equity
Refer Note 21

(In Rs. Lakhs)

Reserves and surplus	Statutory reserve (as required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained earnings	Other items of comprehensive income (fair valuation on portfolio and cashflow hedges)	Total
Balance as at April 1, 2021	**4,205**	**40,076**	**1,295**	**16,220**	**7,292**	**69,088**
Profit for the year	-	-	-	1,713	-	1,713
Other comprehensive income	-	-	-	30	1,532	1,562
Total comprehensive income for the year	-	-	-	**1,743**	**1,532**	**3,275**
Transfer to/ from retained earnings	343	-	-	(343)	-	-
Share Issue/ debenture issues expenses	-	(187)	-	-	-	(187)
Amortization of vesting expenses of Employee Stock Option Plan ('ESOP')	-	-	33	-	-	33
ESOP exercised	-	30	(30)	-	-	-
Balance as at March 31, 2022	**4,548**	**39,919**	**1,298**	**17,620**	**8,824**	**72,209**
Profit for the year	-	-	-	3,272	-	3,272
Other comprehensive income	-	-	-	45	2,443	2,488
	-	-	-	**3,317**	**2,443**	**5,760**
Transfer to/ from retained earnings	654	-	-	(654)	-	-
Issue of shares		33,822				33,822
Share Issue / debenture issues expenses	-	(86)	-	-	-	(86)
Amortization of vesting expenses of Employee Stock Option Plan ('ESOP')	-	-	10	-	-	10
ESOP exercised	-	19	(16)	-	-	3
Balance as at March 31, 2023	**5,202**	**73,674**	**1,292**	**20,283**	**11,267**	**1,11,718**

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

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 26, 2023

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

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Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 26, 2023

Annapurna Finance Private Limited
Notes forming part of the Standalone financial statements for the year ended March 31, 2023

1 Corporate information

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

The Company's registered office is at Bhubaneswar, Odisha, India. Its debentures are listed on a recognised stock exchange in India.

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

The Board of Directors approved the standalone financial statements (the 'financial statements') for the year ended March 31, 2023 and authorized for issue on May 26, 2023.

2 Basis of preparation of financial statements

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and the other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The preparation of the financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for the following items, which are measured on an alternative basis on each reporting date

Items basis	**Measurement**
Derivative financial instruments	Fair value
Equity securities at FVTPL	Fair value
Liabilities for share based payments arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation

2.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. All amounts have been rounded off to nearest lakhs, unless otherwise indicated.

2.4 Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The statement of cash flows has been presented using indirect method as per the requirements of Ind AS 7 statement of cash flows.

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes :

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes :

Business model assessment

Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment of financial assets

The Company establishes criteria for determining whether credit risk of the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into the measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is carried out in establishing fair values. Judgments and estimates take into account liquidity and model inputs associated with such items as credit risk (own and counterparty), funding value adjustments, correlation and volatility.

(ii) Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at the reporting date that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year is included in the following notes :

a) Note 3 (12)(A)(III) - Impairment allowances of financial assets based on the expected credit loss model.
b) Note 3(6)(i) and 3(6)(ii)- Useful lives of property, plant and equipment and intangible assets.
c) Note 3(9) and 33- Measurement of assets and obligations of defined benefit employee plans.
d) Note 3(3)(b) and 10 - Recoverability and recognition of deferred tax assets.
e) Note 3(10) - Measurement of provisions, contingent liabilities and contingent assets
f) Note 2(6) and 39 - Fair value measurement of financial instruments.
g) Note 3(12)(A)(I)(a)- Effective interest rate ('EIR') methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments.
h) Note 3(7)- Determination of lease term where the Company is a lessee.

2.6 Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date.

3 Significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign currency transactions

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the statement of profit and loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs.

3.2 Revenue recognition

Revenue from operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the effective interest rate ('EIR') to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.

The EIR in case of a financial asset is computed as follows :

- the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

- by considering all the contractual terms of the financial instrument in estimating the cash flows.

- including all fees/ service charges and incentives paid and received between parties to the contract that are an integral part of the EIR , transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(b) Net gain on assignment transactions

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS is based on the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

(c) Fees and commission income

Fees and commissions which do not form part of the EIR calculation are recognised when the Company satisfies the performance obligation over time and are accrued as and when they are due.

(d) Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. The grants are recognised as income in the statement of profit and loss over the periods necessary to match them with the related costs that they are intended to compensate. The grants received , if any, against any reimbursement of expenses are set off against such expenses in the year they occur with meeting the specific conditions or restrictions, if any.

Other income

Other income are recognised when the Company satisfies the performance obligation over time and are accrued as and when they are due.

BSR & Co. LLP
14th Floor,
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3.3 Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit and loss except when they relate to items that are recognised outside the statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the statement of profit and loss.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the current year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the assets and settle the liability on net basis or simultaneously

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward losses and tax credits.
Temporary difference in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising the deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credit and deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise a deferred tax asset in full ,then future taxable profits, adjusted for reversals of existing temporary difference, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner which the Company expects, at the reporting date, to recover or settle the carrying amount of assets or liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or tax tax assets and liabilities will be realised simultaneously.

3.4 Cash and cash equivalents

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

3.5 Earning per share

Basic earnings per share

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

Diluted earnings per share

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

3.6 Property, plant and equipment (PPE) and intangible assets

(i) Recognition and measurement

Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes purchase price, non-refundable taxes and levies and other directly attributable costs of bringing the assets to its location and working condition for its intended use.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the statement of profit and loss during the period in which they are incurred.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss.

Intangible assets

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

(ii) Depreciation and amortization

Depreciation

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

Category of asset	Useful life (Years)
Furniture and fittings	10
Office equipments	5
Vehicles	8
Computers	3

Amortisation

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

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Change in estimate

After initial recognition of its intangible assets, the Company has chosen to follow Cost Model as its accounting policy for subsequent recognition wherein it has adapted reducing balance method to amortise its assets systematically over its useful life.

The intangible assets held by the Company have a finite useful life. The residual value of an intangible asset with a finite useful life has been assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and:
(i) residual value can be determined by reference to that market; and

(ii) it is probable that such a market will exist at the end of the asset's useful life .

Previously, the Company has been estimating the residual value to be zero as a result of which amortisation expense during the year stood at 98% of carrying value during the first year itself. Whereas the pattern of consumption of the future economic benefits embodied in the asset is spread over a period greater than a year. It has been now assessed that the correctness of measurement of residual value cannot be validated. It now deems it appropriate to amortize its intangible assets using the straight line method systematically over its useful life. Change in accounting estimate has been carried out in the current year in adherence with Ind AS 38.The change has been accounted for as a change in accounting estimate as it is a modification of carrying amount resulting from evaluation of current status of, and expected future advantages linked with the asset.

Further, with reference to Ind AS 8, a change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Such change in estimate would result in more accurate accounting with respect to intangible asset thereby ensuring preparation and presentation of financial statements in true and fair manner.

3.7 Leases :

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

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

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 1 to 10 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.8 Impairment of non-financial assets.

Lease liabilities

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

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

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Short term lease and leases of low value assets

Company(lessee) chooses to apply recognition exemption option under Ind AS 116 for lease of branch office spaces fulfilling the required criteria. As per Ind AS 116, the lessee can elect not to apply Ind AS 116's recognition requirements to:

1) Short-term leases and
2) Leases for which underlying asset is of low value

In such cases the lessee shall recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis that faithfully represents pattern of lessee's benefit.

Short term lease, as defined by the standard, is a lease that at the commencement date has a lease term of 12 months or less and does not include an option to purchase the underlying asset. Such determination is made at the commencement date and cannot be subsequently reduced to less than 12 months. Ind AS 116 does not explicitly define the leases of low value assets. However it must fulfil both the criteria : (i) benefit flows to the lessee from the use of underlying asset (ii) underlying asset is not highly dependant or interrelated with other assets.

Company lease assets are in adherence with both the above criteria as lease term for such assets is defined at 11 months. Also, branch offices are cognate to business activities and are neither dependant or interrelated to other business activities.

Therefore, to ascertain the second criteria unambiguously, the company proposes to establish the maximum value exceeding which a leased asset would be recognised as per Ind AS 116.

Such value has been set at Rs 30,000 per month per branch viz. assets where lease rental is below the set limit would be eligible for recognition exemption under Ind AS 116.

3.8 Impairment of non financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

3.9 Employee benefits

(A) Short term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include salaries and performance incentives/ bonuses which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

(B) Post employment/retirement benefit Plans

(1) Defined contribution plans
Retirement benefit in the form of provident fund is defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

(2) Defined benefit plans

(a) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

The Company has an obligation towards gratuity, post employment/ retirement defined benefit plan covering eligible employees. The benefit is in the form of lump sum payments to eligible employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days' basic salary and dearness allowance payable for each completed year of service. Vesting occurs upon completion of five years of service. The liability determined based on actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences
The liabilities for compensated absences upto 10 days are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss. The liabilities in excess of 10 days accumulated compensated absences are to be encashed in the next financial year and therefore they are measured at the present basic salary with number of days of compensated absences in excess of 10 days are recognised in the statement of profit and loss.

b) Employee stock option plan

The employee stock option plan provides for the grant of options to acquire equity shares of the Company to its eligible employees are measured at fair value of the equity instruments at the grant date. The period of vesting and period of exercise are as specified within the respective schemes. The fair value at the grant date of the equity settled share based payment options granted to the employees is recognized as an employee benefit expenses with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. At the end of each reporting period, the Company revives its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to share based options outstanding account. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.10 Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3.11 Segment information

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

3.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

(A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Classification and Subsequent measurement

For the purposes of initial recognition, financial assets are classified in the following categories :-
a. at amortised cost, or
b. at fair value through other comprehensive income (FVOCI), or
c. at fair value through profit or loss (FVTPL)

The above classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow.

(I) Debt instruments

Initial classification of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

(a) At amortised cost:

A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans arising from financing activities and investments.

(b) At FVTOCI:

A debt instrument is classified at FVTOCI, if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income, impairment losses and reversals in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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(c) At FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as "accounting mismatch").

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(II) Equity instruments/investments

Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Company has irrevocable option to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

(III) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for
- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial assets ('lifetime ECL), unless there had been no significant increase in credit risk of a default occurring since origination or initial recognition, in which case, the impairment allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

The impairment methodology applies depends on whether there has been significant increase in credit risk. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

The expected credit loss is a product of exposure at default ("EAD"), probability of default ("PD") and loss given default ("LGD"). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial assets. The Company categorises financial assets at the reporting date into stages based on the days past due ("DPD") status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit Impaired assets, i.e. more than 90 days past due or cases where the Company suspects fraud and legal proceedings are initiated.

Definition of default

The Company considers a financial asset to be in 'default' and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

Stage 3 loans are upgraded as Stage 1 loans if the arrears of the entire interest and principal are paid by the borrower and no longer exhibit any evidence of being credit impaired.

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. PD estimation process is done based on historical internal data available with the Company.

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and future estimated sale of loans through direct assignments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like money supply, gross domestic product (GDP), private consumption, gross fixed investments (% real change p.a.), agriculture rate (% change p.a.), industry (% change p.a.), service (% change p.a.), budget balance (% of GDP), lending interest rate (%), deposit interest rate (%), inflation and unemployment rate with the estimate of PD determined by the Company based on its internal data. While the internal estimates of PD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all the categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

The amount of ECL (or reversal) at the reporting date is recognised as an impairment loss/(gain) in the statement of profit and loss.

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ECL on Debt instruments measured at amortised cost
The ECLs for debt instruments measured at amortised cost is reduced from the gross carrying amount of these financial assets in the balance sheet.

ECL on Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the gross carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Write-off
The gross carrying amount of a financial assets is written- off (either partially or fully) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries against such financial assets are credited to the statement of profit and loss.

(IV) Derecognition of financial assets
The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability as collateralised borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI, and accumulated in equity is recognised in the Statement of Profit and Loss.

(B) Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(I) Financial liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value. However, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss.

The Company's financial liabilities majorly comprise of trade and other payables, loans and borrowings, including bank overdrafts and cash credit facility and derivative financial instruments.

Subsequent measurement
All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at fair value through profit or loss (FVTPL).

(a) At FVTPL:
Financial liabilities includes derivative financial instruments entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(b) At amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

Derecognition of financial liabilities:
The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Modification/ renegotiation that do not result in derecognition

Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the statement of profit and loss. Any subsequent changes in the estimation of the future cash flows of financial liability is recognised under finance cost in the statement of profit or loss with the corresponding adjustment to the carrying amount of the financial liability.

(II) Equity instrument
An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities.
Incremental costs incurred which are directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

3.13 Derivatives and hedging activities
The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including cross currency interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument (Refer sub note (a) below), in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

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Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

(a) Hedge accounting

The Company designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as 'cash flow hedges').

The Company documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

3.14 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

3.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) and are recognized using the effective interest rate (EIR).

All other borrowing costs are charged to expenses in the period in which they arise.

3.16 Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/ utilising the credits.

3.17 Offsetting financial instruments

Financial assets and financial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.18 Standards issued but not yet effective

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy.

Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2023

Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	222	497
Balances with banks	48,355	37,950
Fixed deposit with original maturity of less than 3 months	27,102	56,687
Total	75,679	95,134

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposit with original maturity of more than 3 months		
Fixed deposit with banks (security against bank guarantee)	41,815	31,257
Other fixed deposits	39,561	60,919
Interest accrued on fixed deposits*	2,658	2,713
Total	84,034	94,889

(*) Includes interest accrued of Rs. 1,698 lakhs (March 31, 2022: Rs. 1,369 lakhs) on fixed deposits marked as lien towards term loans availed from banks, as cash collateral placed in connection with portfolio loans securitised.

Note 6: Derivative financial instruments

(In Rs. Lakhs)

	As at March 31, 2023				As at March 31, 2022			
Part I	Notional Amounts	Fair value- assets	Notional Amounts	Fair value- liabilities	Notional Amounts	Fair value- assets	Notional Amounts	Fair value- liabilities
(i)Currency derivatives:								
Cross currency swaps	20,444	846	-	-	12,613	704	10,873	322
Subtotal (i)	20,444	846	-	-	12,613	704	10,873	322
(ii)Interest rate derivatives	-	-	-	-	-	-	-	-
(iii)Credit derivatives	-	-	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-	-	-
(v) Other								
Cross currency interest rate swaps	11,630	1,341	-	-	18,521	651	9,708	153
Total derivative financial instruments	32,074	2,187	-	-	31,134	1,355	20,581	475
PART II								
Included in above are derivatives held for hedging and risk management as follows								
(i)Fair value hedging	-	-	-	-	-	-	-	-
(ii) Cashflow hedging								
Cross currency interest rate swaps	11,630	1,341	-	-	18,521	651	9,708	153
Cross currency swaps	20,444	846	-	-	12,613	704	10,873	322
(iii) Net investment hedging	-	-	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-	-	-
Total derivative financial instruments	32,074	2,187	-	-	31,134	1,355	20,581	475

The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

Note 7: Trade receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Receivables considered good - unsecured	-	5
Total	-	5

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in

Ageing of trade receivables as at March 31, 2023

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(i) Undisputed trade receivables considered good	-	-	-	-	-	-
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

Ageing of trade receivables as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(I) Undisputed trade receivables considered good	5	-	-	-	-	5
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

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Notes to the Standalone financial statements for the year ended March 31, 2023

Note 8: Loans

Considered good unless stated otherwise

(In Rs. Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised cost	At fair value: Through other comprehensive income	Total	Amortised cost	At fair value: Through other comprehensive income	Total
i) Term loans						
Considered good	47,408	5,77,353	6,24,761	80,670	4,06,784	4,87,454
Credit impaired	14,967	10,874	25,841	14,843	38,434	53,277
Total term loans	62,375	5,88,227	6,50,602	95,513	4,45,218	5,40,731
ii) Staff loan	420	-	420	412	-	412
Total (A) - Gross	**62,795**	**5,88,227**	**6,51,022**	**95,925**	**4,45,218**	**5,41,143**
Less: Impairment loss allowance	9,185	9,212	18,397	7,997	36,464	44,461
Total (A) - Net	**53,610**	**5,79,015**	**6,32,625**	**87,928**	**4,08,754**	**4,96,682**
Term loans						
i) Secured by tangible assets (refer note below)	2,188	54,918	57,106	2,670	31,151	33,821
ii) Unsecured	60,187	5,33,309	5,93,496	92,843	4,14,067	5,06,910
Sub-total - Term loans	**62,375**	**5,88,227**	**6,50,602**	**95,513**	**4,45,218**	**5,40,731**
Staff loan						
i) Secured*	-	-	-	-	-	-
-Unsecured	420	-	420	412	-	412
Sub-total - Staff loan	**420**	-	**420**	**412**	-	**412**
Total (B) - Gross	**62,795**	**5,88,227**	**6,51,022**	**95,925**	**4,45,218**	**5,41,143**
Less : Impairment loss allowance	9,185	9,212	18,397	7,997	36,464	44,461
Total (B) - Net	**53,610**	**5,79,015**	**6,32,625**	**87,928**	**4,08,754**	**4,96,682**
Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	62,795	5,88,227	6,51,022	95,925	4,45,218	5,41,143
Total - Gross	**62,795**	**5,88,227**	**6,51,022**	**95,925**	**4,45,218**	**5,41,143**
Less: Impairment loss allowance	9,185	9,212	18,397	7,997	36,464	44,461
Total - Net	**53,610**	**5,79,015**	**6,32,625**	**87,928**	**4,08,754**	**4,96,682**
Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-
Total (C)	**53,610**	**5,79,015**	**6,32,625**	**87,928**	**4,08,754**	**4,96,682**

Note:
* The Company covers/secures the credit risks associated with the loans given to customer by creating a charge/ hypothecation/ security on the assets as mentioned in the loan agreements with customers.

During the year the Company has not granted loans or advances in the nature of loans to promoters, directors, key managerial personnel's and related parties (as defined under the Act), either severally or jointly with any other person, that are:

(i) repayable on demand or
(ii) without specifying any terms or period of repayment

Reconciliation of impairment allowance

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised cost	At fair value: Through other comprehensive income	Total	Amortised cost	At fair value: Through other comprehensive income	Total
Opening provision	7,997	36,464	44,461	4,700	18,847	23,547
Add: Impairment provision created during the year (Refer note 26)	13,333	19,103	32,436	3,297	16,086	19,383
Add: Receivable by guarantee scheme/ CGTMSE disclosed under other financial assets	-	2,411	2,411	-	1,643	1,643
Less: Loan portfolio written off during the year	(18,005)	(42,906)	(60,911)	-	-	-
Less-: Provision for managed portfolio disclosed under 'provisions' (refer note 18)	-	-	-	-	(112)	(112)
Closing provision	**3,325**	**15,072**	**18,397**	**7,997**	**36,464**	**44,461**

Note 8A

Gross carrying value of assets as at March 31, 2023

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Loans	6,20,447	4,314	25,841	6,50,602
Total	**6,20,447**	**4,314**	**25,841**	**6,50,602**

Steps taken for recovering overdues balances

To reduce the exposure and increasing collection in the stage - III assets, a special team is deployed in the field to monitor and follow up with the Stage III (NPA) customers to

Gross carrying value of assets as at March 31, 2022

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Loans	4,75,701	11,753	53,277	5,40,731
Total	**4,75,701**	**11,753**	**53,277**	**5,40,731**

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

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2022	**4,75,701**	**11,753**	**53,277**	**5,40,731**
Add: New assets originated during the year (net of collections)	**5,02,854**	-	-	**5,02,854**
Less: Collections	(3,18,654)	(11,794)	(1,624)	**(3,32,072)**
Less: assets written off during the year	-	-	(60,911)	(60,911)
Movement between stages				
Transfer from stage 1	(39,497)	6,501	32,996	-
Transfer from stage 2	36	(2,161)	2,125	-
Transfer from stage 3	8	13	(21)	-
Gross carrying value of assets as at March 31, 2023	**6,20,448**	**4,314**	**25,840**	**6,50,602**

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(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2022	**4,482**	**2,741**	**37,238**	**44,461**
Provision created / (reversed) during the year	(2,888)	(2,142)	39,877	**34,847**
Assets written off during the year	-	-	(60,911)	**(60,911)**
ECL allowance as at March 31, 2023	**1,594**	**599**	**16,204**	**18,397**

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**
Add: New assets originated during the year (net of collections)	1,22,974			1,22,974
Less: assets written off during the year	-	-	-	-
Movement between stages				
Transfer from stage 1	(19,862)	12,047	7,815	-
Transfer from stage 2	23,517	(38,971)	15,454	-
Transfer from stage 3	46	1	(47)	-
Gross carrying value of assets as at March 31, 2022	**4,67,836**	**11,755**	**53,274**	**5,32,865**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2021	749	4,494	18,304	23,547
Provision created / (reversed) during the year	3,733	(1,753)	18,934	20,914
Assets written off during the year	-	-	-	-
ECL allowance as at March 31, 2022	**4,482**	**2,741**	**37,238**	**44,461**

Sensitivity analysis on ECL

Reasonably possible changes at the reporting date to the relevant macroeconomic assumptions, holding other assumptions constant, would have affected the defined ECL provisions by the amounts shown below:

(In Rs. Lakhs)

Scenario	Conditions	ECL provision as per model	+/- from normal case
Extreme scenario	100% probability of high stress 0% probability of low stress 0% probability of normal situation	19,160	763
Low stress scenario	0% probability of high stress* 100% probability of low stress 0% probability of a normal situation	17,257	(1,140)
1% Increase in PD		19,914	1,517
1% Increase in LGD		18,668	271

High-stress and low-stress scenarios are one standard deviation(+/- 1 SD) change in the macroeconomic parameters such as unemployment rate, consumer price index, Money Supply (Change per annum), and Industry growth(Change per annum).

Note 9: Investments

Investment	As at March 31, 2023				As at March 31, 2022		
	Amortised cost	Fair value through OCI	Fair value through P&L	Total	Amortised cost	Fair value through OCI	Fair value through P&L
Investment A) In India (1) Equity instruments	-	-	-	-	-	-	-
(a) Investment in subsidiary (at cost) 49,98,000 (March 31, 2022: 49,98,000) equity shares of Rs. 10 each fully paid in Annapurna SME Finance Private Limited	-	-	500	500	-	-	500
(2) Security receipts (SRs) investments * Phoenix Trust - FY 23-18	-	28,790	-	28,790	-	-	-
Less: Impairment loss allowance	-	19,241	-	19,241	-	-	-
Total	-	**9,549**	**500**	**10,049**	-	-	**500**
Above amount includes Investment in India	-	9,549	500	10,049	-	-	500
Investment outside India	-	-	-		-	-	-
Total	-	**9,549**	**500**	**10,049**	-	-	**500**

The Company has sold loans to an Asset Reconstruction Company (ARC) on March 28, 2023 and SRs were received as considerations for the transfer of loans. The sale of loans to ARC did not meet the derecognition requirement as per Ind AS 109. However, as the legal form of the asset has changed from loans to investments, it is accounted under investments. SRs have followed the same measurement / classification approach and ECL has been recognized in a similar manner as applicable to the underlying loan.

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

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of investments as at March 29, 2023	25	30	28,735	28,790
Additions/Deletions	-	-	-	-
Movement between stages	-	-	-	-
Gross carrying value of investments as at March 31, 2023	25	30	28,735	28,790

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at March 29, 2023	-	-	15,747	15,747
Provision created / (reversed) during the year	-	6	3,488	3,494
ECL allowance as at March 31, 2023	-	6	19,235	19,241

Sensitivity analysis on ECL

Reasonably possible changes at the reporting date to the relevant macroeconomic assumptions, holding other assumptions constant, would have affected the defined ECL provisions by the amounts shown below:

(In Rs. Lakhs)

Scenario	Conditions	ECL provision as per model	+/- from normal case
Extreme scenario	100% probability of high stress	19,243	2
	0% probability of low stress		
	0% probability of normal situation		
Low stress scenario	0% probability of high stress*	19,238	(3)
	100% probability of low stress		
	0% probability of a normal situation		
1% Increase in PD		19,241	0
1% Increase in LGD		19,531	-290

High-stress and low-stress scenarios are one standard deviation(+/- 1 SD) change in the macroeconomic parameters such as unemployment rate, consumer price index, Money Supply (Change pa), and Industry growth(Change pa).

Note 9.1: Other financial assets

(at amortised cost)

(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	438	342
Retained interest on assets assigned	28,640	13,509
Accrued interest on SR	1,800	-
Fixed deposit with financial institutions*	3,093	1,513
Insurance claim receivable	1,179	826
Receivable from financial guarantees$	4,054	1,643
Other financial assets- others**	596	494
Total	**39,800**	**18,327**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.

**includes advances recoverable in cash.

$The Company has availed the benefits of credit guarantee fund trust for micro and small enterprises (CGTMSE) scheme and Assam microfinance incentives and relief scheme 2021 to secure credit default.

Note 9.2:Other non- financial assets

(at amortised cost)

(Unsecured, considered good unless stated otherwise) (In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	2,632	1,308
Capital advance	199	183
Other Advances *	412	266
GST assets	525	408
Total	**3,768**	**2,165**

*includes advances to vendor.

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Notes to the Standalone financial statements for the year ended March 31, 2023

Note 10.1:
Current tax assets (net)

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax includes TDS (net of provision)	4,007	2,251

Note 10.2: Deferred tax assets/ liabilities (net)
Effects of deferred tax assets and deferred tax liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets:		
Impairment loss allowance on loan portfolio	4,798	10,697
Difference of written down value property, plant and equipment	395	352
Provision for defined benefit obligation and leave encashment	323	288
Difference of lease liabilities and right of use asset	1	(7)
Impact due to amortization of processing fees income	978	143
Provision for irrecoverable advances	4	4
Fair value loss on debt securities	42	49
Business loss c/f	8,260	-
Deferred tax liabilities:		
Upfront recognition of gain on direct assignment transactions	(7,206)	(3,238)
Impact due to amortization of processing fees expenses	(863)	(395)
Fair value gain on loans	(3,904)	(3,083)
Deferred tax relating to origination and reversal of temporary	**2,828**	**4,810**

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

Note 10.3: Income tax expense

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Income tax expense in the statement of profit and loss consists of:		
Current income tax:		
Income tax	-	3,220
Deferred tax	1,146	(2,558)
Income tax expense reported in respect of current year	**1,146**	**662**
Tax in respect of earlier years	-	-
Total income tax expense reported in the statement of profit or loss	**1,146**	**662**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/ (losses) on defined benefit plans	15	10
Deferred tax arising on fair value gain/ (losses) on loan portfolio	821	515
Total	**836**	**525**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2023 and 31 March 2022 are, as follows:

(In Rs. Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	4,418	2,375
At India's statutory income tax rate of 25.17%	1,113	598
Change in tax rates	-	-
Income not subject to tax		
Others		
Non-deductible expenses		
Expenditure on CSR	30	40
Donation & Charity	3	
Interest on preference share capital	-	306
Additional tax allowances	-	(282)
Income tax expense reported in the statement of profit or loss	**1,146**	**662**
Income tax adjustment in respect of current income tax of prior years	-	-
Total income tax expense reported in the statement of profit or loss	**1,146**	**662**

The effective income tax rate for March 31, 2023 is 25.93% (March 31, 2022: 27.87%).

Movement in deferred tax balances for the year ended March 31, 2023

(In Rs. Lakhs)

Particulars	Net balance April 1, 2022	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2023	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	352	43	-	-	395	395	-
Provision for defined benefit obligation and leave encashment	288	50	(15)	-	323	338	(15)
Impairment loss allowance on loan portfolio	10,697	(5,899)	-	-	4,798	4,798	-
Impact of amortisation of expense, offered to tax on upfront basis	(395)	(468)	-	-	(863)	-	(863)
Impact of amortisation of processing fee income, offered to tax on upfront basis	143	835	-	-	978	978	-
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(3,238)	(3,968)	-	-	(7,206)		(7,206)
Fair value gain on loans	(3,083)		(821)	-	(3,904)	1	(3,905)
Difference of lease liabilities and right of use asset	(7)	8	-		1		1
Fair value loss on CCPS	49	(7)	-	-	42	42	
Provision for irrecoverable advances	4	-	-	-	4	4	-
Business loss c/f	-	-	-	-	8,260	8,260	
Net deferred tax assets / (liabilities)	**4,810**	**(9,406)**	**(836)**	**-**	**2,828**	**14,816**	**(11,988)**

Movement in deferred tax balances for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	Net balance April 1, 2021	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2022	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	271	81	-	-	352	352	-
Provision for defined benefit obligation and leave encashment	230	68	(10)	-	288	298	(10)
Impairment loss allowance on loan portfolio	5,935	4,762	-	-	10,697	10,697	-
Impact of amortisation of expense, offered to tax on upfront basis	(51)	(344)	-	-	(395)	(395)	-
Impact of amortisation of processing fee income, offered to tax on upfront basis	(54)	197	-	-	143	-	143
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(985)	(2,253)	-	-	(3,238)		(3,238)
Fair value gain on loans	(2,569)		(515)	-	(3,083)	-	(3,083)
Difference of lease liabilities and right of use asset	1	(8)	-	-	(7)		(7)
Fair value loss on CCPS	-	49	-	-	49	49	
Provision for irrecoverable advances	-	4	-	-	4	4	-
Net deferred tax assets / (liabilities)	**2,778**	**2,558**	**(525)**	**-**	**4,810**	**11,005**	**(6,195)**

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Note 11: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land	Office equipment	Furniture and fixtures	Vehicles	Computers	Right of use assets under leases	Total
Cost:							
As at March 31, 2021	**14**	**1,128**	**902**	**154**	**1,272**	**146**	**3,616**
Additions	-	535	141	89	344	352	1,461
Disposals	-	-	-	(52)	-	(10)	(62)
As at March 31, 2022	**14**	**1,663**	**1,043**	**191**	**1,616**	**488**	**5,015**
Additions	-	308	446	-	529	403	1,686
Disposals	-	-	-	-	-	-	-
As at March 31, 2023	**14**	**1,971**	**1,489**	**191**	**2,145**	**891**	**6,701**
Accumulated depreciation:							
As at March 31, 2021	-	**794**	**459**	**109**	**970**	**107**	**2,439**
Depreciation charge for the year		292	132	24	304	67	819
Disposal	-	-	-	(28)	-	-	(28)
As at March 31, 2022	-	**1,085**	**591**	**105**	**1,274**	**174**	**3,229**
Depreciation charge for the year	-	329	173	27	390	167	1,086
Disposal	-	-	-	-	-	-	-
As at March 31, 2023	-	**1,414**	**764**	**132**	**1,664**	**341**	**4,315**
Net book value:							
As at March 31, 2022	**14**	**579**	**452**	**86**	**342**	**314**	**1,787**
As at March 31, 2023	**14**	**557**	**725**	**59**	**481**	**550**	**2,386**

The details of property, plant and equipment hypothecated against borrowings are presented in Note 15.

Note 12: Leases (where the Company is lessee)

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

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

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	**314**	**39**
Adjustment due to change in lease agreement and security deposit reclassification	-	(10)
Additions during the year	404	352
Depreciation expense	(168)	(67)
Closing balance	**550**	**314**

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

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	**323**	**36**
Additions during the year	404	352
Accretion of interest	56	16
Payments	(194)	(81)
Closing balance	**589**	**323**

The effective interest rate for lease liabilities is from 10.57% to 11.15% with maturity between 2024 and 2031.

The following are the amounts recognised in the statement of profit or loss:

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest expense on lease liabilities (refer note 25)	56	16
Expense relating to short-term leases and other low value assets leases (included in other expenses)	1,984	2,149
Total amount recognised in the statement of profit and loss	**2,040**	**2,165**

The following is the maturity profile of lease liability:

(In Rs. Lakhs)

Maturity of lease liability	As at March 31, 2023	As at March 31, 2022
Current	173	61
Non current	415	263
Total	**588**	**324**

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Notes to the Standalone financial statements for the year ended March 31, 2023

Note 13: Intangible assets

(In Rs. Lakhs)

Particulars	Computer software
Deemed cost:	
As at March 31, 2021	810
Additions	345
Disposals	-
As at March 31, 2022	1,155
Additions	424
Disposals	-
As at March 31, 2023	1,579
Accumulated amortisation:	
As at March 31, 2021	711
Amortisation charge for the year	288
Disposal	-
As at March 31, 2022	999
Amortisation charge for the year	158
Disposal	-
As at March 31, 2023	1,157
Net book value:	
As at March 31, 2022	156
As at March 31, 2023	422

Note 14: Trade payables:

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,836	1,398
Total	1,836	1,398

Trade payables ageing schedule as at March 31, 2023

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	1,836	-	-	-	1,836
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	1,392	6	-	-	1,398
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Note 14.1: Dues to the micro enterprises and small enterprises:

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	-	-

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Note 15: Debt securities

(In Rs. Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	At amortised cost	At fair value through Profit and loss	Total	At amortised cost	At fair value through Profit and loss	Total
Redeemable, Non- convertible Debentures (secured)*	90,434	-	90,434	1,09,553	-	1,09,553
Compulsorily Convertible Preference Shares #	-	26,275	26,275	-	50,205	50,205
Redeemable Non- convertible Debentures (unsecured)**	20,504	-	20,504	10,124	-	10,124
Compulsorily Convertible Debentures (Unsecured)##		15,795	15,795		15,795	15,795
Total	**1,10,938**	**42,070**	**1,53,008**	**1,19,677**	**66,000**	**1,85,677**
Debt securities in India	29,557	-	29,557	34,367	-	34,367
Debt securities outside India	81,381	42,070	1,23,451	85,310	66,000	1,51,310
Total	**1,10,938**	**42,070**	**1,53,008**	**1,19,677**	**66,000**	**1,85,677**

For NCD maturity refer note 17.1 (March, 2022 : 17.2).

* Redeemable non- convertible debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2023	As at March 31, 2022		As at March 31, 2023	As at March 31, 2022	
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of 36 months from the date of allotment i.e. December 22, 2020.	275	275	10,00,000	917	1,833	110%
10.95% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of Sixty months from the date of allotment i.e. October 19, 2022.	460	-	10,00,000	4,600	-	105%
BSE Sensex Rate Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of 37 months 4 days from the date of allotment i.e. September 27, 2022.	350	-	10,00,000	3,500	-	110%
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March 2021 with the date of allotment i.e. August 30, 2017.	325	325	1,66,667	542	1,625	110%
12.376% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 22, 2020, subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,000	7,000	110%
12.1113% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the Company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	-	460	10,00,000	-	4,600	105%
10.90% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.01 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. November 4, 2022.	46,874	-	10,000	4,687	-	100%
12.01% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Seventy two months from the date of allotment i.e. July 7, 2022 subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	500	-	10,00,000	5,000	-	100%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the Company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	-	1,000	10,00,000	-	10,000	105%
11.9526% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. August 31, 2020, subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,000	10,000	100%
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	1,000	1,66,667	1,667	5,000	100%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	250	3,33,333	833	1,667	110%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 18, 2020.	-	1,000	10,00,000	-	2,500	110%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	-	350	10,00,000	-	3,500	110%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	-	100	10,00,000	-	1,000	110%
10.39% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	600	8,80,000	5,280	5,640	110%
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	250	10,00,000	2,500	2,500	115%
11.46% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of 36 months from the date of allotment i.e. July 29, 2020.	220	-	10,00,000	2,200	-	100%

12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakh each redeemable at par at the end of 84 months from the date of allotment i.e. December 19, 2018.	15,00,000	15,00,000	100	1,500	1,500	110%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	-	250	10,00,000	-	2,500	110%
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	1,000	10,00,000	10,000	10,000	125%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	150	10,00,000	1,500	1,500	100%
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	695	3,00,000	2,085	3,475	110%
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from the date of allotment i.e. July 07, 2020.	18,750	18,750	25,000	4,688	4,688	100%
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from the date of allotment i.e. October 16, 2019.		730	10,00,000	-	7,300	100%
11.8926% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 09, 2021.	400	400	10,00,000	4,000	4,000	105%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 13, 2021.	370	370	10,00,000	3,700	3,700	105%
11% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 7500 each redeemable at par at the end of Fourty two months from the date of allotment i.e. September 24, 2021.	66,654	66,654	7,500	4,999	4,999	100%
11.30% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1lakh each redeemable at par at the end of Sixty months from the date of allotment i.e. December 20, 2021.	6,330	6,330	1,00,000	6,330	6,330	100%
11.50% Seniorly Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021.	75	75	10,00,000	750	750	100%
EIR adjustments				2,156	1,946	
Total				**90,434**	**1,09,553**	

Notes to Non convertible debentures (Secured)

(a) Non convertible debentures are secured against hypothecation of all the underlying receivables/book debts to the extent 1.0/1.05/1.10/1.25 times of the principal loan amount.

(b) The Secured Listed Non-Convertible Debentures of the Company are fully secured by way of a first ranking, exclusive and continuing charge on identified receivables created pursuant to the deed of hypothecation as identified by the Company except for three debentures where additional pari-passu charge has been created by way of mortgage of immovable property.

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** Redeemable non- convertible debentures (Unsecured) (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2023	As at March 31, 2022		As at March 31, 2023	As at March 31, 2022	
12.164% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of Seventy two months from the date of allotment i.e. December 24, 2021.	300	300	10,00,000	3,000	3,000	NA
12.11% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,000	7,000	NA
11.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 5 lakh each redeemable at par at the end of 12 months 1days from the date of allotment i.e. September 26, 2022	350	-	5,00,000	1,750	-	NA
12.20% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 7.5 lakh each redeemable at par at the end of 24 months from the date of allotment i.e. September 26, 2022	600	-	7,50,000	4,500	-	NA
10% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of 44 months and 4 days from the date of allotment i.e. November 4, 2022.	4,076	-	1,00,000	4,076	-	NA
EIR adjustments				178	124	
Total				20,504	10,124	

Compulsorily Convertible Preference Shares ('CCPS') (FVTPL)

Terms	Number of CCPS		Face value	Amount in Lakhs		Charge details
	As at March 31, 2023	As at March 31, 2022		As at March 31, 2023	As at March 31, 2022	
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)		1,94,18,612	10.00		22,865	0%
0%, 8492469 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	84,92,469	84,92,469	10.00	10,000	10,000	0%
0%, 10808723 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,08,08,723	1,08,08,723	10.00	12,727	12,727	0%
0%, 2717622 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	27,17,622	27,17,622	10.00	3,200	3,200	0%
EIR adjustments				348	1,413	
Total				26,275	50,205	

Notes to Non convertible debentures

(a) No non-convertible debentures are guaranteed by directors and / or others.

(b) During the period presented, there were no defaults in the repayment of principal and interest.

Terms	Number of CCD		Face value	Amount in Lakhs		Charge details
	As at March 31, 2023	As at March 31, 2022		As at March 31, 2023	As at March 31, 2022	
15% Cumulative Compulsorily Convertible Debentures of face value of Rs. 10 each convertible at conversion rate the end of Eighty four months from the date of allotment i.e. November 23, 2021.	15,00,00,000	15,00,00,000	10.00	15,000	15,000	0%
EIR adjustments				795	795	
Total				15,795	15,795	

Note: terms of conversion for CCPS

The Company has applied to the RBI for the approval of conversion of CCPS into equity.

Note: terms of conversion for CCD

Mandatory conversion

All the CCDs shall mandatorily convert into equity shares on the earlier of the following dates:

(a) Where the Company is undertaking an Initial Public Offer ('IPO'), on the investor business day immediately preceding the date of filing of the red herring prospectus with SEBI in connection with such IPO; or

(b) the final maturity date.

Voluntary Conversion

Without prejudice to the mandatory conversion events, DEG and/or any holder shall have right, exercisable by issuing a notice in writing to the Company, to convert such number of CCDs as specified in such notice, into equity shares in the following manner and on the following dates:

(a) at any time with the consent of the Company, on such date as may be mutually agreed with the Company; or

(b) in the event that DEG and/or any holder transfer their CCDs in accordance with the provisions of the shareholder's agreement on the date immediately prior to the date of consummation of the transfer of the securities.

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Note 16: **Borrowings other than debt securities** *(at amortised cost)* **(In Rs. Lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Term loans (secured)*		
Banks	3,41,260	2,86,278
Financials institutions	81,634	46,285
Non banking financial companies	58,663	15,276
External commercial borrowings**	26,557	42,802
Term loans (unsecured)		
External commercial borrowings**	6,180	11,409
Borrowings from Securitisation arrangement (secured)		
Securitisation transactions	4,838	363
Total	**5,19,132**	**4,02,413**
Borrowings in India	4,89,018	3,48,202
Borrowings outside India	30,114	54,211
Total	**5,19,132**	**4,02,413**

For term loans maturity refer note 17.1 (March, 2022 : 17.2).

*Term loans are secured against hypothecation of all the underlying receivables/ loan assets/ book debts to the extent 1.0/ 1.05/ 1.10/1.11/1.12/1.15 times of the principal loan amount and margin money deposits. These secured term loans are repayable in equated principal plus interest as well as in equated instalments carrying interest rate ranging from 5.15% to 12.75% (March 31, 2022: 6.38% - 12.50%).

**External commercial borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05/1.10 times of the principal loan amount. These secured term loans are repayable in bullet payments/semi annual payments carrying interest rate ranging from 10.00% - 12.35% (March 31, 2022: 10.00% - 12.78%).

During the periods presented, there were no defaults in the repayment of principal and interest.

The Company has not been declared wilful defaulter by any bank or financial institution.
There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

Borrowings under securitisation arrangements
Represents securities issued by the special purpose vehicles ('SPVs') to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 9.00% & 12.00%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities with a corresponding debit to loans and advances.

Utilisation of borrowings
Term loans were applied for the purpose for which the loans were obtained, other than INR 83,797 lakh which remain unutilized as at 31st March 2023 out of which term loan amounting to INR 30,697 lakhs were received towards the end of the year. The company has temporarily invested such unutilized balance in fixed deposit as at 31st March 2023.

Note 17: **Subordinated liabilities** *(at amortised cost)* **(In Rs. Lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Subordinate debt (unsecured)- debentures*	30,214	30,650
Subordinate debt (unsecured)- term loans#	2,500	2,500
Total	**32,714**	**33,150**
Borrowings in India	13,897	14,387
Borrowings outside India	18,817	18,763
Total	**32,714**	**33,150**

For subordinated liabilities maturity refer note 17.1 (March, 2022 : 17.2).

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.29% to 14.50% p.a. (March 31, 2022: 12.21% - 14.90% p.a.)
#Subordinate debt term loans are repayable in bullet payment carrying interest rate of 13.5% p.a.(March 31, 2022: 13.5% - 16.5% p.a.)
No subordinated debts is guaranteed by directors and /or others.
During the period presented there were no defaults in the repayment of principal and interest.

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

Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	March 31, 2023	March 31,		March 31, 2023	March 31, 2022
13.10% Unsecured Redeemable, Non - Convertible Debentures of	2,000	-	1,00,000	2,000	-
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 29, 2016.	-	250	10,00,000		2,500
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 24 2017	34,000	34,000	10,000	3,400	3,400
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 27 2018	150	150	10,00,000	1,500	1,500
12.87% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. May 2 2019	30,00,000	30,00,000	100	3,000	3,000
13% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from the date of allotment i.e. March 24 2020	396	396	10,00,000	3,960	3,960
12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from the date of allotment i.e. February 18 2028	28,500	28,500	25,000	7,125	7,125
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. March 31 2020	340	340	10,00,000	3,400	3,400
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 27, 2020	15,000	15,000	10,000	1,500	1,500
12.30% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021	449	449	10,00,000	4,490	4,490
EIR adjustments				(161)	(225)
Total				30,214	30,650

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

(In Rs. Lakhs)

Terms of term loan	Rate	As at March 31, 2023	As at March 31, 2022
13.5% Unsecured term loan, having tenure of 66 months, maturing on September 1st, 2023.	13.50%	2,500	2,500
Total		2,500	2,500

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Note 17.1 Terms of repayment of borrowings as on March 31, 2023

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	5.15%-12.69%	1,148	1,68,403	498	72,044	45	13,966	-	-	-	-	-	-	2,54,413
Above 3 years		-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly total		**1,148**	**1,68,403**	**498**	**72,044**	**45**	**13,966**	-	-	-	-	-	-	**2,54,413**
Quarterly														
0-3 years	6.60%-12.25%	171	1,29,235	123	86,626	18	15,809	-	-	-	-	-	-	2,31,670
Above 3 years		-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly total		**171**	**1,29,235**	**123**	**86,626**	**18**	**15,809**	-	-	-	-	-	-	**2,31,670**
Half yearly														
0-3 years	9.68%-12.75%	16	15,624	16	21,271	-	-	-	-	-	-	-	-	36,895
Above 3 years		-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly total		**16**	**15,624**	**16**	**21,271**	-	-	-	-	-	-	-	-	**36,895**
Annually														
0-3 years	11.50%-12.00%	2	1,789	-	-	-	-	-	-	-	-	-	-	1,789
Annually total		**2**	**1,789**	-	-	-	-	-	-	-	-	-	-	**1,789**
Bullet														
0-3 years	11.00%-13.99%	8	33,821	3	6,964	6	20,494	-	-	-	-	-	-	61,279
Above 3 years	10.60%-14.50%	-	795	2	10,351	3	15,689	8	23,497	7	12,775	2	6,964	70,071
Bullet total		**8**	**34,616**	**5**	**17,315**	**9**	**36,183**	**8**	**23,497**	**7**	**12,775**	**2**	**6,964**	**1,31,350**
Grand total		**1,345**	**3,49,667**	**642**	**1,97,256**	**72**	**65,958**	**8**	**23,497**	**7**	**12,775**	**2**	**6,964**	**6,56,117**

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1:1, 1.05:1, 1.1:1, 1.25:1 in favour of the debenture holders.

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

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

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Notes to the Standalone financial statements for the year ended March 31, 2023

Note 17.2 Terms of repayment of borrowings as on March 31, 2022

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	
Monthly														
0-3 years	5.15%-12.50%	1,062	1,43,092	423	72,905	47	10,278	-	-	-	-	-	-	2,26,275
Above 3 years	9.45%-12.30%	27	4,241	3	406	-	-	-	-	-	-	-	-	4,647
Monthly total		**1,089**	**1,47,333**	**426**	**73,311**	**47**	**10,278**	-	-	-	-	-	-	**2,30,922**
Quarterly														
0-3 years	7.50%-12.25%	71	46,095	62	38,862	29	11,539	-	-	-	-	-	-	96,496
Above 3 years	10.00%-10.75%	4	2,652	3	1,761	-	-	-	-	-	-	-	-	4,413
Quarterly total		**75**	**48,747**	**65**	**40,623**	**29**	**11,539**	-	-	-	-	-	-	**1,00,909**
Half yearly														
0-3 years	7%-12.75%	3	9,740	3	4,810	3	9,459	-	-	-	-	-	-	24,009
Above 3 years	9.68%-12.49%	16	12,578	13	9,723	13	11,794	-	-	-	-	-	-	34,095
Half yearly total		**19**	**22,318**	**16**	**14,533**	**16**	**21,253**	-	-	-	-	-	-	**58,104**
Annually														
0-3 years	11.50%-12.00%	2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Annually total		**2**	**1,835**	**2**	**1,739**	-	-	-	-	-	-	-	-	**3,574**
Bullet														
0-3 years	9.50%-12.78%	11	31,979	3	13,915	-		-	-	-	-	-	-	45,894
Above 3 years	10.50%-16.50%	5	21,368	5	16,981	7	17,821	6	25,826	7	23,475	5	8,191	1,13,662
Bullet total		**16**	**53,347**	**8**	**30,896**	**7**	**17,821**	**6**	**25,826**	**7**	**23,475**	**5**	**8,191**	**1,59,556**
Grand total		**1,201**	**2,73,580**	**517**	**1,61,102**	**99**	**60,891**	**6**	**25,826**	**7**	**23,475**	**5**	**8,191**	**5,53,065**

A. Debentures
Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1:1,1.05:1,1.1:1,1.25:1 in favour of the debenture holders.

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

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

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Note 17.3: Other financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Insurance premium payable	1,085	1,748
Employee dues	1,659	1,753
Payable towards securitisation transaction	23,856	9,274
Other payable*	1,028	732
Lease liability for Right of use assets	589	323
Total	28,217	13,830

* consists of payable to vendors

Note 17.4: Other non-financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	724	543
Total	724	543

Note 18: Provisions

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits:		
Gratuity (refer note 33)	409	484
Leave encashment and availment- Compensated absences	914	702
Total	1,323	1,186

Note 19: Equity Share Capital

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

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
11,39,00,000 (March 31, 2022: 8,30,00,000) equity shares of Rs.10/- each	11,390	8,300
2,51,00,000 (March 31, 2022: 5,60,00,000) preference shares of Rs.10/- each	2,510	5,600
	13,900	13,900
Issued and subscribed		
9,22,27,855 (March 31, 2022: 7,28,95,160) equity shares of Rs.10/- each (in Rs Lakhs)	9,223	7,289
	9,223	7,289
Fully paid up		
8,80,93,843 (March 31, 2022: 6,87,61,148) equity shares of Rs.10/- each (in Rs Lakhs)	8,809	6,876
	8,809	6,876
Partly paid up		
41,34,012 (March 31, 2022: 41,34,012) equity shares of Rs.0.09/- each (in Rs Lakhs)	4	4
Total Paid up	8,813	6,880

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

Particulars	In Nos.	Amount in Rs. Lakhs
As at March 31, 2021	6,87,15,948	6,872
Issued during the year	41,79,212	8
As at March 31, 2022	7,28,95,160	6,880
Issued during the year	1,93,32,695	1,933
As at March 31, 2023	9,22,27,855	8,813

Terms/ rights attached to equity shares

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% of holding in the class	No. of shares held	% of holding in the class
Equity shares of Rs.10 each fully paid				
Gobinda Chandra Pattanaik	80,00,546	8.67%	80,00,546	10.98%
Belgian Investment Company for Developing Countries NV - SA	95,27,723	10.33%	95,27,723	13.07%
Oikocredit Ecumenical Development Cooperative Society U.A.	75,40,536	8.18%	75,40,536	10.34%
Women's World Banking Capital Partners, LP	58,00,000	6.29%	58,00,000	7.96%
Bamboo Financial Inclusions Fund II	46,45,695	5.04%	46,45,695	6.37%
Oman India Joint Investment Fund II	1,80,48,942	19.57%	1,80,48,942	24.76%
Asian Development Bank	1,16,88,702	12.67%	1,16,88,702	16.03%
Nuveen Global Impact Fund India S.A.R.L	1,33,51,410	14.48%	-	0.00%
Societe De Promotion Et De Participation Pour La Cooperation Economique S.A.	59,70,985	6.47%	-	0.00%
Total	8,45,74,539		6,52,52,144	
Compulsory convertible preference shares of Rs. 10 each fully paid				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	11.99%	30,00,000	6.75%
Nuveen Global Impact Fund India S.A.R.L (*)	-	-	1,94,18,612	43.70%
Accion Gateway Fund LLC (Sr A1 CCPS) (*)	84,92,469	33.94%	84,92,469	19.11%
ESF Holdings II (Sr A1 CCPS) (*)	1,08,08,723	43.20%	1,08,08,723	24.32%
Oikocredit Ecumenical Development Cooperative Society U.A.(Sr A1 CCPS) (*)	27,17,622	10.86%	27,17,622	6.12%
Total	2,50,18,814		4,44,37,426	

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

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 15.

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) of the Company, please refer Note 35.1 and 35.2.

Shareholding of promoters

Sr. No.	Promoter's name	As at March 31, 2023		As at March 31, 2022	
		No of shares	% of total shares	No of shares	% of total shares
1	Gobinda Chandra Pattanaik	80,00,546	8.67%	80,00,546	10.98%
2	Dibyajyoti Pattanaik	17,19,805	1.86%	17,19,805	2.36%

Information regarding issue of shares in the last five years

a. The Company has not issued any shares without payment being received in cash.
b. The Company has not issued any bonus shares.
c. The Company has not undertaken any buyback of shares.

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Note 20: Instruments entirely equity in nature

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Compulsorily convertible preference shares (30,00,000 preference shares (March 31, 2022: 30,00,000 preference shares) of Rs 10 each fully paid up)	300	300
Total	**300**	**300**

Compulsorily convertible preference shares (CCPS) will be convertible at par at the option of the holder of the instrument and the dividend is at the discretion of board of directors, on account of which the Company has this instruments as equity.

Note 21: Other equity

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	5,202	4,548
Securities premium	73,674	39,919
Stock option outstanding	1,292	1,298
Retained earnings	20,283	17,620
Other comprehensive income	11,267	8,824
Total	**1,11,718**	**72,209**

(In Rs. Lakhs)

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Amount
Balance as at April 1, 2021	**4,205**
Transfer from retained earnings	343
Balance as at March 31, 2022	**4,548**
Transfer from retained earnings	654
Balance as at March 31, 2023	**5,202**

(In Rs. Lakhs)

Securities premium	Amount
Balance as at April 1, 2021	**40,076**
Share issue / debenture issues expenses	(187)
ESOP exercised	30
Balance as at March 31, 2022	**39,919**
Issue of shares	33,822
Share issue / debenture issues expenses	(86)
ESOP exercised	19
Balance as at March 31, 2023	**73,674**

(In Rs. Lakhs)

Stock option outstanding	Amount
Balance as at April 1, 2021	**1,295**
Amortisation of vesting expenses of employee stock option plan	33
ESOP exercised	(30)
Balance as at March 31, 2022	**1,298**
Amortisation of vesting expenses of employee stock option plan	10
ESOP exercised	(16)
Balance as at March 31, 2023	**1,292**

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(In Rs. Lakhs)

Retained Earnings	Amount
Balance as at April 1, 2021	**16,220**
Profit for the year	1,713
Other comprehensive income	30
Transfer to statutory reserve	(343)
Balance as at March 31, 2022	**17,620**
Profit for the year	3,272
Other comprehensive income	45
Transfer to statutory reserve	(654)
Balance as at March 31, 2023	**20,283**

(In Rs. Lakhs)

Other items of Comprehensive Income (Fair valuation on portfolio & hedging)	Amount
Balance as at April 1, 2021	**7,292**
Other comprehensive income	1,532
Balance as at March 31, 2022	**8,824**
Other comprehensive income	2,443
Balance as at March 31, 2023	**11,267**

21.1 **Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)**

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act,1934.

21.2 **Securities premium reserve**

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

21.3 **Stock option outstanding**

The Company has established various equity settled share-based payment plans for certain categories of employees of the Company. See Note 35.1 and 35.2 for further details on these plans.

21.4 **Retained earnings**

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

21.5 **Other comprehensive income**

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

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Note 22: Interest income

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023			For the year ended 31 March, 2022		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest income on loans	1,09,153	5,170	1,14,323	64,575	28,779	93,354
Interest income on fixed deposits with Banks	-	6,424	6,424	-	5,648	5,648
Interest income on margin money deposits with NBFC/FI	-	90	90	-	79	79
Interest income on others	-	59	59	-	63	63
Total	1,09,153	11,743	1,20,896	64,575	34,569	99,144

Note 23.1: Fees and commission income

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Loan portfolio servicing fees	24	94
Total	24	94

Note 23.2: Net gain on fair value changes*

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Net gain on financial instruments at fair value through profit or loss	1,111	314
Total	1,111	314
Total fair value changes:		
- Realised	1,111	314
- Unrealised	-	-
Total	1,111	314

*includes fair value changes for mutual fund.

Note 23.3: Net gain on assignment transactions

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Net gain on assignment transactions*	33,747	15,164
Total	33,747	15,164

* represents net gain accounted on derecognition of loans (assignment transactions) during the year designated at FVOCI

Note 24: Other income

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Net gain on derecognition of property, plant and equipment	-	10
Bad debt recovery	337	188
Miscellaneous income	842	363
Total	1,179	561

Note 25: Finance costs

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023			For the year ended 31 March, 2022		
	Interest expenses on financial liabilities classified at amortised cost	Interest expenses on financial liabilities classified at fair value through profit or loss	Total	Interest expenses on financial liabilities classified at amortised cost	Interest expenses on financial liabilities classified at fair value through profit or loss	Total
Interest on debt securities	14,084	2,164	16,248	17,419	2,003	19,422
Interest on borrowings other than debt securities	45,496	-	45,496	31,988	-	31,988
Interest on subordinated liabilities	4,252	-	4,252	4,597	-	4,597
Interest on lease liabilities	56	-	56	16	-	16
Other borrowing costs*	479	-	479	333	-	333
Total	64,367	2,164	66,531	54,353	2,003	56,356

* consists of credit rating fees, bank charges, etc.

Note 26: Impairment of Financial instruments

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023			For the year ended 31 March, 2022		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Impairment on loan portfolio (own portfolio)	19,103	13,333	32,436	15,974	3,297	19,271
Impairment on loan portfolio (managed portfolio)	-	-	-	112	-	112
Impairment on insurance receivable	-	254	254	-	-	-
Impairment on investments in SRs	3,494	-	3,494	-	-	-
Total	22,597	13,587	36,184	16,086	3,297	19,383

Note 27: Employee benefit expenses

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Salaries and wages*	35,035	25,851
Contributions to provident fund and other funds	2,152	1,595
Gratuity expense (refer note 33)	479	379
Expenses on employee stock option plan (refer note 35.1 and 35.2)	10	33
Staff welfare expenses	1,386	940
Total	39,062	28,798

* The Company has claimed grants from NATS of Rs.234.08 lakhs against stipend expenses on the trainees registered with NATS of India. The grants has been set off against the stipend of trainees.

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Note 28: Depreciation and amortisation expenses

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Depreciation on property, plant and equipment	1,086	818
Amortisation on intangible assets	158	288
Total	1,244	1,106

Note 29: Other expenses

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Rent, taxes and energy costs	2,720	2,149
Office maintenance	700	461
Office expenses	1,137	741
Director fees, allowance and expenses	23	20
Travelling and conveyance	605	162
Communication expenses	395	309
Printing and stationery	585	375
Legal and professional fees	1,024	1,269
Auditor's fees and expenses (refer note 29.1 below)	194	140
Insurance	76	61
Provision and other contingencies*	-	272
Advertisement	15	12
Training and meeting expenses	623	494
Electricity charges	242	224
Corporate social responsibility expenses (refer note 29.2 below)	121	161
Miscellaneous expense	1,058	409
Total	9,518	7,259

Note 29.1: Auditor's fees and expenses

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
As auditor:		
Audit fee (excluding taxes)	110	73
Tax audit fee	-	-
Limited review fee	65	52
Other services (certification fees etc.)	19	15
Total	194	140

Note 29.2: Corporate social responsibility

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
(a) Amount required to be spent by the Company during the year	84	127
(b) Amount spent during the year		
(i)Construction/ acquisition of any assets	-	-
(ii)Corporate social responsibility expenses	121	161
(c) Details of related party transactions	-	-
(d) Shortfall at the end of the year	-	-
(e) Total of previous years shortfall	-	-
(f) Reason for shortfall	-	-

Note 29.3: Excess amount spent as per Section 135 (5) of the Companies Act, 2013

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Opening Balance**	-	-
Amount required to be spent during the year	84	127
Amount spent during the year	121	161
Closing balance - excess amount spent	37	34

**brought forward CSR obligation of financial year 2021-22 is NIL

Note 29.4: Details of ongoing projects for financial year 2022-23

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Opening Balance	-	-
Amount required to be spent during the year	67	67
Amount spent during the year	67	79
Closing balance - excess amount spent	-	12

Nature of CSR expenses :
Promoting integrated development in all spheres of community life with special emphasis on weaker and vulnerable groups such as women, children, elderly people including skill development.

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Note 30: Earnings per share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax as per the statement of profit and loss (In Rs. Lakhs)	3,272	1,713
Weighted average number of ordinary shares for basic earnings per share (Nos.)	**8,31,81,015**	**7,17,30,256**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	39,92,949	39,42,065
Compulsorily convertible preference shares (Nos.)	67,78,773	-
Partly paid shares (Nos.)	40,96,705	3,47,939
Weighted average number of ordinary shares adjusted for effect of dilution (Nos.)	**9,80,49,442**	**7,60,20,260**
Earnings per share		
Basic earnings per share (Rs.)	3.93	2.39
Diluted earnings per share (Rs.)	3.34	2.25
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

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

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

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

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Securitisations		
Carrying amount of transferred assets measured at FVOCI	4,838	363
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,838	363
Fair value of transferred assets	4,838	363
Fair value of associated liabilities	4,838	363
Net position at fair value	-	-

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Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

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

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	1,268	882
Current service cost	460	357
Interest cost	90	63
Past service cost	-	-
Benefits settled	(47)	(25)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(73)	(10)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	8	1
Transfer in	-	-
Obligation at the end of the year	**1,706**	**1,268**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	784	475
Interest income on plan assets	71	41
Re-measurement- actuarial gain / (loss)	1	(11)
Return on plan assets recognised in other comprehensive income	-	-
Contributions	488	304
Benefits settled	(47)	(25)
Plan assets at the end of the year, at fair value	**1,297**	**784**
Net defined benefit liability	**409**	**484**

33.2 Expense recognised in profit or loss

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	460	357
Interest cost	90	63
Interest income	(71)	(41)
Net gratuity cost	**479**	**379**

33.3 Re-measurement recognised in other comprehensive income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(73)	(10)
- Changes in financial assumptions	8	1
Re-measurement of the net defined benefit asset		
Return on plan assets (greater) / less than discount rate	1	(11)
Total Actuarial (gain)/ loss included in OCI	**(64)**	**(20)**

33.4 Plan assets

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Funds managed by insurer (LIC, HDFC Life Insurance, Kotak life insurance and ICICI Prudential Life Insurance)	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.40%	7.10%
Future salary growth	7.00%	7.00%
Expected Rate of Return on Plan Assets	7.40%	7.10%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Mortality rate	IALM (2012-14) Table Ultimate	IALM (2012-14) Table Ultimate
Retirement Age (in years)	58	58
Average Future Service (in years)	28.86	28.88

33.6 Sensitivity analysis

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

(In Rs. Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,519	1,937	1,121	1,442
Future salary growth (1% movement)	1,935	1,515	1,442	1,118
Attrition rate (1% movement)	1,701	1,713	1,255	1,276
Mortality rate (10% movement)	1,705	1,704	-	-

33.7 Expected payment for future years

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	67	43
Between 2 and 5 years	25	218
Between 5 and 10 years	86	536
Total expected payments	**178**	**797**

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Note 34: Related party transactions

Name of the related parties (as per Ind AS 24) (Refer Note (a) below)

Relationship	Name of the party
(i) Key management personnel	Mr. Gobinda Chandra Pattanaik - Managing Director Mr. Dibyajyoti Pattanaik - Director Ms. Christina Stefanie Juhasz - Nominee Director Ms. Laetitia Counye - Nominee Director (Resigned with effect from April 18, 2022) Mr. Ranganathan Varadarajan Dilip Kumar - Nominee Director Mr. Prakash Kumar - Nominee Director (Resigned with effect from September 28, 2022) Mr. Sunit Vasant Joshi - Nominee Director Mr. Venkiteswaran Mecherimadam Ramakrishnan - Nominee Director Ms. Radhika Jayant Sharoff - Nominee Director Mr. Abhishek Agarwal - Nominee Director Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director Mr. Arup Kumar - Nominee Director (with effect from September 28, 2022) Mr. Guillaume Accarain -Nominee Director (with effect from April 18, 2022) Mr. Pushkar Jauhari -Nominee Director (with effect from May 27, 2022) Mr. Satish Chava - nominee Director(till March 03, 2022)
(ii) Subsidiary Company	Annapurna SME Finance Private Limited (incorporated on December 18, 2020)
(iii) Trust	Annapurna Employees Welfare Trust (the 'Trust')

Related Party transactions during the year:

(In Rs. Lakhs)

Particulars	For the year ended March 31. 2023	For the year ended March 31. 2022
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	268	200
Mr. Dibyajyoti Pattanaik	125	101
	393	**301**
Sitting fees paid		
Mr. Ashok Ranjan Samal	10	8
Mr.K.K. Tiwary	6	6
Mr. Sean Leslie Nossel	7	6
	23	**20**
Long term benefits#	-	-
Post - employment benefit#	-	-

Outstanding balances at the year end:	As at March 31, 2023	As at March 31, 2022
(i) Subsidiary Company		
Investment in Annapurna SME Finance Private Limited	500	500
(ii) The Trust		
Loan to the Trust	99	76
Equity shares of the Company held by the Trust	92	72

Does not include gratuity and compensated absences as these are provided on the company as a whole.

Note:

a) Related parties have been identified on the basis of the declaration received by the Company and other records available.

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

c) All transactions with related parties are priced at arm's length and are in the ordinary course of business.

d) The remuneration of Mr. Gobinda Chandra Pattanaik and Mr. Dibyajyoti Pattanaik is determined by the Nomination and Remuneration Committee.

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Note 35.1 **Employees stock option plan (ESOP)**

The Company provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2021 are ESOP Series- A and ESOP - Series -B.

Particulars	Series A	Series B (i)	Series B (ii)
Date of grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of board approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of shareholder's approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of options expected to exercise within the vesting period	8,16,214	4,16,119	20,83,304
Exercise price per share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting conditions	Performance milestones as set out in shareholder agreement dated June 29, 2012	Performance milestones as set out in shareholder agreement dated March 19, 2014	Performance milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

Series A

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	8,16,214	-
Adjustment of opening:	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

Series B

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	24,99,423	5.00
Adjustment of opening:	-	-	-	-
Granted during the year	-	-		-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

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

Particulars	As at March 31, 2023	As at March 31, 2022
Stock options outstanding (gross)	1,292	1,298
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	**1,292**	**1,298**

The Stock option outstanding contains of Rs 544 lakhs for ESOP (A & B) as on March 31, 2023 (March 31, 2022: Rs. 544 lakhs).

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

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Note 35.2 Employee stock option plan (ESOP)

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

Description	Grant - 2	Grant - 1
Date of grant	01 July 2018	01 July 2017
Date of board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of settlement	Equity	Equity
Graded vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		
The vested options can be exercised within a period of 5 years as per the table below:		

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

Vesting conditions	Continuous service with the Company and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (Rs.)	49	41

The details of activity under the plan 2017 are summarized below:

Grant 1

Description	March 31, 2023 (No. of options)	March 31, 2022 (No. of options)
Outstanding at the beginning of the year	9,05,700	9,52,800
Granted during the year	-	-
Forfeited during the year	18,800	16,100
Exercised during the year	7,700	31,000
Outstanding at the end of the year	8,79,200	9,05,700
Exercisable at the end of the year	8,79,200	9,05,700
Weighted average remaining contractual life of options (years)	-	-
Weighted average share price during the exercise period (Rs.)	41	41

Grant 2

Description	March 31, 2023 (no. of options)	March 31, 2022 (no. of options)
Outstanding at the beginning of the year	4,09,900	4,32,600
Granted during the year	-	-
Forfeited during the year	17,200	8,700
Exercised during the year	2,700	14,000
Outstanding at the end of the year	3,90,000	4,09,900
Exercisable at the end of the year	3,90,000	4,09,900
Weighted average remaining contractual life of options (years)	-	-
Weighted average share price during the exercise period (Rs.)	49	49

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

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

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

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Note 36 **Asset liability management:**

Maturity pattern of assets and liabilities as on March 31, 2023:

(In Rs. Lakhs)

Particulars	1 to 7 days	8 to 14 days	15 days to 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities											
Borrowings	10,271	7,640	26,615	31,668	32,340	1,27,230	1,44,943	2,65,401	36,781	21,964	**7,04,853**
Assets											
Advances (gross)	17,007	9,312	9,843	31,044	30,169	90,958	1,73,091	2,55,660	14,657	18,860	**6,50,601**
Investment in fixed deposit	5,432	24,296	8,379	4,482	4,842	10,925	21,657	34,217	-	-	**1,14,230**

Maturity pattern of assets and liabilities as on March 31, 2022:

(In Rs. Lakhs)

Particulars	1 to 7 days	8 to 14 days	15 days to 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities											
Borrowings	4,039	6,547	14,449	23,335	21,223	1,27,177	1,28,265	2,23,360	49,604	23,241	**6,21,240**
Assets											
Advances (gross)	22,394	12,299	13,289	27,694	35,100	1,14,647	1,29,783	1,64,235	9,606	11,684	**5,40,731**
Investment in fixed deposit	20,541	37,112	9,439	9,468	16,423	13,149	21,499	24,343	1,115	-	**1,53,089**

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Note 37: Maturity analysis of assets and liabilities

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

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2023			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	75,679	-	**75,679**
(b) Bank balance other than (a) above	52,338	31,696	**84,034**
(c) Derivative financial instruments	2,187	-	**2,187**
(d) Receivables	-	-	-
(i) Trade receivables	-	-	-
(ii) Other receivables			
(e) Loans	3,61,678	2,70,947	**6,32,625**
(f) Investments	-	10,049	**10,049**
(g) Other financial assets	28,008	11,792	**39,800**
Subtotal - Financial assets (A)	**5,19,890**	**3,24,484**	**8,44,374**
(2) Non-financial Assets			
(a) Current tax assets (net)	-	4,007	**4,007**
(b) Deferred tax assets (net)	-	2,828	**2,828**
(c) Property, plant and equipment	937	1,449	**2,386**
(d) Intangible assets	264	158	**422**
(e) Other non-financial assets	2,817	951	**3,768**
Subtotal - Non- financial assets (B)	**4,018**	**9,393**	**13,411**
Total Assets (A+B)	**5,23,908**	**3,33,877**	**8,57,785**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	-	-	-
(b) Payables			
(I) Trade Payables			
(i)Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	1,836	-	**1,836**
(c) Debt securities	64,202	88,806	**1,53,008**
(d) Borrowings (other than debt securities)	3,08,908	2,10,224	**5,19,132**
(e) Subordinated liabilities	7,599	25,115	**32,714**
(f) Other financial liabilities	27,801	416	**28,217**
Subtotal - Financial liabilities (A)	**4,10,346**	**3,24,561**	**7,34,907**
(2) Non-financial liabilities			
(a) Provisions	528	795	**1,323**
(b) Other non-financial liabilities	724	-	**724**
Subtotal - Non - financial liabilities (B)	**1,252**	**795**	**2,047**
(3) Equity			
(a) Equity share capital	-	8,813	**8,813**
(b) Instruments entirely equity in nature	-	300	**300**
(c) Other equity	-	1,11,718	**1,11,718**
Subtotal - Equity (C)	**-**	**1,20,831**	**1,20,831**
Total Liabilities and Equity (A+B+C)	**4,11,598**	**4,46,187**	**8,57,785**

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(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2022			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	95,134	-	**95,134**
(b) Bank balance other than (a) above	34,129	60,760	**94,889**
(c) Derivative financial instruments	1,355	-	**1,355**
(d) Receivables	-	-	**-**
(i) Trade receivables	5	-	**5**
(ii) Other receivables			
(e) Loans	3,55,206	1,41,476	**4,96,682**
(f) Investments	-	500	**500**
(g) Other financial assets	13,481	4,846	**18,327**
Subtotal - Financial assets (A)	**4,99,310**	**2,07,582**	**7,06,892**
(2) Non-financial Assets			
(a) Current tax assets (net)	-	2,251	**2,251**
(b) Deferred tax assets (net)	-	4,810	**4,810**
(c) Property, plant and equipment	703	1,084	**1,787**
(d) Intangible assets	98	58	**156**
(e) Other non-financial assets	1,453	712	**2,165**
Subtotal - Non- financial assets (B)	**2,254**	**8,915**	**11,169**
Total Assets (A+B)	**5,01,564**	**2,16,497**	**7,18,061**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	475	-	**475**
(b) Payables			
(I) Trade Payables			
(i)Total outstanding dues of micro enterprises and small enterprises	-	-	
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	1,398	-	**1,398**
(c) Debt securities	87,101	98,576	**1,85,677**
(d) Borrowings (other than debt securities)	2,33,838	1,68,575	**4,02,413**
(e) Subordinated liabilities	2,700	30,450	**33,150**
(f) Other financial liabilities	13,568	262	**13,830**
Subtotal - Financial liabilities (A)	**3,39,080**	**2,97,863**	**6,36,943**
(2) Non-financial liabilities			
(a) Provisions	421	765	**1,186**
(b) Other non-financial liabilities	543	-	**543**
Subtotal - Non - financial liabilities (B)	**964**	**765**	**1,729**
(3) Equity			
(a) Equity share capital	-	6,880	**6,880**
(b) Instruments entirely equity in nature	-	300	**300**
(c) Other equity	-	72,209	**72,209**
Subtotal - Equity (C)	**-**	**79,389**	**79,389**
Total Liabilities and Equity (A+B+C)	**3,40,044**	**3,78,017**	**7,18,061**

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Note 38: Changes in liability arising from financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2022	Cash flows	Other	As at March 31, 2023
Debt securities	1,85,483	(9,004)	(23,472)	1,53,007
Borrowings other than debt securities	4,02,413	1,16,074	646	5,19,133
Subordinated liabilities	33,150	(500)	64	32,714
Lease liabilities	323	(194)	459	588
Total liabilities from financing activities	**6,21,369**	**1,06,376**	**(22,303)**	**7,05,442**

(In Rs. Lakhs)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt securities	1,73,854	11,629	-	1,85,483
Borrowings other than debt securities	2,82,307	1,20,106	-	4,02,413
Subordinated liabilities	32,275	875	-	33,150
Lease liabilities	35	(78)	366	323
Total liabilities from financing activities	**4,88,471**	**1,32,532**	**366**	**6,21,369**

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Note 39: Financial instruments – fair values

39.1 Accounting classification and fair values:

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

Fair value hierarchy

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

(In Rs. Lakhs)

As at March 31, 2023	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	75,679	75,679
(b) Bank balance other than (a) above	-	-	84,034	84,034
(c) Derivative financial instruments	-	2,187	-	2,187
(d) Receivables				
(i) Trade receivables	-	-	-	-
(ii) Other receivables	-	-	-	-
(e) Loans		5,79,015	53,610	6,32,625
(f) Investment	500	9,549	-	10,049
(g) Other financial assets	-	-	39,800	39,800
Total - financial assets	**500**	**5,90,751**	**2,53,123**	**8,44,374**
(2) Financial liabilities				
(a) Derivative financial instruments	-	-	-	-
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	1,836	1,836
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	42,070	-	1,10,938	1,53,008
(d) Borrowings (other than debt securities)	-	-	5,19,132	5,19,132
(e) Subordinated liabilities	-	-	32,714	32,714
(f) Other financial liabilities	-	-	28,217	28,217
Total - financial liabilities	**42,070**	**-**	**6,92,837**	**7,34,907**

(In Rs. Lakhs)

As at March 31, 2022	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	95,134	95,134
(b) Bank balance other than (a) above	-	-	94,889	94,889
(c) Derivative financial instruments	-	1,355	-	1,355
(d) Receivables				
(i) Trade receivables	-	-	5	5
(ii) Other receivables	-	-	-	-
(e) Loans	-	4,08,754	87,928	4,96,682
(f) Investment	500	-	-	500
(g) Other financial assets	-	-	18,327	18,327
Total - financial assets	**500**	**4,10,109**	**2,96,283**	**7,06,892**
(2) Financial liabilities				
(a) Derivative financial instruments	-	475	-	475
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			1,398	1,398
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	66,000	-	1,19,677	1,85,677
(d) Borrowings (other than debt securities)	-	-	4,02,413	4,02,413
(e) Subordinated liabilities	-	-	33,150	33,150
(f) Other financial liabilities	-	-	13,830	13,830
Total - financial liabilities	**66,000**	**475**	**5,70,468**	**6,36,943**

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets / liabilities, payables are considered to be the same as their face values, due to their short-term nature.

39.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

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

As at March 31, 2023 **(In Rs. Lakhs)**

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	5,79,015	-	5,79,015	-
Investments	500	9,549	-	-	10,049
Derivative financial instruments	-	2,187	-	2,187	-
Total	**500**	**5,90,751**	**-**	**5,81,202**	**10,049**

As at March 31, 2022 **(In Rs. Lakhs)**

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	4,08,754	-	4,08,754	-
Investments	500	-	-	-	500
Derivative financial instruments		1,355		1,355	-
Total	**500**	**4,10,109**	**-**	**4,10,109**	**500**

As at March 31, 2023 **(In Rs. Lakhs)**

Financial liabilities (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Derivative financial instruments	-	-	-	-	-
Debt securities	42,070	-	-	42,070	-
Total	**42,070**	**-**	**-**	**42,070**	**-**

As at March 31, 2022 **(In Rs. Lakhs)**

Financial liabilities (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Derivative financial instruments	-	475	-	475	-
Debt securities	66,000	-	-	66,000	-
Total	**66,000**	**475**	**-**	**66,475**	**-**

Valuation technique used for Loan Portfolio:

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

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Note 40 Additional disclosures given in terms of Notification dated March 24, 2021 issued by Ministry of Corporate affairs.

(a) Title deed of immovable properties.

The title deed of properties(other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(b) As at March 31, 2023 and as at March 31, 2022, the Company does not have any loans and advances outstanding to promoters, directors, KMPs and the related parties, that are repayable on demand or without specifying any terms of repayment.

(c) The Company has not revalued its property, plant and equipment's (including right-of-use assets) during the current or previous year.

(d) The Company has revalued its intangible assets during the current or previous year.

(e) Capital work in progress & intangible assets under development amounts to Nil as at March 31, 2023 and March 31, 2022.

(f) During the year the Company has not granted loans or advances in the nature of loans to promoters, directors, key managerial personnel's and related parties (as defined under the Act), either severally or jointly with any other person, that are:

(i) repayable on demand or

(ii) without specifying any terms or period of repayment

(g) The Company does not have any Benami property, where any proceeding has been initiated or pending against the company.

(h) The Company has not been sanctioned any working capital limits in excess of Five crores rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, no quarterly returns filed by the Company with the banks or financial institutions.

(i) The Company has not been declared as Wilful Defaulter by any bank or financial institution or any lender.

(j) During FY2023 and FY2022, the Company did not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(k) There is no charge which is yet to be created with ROC. Where any charges or satisfaction yet to be registered with ROC beyond the statutory period, details and reasons thereof shall be disclosed. The Company shall provide the details in relation to each charge or satisfaction that are not registered by the statutory date. Such details may include a brief description of the charges or satisfaction, the location of the Registrar, the period (in days or months) by which such charge had to be registered and the reason for delay in registration.

(l) The Company has complied with the number of layers for investments made as prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(m) (i) The Company has not advanced or loaned or invested (either from borrowed fund or share premium or any other sources or other kinds of funds) to or in any other person or entities, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries');
- or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.

(ii) The Company has not received any funds (which are material either individually or in aggregate) from any person or entity, including foreign entity ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall,

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ('Ultimate Beneficiaries') or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(n) The Company has not traded or invested in crypto currencies during the financial year.

(o) During the year, the Company has not entered into scheme of arrangements.

(p) The Company does not have transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(q) The Company has debt securities from financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with financial institutions are in agreement with the books of accounts.

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Note 40.1: **Ratios**

Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	Variance	Reasons
(a) Debt Equity Ratio	Total Debts	Shareholder's fund	5.83	7.83	-25.50%	Due to conversion of CCPS into equity, shareholder's fund increased which reduced debt equity ratio.
(b) Debt service coverage ratio	-	-	NIL	NIL		
(c) Interest service coverage ratio	-	-	NA	NA		
(d) Outstanding redeemable preference shares (quantity and value)	-	-	-	-		
(e) Debenture redemption reserve/ capital redemption reserve	-	-	NA	NA		
(f) Net worth (Rs in Lakhs) (Total equity)	-	-	1,20,831	79,389	52.20%	The CCPS amounting Rs. has been converted into equity.
(g) Current ratio	-	-	NA	NA		
(h) Long term debt to working capital	-	-	NA	NA		
(i) Bad debts to Account receivable ratio	-	-	NA	NA		
(j) Current liability ratio	-	-	NA	NA		
(k) Total debts to total assets	Total Debts	Total assets	0.82	0.87	-5.02%	
(l) Debtors turnover	-	-	NA	NA		
(m) Inventory turnover	-	-	NA	NA		
(n) Gross stage III (GNPA) loans	Gross Stage-III portfolio	Total gross advances	3.84%	10.03%	-61.72%	The gross stage III loans has been decreased due to loans written off.
(o) Net stage III (NNPA) loans*	Net Stage-III portfolio	Total net advances	1.35%	2.86%	-52.71%	The net NPA (stage III loans) has been decreased due to loans written off.
(p) Provision coverage ratio (PCR)	Stage-III provision	Stage-III portfolio	65.78%	71.49%	-7.98%	
(q) Capital risk adequacy ratio (CRAR)	Tier I and Tier II capital	Risk weighted assets	24.66%	29.78%	-17.21%	
(r) Capital redemption reserve	-	-	NA	NA		
(s) Debenture redemption reserve	-	-	NA	NA		

* Gross and net stage III loans do not include accrued interest of INR 8,893 lakhs as at March 31, 2023 (INR 7,866 lakhs as at March 31, 2022).

Note: Certain ratios/line items marked with remark "NA" are not applicable since the Company is a non banking financial company registered with RBI

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2023

Note 41: Additional disclosures pursuant to the master directions issued by RBI :

A) Information on net interest margin (NIM)

Computation of aggregate margin cap:

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a)	Average interest charged by the Company on loans (%)	-	20.63
b)	Average effective cost of borrowings of the Company (%)	-	10.99
c)	Net interest margin (a-b) (%)	-	9.64

Note:

1 Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to micro-finance institutions Network (the 'MFIN format') read with the FAQs issued by RBI on October 14, 2016 and RBI Circular dated March 13, 2020 on Implementation of Indian Accounting Standards. however, with effect from 1st April 2022, the pricing guidelines has been changed by RBI vide its master circular RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022. hence the net interest margin is not required for the year 2022-23.

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

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

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

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

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

B) Exposure to gold loan

The Company has no exposure to gold loan directly or indirectly.

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

		Particulars	Remarks
1.		Capital to risk (weighted) assets ratio	Refer note no. 41 (D)
2.		Investments	Refer note 9
3.		Derivatives	The Company has entered into cross currency interest rate swaps (refer note 6, 16 and 41.4) The Company has no unhedged foreign currency exposure as on March 31, 2023 and March 31, 2022.
	i)	Forward rate agreement / Interest rate swap	
	ii)	Exchange traded interest rate (IR) derivatives	
	iii)	Disclosures on risk exposure in derivatives	
	iv)	Forward rate agreement/interest rate swap	
4.		Disclosures relating to securitisation	
	i)	Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer note no. 41 (E.1)
	ii)	Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction	Refer note no. 41 (E.3)
	iii)	Details of assignment transactions undertaken by NBFCs	Refer note no. 41 (E.2)
5.		Details of non-performing financial assets purchased / sold	
	i)	Details of non-performing financial assets purchased :	NIL
	ii)	Details of non-performing financial assets sold :	Refer note no. 41 (E.3)
6.		Asset liability management maturity pattern of certain items of assets and liabilities	Refer note no. 36
7.		Exposures	
	i)	Exposure to real estate sector	The Company has no exposure to real estate directly or indirectly.
	ii)	Exposure to capital market	The Company has no exposure to capital market directly or indirectly.
8.		Details of financing of parent Company products	This disclosure is not applicable as the Company does not have any holding or parent Company.

		Particulars	Remarks
9.		Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the NBFC	NA
10.		Unsecured advances	Refer note no. 41 (F)
11.		Miscellaneous	
	i)	Registration obtained from other financial sector regulators	Refer note no. 41 (G)
	ii)	Disclosure of penalties imposed by RBI and other regulators	No penalties were imposed by RBI and other regulators during the current and previous year.
	iii)	Related party transactions	Refer note no. 34
	iv)	Ratings assigned by credit rating agencies and migration of ratings during the year	Refer note no. 41 (H)
	v)	Remuneration of directors	Refer note no. 34
	vi)	Net profit or loss for the period, prior period items and changes in accounting policies	Refer accounting policy
	vii)	Revenue recognition	Refer accounting policy no. 3.2
	viii)	Ind AS 110 - Consolidated Financial Statements (CFS)	The Company prepares consolidated financial statements

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12.	Additional disclosures			
	i)	Provisions and contingencies		Refer note no. 41 (I)
	ii)	Draw down from reserves		There has been no draw down from reserves during the year ended March 31, 2023 (March 31, 2022 : Nil).
	iii)	Concentration of deposits, advances, exposures and NPAs		
		a)	Concentration of deposits (for deposit taking NBFCs)	This disclosure is not applicable as the Company as it is not a deposit taking NBFC.
		b)	Concentration of advances	Refer note no. 41 (J)
		c)	Concentration of exposure	Refer note no. 41 (K)
		d)	Concentration of NPAs	Refer note no. 41 (L)
		e)	Sector-wise NPAs	Refer note no. 41 (M)
		f)	Movement of NPAs	Refer note no. 41 (N)
	iv)	Overseas assets (for those with joint ventures and subsidiaries abroad)		The Company has no exposure or transaction with overseas assets.
	v)	Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)		There are no off balance sheet exposure as on March 31, 2023 and March 31, 2022.
13.	Disclosure of complaints			Refer note no. 41 (O)

D) Capital to Risk-Assets ratio (CRAR)

	Particulars	As at March 31, 2023	As at March 31, 2022
i)	CRAR (%)	24.66%	29.78%
ii)	CRAR - Tier I capital (%)	21.78%	25.07%
iii)	CRAR - Tier II capital (%)	2.88%	4.71%
iv)	Amount of subordinated debt raised as Tier - II capital (In Rs. Lakhs)	32,875	33,375
v)	Amount raised by issue of perpetual debt instruments (In Rs. Lakhs)	15,000	15,000

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

(In Rs. Lakhs)

	Particulars	As at March 31, 2023	As at March 31, 2022
1	No of SPVs sponsored by the NBFC for securitisation transactions	1	1
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the balance sheet date	4,838	360
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet	1357	
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	557	278
	• Others	800	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-

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E.2) The following figures are being reported based on direct assignment undertaken by the Company. (In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Numbers of loans assigned	9,06,347	5,49,260
Aggregate value of accounts sold	3,03,660	1,45,192
Aggregate consideration	3,03,660	1,45,192
Portfolio loan assigned and outstanding as at the year end	2,42,200	1,35,748
Income from direct assignment recognised in the statement of profit and loss	33,747	15,164

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

E.3) The details of stressed loans transferred to ARC and investment made in security receipts (SRs) during the year ended March 31, 2023.

(In Rs. Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) No. of accounts	1,66,593	-
ii) Aggregate principal outstanding of loans transferred	30,747	-
iii) Weighted average residual tenor of the loans transferred (in months)	9	-
iv) Net book value of loans transferred (at the time of transfer)	15,747	-
v) Aggregate consideration	15,000	-
vi) Additional consideration realised in respected of accounts transferred in earlier years	-	-
vii) Excess provision reversed to the profit and loss account on sale of stressed loans	-	-
viii) Investment in SRs *	13,043	-

SRs were received as considerations for the transfer of loans which did not meet the derecognition requirement as per Ind AS 109. Hence, the asset has not been derecognised from the books of account of the Company. However, as the legal form of the asset has changed from loans to investment in SRs, it is accounted under investments.

* SRs currently not rated. SRs will be rated within the timelines as per RBI guidelines.

F) Unsecured Advances (In Rs Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Portfolio loans	5,93,496	4,99,044

G) Registration obtained from other financial sector regulators :

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance) having CIN no. U65999OR1986PTC015931.

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

Particulars	As at 31 March, 2023	As at 31 March, 2022
Term loans	A- (Stable)	A-
Non convertible debentures		
ResponsAbility-I	ICRA A- (Stable)	ICRA A- (STABLE)
RespA+ Karvy 60 crores	CRISIL A- (Stable)	CRISIL A- (Stable)
RespA+Triple Jump	CRISIL A- (Stable)	CRISIL A- (Stable)
ADB	Unrated	Unrated
Union Bank (TLTRO 2.0)	CARE A- (Stable)	CARE A- (Stable)
Symbiotics VI	ICRA A- (Stable)	ICRA A- (Stable)
Indian Bank (TLTRO 2.0)	CARE A- (Stable)	CARE A- (Stable)
Bank of Baroda (TLTRO 2.0)	ICRA A- (Stable) &	ICRA A- (Stable) &
Blue orchard VI	ICRA A- (stable)	ICRA A- (stable)
ResponsAbility-IV	CRISIL A- (Stable)	CRISIL A- (Stable)
Vivriti II	ICRA A- (Stable)	ICRA A- (Stable)
CDC	CARE A (CE)	CARE A (CE)
Global Access Fund LP (Unsecured)	Unrated	Unrated
Global Access Fund LP (Secured)	Unrated	Unrated
Blue orchard-VIII [MEF]	CARE A- (Stable)	CARE A- (Stable)
Blue orchard VII [Covid 19]	CARE A- (Stable)	CARE A- (Stable)
Symbiotic VIII	CRISIL A- (Stable)	CRISIL A- (Stable)
Symbiotics IX	ICRA A- (Stable)	ICRA A- (Stable)
RespA V	CARE A- (Stable)	CARE A- (Stable)
Triodos IV	CARE A- (Stable)	-
Triple Jump-IV	ICRA A- (Stable)	-
Northern Arc MLD	PP-MLD ICRA A-	-
Northern Arc Series I 35 Cr	ICRA A- (Stable)	-
Northern Arc Series II 60 Cr	ICRA A- (Stable)	-
Blue Orchard IX	ICRA A- (Stable)	-
Symbiotics X	ICRA A- (Stable)	-
Symbiotic XI	ICRA A- (Stable)	-
Karvy SD-II NCD	ICRA A- (Stable)	-
IFMR Capital 34 Cr	ICRA A- (Stable)	ICRA A- (Stable)
Northern Arc 15 Cr	ICRA A- (Stable)	ICRA A- (Stable)
Blue Orchard V	-	CRISIL A- (Stable)
Symbiotic V	CARE A- (Stable)	CARE A- (Stable)
Karvy 30 Cr	CRISIL A- (Stable)	CRISIL A- (Stable)
Vivriti 15 Cr	CARE A- (Stable)	CARE A- (Stable)
Triodos III	CARE A- (Stable)	CARE A- (Stable)
Bandhan Bank (TLTRO 2.0)	CRISIL A- (Stable)	CRISIL A- (Stable)
SBI (TLTRO 2.0)	CRISIL A- (Stable)	CRISIL A- (Stable)
Symbiotics VII	CARE A- (Stable)	CARE A- (Stable)

I) Provisions and Contingencies (In Rs Lakhs)

	Break up of provisions and contingencies shown under the head expenditure in profit and loss account	For the year ended March 31, 2023	For the year ended March 31, 2022
i)	Provision made towards income tax (including adjustment for deferred tax)	1,146	662
ii)	Payment made against the securitised/ managed portfolio	-	-
iii)	Other provision and contingencies		
	a) Provision for gratuity	479	379
	b) Provision for leave benefit	561	175
	c) Provision for insurance claims	254	272
iv)	Provision towards NPA*	16,204	37,238
vii)	Provision towards standard assets on investment in SRs ##	3,494	-

* Represents impairment allowance on stage III loans

\## Represents impairment allowance on stage I and stage II investment in SRs

J) Concentration of advances (In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total advances to twenty largest borrowers *	531	502
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.08%	0.09%

* Represents amount outstanding as per contract with customers

K) Concentration of exposures (In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total exposure to twenty largest borrowers / customers *	356	350
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	0.05%	0.07%

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

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L) **Concentration of NPAs**

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total exposure to top four NPA accounts	254	66

M) **Sector-wise NPAs**

Sector	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ lakhs)	Gross NPAs (₹ lakhs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ lakhs)	Gross NPAs (₹ lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	**4,83,603**	**18,578**	**3.84%**	**4,07,082**	**31,989**	**7.86%**
2. Industry						
i) Retail Stores	32,799	2,072	6.32%	23,348	7,279	31.18%
ii) Business	24,373	827	3.39%	23,453	5,852	24.95%
iii)Others	67,354	1,873	2.78%	50,800	4,291	8.45%
Total of Industry (i+ii+iii+Others)	**1,24,526**	**4,772**	**3.83%**	**97,601**	**17,422**	17.85%
3. Services						
i) Service	6,025	261	4.34%	5,524	2,058	37.26%
Others	-	-	0.00%	-	-	0.00%
Total of Services (i+ii+Others)	**6,025**	**261**	**4.34%**	**5,524**	**2,058**	**37.26%**
4. Personal Loans						
i) Consumption Loans	3,254	157	4.83%	1,686	68	4.04%
iii)House Construction/ Renovation	15,274	766	5.02%	7,493	542	0.00%
Others	1	-	0.00%	-	-	0.00%
Total of Personal Loans	**18,529**	**923**	**4.98%**	**9,179**	**610**	**6.64%**
5. Others	-	-	-	-	-	-

N) **Movement of stage 3 (NPAs)***

(In Rs. Lakhs)

		Particulars	For the year ended	For the year ended
i)		Net stage 3 (NPAs) to net advances (%)#	1.52%	2.86%
ii)		Movement of gross stage 3 (NPAs)		
	a)	Opening balance	53,275	30,052
	b)	Additions during the year	(27,434)	23,223
	c)	Reductions during the year (represents loan portfolio written-off)	-	-
	d)	Closing balance	25,841	53,275
iii)		Movement of net stage 3 (NPAs)		
	a)	Opening balance	16,036	11,748
	b)	Additions during the year	(67,311)	4,289
	c)	Reductions during the year	-	-
	d)	Closing balance	9,637	16,036
iv)		Movement of provisions for stage 3 (NPAs) (excluding provisions on		
	a)	Opening balance	37,238	18,304
	b)	Provisions made during the year	39,877	18,934
	c)	Write-off / write-back of excess provisions	(60,911)	-
	d)	Closing balance	16,204	37,238

* refers to Stage III loans

Net non-performing asset (Stage III) on gross advances is 1.45% (FY 2021-22: 2.86%), excluding FVOCI.

O) **Disclosure of Complaints**

1 **Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman**

Sr. No		Particulars	For the year ended	For the year ended
1		No. of complaints pending at the beginning of the year	-	84
2		No. of complaints received during the year	2,844	15,045
3		No. of complaints redressed during the year	2,844	15,129
	3.1	Out of which No. of complaints rejected by the NBFC		-
4		No. of complaints pending at the end of the year	-	-
		Maintainable complaints received by the NBFC from Office of Ombudsman		
5		Number of maintainable complaints received by the NBFC from Office of Ombudsman	61	32
	5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	61	32
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6		Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

2 **Top five grounds of complaints received by the NBFCs from customers**

As at March 31, 2023

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
Loan clearance	0	1092	11%	0	0
Insurance	0	1069	-8%	0	0
Foreclosure	0	284	51%	0	0
Loan application status	0	251	146%	0	0
Loan rejection	0	40	NA	0	0
Others	0	108	96%	0	0
Total	**0**	**2844**	**-81%**	**0**	**0**

As at March 31, 2022

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
Loan clearance	0	980	83%	0	0
Insurance	71	1162	107%	0	0
Foreclosure	13	188	62%	0	0
Loan application status	0	102	21%	0	0
Others	0	55	-58%	0	0
Queries (Non Complaints)	0	12558	20%	0	0
Total	**84**	**15045**	**30%**	**0**	**0**

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme. * It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

The Company has a customer grievance redressal mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

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

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2023

P) Public disclosure on liquidity risk as on March 31, 2023 pursuant to RBI guidelines on liquidity risk management framework for non-banking financial companies dated November 4, 2019

Public disclosures on liquidity risk management

i) **Funding concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2023**

Number of significant counter parties	Amount (in Lakhs)*	% of Total deposits	% of Total liabilities
Thirty (30)	5,65,337	NA	76.71%

Funding concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2022

Number of significant counter parties	Amount (in Lakhs)*	% of Total deposits	% of Total liabilities
Twenty Seven (27)	4,70,609	NA	73.69%

ii) Top 20 large deposits (amount in Lakhs and % of total deposits) - not applicable. The Company being a systematically important non deposit taking NBFC registered with the RBI does not accept public deposits.

iii) **Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2023**

Amount in Lakhs	% of Total borrowings
1,72,451	24.83%

Top 10 Borrowings (amount in lakhs and % of total borrowings) for the year ended March 31, 2022

Amount in Lakhs	% of Total borrowings
1,41,917	23.07%

iv) **Funding concentration based on significant instrument/product for the year ended March 31, 2023**

Name of the instrument/product	Amount (in Lakhs)*	% of Total liabilities
Term loan from banks	1,00,372	13.62%
Term loan from FIs	72,726	9.87%
Secured redeemable non convertible debentures	20,000	2.71%
Compulsorily convertible debentures	15,000	2.04%
Compulsorily convertible preference shares	22,874	3.10%
Term Loans from NBFC's	9,242	1.25%
External commercial borrowings	12,690	1.72%
Total borrowings	**2,52,904**	**34.32%**
Total liabilities	**7,36,954**	

Funding concentration based on significant instrument/product for the year ended March 31, 2022

Name of the instrument/product	Amount (in Lakhs)*	% of Total liabilities
Term loan from banks	1,06,978	16.75%
Term loan from FIs	30,000	4.70%
Secured redeemable non convertible debentures	27,300	4.27%
Compulsorily convertible debentures	15,000	2.35%
Compulsorily convertible preference shares	45,593	7.14%
External commercial borrowings	37,691	5.90%
Subordinate debt (unsecured) - debentures	24,125	3.78%
Total borrowings	**2,86,687**	**44.89%**
Total liabilities	**6,38,672**	

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

v) **Stock ratios as at March 31, 2023**

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other short term liabilities	0.00%	0.00%	0.00%

Stock ratios as at March 31, 2022

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	-	-	-
Non-convertible debentures (original maturity of less than 1 year)	-	-	-
Other short term liabilities	1.64%	1.25%	1.11%

*Represents amount outstanding as per contracts with lenders

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vi) Institutional set up for liquidity risk management

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance limit as decided by the board

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

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

Chief risk officer(CRO) is part of the process of identification, measurement and mitigation of liquidity risks.

The ALM support group consists of chief financial officer (CFO) and head-treasury who shall be responsible for analysing, monitoring and reporting the liquidity profile to the ALCO .

Notes to Public disclosure on liquidity risk as on March 31, 2022 pursuant to RBI guidelines on liquidity risk management framework for non-banking financial companies dated November 4, 2019

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

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

3. Total liabilities has been computed as sum of all liabilities (balance sheet figures) less equity and reserves and surplus.

4. Public funds shall include funds raised either directly or indirectly through public deposits, commercial papers and debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in regulatory framework for core investment companies issued vide Notification No. DNBS (PD) CC No. 206/03.10.001/2010-11 dated January 5, 2011.

5. The amount stated in the disclosure is based on the audited financial statements for the year ended March 31, 2023 and March 31, 2022.

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As at March 31, 2023

(In Rs Lakhs)

Particulars					
Liabilities side				**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the non- banking financial Company inclusive of interest accrued thereon but not**				
	(a)	Debentures : Secured		90,434	-
		: Unsecured		20,504	-
		(other than falling within the meaning of public deposits*)		-	-
	(b)	Deferred Credits		-	-
	(c)	Term Loans		5,14,294	-
	(d)	Inter-corporate loans and borrowing		-	-
	(e)	Commercial Paper		-	-
	(f)	Public Deposits*		-	-
	(g)	Other Loans		-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits**				
	(a)	In the form of Unsecured debentures		-	-
	(b)	In the form of partly secured debentures i.e.		-	-
	(c)	Other public deposits		-	-
Assets side				**Amount outstanding**	
(3)	**Break-up of Loans and Advances including bills**				
	(a)	Secured		57,106	
	(b)	Unsecured		5,93,496	
(4)	**Break up of Leased Assets and stock on hire and other**				
	(i)	Lease assets including lease rentals under sundry			
		(a)	Financial lease	-	
		(b)	Operating lease	550	
	(ii)	Stock on hire including hire charges under sundry			
		(a)	Assets on hire	-	
		(b)	Repossessed Assets	-	
	(iii)	Other loans counting towards asset financing			
		(a)	Loans where assets have been repossessed	-	
		(b)	Loans other than (a) above	-	
(5)	**Break-up of Investments**				
	Current Investments				
	1.	Quoted			
		(i)	Shares	-	
			(a) Equity	-	
			(b) Preference	-	
		(ii)	Debentures and Bonds	-	
		(iii)	Units of mutual funds	-	
		(iv)	Government Securities	-	
		(v)	Others	-	
	2.	Unquoted			
		(i)	Shares		
			(a) Equity	-	
			(b) Preference	-	
		(ii)	Debentures and Bonds	-	
		(iii)	Units of mutual funds	-	
		(iv)	Government Securities	-	
		(v)	Others	-	
	Long Term investments				
	1.	Quoted			
		(i)	Share		
			(a) Equity	-	
			(b) Preference	-	
		(ii)	Debentures and Bonds	-	
		(iii)	Units of mutual funds	-	
		(iv)	Government Securities	-	
		(v)	Others	-	
	2.	Unquoted			
		(i)	Shares		
			(a) Equity	500	
			(b) Preference	-	
		(ii)	Debentures and Bonds	-	
		(iii)	Units of mutual funds	-	
		(iv)	Government Securities	-	
		(v)	Others (Investment in security receipts)	9,549	
		(vi)			

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(6)	Borrower group-wise classification of assets financed as in (3) and (4) above :					
	Category			Amount net of provisions		
				Secured	Unsecured	Total
	1.	Related Parties **				
		(a)	Subsidiaries	-	-	-
		(b)	Companies in the same group	-	-	-
		(c)	Other related parties	-	-	-
	2.	Other than related parties		57,106	5,94,046	6,51,152
		Total				

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :				
	Category			Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1.	Related Parties **			
		(a)	Subsidiaries	500	500
		(b)	Companies in the same group		
		(c)	Other related parties		
	2.	Other than related parties		28,790	9,549
		Total			

(8)	Other information			
	Particulars			Amount
	(i)	Gross Non-Performing Assets		
		(a)	Related parties	-
		(b)	Other than related parties	25,841
	(ii)	Net Non-Performing Assets		
		(a)	Related parties	-
		(b)	Other than related parties	9,637
	(iii)	Assets acquired in satisfaction of debt		

As at March 31, 2022

(In Rs Lakhs)

Particulars					
Liabilities side				Amount outstanding	Amount overdue
(1)	Loans and advances availed by the non- banking financial Company inclusive of interest accrued thereon but not				
	(a)	Debentures : Secured		1,09,553	-
		: Unsecured		10,124	-
		(other than falling within the meaning		-	-
	(b)	Deferred Credits		-	-
	(c)	Term Loans		-	-
	(d)	Inter-corporate loans and borrowing		-	-
	(e)	Commercial Paper		-	-
	(f)	Public Deposits*		-	-
	(g)	Other Loans		-	-
(2)	Break-up of (1)(f) above (Outstanding public deposits				
	(a)	In the form of Unsecured debentures		-	-
	(b)	In the form of partly secured debentures i.e.		-	-
	(c)	Other public deposits		-	-
Assets side				Amount outstanding	
(3)	Break-up of Loans and Advances including bills				
	(a)	Secured		33,821	
	(b)	Unsecured		5,06,910	
(4)	Break up of Leased Assets and stock on hire and other				
	(i)	Lease assets including lease rentals under sundry			
		(a)	Financial lease	-	
		(b)	Operating lease	314	
	(ii)	Stock on hire including hire charges under sundry			
		(a)	Assets on hire	-	
		(b)	Repossessed Assets	-	
	(iii)	Other loans counting towards asset financing			
		(a)	Loans where assets have been repossessed	-	
		(b)	Loans other than (a) above	-	

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(5)	**Break-up of Investments**			
	Current Investments			
	1.	Quoted		
		(i)	Shares	
			(a) Equity	-
			(b) Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others	-
	2.	Unquoted		
		(i)	Shares	
			(a) Equity	-
			(b) Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others	-
	Long Term investments			
	1.	Quoted		
		(i)	Share	
			(a) Equity	-
			(b) Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others	-
	2.	Unquoted		
		(i)	Shares	
			(a) Equity	500
			(b) Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others	-
		(vi)		

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above :**					
	Category			**Amount net of provisions**		
				Secured	**Unsecured**	**Total**
	1.	**Related Parties ****				
		(a)	Subsidiaries			
		(b)	Companies in the same group			
		(c)	Other related parties			
	2.	Other than related parties		33,821	5,07,225	5,41,046
	Total					

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**				
	Category			**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	Related Parties **			
		(a)	Subsidiaries	500	500
		(b)	Companies in the same group		
		(c)	Other related parties		
	2.	Other than related parties			
	Total				

(8)	**Other information**			
	Particulars			**Amount**
	(i)	Gross Non-Performing Assets		
		(a)	Related parties	
		(b)	Other than related parties	53,277
	(ii)	Net Non-Performing Assets		
		(a)	Related parties	
		(b)	Other than related parties	24,995
	(iii)	Assets acquired in satisfaction of debt		

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R) Corporate governance
1) Composition of the Board :

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

Sl.no.	Name of Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Director ships (including this and other private and public companies)	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1	Mr. Gobinda Chandra Pattanaik	13-08-2009	Chairperson /Executive	02716330	10	8	5	268	-		80,00,546
2	Mr. Dibyajyoti Pattanaik	14-09-2009	Executive	02764187	10	10	2	125	-		17,19,805
3	Mr. Krishna Kumar Tiwary	13-02-2012	Independent	02914614	10	10	5	-	6		-
4	Mr. Sean Leslie Nossel	20-07-2012	Independent	05327455	10	7	1	-	7		-
5	Mr. Ashok Ranjan Samal	17-10-2016	Independent	0918164	10	10	2	-	10		-
6	Ms. Christina Stefanie Juhasz	30-11-2016	Nominee	06451902	10	5	2	-	-		-
7	Mr. R V Dilip Kumar	25-06-2021	Nominee	01060651	10	4	10	-	-		-
8	Mr. Arup Kumar	28-09-2022	Nominee	07682113	3	2	2	-	-		-
9	Mr. Sunit Vasant Joshi	19-05-2020	Nominee	02962154	10	10	1	-	-		-
10	Mr. Venkiteswaran M R	25-09-2020	Nominee	08286433	10	9	4	-	-		-
11	Mrs. Radhika Jayant Shroff	25-06-2021	Nominee	09210584	10	6	1	-	-		-
12	Mr. Abhishek Agrawal	23-12-2021	Nominee	06760344	10	7	3		-		-
13	Mr. Guillaume Accarain	18-04-2021	Nominee	09527231	10	9	1		-		-
14	Mr. Pushkar Jauhari	27-05-2022	Nominee	06391650	8	8	2		-		-
15	Mr. Prakash Kumar*	28-02-2022	Nominee	06758416	7	3	-		-		-
16	Ms. Laetitia Counye*	24-04-2019	Nominee	06990144	-	-	-		-		-

* During the financial year 2020-23, Ms. Laetitia Counye and Mr. Prakash Kumar ceased to be Directors w.e.f. April 18, 2022 and September 28, 2022 respectively.

2) Details of change in composition of the Board during the current and previous financial year:

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-	Nature of change (resignation, appointment)	Effective date
1	Mr. Prakash Kumar	Nominee Director	Resignation	September 28, 2022
2	Ms. Laetitia Counye	Nominee Director	Resignation	April 18, 2022
3	Mr. Arup Kumar	Nominee Director	Appointment	September 28, 2022
4	Mr. Guillaume Accarain	Nominee Director	Appointment	April 18, 2022
5	Mr. Pushkar Jauhari	Nominee Director	Appointment	May 27, 2022

Note:No independent director resigned during the financial year ended March 31, 2023.

3) Disclosure of relationship between directors inter-se

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

4) Committees of the Board and their composition

The Board has constituted the following Committees:-

a. Audit Committee
b. Nomination and Remuneration Committee
c. Risk Management Committee
d. Stakeholders Relationship Committee
e. CSR & SPM Committee
f. IT Committee
g. Executive Committee

a) Audit Committee: The Audit Committee assists the Board with its responsibility of overseeing the quality and integrity of the accounting, auditing, financial performance and

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Krishna Kumar Tiwary	19-10-2012	Independent Director,	4	4	-
2	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director	4	4	-
3	Mrs. Christina Stefanie Juhasz	21-06-2019	Nominee Director	4	2	-

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b) CSR & Social Performance Management Committee: Pursuant to the applicable provisions of the Act, the CSR Committee is required to recommend the amount of expenditure to be incurred for undertaking CSR activities by the Company in terms of the Corporate Social Responsibility Policy. The SPM Committee is constituted especially for the purpose of managing the social activities in backward areas. The CSR & SPM Committees is responsible for the implementation and monitoring the activities undertaken towards achieving the Company's CSR goals.

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Gobinda Chandra Pattanaik	25-11-2013	Managing Director,	2	2	80,00,546
2	Mr. Dibyajyoti Pattanaik	25-11-2013	Executive Director	2	2	17,19,805
3	Mr. Sean Leslie Nossel	25-11-2013	Independent Director	2	1	-
4	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director	2	2	-

c) Nomination & Remuneration Committee: The role of Nomination & Remuneration Committee covers all the areas mentioned under relevant provisions of the Act and the Listing Regulations, including the following:

i) Recommending / reviewing remuneration of the Managing Directors and Whole-time Directors based on their performance and defined assessment criteria.

ii) Approving appointment, if any, of a relative of a Director for holding office of profit in the Company as per the provisions of the Act and Rules issued thereunder.

iii) Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

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

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director, Chairman	3	3	-
2	Mr. Krishna Kumar Tiwary	06-08-2014	Independent Director	3	3	-
3	Mr. Sean Leslie Nossel	06-08-2014	Independent Director	3	3	-
4	Mr. Gobinda Chandra Pattanaik	06-08-2014	Managing Director	3	2	80,00,546

d) Risk Management Committee: The role of Risk Management Committee includes review of the Company's risk management policies, ensuring appropriate methodology, processes

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

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Gobinda Chandra Pattanaik	17-02-2016	Managing Director, Chairman	4	3	80,00,546
2	Mr. Sunit Vasant Joshi	09-07-2020	Nominee Director	4	4	-
3	Mrs. Christina Stefanie Juhasz	30-11-2016	Nominee Director	4	2	-
4	Mr. Ashok Ranjan Samal	24-09-2021	Independent Director	4	4	-
5	Ms. Radhika Jayant Shroff	24-09-2021	Nominee Director	4	3	-
6	Ms. Laetitia Counye	25-09-2020	Nominee Director	0	0	-

Note: Ms. Laetitia Counye, ceased to be a member of the Committee effective April 18, 2022.

e) IT Strategy Committee: In terms of the RBI Guidelines, the Company has constituted an IT Strategy Committee to advise the Board on IT initiatives and to ensure that IT strategy is

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

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Ashok Ranjan Samal	14-12-2017	Independent Director, Chairman	2	2	-
2	Mr. Gobinda Chandra Pattanaik	14-12-2017	Managing Director	2	2	80,00,546
3	Mr. Dibyajyoti Pattanaik	14-12-2017	Director	2	2	17,19,805
4	Mr. Sankarshan Panda	24-09-2018	CIO- Chief Information Officer	2	2	-
5	Mr. Dilipa Khuntia	24-09-2018	CTO- Chief Technology Officer	2	2	-

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f) **Product Committee: The primary role of the Product Committee is preparing and supporting the decisions to be made by the Board of Directors as a whole on product management and to study and prepare strategic plan including monitoring and guiding for product diversification in order to improve the performance of the Company and ensuring long term value creation. The committee evaluates the performance of each loan product and also review the proposal of new loan products.**

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

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Dibyajyoti Pattanaik	15-02-2017	Director, Chairman	2	2	17,19,805
2	Mr. M R Venkiteswaran	25-09-2020	Nominee Director	2	2	-
3	Mr. Ashok Ranjan Samal	15-02-2017	Independent Director	2	2	-
4	Ms. Christina Juhasz	15-02-2017	Nominee Director	2	1	-

g) **ALM Committee (ALCO): As per RBI Guidelines, the ALM Committee ensures effective risk management in its various portfolios and to avoid Asset Liability mismatches and interest**

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

Sl.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Dibyajyoti Pattanaik	04-04-2014	Director, Chairman	4	4	17,19,805
2	Mr. Satyajit Das	04-04-2014	KMP, Member	4	4	6,20,102
3	Mr. Sanjaya Pattanaik	04-04-2014	KMP, Member	4	4	6,20,102
4	Mr. Kumar Vaibhav	04-04-2014	KMP, Member	4	4	-
5	Mr. Sabyasachi Sahu	04-04-2014	KMP, Member	4	4	-
6	Mr. Anoop TP	04-04-2014	KMP, Member	4	4	-

*KMP are the Key Managerial Personnel of the Company.

h) **Annual Business Plan Committee (ABP committee): The Annual Business Plan Committee helps in forecasting and drawing a business plan for the next financial year, based on which the Company conducts its business. The actual and estimated performance is being assessed and reviewed in the committee meetings and a revised B-Plan is placed for approval if required.**

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

Sl.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Ashok Ranjan Samal	26-02-2019	Independent Director	2	2	-
2	Mr. Sean Leslie Nossel	26-02-2019	Independent Director	2	1	-
3	Ms. Radhika Jayant Shroff	24-09-2021	Nominee Director	2	2	-
4	Mr. Sunit Vasant Joshi	09-07-2020	Nominee Director	2	2	-
5	Mr. Pushkar Jauhari	27-05-2022	Nominee Director	2	2	-

i) **Stakeholders Relationship Committee: The Stakeholders Relationship Committee of the Board addresses to the grievances of different stakeholders of the Company. The role of the committee is to attend to the grievances of the security holders and takes measures to resolve their queries or grievances and also to prepare the grievance status report for presentation in the Board. The Committee met once during the year.**

The Composition of the Committee is mentioned below:

Sl.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Ashok Ranjan Samal	24-09-2021	Independent Director,	1	1	-
2	Mr. Gobinda Chandra Pattanaik	24-09-2021	Managing Director	1	1	-
3	Mr. Dibyajyoti Pattanaik	24-09-2021	Director	1	1	-

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j) Executive Committee: The Executive Committee is the sub-committee of the Board consists of Executive Directors. As per the terms of reference approved by the Board the committee discusses on the day-to-day affairs of the Company and accord approval in the matter. All the matters discussed and approved by committee is being placed before the Board for noting.

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

Sl.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Gobinda Chandra Pattanaik	12-11-2014	Managing Director, Chairman	44	44	80,00,546
2	Mr. Dibyajyoti Pattanaik	12-11-2014	Executive Director, Member	44	44	17,19,805

5) General Body Meetings

Details of the date, place and special resolutions passed at the General Body Meetings are as below :

Sl No	Type of Meeting (Annual / Extra-Ordinary)	Date	Place	Special Resolution Passed
1	Extra-Ordinary General Meeting	23rd May 2022	at Registered Office of Company	1. Approval to enter into restated shareholders' agreement with Proparco.
				2. Offer, issue and allotment of Series-A2 CCPS, up to an aggregate amount of Rs.120 crore, on a private placement issue basis
2	Extra-Ordinary General Meeting	23rd June 2022	at Registered Office of Company	1. Issue and allotment of 78,20,000 Series A2 CCPS of to SOCIETE DE PROMOTION ET DE PARTICIPATION POUR LA COOPERATION ECONOMIQUE S.A. (PROPARCO) and approval of the updated share holders list following the allotment.
				2. Adoption of agreed form of Restated Articles of Association
3	Annual General Meeting	22nd September 2022	at Registered Office of Company	1. Increase in the Borrowing Powers of the Board : Borrowing power of the Board in excess of paid up share capital and free reserves, which shall not exceed Rs. 6500 Crore [Sec 180(1)(c)]
				2. Creation of charge through hypothecation, pledge or mortgage etc. on movable or immovable properties of the Company [Sec 180(1)(a)]
				3. Raising of funds through the issuance of Non Convertible Debenture under private placement basis (Limit Rs. 2000 Crores).
4	Extra-Ordinary General Meeting	28th September 2022	at Registered Office of Company	1. Conversion of 1,94,18,612 nos. of 0.01% Series A CCPS" to Equity Shares and allotment of Equity Shares upon Conversion of CCPS.
				2. Conversion of 2,20,18,814 nos. of 0.01% Series A1 CCPS to Equity Shares & allotment of Equity Shares upon Conversion of CCPS.
				3. Extension of Date of Conversion date of Series A2 CCPS.
				4. Conversion of 78,20,000 nos. of Series A2 CCPS to Equity Shares and allotment of Equity Shares upon Conversion of CCPS.
				5. Re-classification of Authorised share capital and amendment of Memorandum of Association of the Company.
5	Extra-Ordinary General Meeting	21st October 2022	at Registered Office of Company	1. Approval for filing of application with the RBI for the proposed Universal Bank license.
				2. Approval of Corporate Restructuring proposal for the Company
				3. Approval of Shifting the IPO timelines

6) Details of non-compliance with requirements of Companies Act, 2013

No default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards happened during the year.

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Note 41.2: Disclosure required as per RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As at March 31, 2023 (In Rs. Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying value	Provisions required as per IRACP norms (note 1)	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Stage 1 and Stage 2 (Performing Assets)						
Standard	Stage 1	6,20,447	1,594	6,18,853	308	1,286
	Stage 2	4,314	599	3,715	6	593
Subtotal		**6,24,761**	**2,193**	**6,22,568**	**314**	**1,879**
Stage 3 (Non performing Assets)						
Substandard	Stage 3	25,841	16,204	9,637	10,652	5,552
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		**25,841**	**16,204**	**9,637**	**10,652**	**5,552**
Loss	Stage 3	-	-	-	-	-
Subtotal for Stage 3 (NPA)		**25,841**	**16,204**	**9,637**	**10,652**	**5,552**
Total	Stage 1	6,20,447	1,594	6,18,853	308	1,286
	Stage 2	4,314	599	3,715	6	593
	Stage 3	25,841	16,204	9,637	10,652	5,552
	Total	**6,50,602**	**18,397**	**6,32,205**	**10,966**	**7,431**

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

As at March 31, 2022 (In Rs. Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying value as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying value	Provisions required as per IRACP norms (note 2)	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Stage 1 and Stage 2						
Standard	Stage 1	4,67,835	4,482	4,63,353	3,697	785
	Stage 2	11,755	2,741	9,014	637	2,104
Subtotal		**4,79,590**	**7,223**	**4,72,367**	**4,334**	**2,889**
Stage 3						
Substandard	Stage 3	53,275	37,238	16,036	33,027	4,211
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
Stage 3	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
Subtotal		**53,275**	**37,238**	**16,036**	**33,027**	**4,211**
Loss	Stage 3	-	-	-	-	-
Subtotal for Stage 3		**53,275**	**37,238**	**16,036**	**33,027**	**4,211**
Total	Stage 1	4,67,835	4,482	4,63,353	3,697	785
	Stage 2	11,755	2,741	9,014	637	2,104
	Stage 3	53,275	37,238	16,037	33,027	4,211
	Total	**5,32,865**	**44,461**	**4,88,404**	**37,361**	**7,099**

Note 2: Figures in this column represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under Master Directions.

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Note 41.3: Frauds

1 Information on instances of fraud for the year ended March 31, 2023:

(In Rs. Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	10	33	1	-	32

2 Information on instances of fraud for the year ended March 31, 2022:

(In Rs. Lakhs)

Nature of fraud	No. of cases	Amount of fraud	Amount Recovered	Considered as Recoverable	Amount Provided for
Cash embezzlement	6	29	1	-	28

Note 41.4: Derivative instruments

Bank/ Lender	Finfund (EURO)	Proparco (USD)	Financing for Helathier Lives, DAC (USD)	OeEB (EURO)
Nature of hedging	CCIRS	CCS	CCIRS	CCS
The notional principle of swap agreements	5,865	6,478	4,419	12,690
Gain/ (losses) which would be incurred if counterparties failed to fulfill their obligations under the agreements	712	670	629	176
Collateral required by the applicable NBFC upon entering into swaps	Unsecured	100%	110%	100%
The fair value of the swap book	5,153	5,808	3,790	12,514
fair value of ECBs (Liabilities)	6,701	7,042	4,929	13,402

Note 41.5: Other Disclosures

1. The Company has not given any loans against intangible assets.

2.The Company, being NBFC – MFI needs to maintain not less that 75% of its total assets in the nature of "microfinance loans" as defined under Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 as per the para 3(xx) of the Master Direction – Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated as on December 29, 2022. As at March 31, 2023, the Company's qualifying assets (i.e. microfinance loans to total assets) was 68.26%. RBI vide its letter dated May 18, 2023 has provided a timeline till September 30, 2023 to the Company to fulfil the minimum qualifying assets criteria. The Company is confident of complying with the minimum qualifying assets criteria by September 30, 2023 and will take necessary steps (i.e. sell down or lower origination of secured MSME loans, reducing bank balance by availing cash credit facility, etc.) along with disbursement of "microfinance loans" in the normal course of business to comply with minimum qualifying assets criteria.

3. The Company has breached covenants of 18 loan facilities/ debentures with a carrying amount of INR 84,835 lakhs as at March 31, 2023. These loan facilities/ debentures are repayable in tranches within 7 years. However, these loan facilities/ debentures contained covenants like the Company's GNPA, NNPA, PAR ratio, etc. at the defined intervals cannot exceed threshold mentioned in each of the agreements otherwise the lenders/ debenture holders have right to recall the loan facilities/ debentures.

The Company exceeded GNPA, NNPA, PAR ratio, etc. as at 31 March 2023. However, management obtained waivers for the 16 loan facilities/ debentures. Accordingly, loan facilities/ debentures with a carrying amount of INR 64,835 lakh were not payable on demand as at March 31, 2023. The Company has performed an assessment of its liquidity position taking into account the impact of the loan covenant breaches, current liquid funds held and expected inflows from various sources of borrowings. Based on the foregoing assessment, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

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Note 42: Capital management:

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

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

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

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

(in Rs. lakhs)

Regulatory capital	**As at March 31, 2023**	**As at March 31, 2022**
Tier 1 Capital	1,40,076	1,25,089
Tier 2 Capital	18,525	23,507
Total capital	**1,58,601**	**1,48,596**
Risk weighted assets	6,43,216	4,98,941
Tier 1 CRAR	21.78%	25.07%
Tier 2 CRAR	2.88%	4.71%
Total capital ratio	**24.66%**	**29.78%**

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

The Company is meeting the capital adequacy requirements of the RBI.

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Note 42.1: **Risk management**

1 **Introduction and risk profile**

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

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

1.1 **Risk management structure**

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

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

1.2 **Risk mitigation and risk culture**

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

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

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

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

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

1.3 **Risk measurement and reporting systems**

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

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

1.4 **Risk management strategies**

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

Political risk mitigation measures:
• Low cost operations and low pricing for customers
• Customer centric approach, high customer retention
• Rural focus
• Systematic customer awareness activities
• High social focused activities
• Adherence to client protection guidelines
• Robust grievance redressal mechanism
• Adherence to regulatory guidelines in letter and spirit

Concentration risk mitigation measures:
• District centric approach
• District exposure cap
• Restriction on growth in urban locations
• Maximum disbursement cap per loan account
• Maximum loan exposure cap per customer
• Diversified funding resources

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

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Liquidity risk mitigation measures:
- Diversified funding resources
- Asset liability management
- Effective fund management
- Maximum cash holding cap

Expansion risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on census data & credit bureau data
- Three level survey of the location selected

2 Impairment assessment/ credit risk (Also refer Note 8a)

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

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

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

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

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

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

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

The Company offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: Low credit risk, i.e. 0 to 30 days past due
Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due (SICR)
Stage 3: Credit Impaired assets, i.e. more than 90 days past due or cases where the Company suspects fraud and legal proceedings are initiated (default).

2.2 Probability of default

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

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

-Probability of default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2016 till March 2022 which is 7-years period of historical information.

2.3 Exposure at default (EAD)

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and future estimated sale of loans through direct assignments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

2.4 Loss given default

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

2.5 Grouping financial assets measured on a collective basis

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

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

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

3 Liquidity risk and funding management

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

There are liquidity risk mitigation measures put in place which helps in maintaining the following:

3.1 Diversified funding resources:

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

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4 Market risk

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

4.1 Interest rate risk (IRR)

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

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

(In Rs. Lakhs)

	Impact on profit		Impact on pre tax equity	
Finance cost	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
0.50 % Increase	(333)	(282)	(333)	(282)
0.50 % Decrease	333	282	333	282

5.0 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Company currently does not have any exposure to foreign currency.

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Annapurna Finance Private Limited
Notes to the Standalone financial statements for the year ended March 31, 2023

Note 43: Liquidity coverage ratio (LCR)

As per the RBI guidelines DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019, the LCR requirement shall be binding on All non-deposit taking NBFCs with asset size of ₹ 5,000 crore and above but less than ₹ 10,000 crore shall also maintain the required level of LCR starting December 1, 2020, as per the time-line given below:

Particulars	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	30%	50%	60%	85%	100%

Main LCR drivers and evolution of the contribution of inputs in LCR calculation over time

i)

The numerator of LCR is driven by the quantum and composition of High Quality Liquid Assets (HQLA). The denominator of LCR is driven by various components of the stressed cash flows.

a) **Composition of HQLA**

The Company has kept sufficient cash and cash equvalent which are regarded as High Quality Liquid Assets (HQLA) in the form of bank balance. The components of HQLA for the quarters is as under:

Particulars	For the year ended March 31, 2023 (weighted average)	For the year ended March 31, 2022 (weighted average)
Cash and cash equivalents	48,577	38,447
Total	**48,577**	**38,447**

b) **Unsecured and secured wholesale funding**

Borrowing Maturities falling due in the next 30 days form a major component of Cash Outflows. Bank Term loans and NCDs form the majority of secured wholesale funding maturities.

c) **Outflows related to derivative exposures and other collateral**

During the reporting period, the Company has entered into derivative transactions to hedge its balance sheet liability exposure. Accordingly, the net positive MTM and/or the net negative MTM have been considered as inflow and outflow in next 30 days respectively for the computation.

d) **Other contractual funding obligations**

Other contractual funding obligations are taken from Trade Payable, Other financial liabilities, Current tax liabilities (net) and Other non-financial liabilities shown in the Balance Sheet which are expected to be paid in the next 30 days. Interest accrued on borrowings but not due, Trade payables form a major portion of other contractual funding obligations.

e) **Secured lending**

There is no secured lending transaction backed by HQLA during the reporting period and margin lending backed by all other collateral is included in the fully performing exposures.

f) **Inflows from fully performing exposures**

Principal inflows and interest accrued from advances with no overdues due in the next 30 days are taken.

g) **Other inflows**

For the LCR calculation, under other inflows, the major components is non-HQLA investments maturing in next 30 days.

ii) **Intra period changes and changes over time**

The Company endeavors to maintain a healthy level of LCR at all points of time. The LCR table shows the movement of changes in each component over the reporting period.

iii) **Concentration of funding sources**

The Company has a diversified funding profile in the form of Bank term loans, Non-convertible debentures and External Commercial Borrowings which are long-term in nature.Also, the Company has availed Cash credit (CC) lines from various Banks. The Company is a non-deposit taking NBFC and hence, reporting nil deposits. The Company has a wide array of investors / bankers who have funded the Company through various funding instruments.

iv) **Derivative exposures and collateral calls**

The Company did not indulge in derivative trading activities. However, the Company has entered into derivative transactions to hedge its balance sheet liability exposure and has accordingly considered in its computation purposes.

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

(in Rs. lakhs)

S. No.	Particulars	For the quarter ended							
		March 31, 2023		December 31, 2022		Septemebr 30, 2022		June 30, 2022	
		Total unweighted value(average)	Total weighted value(average)	Total unweighted value(average)	Total weighted value(average)	Total unweighted value(average)	Total weighted value(average)	Total unweighted value(average)	Total weighted value(average)
High quality liquidity assets									
1	Total high quality liquid assets (HQLA)								
	Cash in hand	222	-	212	-	654	-	235	-
	Balances with banks in current accounts	48,355	-	34,428	-	56,678	-	42,942	-
	HQLA	**48,577**	**48,577**	**34,640**	**34,640**	**57,332**	**57,332**	**43,177**	**43,177**
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	1,827	2,101	1,620	1,863	1,919	2,207	1,620	1,863
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	45,232	52,017	34,901	40,136	34,779	39,995	26,977	31,024
7	**TOTAL CASH OUTFLOWS**	**47,059**	**54,118**	**36,521**	**41,999**	**36,698**	**42,202**	**28,597**	**32,887**
Cash Inflows									
8	Secured lending								
9	Inflows from fully performing exposures	31,930	23,948	35,218	26,413	32,101	24,076	44,794	33,595
10	Other cash inflows	34,215	25,661	47,599	35,699	44,239	33,179	25,682	19,262
11	**TOTAL CASH INFLOWS**	**66,145**	**49,609**	**82,817**	**62,112**	**76,340**	**57,255**	**70,476**	**52,857**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
12	**TOTAL HQLA**		**48,577**		**34,640**		**57,332**		**43,177**
13	**TOTAL NET CASH OUTFLOWS**		**13,529**		**10,500**		**10,551**		**8,222**
14	**LIQUIDITY COVERAGE RATIO (%) (LCR)**		**359.05%**		**329.91%**		**543.40%**		**525.17%**

1 Unweighted values is calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
2 Weighted values is calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow
3 Unweighted values is calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
4 Weighted values is calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow

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Note 44: Disclosure pursuant to RBI Notification No RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 pertaining to resolution framework for COVID-19 related stress

(In Rs. Lakhs)

Type of borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of the previous half-year (A) (September 30, 2022)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year (Refer Note)	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half-year (March 31, 2023)
Personal loans	9,847	722	-	8,186	940
Corporate persons					
i) Of which MSMEs	-	-	-	-	-
ii) Others	-	-	-	-	-
Total	**9,847**	**722**	**-**	**8,186**	**940**

Note: Net of interest amount capitalised during the moratorium period.

Note 45: Information as required by Reserve Bank of India Circular on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 5, 2021.

(In Rs. Lakhs)

Type of borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of the previous half-year (A) (September 30, 2022)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half-year (March 31, 2023) (Refer Note)
Personal loans	18,124	9,091	3,359	3,742	1,932
Corporate persons					
i) Of which MSMEs	-	-	-	-	-
ii) Others	-	-	-	-	-
Total	**18,124**	**9,091**	**3,359**	**3,742**	**1,932**

Note 46: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

Note 47: There are no capital commitments at the current and previous year-end.

Note 48: There are no contingent liabilities at the current and previous year-end.

Note 49: The figures appearing in the financial statement for the financial year ending March 31, 2023 and March 31, 2022 have been rounded off to nearest lakh.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 26, 2023

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

ANNAPURNA FINANCE PVT. LTD. INDIA

Bhubaneswar
May 26, 2023