

B S R & Co. LLP

Chartered Accountants

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Limited Review Report on unaudited financial results of Annapurna Finance Private Limited for the quarter ended 30 June 2023 pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Annapurna Finance Private Limited

1. We have reviewed the accompanying Statement of unaudited financial results of Annapurna Finance Private Limited (hereinafter referred to as "the Company") for the quarter ended 30 June 2023 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by its Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Attention is drawn to the fact that the figures for the three months ended 31 March 2023 as reported in the Statement are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.



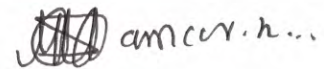
Limited Review Report (Continued)
Annapurna Finance Private Limited

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Chartered Accountants

Firm's Registration No.:101248WW-100022



Sameer Mota

Partner

Membership No.: 109928

UDIN:23109928BGYBDH1163

Bhubaneswar

27 July 2023

Statement of standalone financial results for the quarter ended June 30, 2023

(INR in Lakhs except for earnings per share data)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2023 (Unaudited)	March 31, 2023 (Audited) (Refer Note 9)	June 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	INCOME				
	(a) Revenue from operations				
	Interest income	39,180	27,570	30,133	1,20,896
	Fees and commission income	1	1	15	24
	Net gain on fair value changes	515	490	181	1,111
	Net gain on assignment transactions	8,714	14,831	1,980	33,747
	Total revenue from operations	48,410	42,892	32,309	1,55,778
	(b) Other income	252	207	223	1,179
	Total income	48,662	43,099	32,532	1,56,957
2	EXPENSES				
	(a) Finance costs	19,642	17,982	15,455	66,531
	(b) Impairment on financial instruments	6,049	12,400	5,093	36,184
	(c) Employee benefits expenses	11,530	10,172	8,471	39,062
	(d) Depreciation and amortization	320	295	255	1,244
	(e) Other expenses	2,513	1,990	1,989	9,518
	Total expenses	40,054	42,839	31,263	1,52,539
3	Profit before exceptional items and tax (1-2)	8,608	260	1,269	4,418
4	Exceptional items	-	-	-	-
5	Profit before tax (3-4)	8,608	260	1,269	4,418
6	Tax expense				
	(a) Current tax	-	-	413	-
	(b) Short / (excess) provision for tax relating to prior years	-	-	-	-
	Net current tax expense	-	-	413	-
	(c) Deferred tax charge/ (credit)	2,188	335	(131)	1,146
	Total tax expense	2,188	335	282	1,146
7	Profit / (loss) for the period / year from continuing operation (5-6)	6,420	(75)	987	3,272
8	Profit / (loss) from discontinued operations	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-
10	Profit / (loss) from discontinued operations (after tax) (8-9)	-	-	-	-
11	Profit for the quarter / year (7+10)	6,420	(75)	987	3,272
12	Other Comprehensive Income (OCI)				
	(a) (i) Items that will not be reclassified to profit or loss				
	- Re-measurement of the defined benefits	16	28	20	60
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(4)	(7)	(5)	(15)
	Sub-total (a)	12	21	15	45
	(b) (i) Items that will be reclassified to profit or loss				
	- Fair value of loans and advances and cash flow hedges through other comprehensive income	(7,322)	1,641	(1,037)	3,264
	(ii) Income tax relating to items that will be reclassified to profit or loss	1,843	(413)	261	(821)
	Sub-total (b)	(5,479)	1,228	(776)	2,443
	Other comprehensive income / (loss) (a+b)	(5,467)	1,249	(761)	2,488
13	Total comprehensive income for the quarter / year (11+12)	953	1,174	226	5,760
14	Earnings per share (of Rs. 10/- each) (not annualised for interim periods)				
	(a) Basic (in INR)	7.04	(0.08)	1.36	3.93
	(b) Diluted (in INR)	5.70	(0.08)	1.23	3.34

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Notes

- 1 The Standalone financial results of Annapurna Finance Private Limited (the 'Company') have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards ('IND AS') 34 'Interim Financial Reporting' as prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance /clarification /directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued / applicable.
- 2 The accounting policies and methods of computations followed in the standalone financial results are consistent with the standalone financial statements for the year ended March 31, 2023.
- 3 The Company is a Non-Banking Finance Company registered with RBI as a Non Deposit taking - Systemically Important - Micro Finance Institution.
- 4 The above standalone financial results for the quarter ended June 30, 2023 have been reviewed by the Audit Committee and have been approved and taken on record by the board of directors at its meeting held on July 27, 2023. The statutory auditors of the Company have carried out a limited review of the aforesaid results.
- 5 Pursuant to the exercise of options under the employee stock option schemes, the Company has allotted 6,600 equity shares during the quarter ended June 30, 2023.
- 6 The Company has breached covenants of 21 loan facilities/ debentures with a carrying amount of INR 82,172 lakhs as at June 30, 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 June 30, 2023. However, management obtained waivers for all loan facilities/ debentures. Accordingly, loan facilities/ debentures with a carrying amount of INR 82,172 lakhs were not payable on demand as at June 30, 2023.
- 7 The Company is primarily engaged in the business of financing and there are no separate reportable operating segments identified as per the Ind AS 108 - Segment Reporting.
- 8 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. The minimum security of 100% for the Secured Listed Non-Convertible Debentures outstanding has been maintained at all times as per the terms of Term Sheet/ Offer Document/Information Memorandum and/or Debenture Trust Deed, sufficient to discharge the principal amount thereon.
- 9 The standalone financial results includes the results for the quarter ended March 31, 2023 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the nine months ended of the previous financial year which were subject to a limited review by the statutory auditors of the Company.
- 10 The Company, being NBFC – MFI needs to maintain not less than 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 67.61%. 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. As at June 30, 2023 the Company's qualifying assets was 68.09%. 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.

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11 The Company has not transferred any stressed loans to Asset Reconstruction Companies ('ARCs') during the quarter ended June 30, 2023. The Company had sold loans to an 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 loans. As at June 30, 2023, gross carrying amount of SRs* is Rs. 282.18 Crore, impairment loss allowance on SR is Rs. 192.41 Crore and net carrying amount of SR is Rs. 89.77 crore.

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

12 Ratios

Particulars	As at June 30, 2023	As at March 31, 2023	As at June 30, 2022
(a) Debt Equity Ratio	5.93	5.83	6.56
(b) Debt service coverage ratio	NA	NA	NA
(c) Interest service coverage ratio	NA	NA	NA
(d) Outstanding redeemable preference shares (quantity and value)	NIL	NIL	NIL
(e) Net worth (Rs in Lakhs) (Total equity)	1,21,793	1,20,831	91,323
(f) Current ratio	NA	NA	NA
(g) Long term debt to working capital	NA	NA	NA
(h) Bad debts to Account receivable ratio	NA	NA	NA
(i) Current liability ratio	NA	NA	NA
(j) Total debts to total assets	0.82	0.82	0.84
(k) Debtors turnover	NA	NA	NA
(l) Inventory turnover	NA	NA	NA
(m) Gross stage III (GNPA) loans*	2.99%	3.84%	9.77%
(n) Net stage III (NNPA) loans*	1.05%	1.35%	3.59%
(o) Provision coverage ratio (PCR)	65.84%	65.78%	65.08%
(p) Capital risk adequacy ratio (CRAR)	23.46%	24.66%	29.82%
(q) Liquidity coverage ratio (LCR)	432.18%	359.05%	525.17%
(r) Capital redemption reserve	NA	NA	NA
(s) Debenture redemption reserve	NA	NA	NA

* Gross and net stage III loans do not include accrued interest of INR 9,236 lakhs as at June 30, 2023 (INR 8,893 lakhs as at March 31, 2023).

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

Particulars	Quarter ended			Year ended
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
(a) Net profit margin	13.19%	(0.17%)	3.03%	2.09%
(b) Operating margin	NA	NA	NA	NA

Date : July 27, 2023
Place: Bhubaneswar

For Annapurna Finance Private Limited
For Annapurna Finance Pvt. Ltd.

Dibyayoti Pattanaik

Dibyayoti Pattanaik
Director
DIN: 02764187

Director

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