



ANNUAL REPORT 2023



Message from **Managing Director**

Dear Readers and Friends,

Whenever I have the opportunity to read magazines, newsletters, or annual reports, my first stop is invariably the editorial page. It's where I eagerly seek insights from the editor and the institution's guiding purpose. Often, I am disheartened to find expressions of gratitude relegated to the final pages. However, this time, I am determined to reverse that trend and extend my heartfelt appreciation to the entire Annapurna team for their immense contributions and unwavering belief in me. Their dedication has played a pivotal role in shaping the organization's current standing. I also extend my gratitude to our dear friends for their valuable guidance.

Above all, my profound thanks go to the Almighty, whose protection has shielded us from adversity. I am equally grateful to our clients, who have placed their trust in us for over a decade, and to Dibyajyoti, Satya, Sanjay, and the entire Annapurna team, without whom this journey would not have been possible. This journey has enriched my knowledge and helped me discover my life's purpose: guiding people toward a better life.

The guestion of what I can do for society at large has often kept me awake at night. I founded People's Forum with just five team members, and since then, there has been no turning back. In this journey, Annapurna came into existence and has now reached a stage where it requires compassion, love, and guidance at every step. Truth is the glue of life, the vital ingredient in effective communication, and the cornerstone of all relationships. While we often prioritize urgent matters, we must also devote time to discern what is truly important to us. Our priorities should include serving the millions of households which are still out of reach of the banks and in need of our intervention.

Being rational and practical is admirable, but not to the exclusion of everything else. There comes a time in everyone's life when relationships are paramount. To the young souls who pride themselves on their practicality, I urge you to reconsider.

Before concluding, I extend my heartfelt gratitude to all our field staff, the true heroes of the battlefield. I also acknowledge the invaluable contributions and partnerships of our stakeholders, advisors, board members, investors, and bankers.

The remarkable journey of Annapurna has been made possible through the blessings of the Almighty. I humbly dedicate my body, soul, and mind to this divine presence.

With Regards,

Gobinda Chandra Pattanaik

Board of Directors

Mr. Krishna Kumar Tiwary

INDEPENDENT DIRECTOR

Mr. Sean Leslie Nossel

Mr. Gobinda Chandra Pattanaik

Managing Director

Mr. Gobinda Chandra Pattanaik, Managing Director of Annapurna Finance, stands as one of the most eminent pioneers in the microfinance sector, with a dedicated service record spanning over three decades in implementing developmental initiatives and establishing microenterprises. Driven by a profound concern for the plight of vulnerable segments of society, Mr. Pattanaik pursued post-graduation studies in political science and law, actively engaging in social activism during his college years. His expertise and experience played a pivotal role in elevating Annapurna's mission, transforming it into Annapurna Finance Pvt Ltd, now ranking among the top

NBFC-MFIs in India. As one of the most active social entrepreneurs in Odisha, he has served as an advisor to various district administrations, as well as a member of the District Vigilance Committee, District Postal Committee, National Youth Award Committee, and the State Mental Health Authority.

Mr. Pattanaik's unwavering commitment to the development sector has earned him numerous accolades and prestigiou awards. He was honored as 'The Economic Times Most Inspiring CEO 2021' and featured as one of Forbes India's '100 Great People Managers of 2021' by the Great Manager Institute



NOMINEE DIRECTOR, WWB

Ms. Christina Stefanie Juhasz

Mr. Pushkar Jauhari

NOMINEE DIRECTOR, OIJIF

Mrs. Radhika Jayant Shroff

NOMINEE DIRECTOR, NUVEEN

Mr. Venkiteswaran M R

NOMINEE DIRECTOR, OIKOCREDIT

Mr. Dibyajyoti Pattanaik Executive Director

Mr. Dibyajyoti Pattanaik has over 19 years of experience in microfinance, micro-enterprise development, and development sector consulting. After completing his Post Graduation Diploma from EDII (Entrepreneurship Development Institute of India), Ahmedabad, he completed a management programme further in micro-finance from Boulder Institute of Microfinance, Turin, Italy. Adding to this, Mr. Pattanaik has also attended leadership in the field of Inclusive Finance from Harvard Business School, Boston, Massachusetts. Having a versatile education background, he has always dreamed of serving society, for the welfare of the needy people, and contributing to the overall issues of financial literacy and inclusion

Before joining as Program Head & CFO in 2007 in People's Forum, Mr. Pattanaik has also worked with Public and Development Sectors, and presently, he serves as the Director of Annapurna Finance and President of OSAFII (Odisha Association of Financial Inclusion). Additionally, he is also serving as a board member of MFIN (Microfinance Institutions Network), and has contributed a lot to enlist Annapurna as one of the leading institutions in India. Citing this, he was recognized as Top 100 People's Manager by Great Manager Institute and Forbes India. Including these, Mr. Pattanaik has also been acknowledged as India's Top Mind at the Indian Brand and Leadership Conclave 2022, organized by The Brand Story.



ANNAPURN FINANCE GROWING TOGETHER

Mr. Ashok Ranjan Samal

INDEPENDENT DIRECTOR

Mr. Guillaume Accarain

NOMINEE DIRECTOR, BIO

Mr. R V Dilip Kumar

NOMINEE DIRECTOR, SVCL

Mr. Sunit Vasant Joshi

NOMINEE DIRECTOR, ADB

Mr. Arup Kumar

NOMINEE DIRECTOR, SIDBI

Mr. Abhishek Agrawal

NOMINEE DIRECTOR, ACCION & DEG

ABOUT US

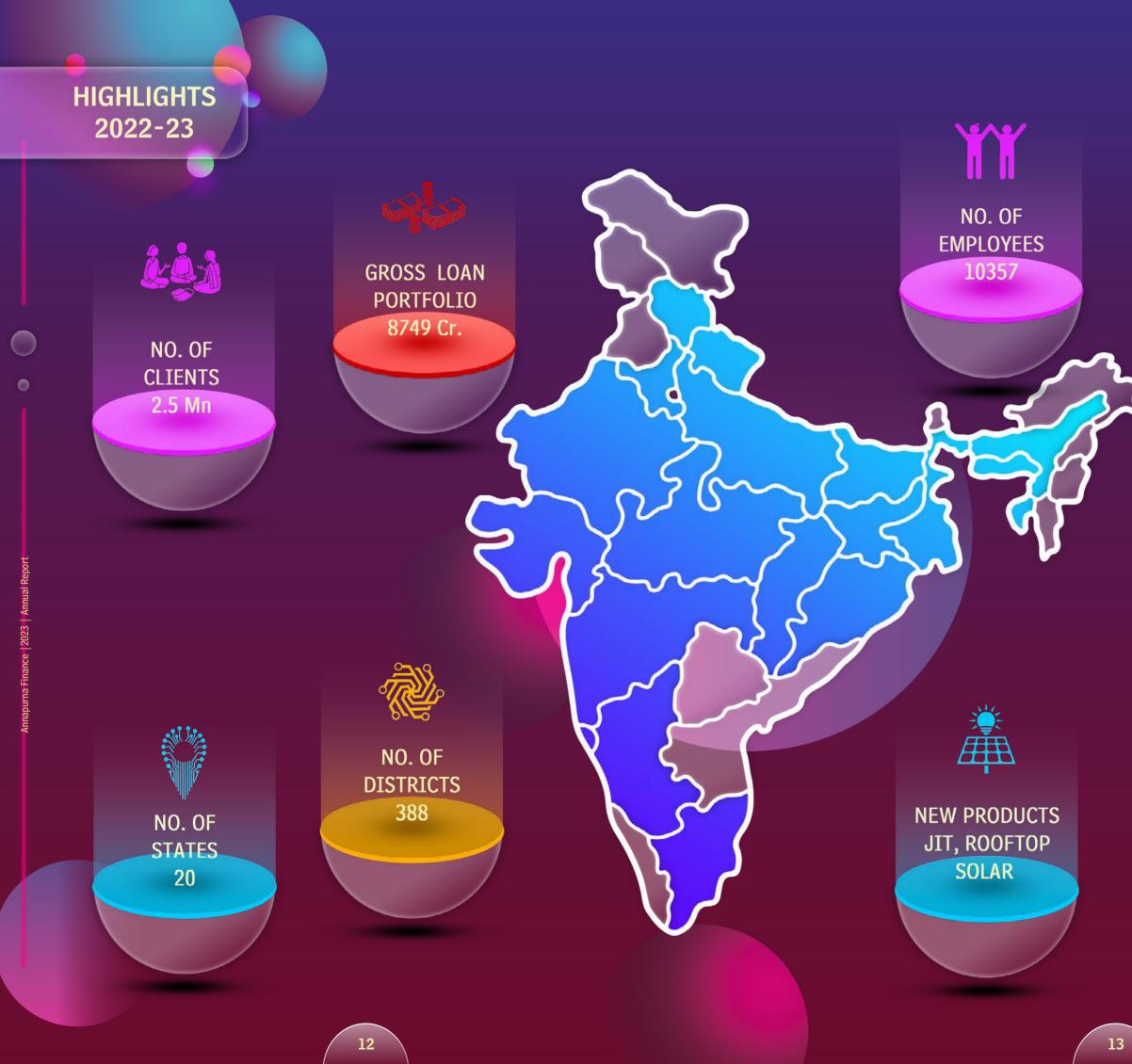
Annapurna Finance, a prominent microfinance company in India, is actively engaged in providing micro-credit services to around 25 lakh customers spanning across 20 states nationwide and managing a portfolio of ₹8,749.0 Cr in 1183 branches. Starting as a part of a development organization named People's Forum, the institution has always kept a socially responsible agenda of customer centricity, women empowerment, and livelihood security at the center of its strategic positioning and product design. Commencing its microfinance operations in 2009, the institution primarily aimed to serve women residing in rural areas of the country. The range of customers' lives, encompassing necessities such as business support, emergency assistance, livelihood enhancement, asset creation, improved water sources, sanitation practices, and affordable housing solutions.

The organization has consistently prioritized creating a positive impact on social norms and alleviating the hardships faced by the underprivileged. As a testament to its

commitment, Annapurna has actively undertaken various Corporate Social Responsibility (CSR) activities, focusing on areas such as healthcare, women and child development, education, and environmental sustainability. The organization is continuously innovating and extending its operational periphery. It maintains a stronghold in rural pockets with microfinance and is now expanding its geographical boundaries into semi-urban areas with the MSME product line.

With a steadfast commitment to fostering positive economic, social and environmental impact, Annapurna is resolutely focused on leveraging its innovative capabilities to promote a substantial contribution to the financial ecosystem. This commitment finds expression in the introduction of groundbreaking financial products, exemplified by offerings like the Solar Rooftop Loan and the Just in Time Loan. By catalyzing the integration of cutting-edge technology into its financial services framework, the organization is not only bolstering financial inclusivity but also effecting a tangible shift towards a more sustainable and equitable future for all.









NO. OF BRANCHES 1183



EQUITY DEALS PROPARCO, NUVEEN, DEG, ENCOURAGE CAPITAL, **ACCION & OIKOCREDIT**

AWARDS AND RECOGNITION 2022–23



Annapurna takes great pride in being acknowledged for its achievements as a responsible lending organization, an esteemed employer, and a future industry leader. The organization is dedicated to creating positive change through a multifaceted approach that encompasses financial inclusion, diversity, and sustainable practices, among other endeavors. For over a decade, the organization has been forging meaningful partnerships with clients, navigating roadmaps, and persistently tackling the most crucial socio-economic challenges through its tailormade products and services.

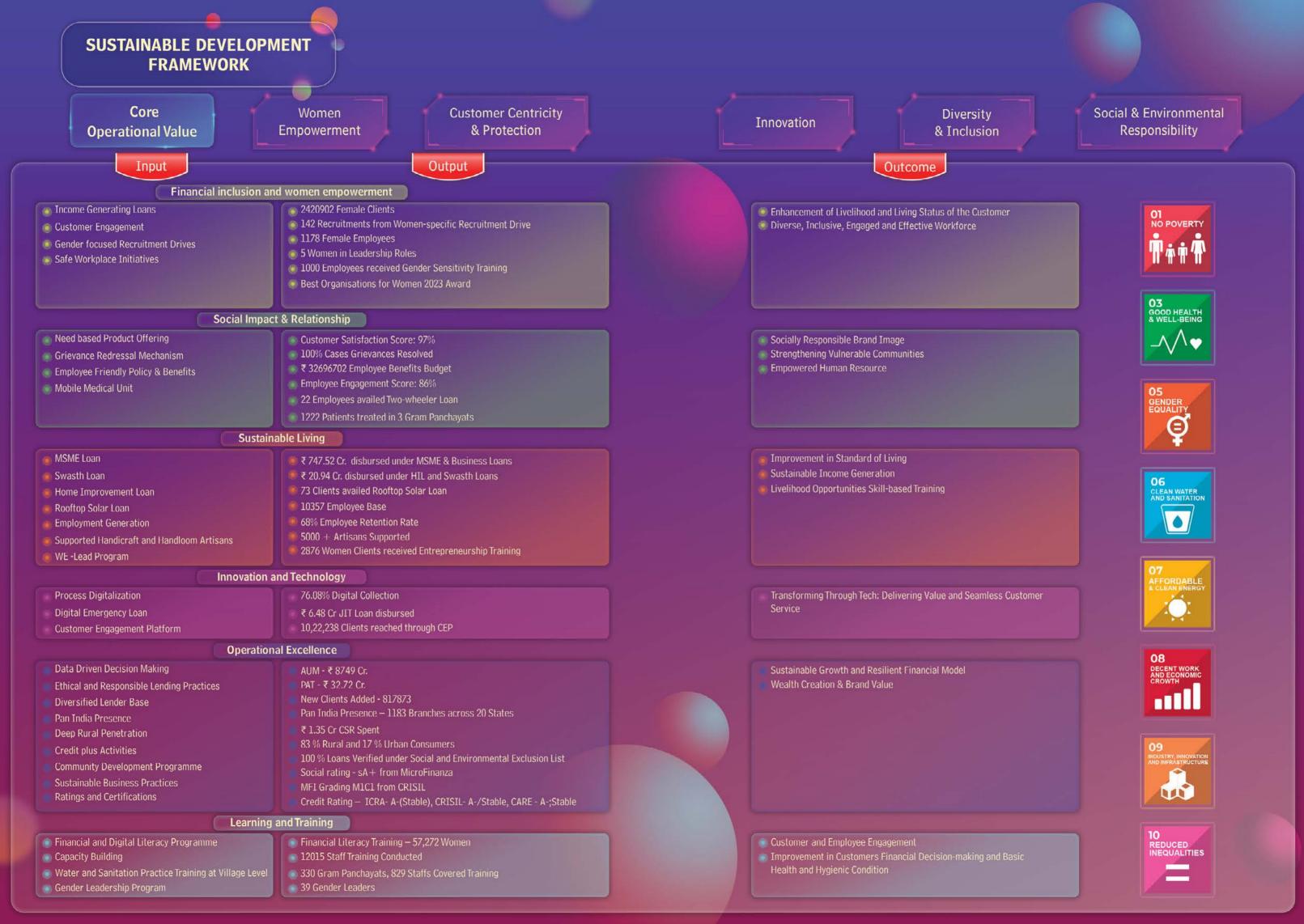
In unity, the organization strives diligently to fortify the firm's responsible and customer-centric practices, diverse and inclusive culture, while collaborating with a wide array of stakeholders including investors, funders, and clients. It is the exceptional individuals, cohesive teams, and dynamic leaders within the organization that enables to make a profound impact and successfully implement innovative ideas that drive growth, progress and bring several accolades and awards on a national and international level.





THE ECONOMIC TIMES RECOGNIZES ANNAPURNA AS BEST ORGANIZATION FOR WOMEN 2023

WATER AND SANITATION FINANCING BY WATER.ORG AND SA-DHAN



Finance & Operation

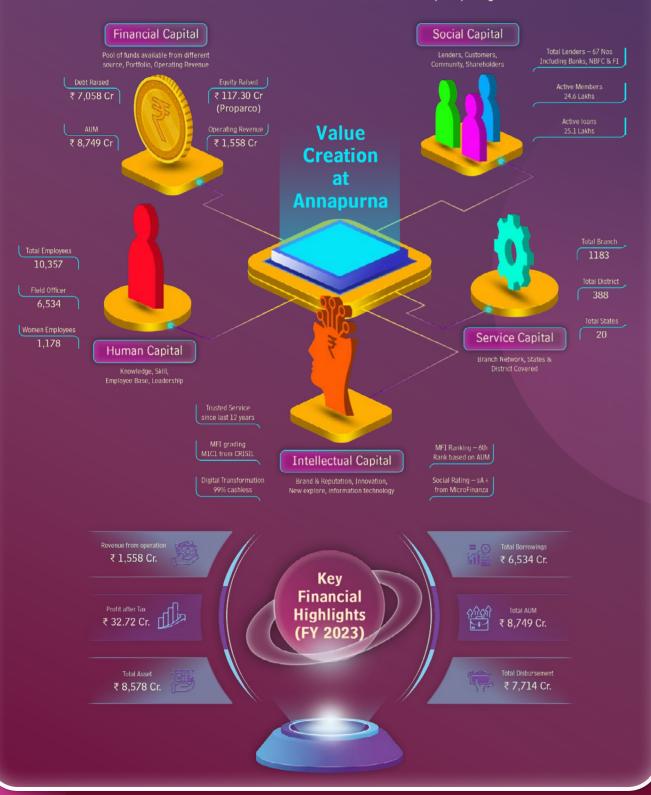


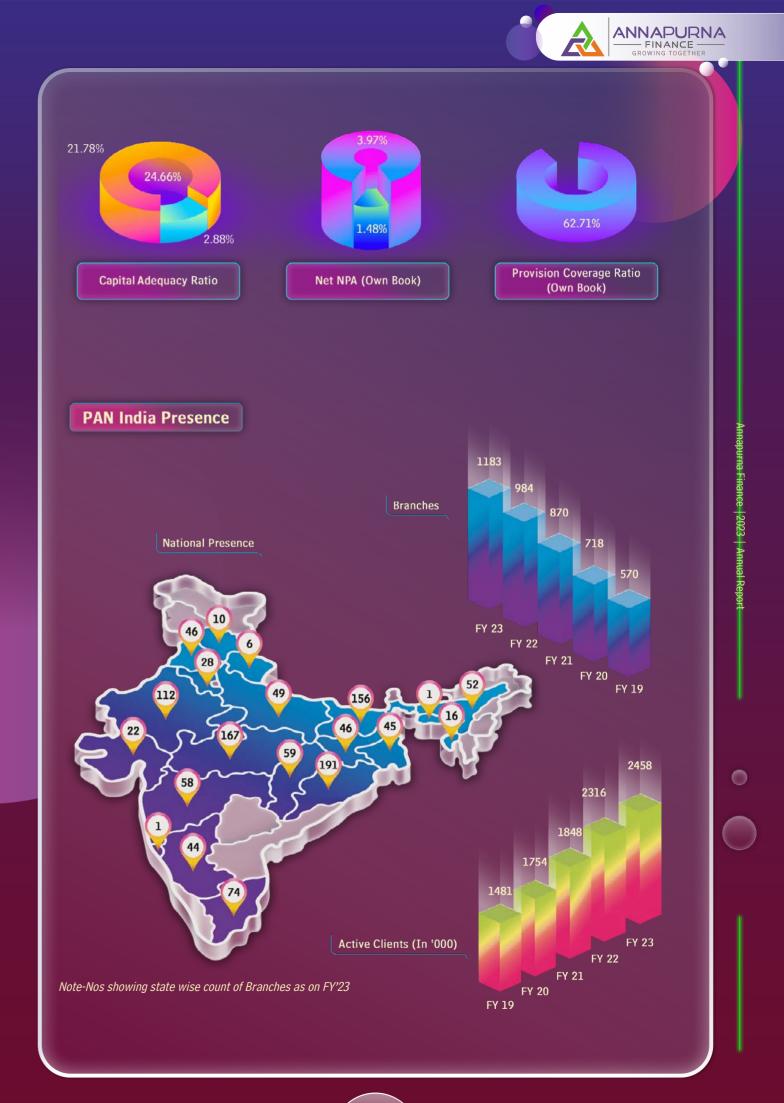
FINANCE

Annapurna has established itself as a noteworthy medium to serve the bottom of the pyramid & to act as firsthand experience while accessing the credit. The recent regulatory change with focus on assessment of household net income and increase in the household income to ₹ 3 lakhs, has resulted in better underwriting practices as well as overall led to the increase in the size of the microfinance sector. It has also resulted in untapping of further unique borrowers. The digitization focus has resulted in seamless onboarding of the customers, increased process efficiency, reduced disbursement timeline and focus on digital collection has further provided the impetus.

The total AUM of the MFI industry for FY'22 stood at ₹2,85,441 Cr. which has grown by 22.04 % in FY'23 to ₹3,48,339 Cr. The disbursement for FY'23 stood at 2,96,473 Cr. which grew by 23.82% from ₹2,39,433 Cr. in FY'22.

The company creates value by providing products and services as per the customer requirement and aims to do so in a way that fits well into their lives which in turn helps us in building a long-term relationship with the customer. In the last decade, it has been able to deploy more than ₹25,000 Cr. to more than \sim 3 Mn. clients with an impeccable record on the collection front, comprising 99% women.





Particulars	East	West & Central	North	South	Total
AUM(In Crs)	4,698	1,944	1,571	536	8,749
Branch	566	248	251	118	1,183
Employee	5,452	2,155	2,002	748	10,357

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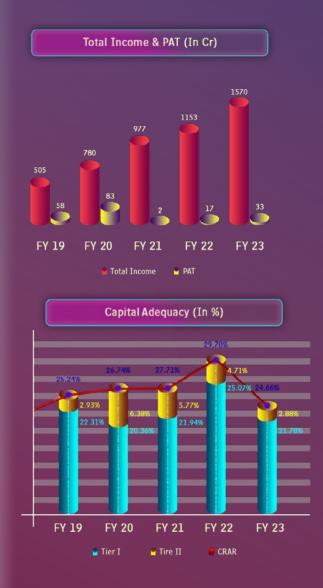
The company started its operation from the Eastern part of India, but with agility and adaptability. It expanded the geographical coverage across India to become a pan India

established MFI. As on March 23, Annapurna has a network of 1183 branches in 20 states, enabling it to serve more than 25 lakhs total borrowers with AUM of ₹8,749 Cr.





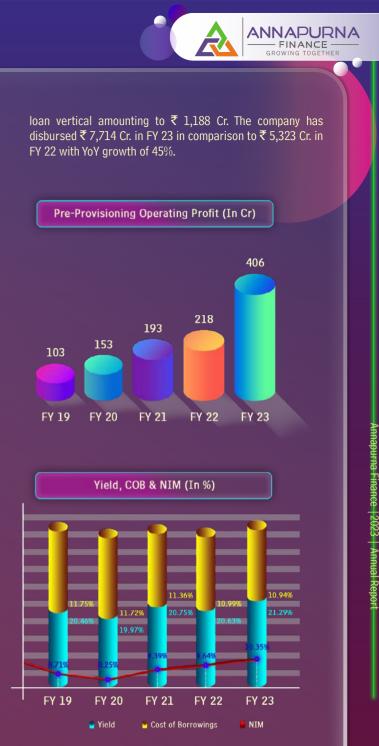
The company has grown its portfolio by a CAGR of 31% in the last 5 years. Last year, it grew by \sim 34% with a microfinance portfolio amounting to ₹ 7,561 Cr. and micro enterprise



Annapurna recorded revenue of ₹1,570 Cr. in FY 23 which shows 36% growth from the previous financial year. It recorded PAT of ₹32.32 Cr. in FY 23 with 91% YoY growth. The organization had achieved a pre provisioning profit before tax of ₹406 Cr. in FY '23 as against the pre provisioning profit before tax of ₹ 218 Cr. in FY'22.

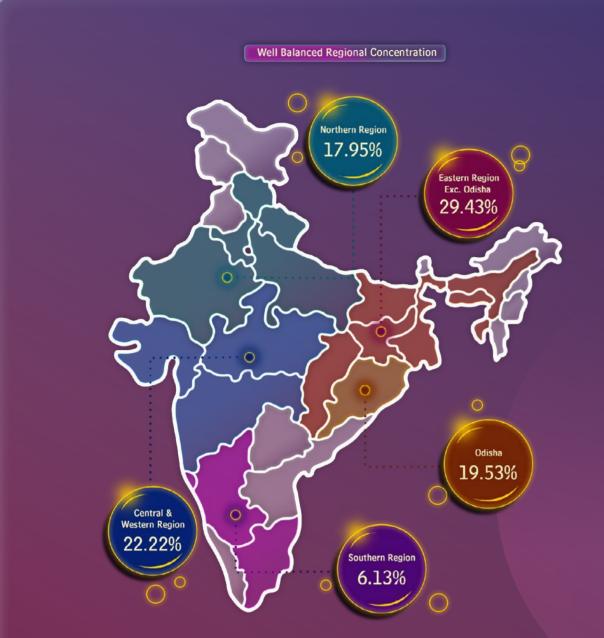
As an NBFC- MFI, RBI directs to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital at 15% of the aggregate risk weighted assets. The organization endeavors to maintain its CRAR higher than the mandated regulatory norm. It maintains 24.66% CRAR consisting of 21.78% Tier-I & 2.88% Tier-II capital.

During FY 23, the organization raised fresh capital of ₹117.30 Cr. in the form of Compulsorily Convertible Preference Shares (CCPS) through private placement to meet its business requirement as per its business plan and to augment the growth of the company. The Networth including CCPS and CCD of Annapurna became



stronger at ₹1,618 Cr. as of March 31, 2023. This helped the organization to drive product innovation and digital transformation agenda to achieve sustainable growth.

The cost of borrowings for FY 22-23 stands at 10.94% as compared to 10.99% in FY 21-22 even during continuous hike of repo rate by RBI. The lowered cost of borrowings is attributed to the confidence of lenders towards the organization, diversification of debt source & balanced performance over the years.



Annapurna has started its operation from the Eastern part of India and has diversified its operation to become a Pan India esteemed MFI institution. The company expanded from 16 states in FY19 to 20 states in FY23. The branches have been increased from 570 in FY19 to 1183 in FY23. The management's continuous effort in reducing the geographical risk diversification helped reduce the exposure of Odisha from 26% in FY22 to 20% in FY23 & the company also aims to maintain a single state exposure of not more than 20%.



During FY 22-23, Annapurna has successfully raised ₹7058 Cr. of funds through Term Ioans, NCDs, ECB, Sub-Debt, Securitisation and Direct Assignments. Company has raised the funds from the lenders such as State Bank of India, ICICI Bank, Standard Chartered Bank, Kotak Mahindra Bank, IDBI Bank, IDFC First Bank, RBL Bank, Indian Bank, DCB Bank, Axis Bank, NABARD, SIDBI, UCO Bank, Bandhan Bank etc. Further the company also successfully established new relationships with debt partners such as Tata Capital, Credit Saison, Cholamandalam Investment and Finance Company, JM Financials & Manappuram Finance.

The organization has raised funds through Direct Assignment transactions of ₹2727 Cr. with State Bank of India, Indian Bank, Bank of Maharashtra, UCO Bank, Piramal Enterprise Limited, Hinduja Leyland Finance etc. in FY23. The Company has also raised funds of ₹62 Cr. in the form of Securitisation from Axis Bank.

In FY 23, Annapurna has raised funds of ₹336 Cr. through NCDs from lenders namely Triodos Investment Management B.V., Triple Jump, Northern Arc, Blue Orchard and Symbiotics. The Company has also raised Sub-Debt of ₹20 Cr. which has helped the company in strengthening its capital base.

Credit Rating & Grading of Annapurna

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

Grading- CRISIL has assigned a Comprehensive Microfinance Grading of 'M1C1' to the company as of May 2023. It is the highest notch of certification. Grading has been assigned on an eight-point scale with respect to Microfinance Capacity Assessment Grading. It has been assigned on Annapurna's ability to manage its microfinance operations in a scalable and sustainable manner and good performance on code of conduct dimensions.

Other certification - Annapurna has received gold level of achievement for client protection certification done by MicroFinanza Rating. The Gold level is the top achievement bracket that confirms the organization's adherence to stringent client protection measures covering responsible pricing, transparency, prevention of over-indebtedness, appropriate product design and delivery, fair and respectful treatment of clients and privacy of client data.

MicroFinanza Rating has assigned the company a social rating of sA + for its good social performance management, client protection systems and social responsibility, outreach and quality of the services.

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Type of Securities **F** Group Debt instrument listed Listing (Nonwith Bombay Stock Exchange (BSE Limited) convertible debentures) Name and address BSE Limited, Department of of Stock Exchange Corporate Services. 1st Floor, P. J. Towers, Dalal Street, Mumbai – 400 001 1. CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Name and address Limited). of Debenture Windsor, 6th Floor, Office No. 604, Trustee C.S.T. Road, Kalina. Santacruz (East), Mumbai – 400098. 1. National Securities Depository Limited (NSDL) 4 Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai -Name and address 400 013 of Depository 2. Central Depository Services (India) Limited (CDSL), 25th Floor, A Wing, Marathon Futurex, N.M.Joshi Marg, Lower Parel (East) Mumbai-400013 ICRA Limited FMC Fortuna, A-10 & A-11, 3rd Floor, 234/3A. A.J.C. Bose Road. Kolkata—700020 CRISIL Limited CRISIL House, Central Avenue, Name and address Hiranandani Business Park, Powai, of Rating Agency Mumbai – 400076 CARE Ratings Limited Godrej Coliseum,4th Floor, Somaiya Hosp Road. Off Exp Highway, Sion (E), Mumbai, Maharashtra -400022, India. 1. NSDL Database Management Limited Name and address +4th Floor, Trade World A Wing, of Registrars and Kamala Mills Compound, Senapati Transfer Agents Bapat Marg, Lower Parel, Mumbai -400 013

People Engagement



HUMAN RESOURCE

Annapurna celebrates yet another milestone as the firm crosses 10,000 employee strength. The team marks the tremendous progress and achievement of 21% increase in human resource growth. Since its inception, the company has continued with steady growth and achieved various benchmarks along the way.

The primary goal of Human Resources (HR) is to ensure organizational success through its workforce. By adopting an Ad-hoc approach, combining effectiveness and efficiency, the department has set in motion a roadmap to maximize employee potential. Their efforts are directed towards unleashing human capabilities and fostering a work environment that empowers individuals and teams with the necessary tools, technology, and culture to contribute to their fullest.

Through HR's transformational efforts across the entire HR lifecycle, they have effectively supported business leaders, implemented workforce rationalization, and boosted productivity while enhancing employee engagement. They believe in implementing a human-centric culture that places the health and safety of employees as a topmost priority.

Key Highlights

- As of March '23, the human capital of the Annapurna family has surpassed the momentous 10,000 milestone, and the aggregate human capital strength reached an impressive 10,357.
- The Human Capital Strength experienced a surge of 21% during the fiscal year 2022-23.
- More than 800 specialized training programs were conducted in 2022-23.
- Contribution of more than 6.1 Lakh to the dependents and family members of deceased employees in the form of pension, education fees, one year salary, and doctor-on-call service under Sathi Suraksha Yojna.
- The National Apprenticeship Training Scheme (NATS) provided a unique opportunity for the HR team to skillfully recruit and train 550 employees, fostering their careers in microfinance.

This extensive training spanned one year and was particularly tailored for individuals with non-engineering backgrounds. Consequently, a substantial claim amounting to Rs. 2,33,94,327 was rightfully received from the Board of Practical Training (BOPT) during the financial year 2022-23.

Scoring Smiles: Happiness Index Monitoring Tool

To cultivate a thriving culture of growth, invention and progress, satisfaction is essential. Through the utilization of the Happiness Index, the department has been proficient in monitoring the workforce's reactions and sentiments. Subsequently, it proactively engages with those who have expressed feelings of discontent, agitation, or despondency, attentively addressed their concerns and collaboratively sought resolutions. This year, the service has successfully extended the outreach to 100% of employees who exhibited general dissatisfaction and conveyed their feedback through the Happiness Index, subsequently providing effective remedies. The tool has been instrumental in proficiently measuring the perspectives and contentment levels of the employees, while also pinpointing the underlying triggers of their discontent or unhappiness.

Upskilling & Reskilling

1. Evening bytes

An initiative enabling employees as a form of Edu-tainment (Education + Enter-tainment) or "Fun & learn"; a 20-minute virtual meet and greet in the free hours of staff in the evening. In the pilot phase, the team has successfully covered over 1200 employees effectively through evening bytes sessions and aims to cover 100% employees by the end of this year.

2. Road to Learn Induction Part 2

The training initiative was started with the purpose of engaging with newly recruited personnel regarding the intricacies of processes, policies, and gaining clarity in their respective domain. The training progress is closely supervised both within the branch and out in the field during the initial two months after their induction. To ensure a smooth integration into the company, their branch manager, trainer, and HR carefully monitor their work journey. It aims to proactively tackle any emerging challenges, equip participants for the work environment, and impart proficiency in business practices.

3. LEAD (Leadership Exploration and Development)

The LEAD program was developed with an intention of demonstrating to experienced and new leaders alike how to successfully lead and manage a team, achieving objectives, and enhancing productivity for the collective efficacy of the team. The principal curriculum centers around imparting division-specific and technical proficiencies necessary for the execution of responsibilities. To maintain a positive work environment, happy and productive employees, and overall branch and business success, leadership training is vital.

Healthy Workforce is a Happy Work Employee Wellness Program

1. Health Monitoring Camps

Annapurna organised medical camps for its staff members so they could get their health checked for any problems or medical concerns to maintain a healthy work environment and ensure that all of its personnel are healthy and free of sickness.

The team successfully carried out medical camps across geographies in the states like Odisha, West Bengal, Assam, Madhya Pradesh, Karnataka, Punjab, Jharkhand, etc for our employees and their families this year, where 1016 employees had their health ailments checked out.

2. Nourishment & Nutrition Kit for Expecting Mothers

To improve the health of the female employees who are pregnant or nursing, Annapurna has introduced a nutrition kit. The kit includes both the diet plan for a healthy mother and baby as well as all the vitamins and mineral supplements required for a safe pregnancy. By investing in employee wellbeing, the company commits to the employees' physical, mental, and emotional health, leading to a positive and engaged workforce.







Women's Welfare & Wellness Program

Modifications in employee benefits entail the implementation of a series of enhancements (Inclusivity Approaches):

- Provision of nutrition packages for staff members
- Diminishing the travel distances for recently wedded female employees
- Provision of desk-based roles for expectant women to accommodate their needs
- Showcasing accomplished female personnel in the half-yearly magazine to celebrate their achievements
- Offering subsidized 2-wheeler loans exclusively tailored for women employees

Female Recruitment Drive

Numerous female recruitment initiatives were organized with the primary aim of enhancing gender inclusivity by extending enrollment to women in pivotal positions. A large number of female job seekers actively participated in this drive. A total of 126 recruitment drives for women were held. This year HR has successfully onboarded more than 700 female employees in 2022-23

Women Health Awareness & Checkup Camp

Annapurna firmly believes that women constitute the very bedrock of a family, and recognizing the significance of their well-being, is important. Due to the day-to-day rush in life, often, unknowingly, health gets neglected. To rectify this, a series of medical health checkup camps were thoughtfully conducted, aimed at empowering, testing, and conscientiously enlightening them about their health-related concerns.

For the benefit of the female employees, specialised health checkup clinics were held where they could undergo BMD (Bone Mineral Density Test) and gastroenterology consultation testing. Expert consultation was given in the camp by assessing the patients meticulously and making them aware about their health conditions as well as prescribing them medication to cure the ailments.

Furthermore, the Women Wellness Webinar (WWW) served as a progressive series of awareness webinars. Proficient speakers talked about women's health issues, lifestyle ailments, and preventative measures, graciously sharing their expertise. The ultimate aim was to educate and empower women, equipping them with the knowledge necessary to lead healthier, more fulfilling lives.

Through Annapurna's unwavering commitment to the welfare of female employees, the company has witnessed a notable upsurge in its female retention rate this year.

Employee Connect & Engagement Program

Staff Parents Meetings:

The purpose of the structured meeting with the employees' parents is to develop a closer relationship with both the employee and their parents. In the meeting, the team discusses the job responsibilities given to the employee as

well as their aptitude and expertise in carrying out the task. The gathering is more of a motivational event to encourage the employee to work hard and pursue larger goals.

Cultural Fest

On the eve of Foundation Day, the employees were invited to participate in the cultural fest, which included dances, melodious singing, and a drama performance presented by Triveni. The evening was closed by a rocking performance by Band ALRHYANS, led by the esteemed Director Sir himself. The prime aim of this grand event was to showcase the pinnacle of talents that reside within Annapurna, offering them a splendid platform to exhibit their skills and innate abilities.

Festival Celebration

Annapurna keenly observes all of the celebrations, encompassing Holi, Janmashtami, Rajo, Diwali, and various other festivities. The office premises were arranged to accommodate the grandeur of the occasion, and every attendee participated with lots of enthusiasm and delight. Numerous engaging activities, games, and competitions were arranged, including Ball Targeting, Finding and Fixing, Rangoli Competition, Diya Painting, Housie Game, and an array of other amusements.

Among the diversions, delightful food counters are also arranged for the employees, which consists of pani puri eating competition, chat chowpati, sweets and other delicacies for them to relish and savor.

Annual Sports Event

Annual sports events were established to motivate employees through competition and effective games. Indoor and outdoor games of every kind were planned and organised. Some of the games were Chess, Badminton, Carom, Dart game, Tug of war, Cricket, etc. The event was a success, many employees actively participated in activities and games, and some of the teams who won the matches were rewarded. Annual sports day took place not only in Odisha, but also Maharashtra, Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Tripura. Over 300 employees enthusiastically participated from all around the country in the Annual Sports Event.

Workshops & Competit

To foster innovation and improve engagement, a series of workshops and nationwide competitions were organized. Exemplary events included poetry contests, and dress design, pottery classes, and art workshops.

Way Forward

Skill Enhancement and Employe Development Training Program

One of the key components for the company's future economic success as evolve into a diversified and nationally competitive corporation is skill development. The firm must redefine the interplay between education, employment, and skill enhancement. The skill enhancement program will focus on knowledge, technology, personal and professional growth. It will particularly focus on Customer Relationship Management, Behavioral-Based Trainings, Customer Experience, recognizing these elements as the exigencies of success and productivity.

Change Management

In response to the escalating workforce, policies have undergone updates and modifications, necessitating employees to align with these changes. As the workforce adapts to technological and policy shifts, workplace adjustment becomes a crucial aspect within the broader spectrum of change management.

BDE Training Program

As an integral component of the quality development program, a new layer has been introduced at the branch level in Operations. This involves recruiting students from various MBA colleges as Business Development Executives, grooming







them to become potential Branch Managers. Termed the BDE Training, these individuals will serve as the new change agents entrusted with overseeing multi-product branches in the future. Over a rigorous three-month training period, they will receive constant monitoring, positioning them as the torchbearers of the company's future.

AI Revolutionizing Talent Acquisition

AI-driven recruiting solutions have emerged as a critical component of the HR technology ecosystem. Automation empowers recruiters to harness the full potential of their applicant tracking system, leading to more efficient hiring, precise shortlisting, and fairer resume screening. The strategic plan entails automating the workflow to more effectively engage, screen, and assess candidates.

Gender Diversity



GENDER DIVERSITY

Diversity, Equity & Inclus

Annapurna recognizes diversity, equity, and inclusion as essential pillars of a thriving and progressive organization. Being one of the women-focused MFIs, from the day of inception, the organization has put focus on women empowerment, as it believes that embracing diversity in all its forms fosters innovation, strengthens the teams, and enables to better serve the customers and communities. This section of the report serves as an overview of the commitment to DEI and outlines the initiatives and progress the company hasmade in creating an inclusive and equitable workplace.

In FY 2022-23, Annapurna constituted a Diversity and Inclusion Committee with leaders from each of the business segments. This Committee is led by Mr. Dibyajyoti Pattanaik. The Diversity and Inclusion Committee aims to drive change in culture, policies, processes and systems to build an inclusive work environment. The Committee has been instrumental in promoting diversity by instituting the Diversity, Inclusion and Equity (DEI) Statement.

DEI statement

"At Annapurna, the vision is to build a culture where every individual feels valued, respected, and empowered to contribute their unique talents and perspectives. It strives to create an environment that promotes fairness, eliminates biases, and provides equal opportunities for all employees to grow and thrive. The organization firmly believes that by embracing diversity and fostering inclusion, its commitment can drive meaningful change within Annapurna and beyond."

Annapurna's commitment & celebra

Annapurna as a diversity friendly organization, rejoices diversity in gender, culture, religion in the organization through celebration of different occasions like Holi, Dusshera. Christmas. Other than that, to celebrate women. every year Annapurna celebrates International Women's Day at a grand level, where other than female employees, women entrepreneurs and women dignitaries also attend the program.

In 2022-23, because of Annapurna's commitment to gender diversity, the organization became a network partner of Women's World Banking as well. As partner of WWB, Annapurna participates in the capacity building, brainstorming sessions and workshops organized by WWB on gender friendliness, gender focused product designing, gender inclusiveness index etc.

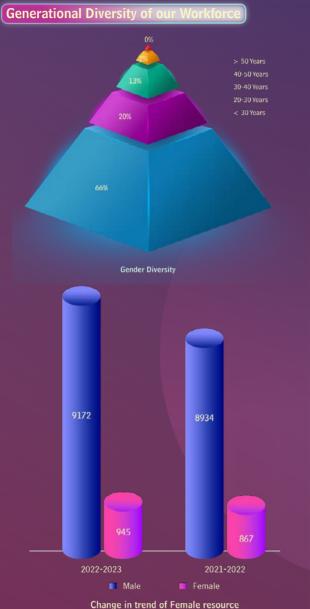
In January 2023, Annapurna organized a panel discussion during Inclusive Finance India Summit in Delhi on "Creating Gender Diverse Workplace in Microfinance Industry" where many stakeholders from the industry participated to share their views on the topic as women participation in the industry is a challenge presently.

Workforce Diversity

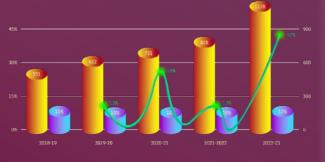
The employees are the greatest asset – The organization says it often and with good reason. It is only with the determination and dedication of the employees that the organization can

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serve the clients, generate long-term value for shareholders and contribute to the broader public. The company is committed to making progress toward racial equity, advancing gender equality, and increasing representation at every level of the organization.







Gender Policy Up

The organization has recently undergone a comprehensive update of the Gender Policy. This updated policy reflects the longstanding commitment to women's empowerment since its inception. With these updates, Annapurna aims to elevate the proactive approach towards gender equality and foster a culture of diversity, equity, and inclusion.

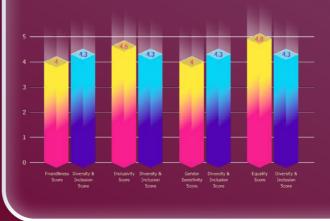
ntroduction of Gende Violence & harassment Policy (G)

Annapurna has a zero-tolerance policy on sexual harassment. and has established systems, processes and policies to safeguard women employees. The policy on Sexual Harassment of Women at Workplace aims to prevent. prohibit and redress any misconduct. It has gone a step further and introduced GVBH Policy, GBVH is an umbrella term that covers a range of behaviours, including sexual, physical, psychological and economic abuse. What sets it apart from other types of violence and harassment is that it is either directed at - or disproportionately affects - people of a particular sex or gender, including gender-nonconforming individuals.

Further, the Code of Conduct enables disciplinary action for sexual harassment irrespective of gender. In accordance with the requirement of the Sexual Harassment of Women at Workplace Act. 2013, the Group has set up a dedicated internal committee. Details of sexual harassment complaints are provided in the Annexure.

Employee Engage

The organization promotes a collaborative and inclusive work environment. This year it has conducted an Employee Engagement Survey to measure the connection, employees have towards the organization, team, and work. It is an opportunity for the organization to establish two-way communication and involve employees in the development process by giving them a direct voice. Along with that Gender Need Assessment was also conducted to identify the gaps between current & desired conditions related to gender sensitivity concepts. It will also help us to make better policies targeted towards achieving Gender Equality. The results of the survey are presented to the leadership team for strategic integration in the human resource management strategy. This process enables quantification and measurement of employee satisfaction being translated into continuous improvement in the overall inclusive work culture.



From now on, Annapurna will conduct this survey annually to track progress over time, measure the effectiveness of implemented initiatives, and make necessary adjustments to continuously improve the employee experience.

ANNAPURNA FINANCE

Gender Need Specific Employee B

Annapurna provides various benefits to the employees. It includes accident insurance, health insurance, parental benefits, provident fund and gratuity. Details of these benefits are available in employee gender need specific policies

1. Benefits only for Women on Field

- Separate washroom & accommodation
- Minimum distance from home district 50 km
- 2. Gender Proactive Initiatives
- Gender training for all
- Interest free Two wheelers for Women
- Requirement based Internal Job posting
- Parental Leave
- 3. Special Benefit for Expecting & New Mothers
- Adoption leaves up to 12 weeks
- Nutrition Package for Expecting Mothers
- Reimbursement Plan for Child Care Expense in case of unavailability of Childcare Service Provider
- Subsidized Personal Loan for longer Maternal Health Treatments
- Work Flexibility for critical childcare needs

DFI Initi

Annapurna is pleased to highlight the DEI initiatives that has been undertaken this year as the organization is embarking on the diversity journey. These initiatives demonstrate the commitment to fostering a more inclusive and equitable workplace.

Gender Leadership Pr

Under the Diversity and Inclusion initiative, Gender Leadership Program was launched in the name of "Samanvi". The program plans to create better gender awareness among all the employees and help in developing a gender inclusive workplace through a series of activities. Based on employee's experience and leadership potential, it has identified 46 potential Gender Leader for the organization for better dissemination of gender sensitivity and awareness regarding diverse workplace. 2-days gender sensitive training was provided on the topics like, Leadership, Gender sensitization, Gender sensitive behaviour at workplace and Measures & guidelines to tackle any form of workplace harassment. The company has deployed a blended learning approach of classroom programs, external programs, certification programs and e-learning modules to facilitate the learning process across all levels.

Career Restart Programme

"Revibe – a career restart programme" is a launchpad for women who have taken a break in their working lives for any reason. The program helps women resume their careers. The program is open to any woman who has taken a career break of 12 or more months and meets the requirements for the job. ReVibe aims at providing proper training, support and mentorship to women who have been away from the workforce for an extended time can make a career comeback with confidence. ReVibe exemplifies the commitment to creating an inclusive work environment by increasing the pipeline of female talents.

Driving Gender Inclusivity: Annapurna's Activ Participation in Gender Index Assessments

In the pursuit of gender inclusivity, Annapurna actively engages in gender index assessments. These assessments serve as valuable tools for evaluating and measuring gender-related factors within the organization. By actively participating in these assessments, Annapurna demonstrates its commitment to driving gender inclusivity in the workplace.

Gender index assessments typically involve evaluating various aspects such as gender friendliness, gender-focused product designing, and the gender inclusiveness index. Annapurna's involvement in these assessments showcases its dedication to understanding and addressing gender-related challenges in the microfinance industry.

This year we participated in:

Bloomberg's Gender Equity Index

Gender Assessment Methodology Survey by WWB

BCWI & MICI – Avtar & Seramount

Alliance for Global Inclusion by Seramount

By participating in these assessments, Annapurna gained a comprehensive understanding of its current gender inclusivity practices and identifies areas for improvement. The insights gathered will help Annapurna in formulating strategies and implementing measures to create a more equitable and inclusive workplace.

Way Forward

Diversity, Equity, and Inclusion (DEI) at the company includes sustained leadership support, employee engagement, ongoing education and training, expanded recruitment efforts, employee development and advancement, inclusive policies and practices, collaboration and partnerships, measuring impact and transparency, continuous learning and adaptation, and celebration of success and recognition. By focusing on these areas, the team will continue to build an inclusive culture, attract diverse talent, and foster a workplace where all employees feel valued and empowered to succeed. The commitment to DEI is unwavering, and Annapurna is dedicated to creating a workplace that embraces diversity and promotes equity and inclusion for all.

In addition to the aforementioned areas, Annapurna is excited to share the upcoming DEI projects that will further propel the commitment to diversity, equity, and inclusion. These projects include:

1. Women Leadership Development Program

This program will invite female employees in the operation vertical to be part of a unique Women Leadership development program (WLDP). As to create a talent & leadership pipeline in the organization to deal with different demands of job roles, market competition and the increasing pace of change. To counter with all this, Annapurna will be launching this program in the coming year to develop the competencies of potential frontline leaders who are to be the key players in achieving the organization's mission and vision. The program leverages gender equity concept by giving the opportunity of professional growth and personal grooming to women employees only.

2. Gender Pay gap audit Inclusion

In the ongoing commitment to promoting gender equality and fostering a fair and inclusive workplace, the team is planning to conduct a gender pay gap audit. This audit will involve a comprehensive analysis of the organization's compensation practices to identify any disparities in pay based on gender.

The gender pay gap audit is a crucial step in the journey towards creating a more equitable workplace. By conducting this audit in the coming year, the committee aims to identify and rectify any gender-based pay disparities, promote fairness, and ensure that all employees are compensated fairly for their skills, contributions, and experience.





Insurance



INSURANCE

Insurance is a fundamental component of financial planning and risk management. It helps individuals and businesses navigate uncertainties, protect their assets and interests, and promote stability and well-being. Insurance serves several important purposes and provides numerous benefits to individuals, businesses, and society.

The department plays a very crucial role in managing and mitigating risks associated with lending activities. Ensuring the financial security of the institution as well as for the customers, insurance products are specially designed by insurance companies for the Annapurna MFI clients and Annapurna MSME (Micro, Small, and Medium Enterprises) clients.

Recognizing the profound importance of financial security and protection, the selection of Insurance partners is considered by taking several factors into consideration like: Expertise and Track Records, Product Offering, Financial Stability, Claims Settlement, Underwriting Criteria, Cost and Affordability, Technology and Integration, and Regulatory Compliance. These insurance offerings extend not only to Annapurna MFI Clients but also encompass Annapurna MSME clients, underlining the institution's dedication to fostering economic growth and stability at all levels of the market.

The team specially have two types of products in the name of Group Term Life (GTL) and Credit Life to cater the need for the MFI and MSME Clients respectively.

Among the incredible insurance products offered by the company is the **Group Term Life insurance**, which protects the borrower's creditworthiness, prevents the accumulation of debt for surviving family members, pays the debt directly to Annapurna MFI and the remaining sum insured to the nominee in case of insured's death.

Adding to this, **Credit life insurance** is for the MSME portfolio, the purpose of credit life insurance is to provide financial protection and ensure that the borrower's debts are paid off in the event of their untimely demise

The company has remained committed to providing best insurance services to the valued members. The emphasis has been placed on enhancing the efficiency and efficacy of the claims handling procedures, elevating the overall customer experience to new heights, and facilitating swift, transparent, and fair settlements. By striving for continuous improvement and innovation, the team exemplifies the institution's ethos of customer-centricity and commitment to delivering excellence.

In conclusion, Annapurna stands as a shining example of an institution that recognizes the crucial role of insurance in risk management and financial security. Through its curated insurance products, stringent selection of insurance partners, the organization has earned its reputation as a reliable and dependable insurance provider, catering to the diverse needs of its members while fostering growth and prosperity in the communities it serves.





Operational Excellence





CREDIT

During the financial year 2022-23, the microfinance industry underwent a significant transformation in assessing the creditworthiness of clients, driven by the introduction of a new policy by the Reserve Bank of India (RBI). This policy led to the adoption of revised approaches in several key areas, including household profiling, evaluation of household income and expenditure & loan repayment mechanisms.

To ensure a smooth implementation of the new RBI regulations, extensive in-house training programs were organized. These training sessions were designed to equip appraisal officers with the necessary knowledge and skills to effectively navigate the revised policies. Various technical methods and case studies were utilized during these training sessions to enhance the understanding of the appraisal officers and zonal credit managers to provide them with practical insights.

For streamlining the underwriting process in accordance with the new regulations, a comprehensive credit policy was developed. This policy was designed to govern the assessment and approval of all loan products offered by the company. It served as a framework for evaluating client eligibility, determining loan amounts, establishing repayment terms, and ensuring adherence to the revised guidelines set by the RBI.

For analyzing the successful implementation of the new regulation the department framed several logics and worked on certain validation measures to be incorporated in the software application. These enhancements were aimed at aligning the application's functionalities with the revised guidelines and ensuring compliance with the new RBI regulations. Some of the key logic and validation changes implemented are as follows:

Household Profiling

The software application incorporated new fields and parameters to capture detailed information about the client's household, including demographic data, income sources, and expenditure patterns. This allowed for a comprehensive assessment of the client's financial situation and improved the accuracy of creditworthiness evaluations.

Income and Expenditure Assessment

The application was updated to include a robust system for evaluating household income and expenditure. It incorporated predefined formulas and calculations to accurately determine the client's debt-to-income ratio, disposable income, and repayment capacity. This ensured that loan amounts and repayment terms were aligned with the client's financial capabilities.

General Guidelines

The software application incorporated a comprehensive set of general guidelines provided by the RBI. These included parameters related to loan eligibility, interest rates, loan tenure, and maximum loan amounts. The application enforced these guidelines through automated checks and validations, reducing the scope for manual errors and ensuring adherence to the regulations.

By incorporating these logic and validation measures into the software application, the company can streamline its operations, ensure regulatory compliance, and enhance the overall efficiency of the lending process under the new RBI regulations.

Overall, the introduction of the new RBI policy in the financial year 2022-23 prompted significant changes in the underwriting methodology of the organisation. By redefining creditworthiness evaluation and implementing comprehensive training programs, the company was able to align itself with the regulatory framework, thereby facilitating responsible lending practices and better serving their clients.

The department has diligently adhered to the RBI's KYC/ AML guidelines, ensuring their effective implementation by incorporating robust validation mechanisms into the system. The department has taken steps to enforce compliance with the various sanction list mentioned as:

- UNSC Sanction List pursuant to Resolution Nos.1267 (of 1999),1988 (of 2011), 2140 (of 2014), and 2253 (of 2015) etc - United Nations Security Council applies sanctions with its prime focus on counterterrorism, nuclear nonproliferation.
- European Sanction List European Union Sanctions may target governments of third countries, or non-state entities and individuals, such as terrorist groups and terrorists.
- OFAC and OFAC SDN Office of Foreign Assets Control (OFAC) publishes lists of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries, and where the same is not countryspecific, they are called as "Specially Designated Nationals" or "SDNs."

To bolster the efforts in this regard, the department has organized comprehensive training programs designed to sensitize all underwriting officers on adherence with all the sanction lists.

In addition to this the department has organised specific training to sensitize the underwriting officers on compliances with ADB and IFC exclusion list in the field.





Geographical Information Systems (GIS)

The Geographical Information Systems (GIS) department at Annapurna plays a crucial and central role in the analysis and representation of geospatial data, providing invaluable insights across various aspects of the company's operations. Leveraging their extensive expertise in GIS technology, they make significant contributions to informed decision-making and risk management by utilizing spatial data.

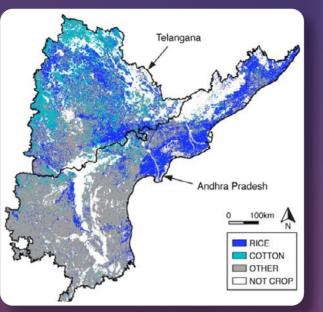
One of the primary duties of the GIS department involves overlaying property boundaries, zoning information, demographics, and other relevant datasets onto maps. This meticulous process enables them to identify patterns, trends, and potential risks or opportunities within the company's portfolio. By visually representing this information on maps, they gain a comprehensive understanding of the spatial relationships between different assets.

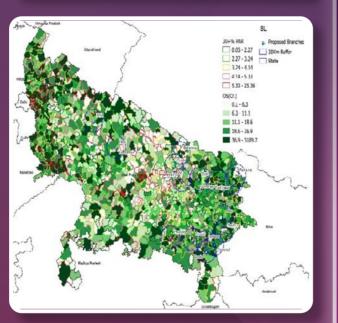
The department integrates a diverse range of datasets, including environmental factors, natural hazards, and socioeconomic conditions, alongside conventional data sources. This integration allows them to identify areas that are vulnerable to specific risks such as floods, earthquakes, cyclones, or economic downturns. Such information is critical in evaluating potential threats to the company's investments and developing effective strategies for risk mitigation.

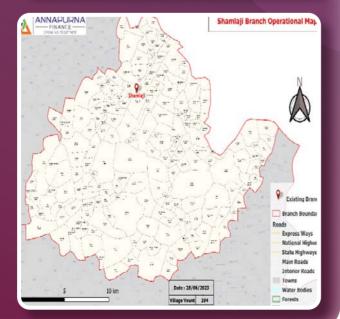
GIS technology empowers the department to optimize the company's portfolio by examining spatial relationships and proximity. They can identify opportunities for portfolio diversification, strategically cluster assets in advantageous locations, and uncover potential synergies among distinct properties or projects. Through visually captivating maps, charts, and infographics, they effectively communicate these insights to stakeholders, investors, and clients, thereby facilitating enhanced decision-making and fostering transparency.

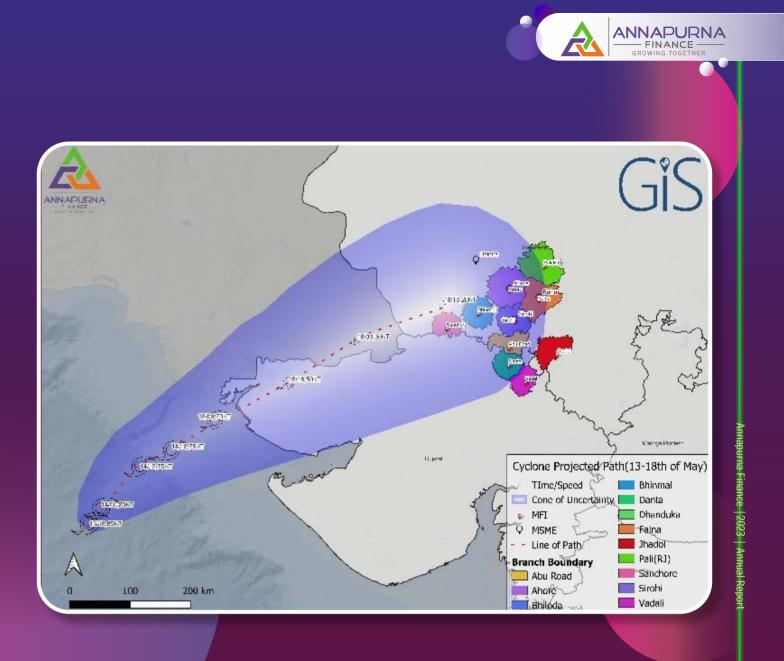
Recently, GIS has broadened its scope to include an Agri Project that capitalizes on the latest advancements in artificial intelligence (AI) and machine learning (ML). They apply these cutting-edge techniques to evaluate farm status and assess crop yields by employing advanced crop models. Additionally, they utilize GIS to map regions susceptible to disasters and issue timely warnings to farmers regarding impending adverse weather conditions. This proactive approach empowers farmers to take necessary precautions and implement feasible mitigation strategies to safeguard their crops and livelihoods.

At Annapurna, the team goes beyond its core responsibilities to actively advocate for sustainable development in the agricultural sector. In doing so, they take proactive measures to disseminate crucial information and raise awareness among farmers about the latest agricultural products, schemes, technologies, and other pertinent information that can contribute to their long-term growth and prosperity. By equipping farmers with this knowledge, the department empowers them to make well-informed decisions and embrace sustainable practices that can have a positive impact on their livelihoods and the environment.









The GIS team is involved in various ongoing projects further demonstrates its dedication to advancing geospatial technology and its applications. One notable project they are working on is the development of a Spatial Dash-boarding system. This system serves as a comprehensive platform that provides users with an interactive and holistic view of spatial data through intuitive dashboards. By leveraging this system, individuals can effortlessly explore and analyze information related to geographical aspects, allowing for better decision-making and planning processes. Additionally, the department is actively engaged in implementing a centralized database management system that aims to streamline the storage and retrieval of geospatial data. This initiative will enhance efficiency and accessibility, ensuring that valuable information is readily available for analysis and decisionmaking purposes.

It recognizes the importance of providing practical tools to support field operations in the agricultural sector. To address this need, they are dedicated to delivering HTML maps that incorporate integrated geo-location systems. These maps

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act as invaluable resources for Field Credit Officers (FCOs), facilitating precise navigation and guidance during various field operations. By automating existing processes through geospatial technology, such as real-time tracking and route optimization, the department significantly enhances operational efficiency and accuracy. This, in turn, leads to improved productivity, cost-effectiveness, and overall success in field operations related to agriculture.

In summary, the GIS department at the company utilizes its expertise in geospatial analysis and visualization to not only bolster the company's decision-making processes and mitigate risks but also to optimize portfolios and promote sustainable development within the agricultural sector. By actively engaging in innovative projects and effectively communicating complex information, the department occupies a pivotal role in driving the company's success. Their commitment to sustainable practices and the advancement of geospatial technology serves as a testament to their dedication in creating a positive impact on both the agricultural industry and the wider community.

RISK

Annapurna has developed a highly intricate and carefully designed Enterprise Risk Management framework that aims to effectively recognize and address a wide range of potential events that could give rise to risks in the areas of credit, market, liquidity, operational, and reputational aspects, thereby safeguarding the smooth functioning of the organization. This comprehensive framework offers detailed guidance on how to systematically evaluate, analyze, and mitigate risks across various levels within the organization. By utilizing this framework, the organization ensures that risks are constantly monitored and controlled within predetermined limits that align with the organization's risk appetite, thus maintaining a secure and stable operational environment.

The primary accountability of the Board Risk Management Committee (BRMC) involves conducting comprehensive reviews of compliance with the Risk Management Framework, philosophy, and risk tolerance limits. This encompasses a meticulous assessment of the Risk Appetite Statement (RAS) in relation to all potential risks, ensuring alignment with the corresponding risk policies and guidelines. Furthermore, the BRMC diligently evaluates the sufficiency and suitability of both the Risk Management Plan and the Business Continuity Plan, while simultaneously ensuring the efficacy of the implemented controls. By undertaking these responsibilities, the BRMC endeavors to maintain a robust risk management system that safeguards the organization's interests and facilitates its uninterrupted operations in the face of potential disruptions.

Initiative

Digital Lending has proliferated throughout India's unsecured retail lending landscape, encompassing a wide array of innovative products such as Instant Loans, Buy-Now-Pay-Later options, and digital MSME loans. These advancements have intensified competition within the unsecured loans industry. Annapurna seeks to venture into the realm of digital loans to leverage the associated benefits.

The absence of field verification, face-to-face interaction, and the presence of forged documents have given rise to numerous fraudulent activities in the realm of digital loans. Additionally, lax precautions pose data security risks, leading to potential data theft.

To address these concerns, the organization will leverage market solutions to combat fraud and will subject its systems to rigorous security checks to ensure data protection. Moreover, it will utilize its existing branch network as and when necessary to support digital lending endeavors.

Innovations

Account Aggregate

The company is dedicated to incorporating innovative solutions to enhance its banking services and improve the overall customer experience. One such innovation is the implementation of an Account Aggregator solution, aimed at minimizing fraudulent bank statements and simplifying the process of providing financial data. By utilizing this solution, customers can easily grant access to their financial information to lenders through a secure One-Time Password (OTP) system.

Bank Statement Parsing Solution

In addition to the Account Aggregator, Annapurna plans to integrate advanced technologies such as "Statement parsing" and "AA parsing" solutions into its digital lending application. This integration will enable the lender to analyze bank statements, identify fraud indicators, and expedite the credit underwriting process. By leveraging these parsing solutions, the company aims to streamline and accelerate the assessment of creditworthiness.

Digital Scorecard

To further enhance risk assessment capabilities, the organization is developing a digital scorecard for its customers. This scorecard will utilize various data points, including demographic, social, and geographical information, to generate a comprehensive risk score. By leveraging this digital scorecard, it aims to provide a more accurate assessment of customer creditworthiness.

Decision Engli

To automate credit processes and ensure efficiency, Annapurna will integrate a Decision Engine into its banking application. This decision engine will utilize advanced algorithms and machine learning techniques to automate credit-related decisions, reducing manual efforts and enhancing overall operational efficiency.

Fraud Preventio

Recognizing the importance of fraud prevention, the organization plans to incorporate cutting-edge fraud solutions that utilize a wide range of data points to evaluate customer fraud risk. By leveraging these robust fraud prevention measures, it aims to safeguard the interests of its customers and maintain the integrity of its banking operations.

CAAP

Annapurna has conducted an Internal Capital Adequacy Assessment Process (ICAAP) in accordance with the guidelines set by the Reserve Bank of India (RBI) for Non-Banking Financial Companies-Microfinance Institutions (NBFC-MFIs), specifically Pillar 2 of the Master Circular on Basel III Capital Regulations issued on July 01, 2015. The purpose of ICAAP is to enable Annapurna to evaluate its capital requirements at an optimal level, providing an additional buffer in case there is an underestimation of the capital needed due to external factors. This process goes beyond the minimum capital requirement mandated by regulations and ensures the implementation of effective risk management techniques. The capital assessment is based on the formulation of a Risk Appetite Statement (RAS) for each Risk Unit (RU) such as Credit, Operations (IT/IS/MIS, compliance, Third party/vendor, Human Capital, Robbery and Fraud), Investment, Interest rate, and Liquidity position of the company.

Implementation of AI/ML models for risk assessment and mitigation

Annapurna has employed advanced Artificial Intelligence (AI) and Machine Learning (ML) models to assess and mitigate risks effectively. These models include the following:

Industry Scoring Model at Pin Code L

Given the extensive portfolio of Annapurna, it is often challenging for humans to identify abnormal patterns that may indicate potential risks. To overcome this, an unsupervised model has been developed to analyze data at the pin code level. The results of the model are manually verified once clusters are formed. This analysis is conducted at the state level, enabling the team to understand the unique characteristics of each state and identify early warning indicators.

Branch Rating

Branch Rating plays a critical role in risk management as it allows financial institutions (FIs) to assess the operational efficiency and control environment of their branches. The organization has developed a branch rating model that provides a comprehensive evaluation of each branch's performance. This model helps in identifying areas where operational efficiency can be improved and facilitates the early detection of potential risks.

Default Prediction

The company has developed a Client Rating model, which is utilized to predict the likelihood of default for individual clients. By proactively managing credit risk and diverse



By implementing these AI/ML models, Annapurna aims to enhance its risk assessment and mitigation capabilities, ensuring a proactive approach to managing risks across various aspects of its operations.

Way Forward

Moving forward, the Risk team will dedicate its efforts to augmenting the methodologies employed for risk assessment, forging frameworks to address emerging risks, integrating risk management seamlessly into strategic decision-making processes, refining mechanisms for monitoring and reporting risks, harnessing the potential of technology, and fostering collaborative endeavors. By implementing these strategic initiatives, risk management practices will be fortified, ensuring the sustainable growth and stability of the company within the ever-changing microfinance industry. Through the proactive identification of risks, vigilant monitoring, and well-informed decision-making, Annapurna will optimize the risk-return profile, safeguard the quality of portfolio, and adapt to evolving regulatory and market conditions. By placing a significant emphasis on cultivating a culture of risk awareness and capitalizing on technological advancements, the organization will elevate operational efficiency, bolster the data analysis capabilities, enhance ability to respond to risks, and simultaneously foster collaboration, leveraging the collective intelligence of the exceptional workforce. This comprehensive approach will empower the company to navigate risks with efficacy and steer it toward a continued path of success.

INTERNAL AUDIT

During the financial year FY 2022-2023, the Internal Audit Department (IAD) has made significant achievements in implementing a robust risk management framework and ensuring compliance with the regulatory and statutory guidelines. The department has focused on strengthening the internal audit practices, customer verification efforts, and embracing digital transformation to enhance audit efficacy and compliance.

Implementation of Risk-based Internal Audit

With a commitment towards maintaining a robust internal control system led the Internal Audit Department (IAD) to successfully execute a comprehensive risk-based internal audit plan, in strict adherence to prevailing regulatory mandates. This plan involved carefully looking at the important risks that exist in the organization's complex business and operations. By aligning the auditing efforts with potential risks and carefully finding their root causes, the effectiveness of the internal audit function has been greatly improved. Additionally, the Audit team had ensured compliance to the regulatory requirement, thereby IAD has proficiently played its role as the third line of defense in the organizational structure.

Audit Coverage Numbers during Loan File and Field Visits:

Throughout the fiscal year 2022-2023, auditors thoroughly analyzed an extensive collection of over 400,000 loan files within various hubs, catering to a vast clientele of more than 1.3 million customers. The department has worked hard by visiting 200,000 groups and talking to 600,000 customers to gather information.

These audits ensured compliance with necessary documentation and regulations throughout the loan life cycle (i.e., right from the sourcing of customers to the disbursement and recovery processes). Furthermore, the engagement with the customers during the field visits provides valuable insights into the post loan disbursement processes thereby identifying potential risk associated with delinguency management.

Full-Fledged Digital Audits of MFLB Audit Web Application:

In consonance with its drive for digital transformation, IAD adeptly migrated the audit procedures of MFI branches to a comprehensive digital framework, employing the cuttingedge Audit Web Application. This seamless transition resulted in heightened efficacy and potency of audit processes, as it allowed for instant data capture, remote collaboration, and streamlined reporting. Leveraging these sophisticated digital tools facilitated the swift identification of policy compliance issues, fostering enhanced communication and coordination among the relevant teams.

Future Outlook

In the upcoming year, IAD aims to capitalize on the advanced analytics capabilities of the Audit Web and Mobile Application. By leveraging data-driven insights and analytics, IAD will stay in sync with the regulatory and statutory guidelines, ensuring optimal assurances. This proactive approach will allow the department to adapt quickly to the ever-going changing regulatory environments, identify and suggest recommendations to mitigate associated risks, and maintain stakeholder trust and confidence.

Moving forward, IAD remains committed to continuous improvement and upholding the highest standards of risk management and compliance. Audit team will invest in core competencies, including recruitment and training of team members, and explore innovative technologies to foster a culture of compliance throughout the organization. The department has set its goal to uphold the trust placed in it by the Audit Committee of the Board and Management, ensuring the long-term sustainability of the business environment. With resilience and adaptive technology, it will navigate the future and embrace the new opportunities and challenges.





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Business



MSME

The MSME sector in India plays a pivotal role as a catalyst for economic growth, making substantial contributions to the nation's GDP, market size, and job creation. With the government's persistent endeavors to establish a favorable environment for its advancement, this sector possesses immense potential to unlock entrepreneurial opportunities, foster innovation, and generate sustainable livelihoods. Realizing the full potential of the MSME sector is imperative for India's aspiration to emerge as a global economic powerhouse. It currently accounts for 30% of India's GDP and serves as the largest employer after the agricultural sector, employing over 110 million individuals across diverse roles.

To be inclusive in financial matters and fulfill the financial requirements of these businesses, the organization initiated the MSME vertical as an independent business in 2017. Over the past six years, this venture has established 179 branch networks across 14 states. It offers a comprehensive range of secured and unsecured loans to small and medium-sized enterprises operating in the trading, manufacturing, and services sectors. These loans extend up to ₹25 lakhs with a maximum tenure of 15 years.

MSME owners can effectively utilize these funds to expand their businesses or even establish additional branches of their current enterprises. This includes procuring machinery, equipment, and raw materials, meeting working capital needs, investing in fixed assets, covering expenses such as rent and salaries, managing cash flows, and provision for operational requirements and asset creation, including house construction.

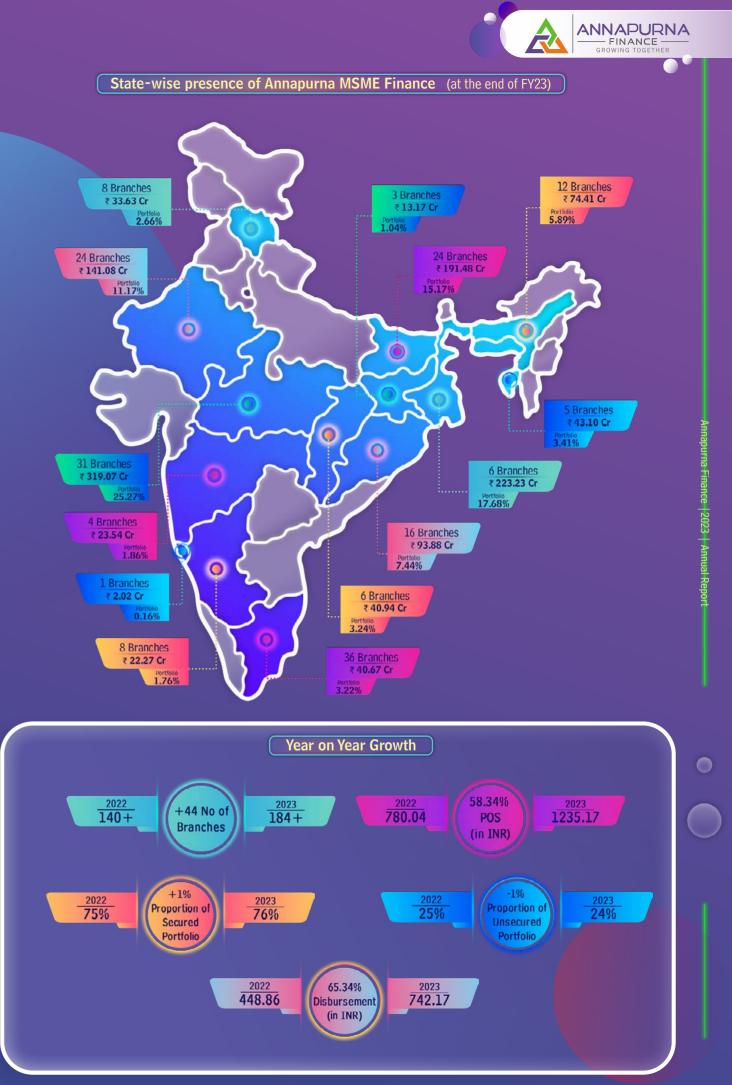
Portfolio Growth

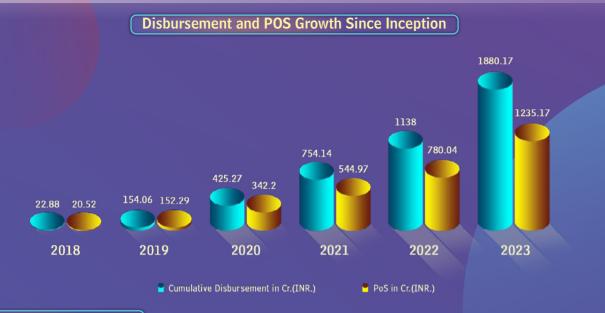
Annapurna has made significant strides in its service offerings, catering to over 68,000 ambitious small business entrepreneurs as of March 31, 2023. With a loan portfolio value of ₹1262.56 Cr., the organization has demonstrated substantial growth from the previous year's figure of ₹780.4 Cr. recorded on March 31, 2021. Secured loan investments, including MSME Loans and Home Loans, constitute an overwhelming 76% of the overall loan portfolio, with unsecured loans comprising the remaining 24%.

During the fiscal year 2022-2023, the company successfully acquired 18,510 new clients, surpassing the previous year's count of 13,470 clients. In this period, it disbursed gross loan portfolio amounts of ₹448.56 (in the year 2022) and ₹742.17 (in the year 2023) Cr. These figures demonstrate the company's commitment to providing financial assistance to a diverse range of entrepreneurs.

These achievements solidify Annapurna's position as a trusted partner for small business entrepreneurs, supporting their ambitions and aspirations. With its extensive network and sustained growth, it continues to meet the increasing demands of its clients, enabling them to thrive in their respective ventures.







Information Technology

Since inception, the Company recognizes the need for a strong IT system to manage the operation of MSME Division and has made significant investment towards it. It introduced a comprehensive Loan Origination System (LOS) application in 2022, equipped with cutting-edge features that expedite the onboarding process for customers. Furthermore, Annapurna has implemented various payment options, including integration with UPI apps, to provide customers with convenient avenues for making repayments.

New Initiatives

Rooftop Solar Loan

The company has initiated an innovative credit line to promote the utilization of rooftop solar panels for both domestic and commercial purposes. This initiative not only aims to address the pressing challenge of global warming and energy gap, but also presents an opportunity for micro, small, and medium enterprises (MSMEs) to generate additional savings by significantly reducing their electricity bills.

Within the MSME sector, a considerable portion of manufacturing units, encompassing various industries such as manufacturing, foundry, and forging, allocate a substantial 25-40% of their total manufacturing costs (excluding raw material expenses) towards energy consumption. Some specific MSMEs involved in these industries face even higher energy costs, reaching up to 50%. In such circumstances, installation of rooftop solar facilities emerges as an enticing prospect for thriving MSMEs. By harnessing the power of solar energy, these businesses can minimize their electricity expenses, ultimately alleviating the financial burden of loan installments.

Furthermore, the installation of rooftop solar panels not only leads to reduced power bills in the long term, but also offers additional cash flows once all projectrelated expenditures are covered during the loan tenure. This pivotal financial aspect can be expressed as the equation:Electricity Bill=Equated Monthly Installments (EMI) + Savings. Although the loan payback period typically spans from 5 to 7 years, the lifespan of rooftop solar systems extends to an impressive 25 years, providing a substantial savings stream after the loan is fully repaid.

Rooftop solar power proves to be an environmentally sustainable and economically viable option in the long run, especially due to the elevated energy tariffs prevalent in the commercial and industrial sectors. Recognizing the potential of this alternative energy solution, Annapurna is poised to extend financial assistance to both existing and new MSME customers seeking to install rooftop solar panels. By doing so, the company aims to create a mutually beneficial arrangement, satisfying the interests of both the customer and the organization.

The organization offers loans of up to 25 kilowatts for both residential and commercial segments, catering to both offgrid and on-grid solar setups. Additionally, the loan tenure spans up to 7 years, allowing customers ample time to repay the loan comfortably while reaping the benefits of solar power.

By the end of March 23' Pilot Phase, Annapurna has helped 73 customers to generate the Power of 525.5 kw. The disbursed amount is ₹ 2.05 Cr.

Way Forward

The company aims to enhance its geographic footprint by prioritizing untapped sectors that cater to the low to middleincome demographics residing in rural, semi-urban, and urban regions. This strategic approach will primarily focus on providing MSME loans. Additionally, the company plans to extend its operations into both established states and emerging markets such as Uttar Pradesh, Uttarakhand, and Telangana.

Moving ahead, the company will persist in allocating resources towards the establishment of advanced systems, cultivating a robust technological infrastructure, and constructing a solid architectural framework. These endeavors are intended to facilitate end-to-end digital processes for MSME loans, encompassing every stage from acquisition to digital underwriting. Furthermore, the company aims to develop a comprehensive credit scorecard to effectively evaluate the risk profiles of these borrowers.





PRODUCT

The Product department at Annapurna plays a crucial role in the organization's mission to serve marginalized individuals and micro-entrepreneurs. The team identifies market gaps, assess customer needs, and innovate products. The work involves thorough market research using both secondary and primary methods, including client surveys and feedback. The team is responsible for managing the entire lifecycle of financial products, from conception to retirement, setting strategies, pricing, and features, and continuously improving based on customer feedback. Ensuring regulatory compliance is a priority, achieved through collaboration with relevant departments and staying updated on regulations. Competitive analysis helps identify competitors' strengths and weaknesses to differentiate organization's products.

Impact of New RBI Guideli on NBFC-MFIs

The recent implementation of the new Reserve Bank of India (RBI) guideline concerning Non-Banking Financial Companies - Microfinance Institutions (NBFC-MFIs) will have a profound impact on their operations. NBFC MFIs now have the opportunity to extend customers with value-added services, thereby improving their profitability beyond the permitted fees encompassing processing, insurance, and interest charges.

These latest guidelines exemplify the maturity of the microfinance industry in the country and serve to harmonize the regulatory framework for various types of lenders. They promote healthy competition and empower customers to make informed choices regarding their credit requirements. The new framework not only fosters the expansion of the industry but also enhances risk mitigation and financial inclusion. By creating a level playing field, the common regulatory framework benefits both borrowers and lenders, offering them a wider range of options. Ultimately, this framework safeguards the interests of borrowers and enables the sector to cater to the needs of those in financial distress.

Existing Products

Group Loans

Over the past three to four years, Annapurna has undergone a notable transition from the Self-Help Group (SHG) model to the Joint Liability Group (JLG) model, marking a significant evolution in extending financial services to underserved communities in India. This transition was driven by several key factors. Firstly, the JLG model offers a more structured and scalable approach to microfinance by bringing together individuals with similar economic backgrounds and goals, allowing for efficient credit access. Secondly, this shift enabled the company to expand its customer base beyond rural areas to include urban and semi-urban populations, thus broadening its reach while upholding the principles of community support and collective responsibility inherent in SHGs. We prefer the JLG model as it is commercially more viable and scalable. The adaptability and innovation demonstrated by Annapurna in this transition reflect the dynamism of the Indian microfinance sector, ensuring continued growth and effective service to the diverse financial needs of the population.



Outlook)

The aim is to emphasize on the importance of reaching out to a larger and more diverse group of marginalized women across different areas of India. With the growing significance of financial knowledge and skills, the product department will be providing comprehensive training programs. These programs are designed to enhance the financial understanding and abilities of female entrepreneurs.

The department prioritizes the adoption of digital integration by harnessing cutting-edge platforms and innovative technologies. This approach will facilitate the streamlining of loan processing, heighten the satisfaction of the clientele, and refine operational efficacy, thereby guaranteeing a seamless and efficient lending process.

SWASTH Loan

The SWASTH Loan is designed to address the pressing water and sanitation dilemma by cultivating transformative shifts in behavior and attitude towards wholesome sanitation practices and the utilization of safe water sources. With a primary emphasis on heightening consciousness and imparting comprehensive instruction on constructing eco-conscious facilities, the loan offering aspires to yield a multitude of advantages. These encompass elevated convenience, time efficiency, augmented seclusion, heightened safety measures, diminished healthcare expenditures, and a holistic enhancement in overall living standards.



Outlook

Over the upcoming years, the department will prioritize the enhancement of strategies aimed at assisting individuals in accessing clean water and improved sanitation throughout the entire nation. By tackling challenges in all regions, the department seeks to extend its reach far and wide. Moreover, the implementation of cutting-edge technologies during training sessions will further amplify the impact of these endeavors.

Dairy Development Loan

The dairy industry is vital in India for income generation and poverty alleviation. Annapurna introduced the Dairy Development Loan in 2015 to support dairy farming. It covers cattle purchases, infrastructure, medical expenses, and more. This program helps farmers expand their herds, build shelters, and provides insurance for cow mortality, boosting confidence among dairy entrepreneurs.



Outlook

In the forthcoming era, the intention is to enhance the scope of the dairy development loan initiative, thereby encompassing a greater number of dairy farmers and elevating their standards of living. Moreover, the department shall direct the attention towards extending financial support to those farmers who harbor an inclination for embracing novel methodologies and technological advancements in the realm of dairy farming. Furthermore, the objective lies in refining the customer service provisions, streamlining the loan application process, and facilitating seamless loan disbursement for the farmers.

Home Improvement Loan

The affordable housing market faces challenges due to limited funds and housing financing options. Annapurna's Home Improvement Loan (HIL) aims to uplift low-income households by enabling them to enhance their homes for better living conditions, privacy, safety, and well-being. This initiative addresses the need for affordable housing solutions and aims to create a more inclusive society through accessible financing.



Outlook

The path ahead for the organization entails steadfast dedication to furnishing cost-effective home enhancement loans to underprivileged borrowers residing in rural regions of India. The company boasts an impressive history of delivering affordable financial assistance to low-income households, and the requisition for home improvement loans is projected to ascend at a Compound Annual Growth Rate (CAGR) of 7% over the subsequent five years. The strategic position allows us to harness this expansion and cater to clients, enhancing their living standards.

Samarth Loan

Samarth Loan provides financial access to marginalized groups in India, including persons with disabilities, transgender individuals, single mothers, widows, unmarried women, and leprosy-affected communities. It aims to empower these communities with tailored financial services to promote fiscal autonomy and societal advancement, addressing the urgent need for financial inclusivity.



Outlook

The future trajectory for the Samarth Loan entails a concerted effort to increase its outreach and enhance its inclusivity for individuals with disabilities. This objective can be accomplished by forging strategic alliances with governmental entities and non-governmental organizations dedicated to serving disabled individuals. Undoubtedly, the Samarth Loan serves as an invaluable instrument, empowering disabled individuals to ameliorate their livelihoods.

Consumer Durable Loan

The Consumer Durable Loan from Annapurna Finance provides financial support for essential everyday items, aiming to enhance the quality of life. Introduced in 2017, it caters to the growing demand for consumer durables in rural and semi-urban areas, helping individuals meet their essential needs without financial stress.



Outlook

The prospective trajectory of the Indian consumer durable market entails a projected compound annual growth rate (CAGR) of 12% over the forthcoming five-year period. This growth shall be propelled by the upsurge in disposable incomes, the escalating urbanization phenomenon, and the mounting inclination towards electronic goods. The strategic focus lies in improving the market presence within Tier II and III cities, where the demand for consumer durables is undergoing a rapid surge. The primary objective is to conceive novel offerings and services that cater to the evolving demands of esteemed clientele.



PM SVANidh

The PM SVANidhi Loan scheme, introduced by the Indian government, supports street vendors affected by COVID-19. Annapurna offers a tailored product to provide collateral-free working capital credit to help street vendors resume their livelihoods, promoting financial inclusion.



Just in Time

The JIT loan is a fast and easy digital emergency loan product for existing customers. It ensures funds are delivered within 7 minutes via SMS or missed call initiation. This quick loan covers various emergency expenses like medical bills, education, debt consolidation, and more. It's a convenient way to address financial challenges and restore balance swiftly.



utlook

The organization intends to evolve JIT as a credit line with an enhanced loan amount, extending its availability to the group loan customer segment. This upgraded version will offer greater flexibility compared to the existing JIT product, both in terms of disbursement and repayment, which enables a customer to access the product unlimited number of times. By enhancing the relevance, flexibility, user-experience , and accessibility of JIT, the idea is to assist a larger section of clients in managing financial crises, adopting JIT as their most preferred choice.

Rooftop Solar

Annapurna's rooftop solar finance product supports clean energy adoption in India. It aligns with climate goals, promotes self-reliance, and shows positive environmental and economic impacts, including clean energy generation and job creation. In the pilot phase ending in March 2023, 73 customers generated 525.5 kW of power, with ₹2.05 Cr disbursed amount.

Outlool

The department's determination lies in the continued growth and reinforcement of the Rooftop solar finance product. Capitalizing on the triumph of the initial proposition, the team aspires to enhance the funding capacity to accommodate projects of up to 100 kilowatts. This enlargement exemplifies the commitment to meeting the changing demands of the clientele and endorsing the implementation of more extensive rooftop solar installations.

Innovation

In the unceasing pursuit of operational excellence, the department has invested in process automation for the existing products. This endeavor aims to leverage technology to simplify and streamline the internal procedures, thereby enhancing efficiency and elevating the overall customer experience.

The department has closely collaborated with a UI/ UX developer agency to revamp the user interface and user experience of the staff-facing app for Microfinance Institutions (MFIs). Through effective coordination with various departments within the organization, the department is enhancing the app's usability and functionality to optimize operational efficiency and streamline processes.

Throughout the fiscal year, the Product Department has exhibited exceptional adeptness in stakeholder management and fostering collaboration among different departments within the organization. By actively engaging with stakeholders and efficiently coordinating efforts, the department has achieved exceptional results and propelled progress across various initiatives.

These accomplishments of the Product Department in the fiscal year 22-23 serve as a testament for the department's responsibility towards innovation, customer-centricity, and industry partnerships. It persistently strives to enhance the products and services, consistently surpassing customer expectations.

Future Plans

Annapurna's product department is dedicated to consistently delivering groundbreaking products to the customers while also expanding the diverse product portfolio to meet their evolving requirements. This department is actively involved in various exciting initiatives, such as improving the existing products through digital advancements and offering larger loan sizes in the microfinance sector in response to RBI's new guidelines, which raise the household income threshold for qualifying as a microfinance borrower. Additionally, the team is planning to expand its presence in the agricultural financing sector and introduce supplementary products to the existing client base.

In alignment with the forward-looking commitment to environmental sustainability, the company aims to introduce a range of eco-friendly consumer durable products. These products will empower customers to make responsible





choices while still enjoying cutting-edge technologies. With these innovative offerings, Annapurna aspires to become a trusted partner in the customers' financial journeys, providing them with a comprehensive suite of services to address their constantly evolving needs.

MSME Credit Car

As the future unfolds, the primary focus orbits around the existing MSME and MFI clients. The Reserve Bank of India (RBI) has indicated the potential for non-banking financial companies (NBFCs) to embark on the credit card business journey. Embracing this future-focused scenario, the team is already on a pioneering quest. The team is diligently exploring avenues to become credit card issuers, extending a helping hand to the valued MSME clientele for their ever-evolving working capital needs. But that's not all – the vision extends beyond the borders of conventional finance. The organization is actively immersed in comprehensive research to form strategic alliances with esteemed scheduled banks, with the goal of introducing co-branded credit cards that redefine what's possible in the financial landscape.

IBL - Individual Business Loan

Individual Business Loans (IBL) will serve as a substantial enhancement to an expansive portfolio. These loans are thoughtfully designed to empower women entrepreneurs who are members of Joint Liability Groups (JLGs) or Self-Help Groups (SHGs), whether affiliated with Annapurna or any other Microfinance Institution (MFI). The target is to provide a lump sum amount for business expansion and support, addressing the unique needs of the esteemed clients. With borrowers assuming responsibility for repayment, these individual loans ensure not only customer retention but also diversify the portfolio to meet the escalating financial



demands of the valued clients. By extending the services to existing JLG/SHG clients across various MFIs, the department wholeheartedly dedicates itself to fostering their growth, enhancing their financial well-being, and contributing to their entrepreneurial triumph.

HIL 2.0 - Housing Improvement Loan

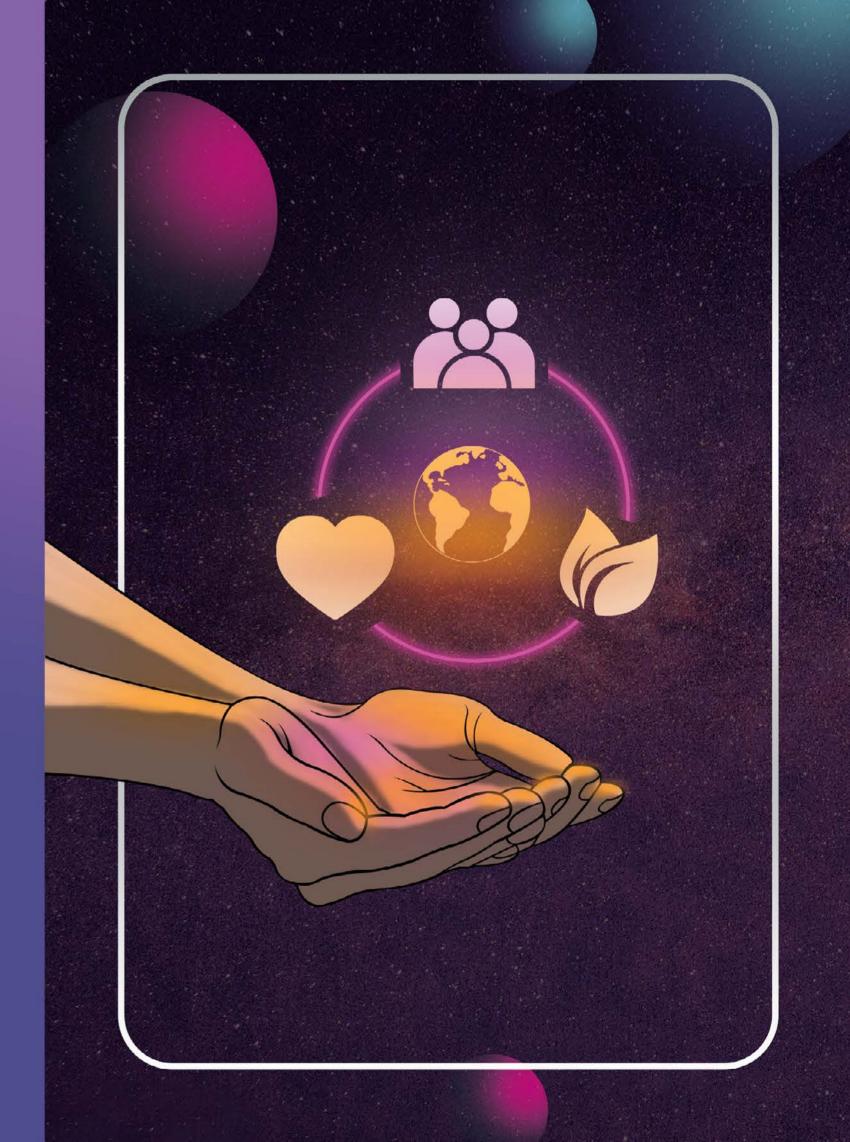
The forthcoming Housing Improvement Loan 2.0 (HIL 2.0) is explicitly designed to cater to the requirements of individuals seeking funds for home reconstruction and renovation. With loan amounts ranging from ₹ 0.25 to 3 Lakhs, this loan aims to provide a flexible financial solution to homeowners seeking to augment and revitalize their living spaces. This empowers borrowers to manage their expenses with efficacy, ensuring uninterrupted access to the necessary funds throughout the renovation process. Through the individual lending methodology, the organization strives to streamline the loan application and approval process, offering borrowers a hassle-free experience as they wish to transform their homes.

Green Financing

The department is in the planning stages of introducing a diverse range of eco-friendly consumer durable products. These products will prioritize energy efficiency, utilize recyclable materials, and exhibit reduced environmental impact throughout their entire lifecycle. By providing financing options for these eco-friendly consumer durables, the team aims to encourage consumers to adopt more sustainable choices and contribute to environmental conservation.

With a constant focus on customer-centricity, the department has witnessed substantial growth not only in terms of customer acquisition and portfolio size over the past decade but also in the provision of need-based products and services.

Social Initiatives



CSR & SPM

Annapurna has steadfastly dedicated itself to the betterment of society through socially responsible lending, particularly to the financially vulnerable and marginalized segments. Beyond its financial ambitions and growth, the organization places a significant emphasis on fostering socio-economic progress, sustainable development, and ensuring equal opportunities for work and advancement, fostering an all-encompassing development for every stakeholder, whether they are consumers, employees, or investors. The organization's commitment to innovation in both product development and operational methodologies is evident in its continuous assessment of interventions and its proactive incorporation of customer feedback, resulting in impressive achievements.

To ensure better efficiency and sustainability in the process of reaching its social development goals, the Social Performance Management (SPM) department in Annapurna has been working on various programs based on three major dimensions i.e. -

- Social research and Impact Evaluation
- Community development
- External Certification

In the financial year 2022-23, the SPM and CSR activities engendered a plethora of innovative programs and initiatives.

Social Performance Management

Customer Profile and Distribution

Micro-lending endeavors to foster societal inclusivity by addressing the pronounced disparities in financial service accessibility, particularly in India's rural regions, where over 64% of the population resides. Annapurna strategically concentrates its operations in predominantly rural India, reflecting its commitment to the cause. Approximately 83% of the company's clientele hails from rural backgrounds, surpassing the industry norm of 76%.

Demonstrating outstanding dedication to social responsibility, Annapurna meticulously evaluates the impact of its portfolio on the advancement of marginalized, underprivileged, and underserved segments of society. Continuously adhering to its long-standing practices, the organization predominantly caters to women from rural areas, with a significant percentage belonging to vulnerable and disadvantaged social strata.





With the aim of extending its financial services to over 4 million rural women, Annapurna has achieved an impressive women-centric clientele of 98%, establishing a prominent position among Indian microfinance institutions in terms of the proportion of their portfolio dedicated to female borrowers in the micro-lending sector. Additionally, the client base comprises more than 60% individuals engaged in agriculture and related activities, which serve as the primary livelihood for 55% of India's population and contribute significantly to the nation's GDP, accounting for one-fifth of its economic impact. The organization caters to 89% of clients from various economically disadvantaged groups and communities, thereby creating an opportunity for fostering equitable development among them.

Poverty Probability Index Analysis

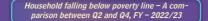
One of the pivotal indicators concerning the economic consequences for any organization is the fluctuation in the poverty level among its beneficiaries. The poverty probability index relies on underlying assumptions to devise a scoring system that discerns the likelihood of a household lying below a predetermined income threshold. The PPI index plays a crucial role in enabling organizations to gauge the poverty level among their service recipients, thereby enhancing performance through targeted interventions aimed at assisting the impoverished, while also enabling the monitoring of economic fluctuations over time. The PPI scale incorporates three key dimensions in the computation of poverty outreach, namely:

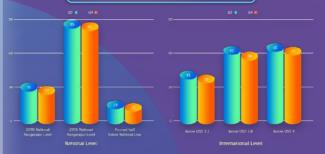
Concentration - The percentage of total clients or households falling below the poverty line.

Scale - The absolute number of clients or households below the poverty line.

Penetration - The percentage of impoverished individuals served within a specific operational area.

Employing regular surveys and diligent monitoring of clients' economic status, Annapurna continuously tracks and verifies the impact on the community, ensuring the appropriate selection of clients for effective portfolio allocation. In the current financial year, the PPI index has encompassed more than 3.9 lakh clients spanning across 18 states.





Regarding the number of respondents who fall below the poverty line, there has been a decline in each assessment segment compared to the data for quarter 2. When measured according to international income standards, such as the proportion of clients earning below USD 3.8 and USD 4.1, with a reduction of 4% and 3%, respectively, between Q2 and Q4 of FY 2022-23.

In the context of Rangarajan income levels, 12% of clients belong to the poorest half, falling below the national Rangarajan income level, which witnessed a decline from 14% in Q2-2022. Similarly, for Q4/FY 2022-23, the proportion of respondents falling under 100% and 200% of the National Rangarajan income level stands at 27% and 83%, respectively, down from 30% and 85% as reported in Q2.



The survey sample for the PPI is distributed in proportion to the company's clientele. States, characterized by higher poverty rates and larger Annapurna client bases, experienced a marginal decrease in clients living below the poverty line, ranging from 2% to 3%. Conversely, states like Rajasthan, Haryana, and Uttarakhand saw a more substantial decline in poverty rates, reaching 5% to 6%, surpassing the Q2 survey results.

States with longer operational periods for Annapurna have comparatively more stable poverty rates among their clients due to limited geographical expansion. However, states such as Haryana, West Bengal, and Karnataka, where the organization is rapidly expanding its geographical coverage, display greater fluctuations in poverty rates. This is evident as states like West Bengal and Karnataka reported an increase

in the percentage of people below the poverty line by 3% and 5% respectively.

Regarding economic vulnerability, newly added clients are better safeguarded in financial terms. The survey also sheds light on the correlation between poverty and family size, showing that households with more than six members have a higher likelihood of falling below the poverty line. Similarly, clients with educational qualifications up to primary level or lower exhibit higher poverty rates, as lower education levels directly impact livelihoods. This trend mirrors the national trend, highlighting the relationship between household earnings, family size, and education level.

Impact Assessment

For evaluating the outcome of an organization's endeavors over a specified timeframe, a regular impact assessment study becomes essential. Annapurna, since 2009, has been dedicatedly serving the rural underprivileged populace through its financial services. This impact assessment study plays a pivotal role in monitoring the outcomes of their activities, encompassing both the economic advantages bestowed upon the beneficiaries and the social upliftment experienced in terms of enhanced living standards, access to essential amenities, healthcare, and education, among others.

By thoroughly analyzing the gathered data, it implements result-based management solutions and techniques at the strategic level. This comprehensive impact analysis study encompasses multiple parameters, such as household economic status, educational attainment, accessibility to education, standard of living, social standing, women empowerment status, financial and digital awareness, and readiness. These parameters serve as metrics to gauge and standardize the overall improvement in the socio-economic conditions of the clients in comparison to others in their community.



Research Design

For better representation of the client base, the selection of samples is done from both MFI as well as the MSME sector. The current year's survey was conducted across 11 states, covering 72 MFI branches and 42 MSME branches. For MFI clients, the 1700 surveyed clients were distributed into the control and experiment groups. The experiment group covers the clients who have been associated with Annapurna for more than 2 years while under the control group, comparatively

new clients with 6 months or lesser association with it. The guestionnaire covers both gualitative and guantitative aspects of multiple socio-economic factors. The analysis procedure uses both descriptive and exploratory research methods for analysis while comparative analysis methods like double difference assessment (in case of MFI) is used for better observation of changes by comparing the data points.

The questionnaire covers five major parameters, Economic, living standard, empowerment, awareness and readiness with multiple indicators falling under it. The distribution of indicators is mentioned below.



Economic Impact

The economic impact on Annapurna's consumers is predominantly direct. Among the microfinance consumers, the experiment group experiences a substantial 9% increase in average household income, in contrast to a decrease observed in the control group. This rise in household income remains evident despite the challenges posed by the Covid-19 pandemic.

Regarding monthly savings, a noteworthy one in ten respondents reported saving more compared to the year 2019. The most significant income and savings changes for MFI clients are evident in states like Odisha. Chhattisgarh. Jharkhand, and Bihar, which harbor a substantial proportion of individuals living below the poverty line. These particular states also comprise a substantial part of the client bases, indicating the organization's commendable outreach in disadvantaged areas, thereby enhancing economic accessibility for the population.

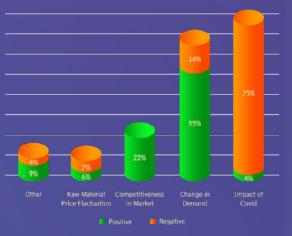


Likewise, amidst the clientele of Micro, Small, and Medium Enterprises (MSMEs), there was a 25% upsurge in the annual average profit compared to the preceding year. Most major states exhibited an enhancement in average profit, with the exception of Tamil Nadu. Conversely, clients hailing from states such as Madhya Pradesh and Bihar experienced a significant growth of 52% and 43% in their average profits, respectively. This trend is also reflected in the alteration of average per capita profit, as depicted in the accompanying graph.

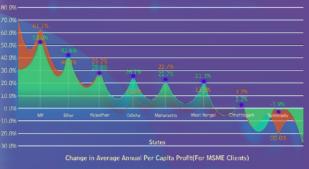
While a majority of businesses reported an adverse impact of the COVID-19 pandemic on their operations, there was a subsequent rise in demand during the post-COVID period. Additionally, increased competitiveness in the market and fluctuations in raw material prices emerged as significant contributing factors to the changes in profit witnessed by these enterprises.

Regarding the utilization of the loan amount, two primary areas stand out, accounting for over 80% of loan allotments: business expansion (57%) and raw material procurement (24%). Beyond these, 14% of clients utilized the loan facility for home improvement purposes, while 5% ventured into establishing new businesses through the financial assistance provided.









Social Impact

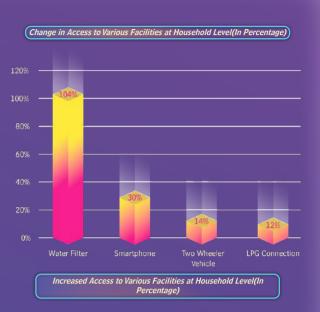
Enhancement in household income has indirectly led to the availability of fundamental amenities within households. encompassing access to healthcare, education, clean water, and sanitation. Economic development has also elevated the social status of consumers, particularly influencing the mobility of women in a positive manner.

During the survey, it was found that 71% of respondents reported residing in pucca houses, and over 85% of households had access to toilets. Moreover, the number of households with water filters doubled in the past three years, ensuring safe drinking water. The situation was even more promising in the experimental group, where households with access to safe drinking water were 20% higher compared to the control group. Additionally, there was an increase of 12%in households acquiring LPG cooking gas connections and a 14% rise in households owning two-wheelers.

The economic empowerment of women has had a farreaching impact, extending to their decision-making abilities and mobility, which have both improved significantly over the years. According to the assessment, 95% of women now have their opinions considered in household decision-making. Furthermore, the participation of women in community-level gatherings and activities has increased by an impressive 100% compared to previous years.

In states like Odisha. Maharashtra, and Raiasthan, there has been a substantial improvement in women's mobility, with 20% or more reporting enhanced independent mobility to crucial public places such as banks and hospitals due to their improved financial conditions.





ANNAPURNA FINANCE

Regarding access to various financial instruments such as insurance, it was observed that 44% of clients in the experimental group possess access to insurance beyond the mandatory credit-linked insurance provided by Annapurna, in contrast to only 30% in the control group. Both groups primarily favored life insurance and vehicle insurance as their preferred types of coverage. Additionally, the experimental group displayed higher usage rates of formal financial institutions for asset savings, with 64% utilizing such services compared to 53% in the control group.

About the digital adaptability readiness, there has been a notable increase in smartphone accessibility among households in the microfinance customer segment, amounting to 30% more than before. Among the surveyed clients, a significant 58% expressed their willingness to embrace a more convenient digital credit service. Furthermore, in the remaining respondents, 64% displayed a positive inclination towards adopting digital financial facilities and sought assistance during the initial phases of technology usage. Among the MSME clients, an impressive 75% of respondents favored digital transactions over physical currencies for conducting their businesses. A vast majority (70%) of MSME consumers have adopted UPI as their preferred mode of transaction, with 78% of customers and 43% of suppliers utilizina it.

Moreover, concerning smartphone usage, nearly 70% of MSME clients employ smartphones to access digital financial services, and more than 10% of respondents utilize smartphones for digital marketing and supply chain facilities.



In terms of customer satisfaction, 72% of those polled reported being extremely satisfied with the level of service received, while 22% had a neutral opinion on it. Customers demand improvements in several key areas, including interest rate, loan size, service speed, repayment experience, digital services etc.



Regular Customer Feedback Analysis

The evaluation of consumers' perception towards the organization is a crucial component in any organization's future strategy formation. This helps identify the gap between the customer's requirements and the current product or service. The data collected for customer feedback includes a wide range of samples from the MFI section covering 18 operating states. This helps in determining the need-gap analysis in the product portfolio as well as tracks customers' perceptions towards the company.

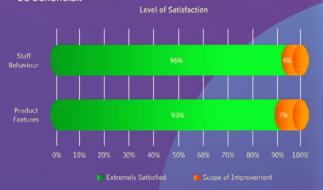


During this fiscal year, an extensive collection of 12,000+ feedback instances was amassed from 18 operational states. The ratio of newly added clients, those experiencing their inaugural loan cycle, accounted for 60% of the sample.

The primary focus of the questionnaire centered on gauging customers' perceptions regarding the products offered, service quality, and the behavior of staff. Within the realm of service and product quality, the overall satisfaction level among clients was an impressive 92.5%. This section of the assessment encompassed crucial parameters such as satisfaction with the loan's purpose, the appropriateness of loan amounts, loan tenure, and the overall interest rate.

The satisfaction levels for loan tenure, amount, and interest rate all exceeded 94%. However, it is worth noting that there remains room for improvement concerning the fulfillment of

loan purposes, suggesting areas where enhancements may be beneficial.



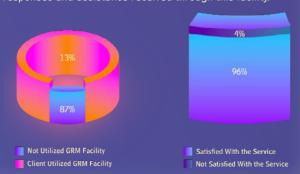
Among the primary areas for improvement within the product and service category, a significant proportion of clients (approximately 82% of those surveyed) anticipate a more substantial loan amount, while 11% of them express concerns regarding loan tenure. With the introduction of the new product category, Vehicle loans and Personal loans emerge as the most sought-after products among consumers.

Regarding staff behavior and performance, an overwhelming 96% of respondents exhibited contentment with the conduct displayed throughout the loan cycle, encompassing stages such as group formation, loan disbursement, as well as during installment collection and recovery.

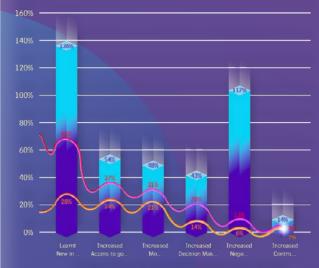
For awareness, a vast majority (97%) of the surveyed clients are cognizant of financial offerings beyond their availed product, while a significant 43% are aware of multiple financial products. The SWASTH loan, aimed at establishing hygienic drinking water and sanitation facilities, stands out as the most renowned product among the clients. Additionally, Dairy loans, Business loans, and Home-improvement loans are among the well-known products in the eyes of the surveyed clients.

Annapurna not only provides economic upliftment to its consumers through financial offerings but also profoundly influences their overall lifestyle and consumer experience. As part of the commitment to continuous improvement, 74% of the sample reported having participated in additional training during their loan cycle, contributing to knowledge enhancement and greater awareness.

The organization offers robust support through a Grievance Redressal Mechanism, compliant with the guidelines laid out by the RBI. In terms of utilizing this mechanism, a substantial 87% of respondents availed its benefits, with an overwhelming 96% expressing satisfaction with the responses and assistance received through this facility.



Change in Percentage Points 📕 % of FY 2021-22 Sample: 6689 📕 % of 2022-23 Sample: 12273



Change in Other Social Impact Categories from Last Year

Annapurna profoundly influences its clientele's entire lifecycle through endeavors such as sharing knowledge, sharing enriching experiences, and not merely confining itself to the provision of financial products. An impressive 66% of survey participants acknowledged that their association with the organization had imparted new knowledge to them where 54% of respondents successfully availed various government programs and amenities, thus further reinforcing their economic upliftment.

Regarding the empowerment of women, the company has been instrumental in enhancing their decision-making capabilities, as evident from the graph displayed above, which highlights significant improvements in their mobility, communication, and negotiation skills.

The survey results unequivocally demonstrate that customers hold an exceedingly favorable perception of the business, reflected in the Net Promoter Score of 76. Impressively, 79% of the respondents expressed a strong inclination to recommend the company and its offerings to others, which is a testament to the extraordinary quality and value of the items offered, as well as the company's exemplary customer service.

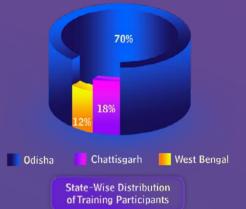
Awareness Training and Skill Development

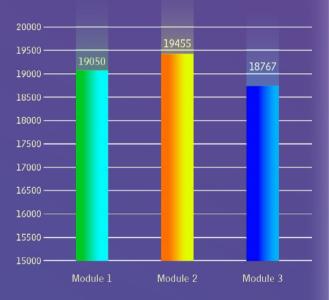
Financial and Digital Literacy Programme

Annapurna consistently offers support in knowledge and skill development of its clientele. Given the predominant operations in rural areas where merely a quarter of the population possesses financial literacy, it becomes imperative to raise awareness about money management to bolster their economic resilience and self-reliance.

The ongoing literacy and development initiative undertaken by the organization, has recently undergone a substantial enhancement known as the 'Financial and Digital Literacy Program.' This transformation involved a comprehensive program redesign and the incorporation of fresh modules that lay emphasis on digital literacy, digital financing, and secure digital transactions. The central objective of this program was to empower female clients in rural areas, equipping them with essential financial awareness, including financial planning, household budgeting, appropriate investment strategies for their households, credit requirements and planning, and asset protection, coupled with digital expertise for efficient and secure financial management.

ANNAPURNA FINANCE







WE-LEAD

In collaboration with OSAFII and SIDBI, Annapurna launched the WE-LEAD Program in 2022. The organization is actively working towards increasing women's participation in economic activities and household productivity. They provide rural women with technical skill enhancement and entrepreneurship support, enabling them to launch their own businesses. This program offers training in various skills, including financial budgeting and business management, to empower female entrepreneurs from SHGs and JLGs. In less than a year, the program successfully reached 2436 women clients in 45 gram-panchayats, with 220 of them starting their own businesses after completing the skill-development course.

Corporate Social Responsibility

Annapurna is persistently engaged in promoting societal welfare through avenues beyond mere financial support. In addition to economic upliftment and livelihood generation, the organization diligently fosters comprehensive societal

development through its Corporate Social Responsibility (CSR) endeavors, facilitated by the Social Performance Management (SPM) department. These initiatives encompass various critical domains, such as enhancing basic healthcare, improving education facilities, supporting childcare centers, securing income and livelihoods, and promoting widespread adoption of eco-friendly and sustainable solutions. Through its CSR activities, the organization aims to make a meaningful impact on society beyond mere financial considerations.

In the year 2022, the organization carried out the following CSR initiatives:

Mobile Medical Unit (MMU)

The organization addresses the scarcity of healthcare in rural India by organizing weekly free medical camps in different villages. These camps provide access to specialist doctors, pharmacists, and nurses, benefiting vulnerable groups like the elderly, disabled, and women. In 2022, 21 camps were conducted in Khordha district, benefiting 1,222 patients, with 61% being female and 30% being elderly. Local community members, especially Self-Help Group (SHG) members, manage the camps efficiently.

An impact analysis survey showed that 9 out of 10 beneficiaries expressed satisfaction with the services. The camps reduced travel distance to basic healthcare by 9 km in covered areas, resulting in up to ₹ 800/- saved in travel expenses. 57% of respondents saved up to ₹ 200 monthly on medical expenses, while 7% saved over ₹ 500 monthly, and 36% saved between ₹ 200 to 500.

Aama Ghara

Aama Ghara is a childcare facility managed by Peoples' Forum (a non-profitable organization) under the guidance of the Child Welfare Committee (CWC) and District Child Protection Unit (DCPU). Annapurna facilitates the overall management of the 41 children residing there, starting from their basic needs like food, shelter, education, healthcare etc. as well as it also helps in comprehensive growth for those children with the help of various extracurricular activities, SMART learning, psychological development through counselling, regular health check-ups, the celebration of festive and cultural gatherings. Through this, the organization is helping in building an ideal citizen by providing equal growth opportunities to them.

Atulya Karigari

The development of a self-sustainable society depends on generating livelihood opportunities through skill development and output promotion. In India, Atulya Karigari, supported by Annapurna, aids local artisans with training, business planning, and market access. This initiative has connected over 3,000 handicrafts and assisted 2,800 handloom artisans from states like Odisha, Rajasthan, Uttar Pradesh, and Madhya Pradesh. By safeguarding these fading art forms and enhancing economic prospects, it contributes to poverty alleviation. Atulya Karigari employs digital solutions for market linkage and promotes artisans' products through events like INWEC, organized by the Women Entrepreneurship Council. Moreover, the initiative identifies and empowers new artisan clusters, preparing them for success in a competitive market environment.

Rooftop Solar Installation

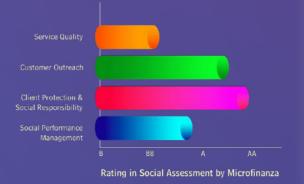
The company also helps in promoting sustainability through renewable energy adaptation. Under these initiatives, roof-top solar solutions were installed at 'Mission Ashiya' (shelter home facility for the needy), and 'Mission Ashra' (Shelter facility for mentally ill women) with cumulative energy production capacities of 10 kilowatts and 3 kilowatts, respectively. This helps reduce traditional energy consumption by 25% to 30% in both facilities, helping them save cost on the electricity bill.

Social Ratings and Certifications

The impact of Annapurna's endeavors on the socioeconomic betterment of the community are scrutinized not only through internal surveys but also through assessments conducted by external organizations. The organization has engaged in several social evaluation exercises in conjunction with esteemed external agencies such as Microfinanza Rating and 60 Decibels.

Social Rating

The organization attained the highest accolade of an A+ rating in the social assessment conducted by Microfinanza Rating during the fiscal year 2022-23. The survey primarily evaluates the social performance of financial institutions in alignment with their defined vision and mission, examining their progress towards established social targets. The evaluation comprehensively encompassed various surfaces, including client protection, adherence to ethical business practices, extensive outreach to marginalized and vulnerable communities, overall service excellence, and the degree of accomplishment in meeting their social objectives.

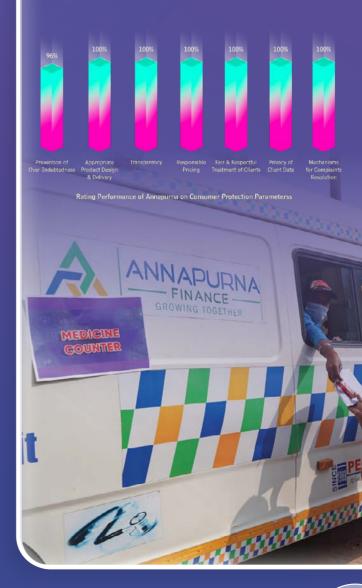


Client Protection Certificate

The Client Protection Certification is an impartial assessment conducted by Microfinanza Rating, which ensures that a financial service provider is diligently embracing client protection principles. It serves as a guarantee that the provider is committed to treating its customers with fairness and safeguarding them from any potential harm. Within the business realm, this accreditation is held in high regard, with investors and contributors viewing it as a profound commitment. Annapurna has secured the prestigious 'Gold' level of achievement , which represents the pinnacle of accomplishment. This signifies that the institution fully complies with the most stringent client protection criteria set forth in the universal standards for SPM. The ratings were assigned based on the following criteria:

- Appropriate Product Design & Delivery This criterion received a perfect score of 100%, demonstrating that the FI (financial institution) excels in this aspect.
- Over-Indebtedness Prevention The FI meets this element with a score of 96%.
- Transparency in customer safety practices.
- Responsibly pricing the products, earning a perfect score.
- Handling customers with honesty and courtesy, receiving a full 5-star rating.
- Safeguarding customer data privacy and ensuring swift complaint resolution, both earning a perfect score of 100%.

Overall, Annapurna's achievement of the 'Gold' level certification showcases its dedication to providing the utmost protection and care for its valued clients.



Global Microfinance Index Benchmarking by 60 dB

Annapurna also ranked 17th among 67 participants in the microfinance rating index in the survey conducted by 60 decibels. This peer benchmarking analysis covers 5 major parameters to rate the organization. Those are – Access, Business Impact, Household Impact, Financial Management & Resilience.



Annapurna stands out as Access segment leader, surpassing the industry average by 50%. Their clients have benefited greatly, with 78% accessing formal financial services for the first time. The loans have had a significant business impact, enabling clients to increase their income and create jobs, stimulating economic growth. These loans also positively impact clients' households, empowering them to invest, cover expenses, and achieve financial goals. The organization excels in financial management, with clients understanding loan terms and experiencing reduced financial stress. Repayment is not seen as burdensome by 70% of respondents. Additionally, the company has shown resilience, with clients building savings and experiencing improved financial health thanks to the company's support.





Technology



TECHNOLOGY

In the dynamic landscape of the finance industry, the technology department has been at the forefront of driving significant transformations and advancements during the fiscal year 2022-23. It has organized a seamless transition towards cashless and paperless operations, streamlining complex processes, and strengthening efficiency across the Loan Origination System (LOS) and the Loan Management System (LMS).

One of the key developments deployed in the last financial year is the integration of E-Signing services into the loan documentation process, providing both customers and Operations staff with a seamless digital experience. Additionally, the team has unified loan documents across all languages, facilitating effortless access and management. The risk management practices have been further secured through the introduction of the negative client flagging and restriction feature in the LOS.

Furthermore, the department celebrates the adoption rate of the Bharat Bill Payment System (BBPS), now constituting over 65% of the entire recovery process.

Endeavours in 2022-23

Throughout the financial year, the organization successfully executed several key initiatives aimed at elevating the processes and systems. These initiatives include:

Paperless Loan Documentation

Annapurna achieved a remarkable milestone by successfully implementing a paperless loan documentation process. This approach not only reduced the need for manual labor but also streamlined the entire loan application and approval procedures. This transformative initiative boosted the operational efficiency by aligning with the organization's strong dedication to sustainability, demonstrating its commitment to both technological advancement and responsible environmental practices.

Unified Loan Document

In the process of revolutionizing the loan application process and enhancing the user experience, the organization has introduced a cutting-edge unified loan document system. This initiative aims to provide clients with a streamlined, clientcentric journey. The loan document system simplifies complex processes, reducing confusion, and elevating operational efficiency. Clients benefit from an accessible, intuitive, and transparent process. This transformation has led to increased client satisfaction, while internally, it fosters operational excellence. The teams collaborate seamlessly, reducing errors and advancing loan applications, all underpinned by the company's dedication to client-centricity and innovation.

Individual Business Loar

The debut of the IBL Loan marks a significant impact in fostering the growth and prosperity of small and mediumsized enterprises (SMEs). This innovative product has been carefully designed to address the unique needs of SMEs, offering them a comprehensive and accessible financing solution. The goal of the organization is to empower these businesses by providing them with the financial resources they require to thrive in a competitive market. With the IBL Loan, Annapurna is offering financial assistance and extending a helping hand towards the realization of their dreams and ambitions.

BC Partner Collaboration

Strategic collaborations with Business Correspondents (BCs) have significantly broadened the company's reach, delivering essential financial services to previously underserved areas. This idea resonates with the organization's core mission of advancing financial inclusion while expanding the customer base organically. By bringing financial expertise to these unreached regions, it empowers individuals and businesses with the tools needed for growth. This BC partnership supports in building an inclusive, financially equitable society and helps individuals and communities achieve their financial aspirations.

Pipeline Projects for the Upcom

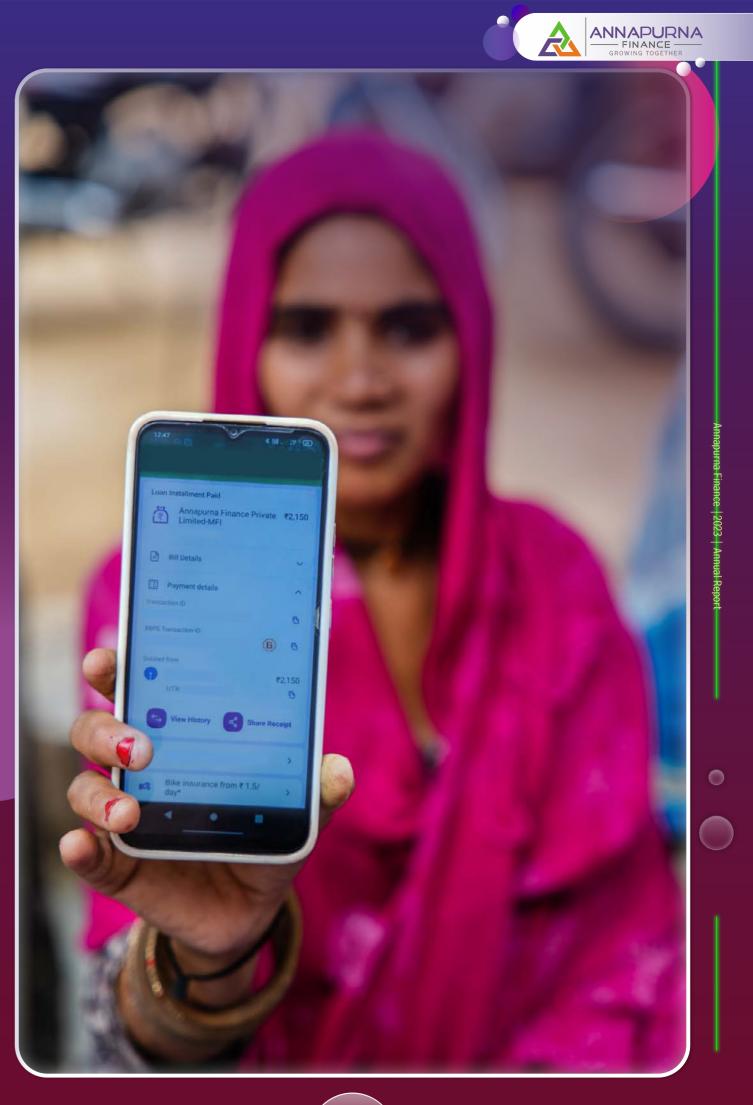
The department remains steadfast in its dedication to delivering high-quality solutions and optimizing the systems. The following projects are planned for the upcoming year:

Aadhar-based Client Enroln

Leveraging India's distinctive identification system, Aadhaar, the company introduces a secure and reliable client enrollment process. This transformative step is designed to deliver a seamless onboarding experience while reinforcing the utmost data privacy standards. Clients can now navigate the process with ease, confident in the knowledge that their personal information is safeguarded at the highest level. This innovation represents technological advancement, client-centricity, and data protection, ultimately setting a new industry standard for user-friendly and secure client enrollment.

Unified Loan Applicati

Annapurna is dedicated to improving the user experience by creating a user-friendly mobile app. This app will make it easier for both the staff and clients to enroll in the services. The goal is to provide convenience and accessibility, ensuring a smooth experience for everyone. This initiative reflects the company's commitment to delivering top-notch financial services through innovative and user-centric solutions, simplifying interactions, and enhancing transparency for valued clients.



Just in Time (JIT) 2.0 Loan

The upgraded version of the Just in Time (JIT) loan, that is JIT 2.0, will enhance the customer experience by increasing flexibility in all aspects. Improvements to this loan product will further streamline the loan disbursement process, reducing turnaround time for clients. It is now more userfriendly, adaptable, and tailored to the needs of the clients.

UPI Fund Transfer

The integration of the Unified Payments Interface (UPI) will mark a significant change in the financial services landscape. With this integration, the company will ensure fund transfers, providing clients with an easier and faster experience. The incorporation of UPI technology streamlines transaction speed, elevating the level of convenience for clients. This innovation aligns with the organization's commitment to stay at the forefront of modern financial technology.

Penny Drop Validation

To enhance security and reduce application rejections, the department has a visionary plan to use a penny drop validation system. This revolutionary system will act as a protector to verify account ownership during fund transfers with great effectiveness.

Business Rule Engine

The implementation of a business rule engine stands as an innovation and operational excellence for the organization. This engine represents a transformative leap in the decisionmaking processes, particularly in the process of Credit Decisions. Importantly, the engine operates in full compliance with regulatory standards, ensuring every decision aligns with the required guidelines.

JLG Digital Lending

The department wants to help underserved communities by introducing digital lending capabilities for Joint Liability Groups (JLGs). This will go beyond just financial transactions and empower these groups to make progress in society.

AML Solution Integration with LC

Integrating an Anti-Money Laundering (AML) solution with the Loan Origination System (LOS) will strengthen the compliance framework and enhance risk management.

Collection V.2

Upgrading the collection system will deliver significant improvements in efficiency, customer experience, monitoring capabilities, and debt recovery optimization. This strategic enhancement reflects the company's adherence to streamlining operations, ensuring a smoother journey for customers, and improving debt recovery endeavors.

Annapurna Pay

The launch of Annapurna Pay, the advanced digital payment solution, marks a significant stride towards enhancing convenience and security for clients. This innovative platform empowers clients to seamlessly manage their financial transactions with ease and confidence. Annapurna Pay streamlines payments, fund transfers, and account access, offering a user-friendly, secure digital gateway to navigate the financial landscape. Security is paramount, with robust encryption and authentication measures ensuring the utmost protection for every transaction.



TECHNOLOGY INNOVATION HUB (TIH)

With the dynamic and swift transformation occurring in the global technology landscape, Annapurna persistently upholds its belief in embracing the latest technologies to complement this ever-changing landscape. The creation of the Technology Innovation Hub (TIH) symbolizes this commitment, serving as the core for technological advancements within the organization. The primary objective is to enhance the efficiency and seamlessness of the existing processes, while prioritizing the provision of superior services and an enhanced overall environment for the clients. The fundamental aim of the TIH also necessitates the assimilation of global technological best practices, selectively adopting them based on specific requirements, and facilitating the digital onboarding of clients.

Just in Time Loan (JIT)

The organization aspires to become the preferred lender for its entire customer base, upholding a crucial objective and guiding principle of product development. In the pursuit of this, Annapurna introduced a groundbreaking digital offering in 2021 which was exclusively designed for existing group lending borrowers. This loan product was specifically tailored to provide financial support during unforeseen emergencies. The JIT 1.0 loan has garnered immense praise from customers due to its straightforward process and 24/7 availability. Currently, approximately 120,000 customers have already embraced the JIT loan and joined the company's platform.

Keeping the overall objective of Just in Time loans constant, it is now introducing the JIT 2.0 version. This upgraded iteration aims to offer heightened customer experience by introducing greater flexibility across all aspects of the loan.

JIT upgraded features

- 1. More Pertinent: The results of the feedback survey indicated a consistent demand from customers for loan amounts surpassing the current offering of ₹ 5000. Responding to the feedback, the company has raised the Just-in-Time (JIT) loan amount to ₹ 10,000, meeting the consistent demand for larger financial assistance options.
- 2. More Adaptable: The improved JIT aligns with the product's goal of offering a versatile credit line, providing greater flexibility in loan amounts and repayment terms.
- 3. More User-friendly: Product enhancements have streamlined the loan process, making it swift and user-friendly. Accessible via smartphones or feature phones, customers can choose from various channels (WhatsApp, IVR, SMS) for a convenient and hassle-free experience

CEP

The company has introduced a customer engagement platform aimed at enhancing the overall customer experience. This platform encompasses a range of communication channels, including IVR, WhatsApp, and SMS, which are currently utilized for various purposes such as lead generation, customer service, delinquency management, feedback collection, impact assessments, and research endeavors.

The platform not only enhances customer experience but also contributes to the organization's efficiency and growth. It streamlines interactions, offers valuable services, and provides real-time assistance, bolstering client satisfaction and operational effectiveness.

Annapurna has recently introduced an innovative method for clients to engage with the company: an interactive WhatsApp Chatbot equipped with an impressive array of features. Offering functionalities like campaign management, personalized greetings, loan assistance, surveys, and quick payments, it benefits both clients and employees. Accessible to all MSME clients in India, it's multilingual and employs cutting-edge technology.

The Chatbot's Live Agent feature provides real-time human assistance, enabling a seamless shift from automated responses to live conversations, ensuring a satisfying user experience.

UI/UX Revamp

The staff-facing application serves as an indispensable tool for the employees, facilitating loan processing and administrative tasks. Recognizing the profound connection between a well-crafted and user-friendly interface and the productivity and job satisfaction of the workforce, the team has undertaken a comprehensive redesign of the existing staff-facing application's user interface and user experience (UI/UX) to align with the expectations of the modern generation of users.

Account Aggregat

The company's commitment to innovation and customer empowerment is evident in their adoption of the Account Aggregator framework. This helps customers in streamlining loan applications and services by giving them control over their banking and financial data, enabling selective sharing with various financial entities in an aggregated manner. Annapurna benefits from this by accessing customer data with consent, eliminating physical documentation hence ensuring data security.

(Personal Loan/Business Loan

Annapurna is on a visionary path to establish a digital lending platform, driven by their unwavering commitment to innovation and customer-centricity. This aims to revolutionize the way financial services are delivered. The organization recognizes the need to streamline financial processes and empower customers with convenience, accessibility, and efficiency through an end-to-end digital platform. Currently in pilot testing, this digital lending app promises strategic advantages. The app revolutionizes operations, broadens clientele, offers personalized assistance, and removes geographical constraints, in line with the customer-centric innovation vision.

Digital Collection

Annapurna's digitalization strategy has achieved remarkable success, resulting in increased loan recovery and streamlined operations. Between April 2022 and March 2023, digital payment methods for loan repayments saw a consistent 32%

JIT Case Study

*Name used for representation purpose only



a cheft of Anhapurna's Buguda branch, faced difficulty paying her medical bills. The company's JIT eligibility SMS service informed her about an instant digital emergency loan, which she quickly applied for and received within hours. This efficient and hassle-free process not only helped Sanjukta but also enabled the organization to reach out to more clients in need of timely financial assistance.





increase, indicating borrowers' preference for convenience and security. This strategy enhances customer confidence and satisfaction by providing a user-friendly digital platform that fosters trust and contentment. Annapurna has been awarded the best performing Biller by NPCI- BBPS, under loan repayment category for the FY 2022-23.

Leelabati Baral

a disabled woman in Khurda, India, faced financial challenges during the pandemic. Annapurna Finance's digital emergency loan helped her revive her tailoring business and expand it. She used the loan to purchase stock and broaden her product range, regaining financial independence and resilience during tough times.



Brand Building



COMMUNICATION & BRANDING

The Communication and Branding department of Annapurna plays an instrumental role in overseeing the company's reputation through the initiation of promotional endeavors, delivering exceptional experiences to the target audience, and operating with utmost efficacy to ensure the brand maintains its prominent position.

The fundamental ethos of the department is to culminate various elements, from the visual assets of the company, like logos and color palettes, to defining the unique persona, aligned to the targeted customer segment and business objective. The department strives to deliver the essence of the right brand that convinces the customers to trust on the quality of products and services of the company. It employs enriching branding techniques for organizational programs, diligently focusing on valuable information that highlights Annapurna's brand image, the department's unique value proposition, and the unparalleled differentiators compared to competitors.

To comprehend the intricacies of the business, the department closely collaborates with management and other teams to strengthen internal communication. This is achieved through the distribution of diverse advertising materials, starting from arranging important events, managing social media channels, overseeing public programs and affairs, implementing strategic approaches to yield optimal outcomes and beyond.

the Evolution of Technolo

Advancements in technology have enabled the department to innovate its strategies by creating memorable experiences for stakeholders, enhancing brand engagement, profitability, retention, societal impact, and outreach to underserved segments. Utilizing technologies such as Adobe software (Photoshop, Illustrator, After Effects, InDesign, Premiere Pro, Lightroom, etc.), the company prioritizes its brand value, driven by social media initiatives to increase visibility. The team's efforts encompass ideation sessions, product launches, events, media exposure, and employee engagement, all aimed at fostering a growth-friendly environment."

Branding Initiatives and Strateg

By fostering an environment conducive to growth and progress, the team devoted their efforts to numerous documentation projects, field engagements, prestigious award events, and digitally executed performances. The team also actively engaged in conceptualizing promotional content, producing animated videos, and innovating novel techniques to facilitate superior audience interaction. With strong enthusiasm, the team actively promoted and managed the organization's branding strategies, for better employee and audience engagement such as circulation of marketing materials, creative animated videos based on social topics, and documentaries.

Internal Communication

Beyond brand-focused strategies like weekly sectoral highlights, quarterly e-video newsletters, e-Sampark and The Achievers, the team is committed to creating unique and diverse content. The aim of these regular updates, both weekly and quarterly, is to keep the employees informed about the company's latest implementation and developments, recognition, events and details about creative aspects.

It consistently engages in brainstorming sessions to conceive captivating content that captures the attention of customers and facilitates deeper brand engagement. The objective is not solely to produce informative material that enhances customer comprehension of the company, but also to generate user-friendly experiences.

The department serves as an intermediary channel between the top management and the workforce. Preserving the comprehensive perspective of the organization, the team directs its efforts toward crafting resolutions that enhance involvement.

External Communication

The department assumes a crucial role in upholding robust communication channels between external stakeholders and the organization. Through field engagement with beneficiaries, it fosters the establishment and advancement of a healthy environment while enlightening fresh prospects for extended involvement. Furthermore, the team actively contributes to the propagation of sustainable values both within and beyond the company through social awareness initiatives centered around gender, environmental impact, etc. The department ensures the creation of carefully crafted messages that reflects the organization's presence within the community. Integral to the attainment of target audiences, the team propels them towards active engagement with Annapurna's products and services.

Lore activities, Event Management, and Awar

As a result of technological advancements, it has become imperative to increase the brand's value through the enhancement of current methodologies and embracing of novel avenues. Throughout the previous fiscal year, numerous achievements enabled the department to provide gratifying experiences to management, employees, and customers, consequently fostering brand involvement, profitability, robust employee retention, an upliftment in social esteem, and bolstering the vision of extending assistance to overlooked and underserved segments of society.

The team is executing an exceptional venture in harmonizing the messaging with the brand's fundamental value proposition. It has become imperative for brands to employ a multitude of tools to ensure their visibility, significance, and reputation as a top destination for all customer requirements. This strategy lies at the heart of the team's commitment to remaining relevant and distinguishing themselves from others.

Adding to this, the team made a huge impact when Annapurna's recently launched products and services such as Just in Time, rooftop solar, CEP platform, and Fintech Application, etc by designing promotional content such as digital banners and LEDs, physical banners, leaflets, invitation cards, booklets, ID cards, stage decoration, guest management, presentation, animated videos, documentation, and other digital and printing materials.

This year, several highlights have helped the department create delightful experiences for the management team, employees, and customers alike. From celebrating International Women's Day to Foundation Day, Lender's Meet to Virtual Meetups, health camps to the annual sports day, festival celebrations to review meetings, report designing to documentaries, Atulya Karigari campaign management to social media Ads, induction programmes to training sessions, calendar diary designs to magazine styling, etc, the team has also assisted in promoting sustainable values and social awareness programmes.

The team has actively participated to foster diversity and inclusion, by arranging comprehensive training programs, crafting design materials, and serving as a formidable pillar of support. This further helped to transform this initiative into an opportunity to amplify the brand's reputation. Lately, the department has wholeheartedly embraced the realm of 3D



design and cutting-edge technology, harnessing its power to craft numerous captivating advertising and promotional videos, documentaries, and case studies. These multimedia masterpieces serve as compelling vehicles, vividly illustrating the organization's profound journey, its visionary plans for the future, and the vigorous struggles it overcame along the way.

The team's efforts have led the organization to win many prestigious awards and recognition. Some of these include The Economic Times' Best Organization for Women (powered by Femina), The Economic Times' Best BFSI Brands, Top 10 Best Company To Work For 2022' by Silicon India, Most Preferred Workplaces 2022' in the BFSI sector, Biggest MFI in Eastern India at 7th Eastern India Microfinance Summit 2023 by AMFI-WB, National Award 2022 for Water and Sanitation Financing by Water.Org and Sa-Dhan, 2nd Edition Most Preferred Brands of 2022 in association with Times Now, and the honorable Director, Mr. Dibyajyoti Pattanaik, has been awarded 'India's Top Mind' by The Brand Story.

Way Forward

Annapurna constantly pursues inventive methods to foster interaction and communication. Going forward, the team will further persist in its efforts to uphold the organization's brand reputation by circulating information inline with the company's image and the established norms. The department is working to expand its audience through captivating activities and programs, social media strategies, and 3D animations and designs, thereby strengthening the brand's intrinsic value by ensuring accountability and transparency. Additionally, forthcoming plans entail implementing social awareness initiatives to elevate the core objectives.

Director's Report



DIRECTORS' REPORT

Dear Members,

Annapurna Finance Private Limited

On behalf of the Board of Directors, I am delighted to present the Annual Director's Report, for the financial year ended 31st March 2023. As we understood the challenges and triumphs of FY 2023, we take immense pride in the remarkable strides made by the Company in pursuing its mission of financial inclusion and transforming lives.

The year under review was not without its share of challenges, the global economy continued to grapple with the aftershocks of the COVID-19 pandemic. However, I am pleased to inform here you all that even amid these turbulent times, the Company stood resilient, adapting to dynamic market conditions while staying steadfast in its commitment to serving the underserved segments of the community. We understand the profound impact of our operations on the lives of millions, and it is with great satisfaction that we report significant achievements during FY 2023. We are also happy to inform you that, inspite of this difficult time, PROPARCO a highly reputed French DFI, who is also an existing lender decided to join us as a shareholder in FY'23.

At the heart of our operations, there lies a commitment to creating a positive social impact. Throughout FY 2023, we continued to witness the transformative power of microfinance in the lives of our customers. We are happy to have extended financial services to 2.46 million beneficiaries and their households, empowering them to embark on entrepreneurial ventures, pursue their goal, and enhance their quality of life. Our efforts have been especially focused on women empowerment, and it brings us great joy to share the success stories of countless women who have charted their paths to economic independence through our tailored financial solutions. Apart from our usual microfinance operations we have ventured to other impact areas such as:

Green and Climate Resilience Financi

Annapurna Finance exemplifies its leadership in sustainable finance through its rooftop solar financing product, enabling residential and commercial entities to embrace green energy adoption and carbon footprint reduction. Going beyond financial solutions, the company's commitment drives community transitions to renewable energy alternatives, fostering a collective vision for a greener future. Aiming to produce at least 15 MW of Clean Energy by FY'27, the company also invests in research to expand its financial product offerings. Recently concluding a successful pilot on Agri-Value Chain Financing, Annapurna Finance is poised to confidently scale this initiative by FY'24.

Diversity, Inclusion and Equity Initiation

India is a country of diversity. Thus, our efforts to embed such diversity to our organization is the primary objective. We are designing and implementing programs to increase diversity awareness and sensitivity, onboard comparatively underrepresented social sections, create relevant partnerships as well to strengthen our DEI performance as well as develop culture of belongingness and ownership among our human resources. In FY'23 we have launched Gender Leadership Program in which we have created 42 Gender Leaders across the organization and have successfully sensitized 500+ employees on DEI. We are bringing changes to our existing policies to make them more sensitive across all genders. This year we have also participated in several assessment exercises including Bloomberg's Gender Equality Index and WWB's Gender Diversity Index to benchmark our performance against best diversity promoting organizations and peer institutes. Looking at our focus on gender diversity, we have also become the global network partner of WWB.

Technology Innovation

Annapurna Finance is pleased to present its pioneering technological advancements encompassing paperless onboarding and digital collection processes. In FY'22, the company successfully introduced a fully digital product, 'Just in Time,' for clients, and is now excited to unveil the enhanced 'Just in Time 2.0' emergency credit line. Key highlights of JIT 2.0 include innovative features such as Balloon and Bullet repayment options, along with remarkably expedited disbursement times of only two minutes, showcasing the company's commitment to swift and flexible services. We are also happy to inform you all that we have received TransUnion CIBIL Data Quality Award in the MFI Category for the year FY'23. This established our quality and commitment to bring digitization as a process in Annapurna's DNA.

Growth

During FY 2023, the Company experienced impressive loan growth, with the loan portfolio increasing from Rs 6,553 crore to Rs. 8,749 crore, representing a remarkable 34% increase. This growth is a testament to the trust and confidence our customers have placed in us. We remain committed to prudent lending practices and maintaining a well-diversified micro-finance and MSME portfolio in adherence to regulatory guidelines. Further, the Company has been able to diversify geographically to new States like Uttar Pradesh & Goa, and also consolidated its reach in the existing States as well. During the year, the Company also added 204 new branches to its footprint.

As part of our ongoing efforts to promote sustainable practices, we ventured into new business areas such as clean energy. We introduced roof-top solar loans, recognizing the immense potential in this emerging asset class. While still in its nascent phase, we firmly believe that clean energy financing will play a pivotal role in promoting environmental sustainability while creating substantial opportunities for growth.

Credit Quality

As the nation returned to a state of normalcy following the impact of the COVID-19 pandemic in the fourth quarter of FY22, both micro and macroeconomic activities experienced a revival, leading to a recovery in our loan book. As a responsible financial institution, we remain resolute in upholding prudent lending practices and effective risk management. Through the implementation of robust risk assessment methodologies and proactive collection strategies, we have successfully ensured the stability of our loan portfolio, safeguarding the interests

of both our valued Customers and esteemed shareholders.

Initially, the recovery aspect faced significant challenges, but throughout FY23, we witnessed a marked improvement in collections, increasing from 78.75% in May-21 to an impressive 98.63% in Mar-23. This notable improvement also contributed to a significant decrease in the Gross NPA, reducing it from Rs. 532.75 crore to Rs. 258.41 crore, representing a substantial 51% decrease.

Throughout FY23, the Company diligently undertook comprehensive efforts to facilitate recovery while simultaneously containing credit quality deterioration through strategic restructuring and other measures. As a result, we successfully reduced the Gross NPA to 3.84% and the Net NPA to 1.35%, marking a notable improvement from the previous fiscal year's levels of 10.03% and 2.86%, respectively. It is worth highlighting that the Company prudently allocated a provision of 66% for impaired assets, for effectively mitigating future risks. The substantial upgradation of Stage-2 assets to Stage-1 further instills confidence in our ability to recover a significant portion of Stage-3 (impaired assets) in the upcoming years. This demonstrates our commitment to minimizing credit risk and ensuring a healthier asset quality.

Resources

The Company has received unwavering support from its lending banks during the challenging times of the COVID pandemic. However, to bolster resources and strengthen the Capital to Risk (Weighted) Assets Ratio (CRAR), which was impacted by the decline in internal generation, the Company made the strategic decision to raise fresh capital.

During the financial year, the Company successfully raised ₹117.30 crore through issue of convertible preference shares. This significant capital infusion in the aftermath of the adversity of the pandemic demonstrates the unwavering trust and confidence of our investors in the Company. It also reflects the robustness of our financials, sound corporate governance practices, and strong management capabilities.

There has been change in the CRAR, as it reduced from 29.78% to 24.66%. Additionally, the Tier-I capital has declined from 25.07% to 21.78%. These indicate our strengthened financial position and our commitment to maintaining prudent capital adequacy levels to support our growth and also to meet regulatory requirements.

_iquidity

The Company has consistently prioritised maintaining a comfortable liquidity position to support its day-to-day operations. As evident from the Liquidity Coverage Ratio (LCR) figures, which stood at a robust 359%, we have far exceeded the regulatory requirement of 60%. This healthy LCR indicates that we have ample unencumbered High-quality liquid assets readily available, which can be promptly converted into cash to meet our liquidity needs within a 30-day period.

We have diligently structured our maturity profiles of assets and liabilities, ensuring a well-balanced alignment. Financial assets recoverable within one year fully cover the liabilities payable within the same period. This prudent approach



ensures that we have the necessary liquidity to fulfill our obligations without any undue strain on our financial resources. As a result, we can confidently state that we maintain a comfortable liquidity position, providing stability and agility in meeting our financial commitments. This strong liquidity foundation is a testament to our commitment to financial prudence and responsible management practices, further reinforcing our ability to navigate through uncertainties and seize opportunities for growth.

Cost & Yield

The Cost of borrowing, as well as the yield, experienced a slight increase owing to the subsequent rise in Repo rates and lending rates by the Reserve Bank of India. Additionally, the Company revised the interest rates for borrowers in line with the new pricing policy. However, despite having the option to pass on the additional costs, the Company made a conscious decision not to increase the lending rate for Microfinance Loans. We further place below the key financial parameters of the Company together with the numbers out of audited financial statements, for the financial year ended March 31, 2023.

1. Financial and Operational Position:

Particulars	FY 22-23	FY 21-22	Growth (YOY) %
Interest Income on loans	1,143.23	933.54	22%
Other Income #	426.34	219.22	94%
Total Income	1,569.57	1,152.77	36%
Interest Expense on Borrowings	659.96	560.07	18%
Provision Expenses	361.84	193.83	87%
Staff Expenses	390.62	287.98	36%
Total Expenses*	772.93 647.22		19%
PAT	32.72	17.13	91%
Total Debt Outstanding	7,048.54	6,212.40	13%
Total Equity **	1,208.31	793.89	52%
GLP (Total)	8,748.87	6,553.42	34%
Impaired Loans (NPA) in crore	258.41	532.75	-51%
Yield (in %)	NA	20.63	-
Cost of Borrowings (in %)	NA	10.99	-
Net Interest Margin (in %)	NA	9.64	-

a. Financial Position

Other Income includes, Interest Income from FD, Income from Fees & Commission, Net gain on Assignment transaction, Bad-debt Recovery, etc.

*Total Expenses exclude Provision Expenses and Staff Expenses. ** For FY 23, Total Equity does not include CCPS of ₹259.27 crore and CCD of ₹150.00 crore, as per IND-AS guidelines.

During the financial year, revenue from operation increased by ₹410.62 crores and reached ₹1557.78 crore and the Company registered a net profit of ₹ 32.72 crore.

b. Operational Parameters:

Particulars	FY 22-23	FY 21-22	Growth (YOY) %
No. of Borrowers	24,57,653	23,15,738	6%
No. of Districts	388	347	12%
No. of Branches	1183	984	20%
Disbursement (On- Book) (Rs. crore)	7,714.34	5,323.34	45%
Gross Loan Portfo- lio (Rs. crore)	8,748.87	6,553.42	34%
Off-Book (BC + Securitization) (Rs. crore)	2,422.00	1,359.14	78%
Total Employees	10,357	8,559	21%
Field Officers	6,534	5,250	24%
GLP/Active Bor- rowers	35,598	28,299	26%

c) Funding Position

In terms of fund raising, the Company has mobilised funds amounting to ₹7,057.98 crore in the Financial Year 2022-23, out of which ₹3,913.47 crore was raised through term loans, ₹2,788.87 crore in the form of Direct Assignments, ₹335.63 crore in the form of NCDs and ₹20.00 Crore in the form of Sub debt. The Company has added Cholamandalam Finance, Mannappuram Finance, J.M. Financials, Tata Capital, Credit Saison as our new lenders in FY 2022-23.

2. Reserve

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934, an amount not less than 20% of the profit after tax is to be transferred to Statutory Reserve. Accordingly, the Company has transferred ₹6.54 Crore to Statutory Reserve.

3. Dividend

To maintain a healthy Net Worth & Capital Adequacy Ratio, the Board proposed to retain profits in the business itself and no dividend is being declared on the equity shares of the Company.

4.Management Discussion and Analysis Repo

Industry Overview:

The microfinance sector in India continued to play a vital role in driving financial inclusion during FY 2023. Despite the challenges posed by the COVID-19 pandemic, the industry exhibited resilience and adaptability, reflecting its inherent strength and importance in the Indian financial landscape. The Reserve Bank of India (RBI) continued to play a pivotal role in governing the microfinance sector. The regulatory environment was conducive to promoting responsible lending practices and safeguarding the interests of both borrowers and lenders. The RBI's measures and guidelines aimed at maintaining asset quality and enhancing financial stability within the sector were well-received by market participants.

Digitalisation emerged as a transformative force in the microfinance industry during FY 2023. The adoption of digital

platforms and fintech solutions allowed MFIs to reach a wider customer base, enhance operational efficiency, and facilitate seamless transactions. Additionally, digital innovations improved access to financial services for remote and marginalized communities, furthering the cause of financial inclusion. The MFIs continued to prioritize social impact and sustainability, aligning their operations with Environmental, Social, and Governance (ESG) principles. Initiatives such as financial literacy programs, women empowerment initiatives, and environmentally responsible practices demonstrated the sector's commitment to creating positive change and fostering inclusive growth.

Despite the positive strides, the microfinance sector faced some challenges during the year. The Economic volatility, inflationary pressures, and regional disparities posed challenges for portfolio management and risk mitigation. However, these challenges also brought opportunities for innovation and strategic decision-making, encouraging MFIs to diversify their offerings and explore new growth avenues.

Overview of Company's Opera

Although the severity of covid pandemic has subdued and the economic activities is gradually taking speed, the economy has not recovered fully of its fall out like loss of income to the large section of the people in the country. As a result, the microfinance sector is facing serious problem in recovery of loan assets and our company is no exception to that. The increasing trend of NPA assets particularly in loan accounts restructured during covid period has been a concern for the company and accordingly it was a major challenge for the company to arrest the trend and bring it down to a tolerance level. During the year 2022-23 the company had adopted various NPA reduction measures like (i) strengthening of recovery mechanism, (ii) effective monitoring of recovery of NPAs (happened mostly during covid period), (iii) implementation of OTS and (iv) securitization of NPA assets etc. With collaborative and dedicated efforts by our staff members and effective monitoring at management/ Board level, these measures had resulted in reduction of GNPA and NNPA of the company to 3.84% and 1.35% respectively as at the end of March 31, 2023.

The company also faced several challenges in the implementation of new regulations issued by RBI for Non-Banking Financial Company Microfinance Institutions (NBFC MFIs). The computation of rate of interest, calculation of household income, changes in business practices, and their impact on borrowers were significant hurdles for the company to align the business with regulatory provisions. Moreover Staff training and skill upgradation were crucial for understanding and adhering to new regulations effectively. Despite these challenges, the company could remodel its business activities in complying with all the prescribed regulations and it is now fully stabilized. The company faces an additional challenge of adhering to the revised RBI norm, which now requires maintaining qualifying assets at 75% of the total assets, as opposed to the previous requirement of 85% of net assets. As the company needs some more



time to attain the prescribed level of qualifying assets, it had requested RBI to extend the timeline for the same and considering our request the Regulator, RBI has given time up to 30th September 2023 to meet the qualifying asset criteria. With due approval of the Board a road map has been drawn up to meet the deadline.

Under Scale based Regulation, now it is mandatory for the company to implement "Core Financial Services Solutions" by September 2025. The CFSS shall provide for seamless customer interface in digital offering and transactions relating to products and services with anywhere and anytime facility to enable integration of company's function, provide centralized data base and be able to generate suitable MIS both for internal purpose and regulatory reporting. The company has drawn up a road map to implement the same by September 2025 and the progress is being monitored. It will bring a new revolution in our functioning.

During the year, the company has embarked upon diversifying its product as per suitability and the requirements of customers. It has launched two more new products i.e., Roof Top Solar loan and Agri input loan. On pilot basis the Roof Top Solar loan has been launched in 5 states and 25 branches. Similarly, the Agri Input loan is planned to be launched on pilot basis in BC Model in the state of UP and Bihar.

Despite all constraints, the overall performance of the Company during 2022-23 has commendably improved over the previous financial years by registering a sharp business growth, appreciable rise in profit and a cohesive infrastructure expansion with good future outlook. The comparative NII(Net Interest Income) and RoA (Return on Assets) have improved.. Nevertheless, it is essential to sustain the momentum of reducing Non-Performing Assets (NPAs) in a manner that is viable and lasting. This can be achieved by enhancing loan recovery efforts and curbing credit cost expenses. Such actions will enable the company to capitalize on the current economic recovery trend..

As the severity of the pandemic in India continues to decline, the Board of Directors is committed to continue with all the endurance steps undertaken with the help of our dedicated staff to recover the dues in jeopardy and hopefully write-back



some of the provisions, thereby ensuring a sound profit in the coming years and as well as restoring the Company's past historical growth stride and strength building.The Company with a forward-looking approach undertook expansion activities and staff rationalisation with motivating incentives to ensure their allegiance and commitment to the organisation.

On the positive side, the new challenges also provide the opportunities for upgrading strategies with the help of improved technologies. The Company developed suitable methods for enabling digital / online payments through various modes of UPI and the clients were trained at field on digital / online payment of dues. Increase in cashless repayments enabled saving of time and resources, to counter the shortage due to sickness and attrition. As a result, digital/ online contactless repayments have risen in FY 2023.

Our Board of Directors through their expertise, experience, and strategic insights have guided the company to achieve its objective. Through their commitment and leadership, they have significantly influenced the overall performance and reputation of the company. During the year under review, we implemented several strategic interventions that helped us bolster our position in the market and progress our popularity among the people. Drawing heavily from our ethos and values, our teams on ground level displayed tremendous agility, ingenuity, grit, and resilience, helping us chart out the road for normalization in these trying times. With their relentless effort and follow up with the borrowers, there could be seen an improvement in the Micro-finance sector with the improved demand and collection efficiency standing at 98.63% as at March 2023. Looking at the economic growth and its trend, the industry would run back on track with an increased pace in the current year .

The Company, despite staff shortage in field level and personal contact constraints, maintained un-interrupted service all the time and showed a remarkable progress in business volumes, thereby substantiating operational continuity. The Company has also responded positively to all the measures taken by the Central and State Governments to revive the economy and the wellbeing of its clients.

Segment Infor

The Company operates in two main business dimensions, Micro-finance, and MSME. The Micro-finance segment provides small credit support to vulnerable communities, promoting the well-being of individuals and empowering marginalized households and businesses. On the other hand, the MSME segment offers business loans and services to micro, small, and medium enterprises, helping them meet their working capital needs and facilitating business growth.

By focusing on these two distinct areas, the Company aims to contribute to economic development, financial inclusion, and social upliftment. Through its tailored financial solutions, it strives to make a positive impact on the lives of individuals and businesses in the communities it serves.

Opportunities and Th

Under the new RBI Microfinance Regulations, alongwith the emergence of tougher market competition, some fair opportunities are also available. The waiver of individual loan limit paves way for improved operational efficiency by achieving more business with lesser number of borrowers. The reduced stipulation of qualifying asset proportion enhances the secured advances class, thereby strengthening the asset quality. The innovation of new products based upon the suitability and requirement of customers, particularly Agri Input loan and Roof top solar loan will bring more business opportunity to the company.

The increasing trend of NPA in loan assets restructured during Covid-19 pandemic is major concern for the company. Due to income loss the repaying capacity of the borrowers have been severely affected as it is closely linked to the economic situation on the ground, affecting the credit culture in the long run. Therefore, recovery of stressed loan asset remains a challenge in the business during the continuity of the pandemic impact.

However, MFI segments are promising new business opportunities, by establishing digital lending, including

Regulatory Guidelines or

instant lending and collection platforms in conformity with the relevant RBI guidelines. Furthermore, the Company is focused on transforming the traditional business processes to a new age business with the aid of digitalisation. This not only improves the overall efficiency of the organization but also helps in cost reduction as it shorts down the lengthy operating processes to a simplified and quick one.

license to set un a ll

Now, Annapurna has come up to its age to function as a bank and play a major role in the finance sector for economic development of the downtrodden people in the society. Keeping that in view the company has applied to RBI vide letter dated November 12, 2022, for issue of a banking license, to set up a Universal Bank under the guidelines for "On tap licensing of Universal Bank" issued by RBI in August 2016 . The structure and financial position of company has full potential to convert to a Universal Bank. The rationale behind going for a banking license is that, it will give scope to expand its range of services. As a bank, the company can accept deposits, issue credit cards, offer savings accounts, and provide various other banking products & financial services. This diversification can lead to increased revenue streams and a more comprehensive suite of financial solutions for customers. Banks have access to a broader range of funding sources, including deposits from the public and borrowing from the central bank. This can lead to lower funding costs compared to relying on higher-cost funding options from Banks/FI. Operating as a bank brings certain regulatory advantages such as access to the central bank's liquidity facilities and priority sector lending benefits, which may help in meeting regulatory requirements more effectively. We are very much hopeful of achieving our objective in the coming financial year 2023-24.

Different Notifications / Circulars / Rules / Regulations / Guidelines issued by regulatory authorities during the year and their impact on the Company's operations are highlighted below-

Regulatory Measures by Statutory Authorities	Impact and Company's Response
i) RBI Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022	On March 14, 2022, RBI released Master Direction – Reserve Bank of India (Regulatory Framework for Microfinan Loans) Directions, 2022, which was effective from April 1, 2022, bringing amendment particularly in respect of pricing methodology, (b) loan size, (c) proportion of qualifying assets, and (d) uniformity among all categories of lender
	The Company accordingly evolved suitable management strategies and adapted its methodologies to commensur- with the competitive environment created due to the rationalization brought in the guidelines for all lenders.
	The Company has revised its existing policies and adopted new policies to adhere to these guidelines by its effect date, i.e., April 1, 2022.
ii) Risk Based Internal Audit	RBI, vide its circular dated February 3, 2021, mandated implementation of Risk Based Internal Audit, inter alia, provide the essential requirements for a robust internal audit function, so as to align these requirements in large NBFCs with those stipulated for Scheduled Commercial Banks.
	The Company accordingly has realigned its audit plan in accordance with the RBIA guidelines by undertak independent risk assessment of processes and functions and its existing control mechanism and accordingly adopte Risk Based Internal Audit Framework at its Board meeting held on August 10, 2022.

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Regulatory Measures by Statutory Authorities	Impact and Company's Response							
iii) RBI guidelines on appointment of Statutory Auditors for NBFC	RBI issued harmonised guidelines on the appointment of Statutory Auditors for NBFCs vide circular dated April 27, 202 providing instructions regarding eligibility criteria, tenure and rotation, while ensuring independence of the auditors.							
		M/s. B S R & Co. LLP, Chartered Accountants, have accordingly been appointed as Statutory Auditors of the Company August 2021 for a tenure of three years, in adherence to the guidelines issued by RBI.						
iv) RBI Guidelines on outsourcing of financial services – Responsibilities of regulated entities	RBI vide its circular dated August 12, 2022, has issued guidelines to all Regulated Entities not to resort to intimidation or harassment of any kind, verbal or physical against any person in their debt collection efforts including acts intended to humiliation in public or in social media and calling before 8 am and after 7 pm							
	The company adheres to the RBI guideli Fair Practice Code. Furthermore, it has		omer engagement, as an integral aspect of i ies for its operations.					
v) Master Direction- Reserve Bank of India (Transfer of Ioan exposures)	RBI in a modification to the direction o exposures by the Regulated Entities.	on December 5, 2022 has revised	d the framework for acquisition/transfer o					
Direction 2021	The company's policy on Transfer of lo aforesaid direction.	oan assets have been revised in	corporating all the guidelines as enumera					
vi) Scale Based Regulation for NBFCs	The Company, falling under the Middle I	ayer NBFC Category, and is in co	nsistence with the RBI guidelines, as follow					
	Purpose	Implementation period	Company's Progress					
	Adherence to governance guidelines	A timeline of two years is provided with effect from October 01, 2022	The Company through an independent ag assured its compliance with the prescrib governance standards.					
			The Company is in process of finalizing t vendor for the core banking solution.					
	Compliance Function and appointment of Chief Compliance Officer (CCO)	For NBFC ML – by October 1, 2023	To be complied within the prescribed tim					
	Regulatory Restrictions on Loans and Advances to Directors / Senior Officers / Real Estate Sector	October 1, 2022	Implemented through the internal policie the Company.					
	Disclosures in Financial Statements - Notes to Accounts of NBFCs	March 31, 2023	Complied and the same forms part of our annual financials.					
	Policy on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs	April 1, 2023	The said policy has been adopted by the Company at its Board meeting held on M 26, 2023.					
	SEBI Regulatory Update							
SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023	Disclosure Requirements) Regulations, 2024 and mandatorily effective from A	2015 has been extended to be co pril 1, 2024 by a 'high value debt ances, as applicable and any am	nce provisions) of SEBI (Listing Obligatior omplied on 'Comply or Explain' basis till Mar : listed entity'. Moreover, the Company is a endment from the existing practice shall a					
Introduction of SEBI (ILNCS) Regulations, 2021	SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS) Regulations, 2021) were notifi pursuant to merger and repeal of SEBI (ILDS) Regulations, 2008 and SEBI (NCRPS) Regulations, 2013.							
· · ·	The Company being a debt listed entity is in compliance with the said guidelines for issuance of listed de securities and the same has been taken on record for due compliance.							

The Company has long term ratings and NCD ratings from CRISIL, ICRA and CARE. The details of ratings as on 31st March, 2023 are as follows:

Rating	Long term Rating (Bank Loan)	NCD rating
CRISIL A-	₹1,100.00 crore	₹ 234.99 crore
CARE A-	₹1,611.99 crore	₹ 409.65 crore
ICRA A-	₹1,600.00 crore	₹ 521.23 crore

The Company has also got rated its portfolio pools, assigned the for Direct Assignment transactions.



Being a responsible organization, the Company endeavors to incorporate better social and environmental practices in its on-lending services as applicable. To prevent investment in any harmful social and environmental project, the company has a dedicated Environmental and Social Management System, which has delineated excluded activities in compliance with country regulation, IFC exclusion list and UN's safeguard policy. An annual reporting format is in place to review the organization's performance as per the ESMS policy. Besides this, the Risk management committee and SPM & CSR committee also review the operational process from the perspective of any mission drift from the same angle. It strives to adopt global best practices in environment, social and governance matters, to the extent applicable to the Company's operations.



7. Change in nature of business, if a

There was no change in the nature of business of the Company during the year.

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

9. Significant and Mater

There were no significant and material orders passed by the Regulators or Courts or Tribunals in FY 2022-23, which would impact the going concern status and the Company's future operations.

10. Adequacy of internal finance

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

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

Associate Companie

The Company has a wholly owned subsidiary named as Annapurna SME Finance Private Limited. Presently, the Subsidiary company is in dormant status. During the year, there were no new Subsidiary/Joint Ventures/Associate Companies were incorporated.

12. Public Depo

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

The Company has issued Non-Convertible Debentures, which do not fall under the definition of deposits as per Rule 2(c)(ix) and Rule 2(c)(ixa) of the Companies (Acceptance of Deposits) Rules, 2014. There was no unpaid or unclaimed amount as at the end of the year and the Company has not defaulted in any re-payment of loan or payment of interest during the year on the borrowed funds.

13. Statutory Auditors and Audit

- M/s. B S R & Co. LLP, Chartered Accountants, who were appointed as Statutory Auditors of the Company, will hold office till conclusion of 38th Annual General Meeting (AGM) of the Company for FY 2023-24. Pursuant to Sections 139 and 141 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, they have furnished a certificate of their eligibility to act as Statutory Auditors of the Company.
- The Statutory Auditors' Report for the fiscal 2022-23 does not contain any gualification, reservation or adverse remark and, in the opinion of the Directors, does not call for any further comments. The Auditors' Report forms part of the Financial Statements as on 31st March 2023.

14. Secretarial Audit Re

Under the requirements of Section 204(1) of the Act and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Gopinath Nayak & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report for the financial year ended 31st March 2023, which forms an integral part of this Report is available on the website of the company at https://annapurnafinance.in/reports-newsletters/.

For the year 2022-23, there has been no qualification, reservation or adverse remark in their Report and the Secretarial Auditors have not reported any matter under Section 143(12) of the Act, and therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

15. Share Capital (as on March 31. 2

- The authorized share capital of the Company was ₹ 139.00 crore consisting of 11,39,00,000 Equity Shares of ₹10 each and 2.51.00.000 Preference Shares of Rs. 10 each
- During the Financial Year 2022-23, the Company reclassify its authorized share capital of the Company: ₹139,00,00,000 divided into 8,30,00,000 Equity & 5,60,00,000 Pref Shares to ₹139,00,00,000 divided into 11,39,00,000 Equity & 2,51,00,000 Pref Shares.
- The Company has only one class of Equity Shares, i.e. Equity Shares of face value of ₹10 each.
- The issued, subscribed, and paid-up capital of the Company as on 31st March 2023 are as follows -

ISSUED, SUBSCR	IBED & ALLOTTED	Nominal Value per share (₹)	Paid-up Value (₹)
No. of Equity Shares	9,22,27,855*	10	88,13,11,502
No. of Prefer- ence Shares	2,50,18,814	10	25,01,88,140
Total	11,72,46,669	10	1,13,14,99,642

*Of the above, 41,34,012 Equity Shares are partly paid-up, i.e. ₹ 0.09024 paid-up per share

- During the financial year 2022-23, the Company has issued and allotted 10,400 Equity Shares of ₹10 each and 78,20,000 Compulsorily Convertible Preference Shares (CCPS Series A2) of ₹10 each. In addition to that during the year, 2,72,38,612 CCPS of ₹10 each were converted into 1,93,22,295 Equity shares of ₹10 each thus changing the paid-up share capital from ₹113.24 crore to ₹113.15 crore.
- Employees Stock Option Scheme: Annapurna Employees Welfare Trust was formed on 12th November 2020 to promote participation of the eligible employees in the ownership and growth of the Company. During the year, a total of 10,400 options were exercised by the employees of the Company under the ESOP Scheme.

16. Annual Return:

The annual return (MGT-7) of the Company for the said financial year 2022-23, which is an integral part of this report, is available on the website of the Company at https:// annapurnafinance.in/reports-newsletters/.

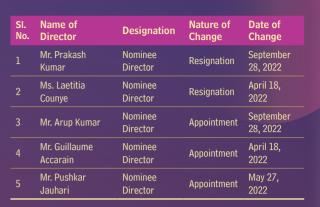
17. Conservation of e absorption and foreign exchange and outgo:

As required under the provisions of Section 134 of the Companies Act, 2013 in respect of conservation of energy and technology absorption, your Company's operations involve very low energy consumption. Wherever possible, energy conservation measures have been implemented and there are no major areas where further energy conservation measures can be taken. Apart from the repayment on overseas borrowings, there were no foreign exchange earnings and outgo.

18. Board of Directo

The Board of Directors of the Company has been constituted with proper combination of executive and non-executive directors. The Board consists of 14 Directors, out of which 3 (Three) are Independent Directors and 9 (Nine) are Nominee Directors. There are 2 (Two) Women Directors on the Board and 85.71% of the Board consists of Non-Executive Directors.

a) Changes in Directors and Key Managerial Personnel during the year



ANNAPURNA FINANCE

b) Declaration by Independent Director(s)

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

19. Meetings of the Board of Direct

During the year, the Board met 10 (Ten) times (i.e. on 18th April 2022, 23rd May 2022, 27th May 2022, 23rd June 2022, 10th August 2022, 16th September 2022, 28th September 2022, 10th November 2022, 16th January 2023 and 9th February 2023) after due notice of meeting given to the Board members in compliance with the Companies Act, 2013.

20. Managerial Ren

Details of managerial remuneration for the financial year 2022-23, pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are mentioned below:

1	Ratio of remuneration of executive directors to median remuneration of employees of the Compar a) Managing Director b) Executive Director	
2	In the Financial Year 2023-23, the percentage crease in remuneration of: a) Managing Director-cum-CEO b) Executive Director c) Chief Financial Officer d) Company Secretary	in- a) 34% b) 24% c) 30% d) 34%
3	Percentage increase in the median remuneration employees in the financial year	of 11%
4	Number of permanent employees on the rolls of Company as on 31st March, 2023	the 9048
5	Average percentile increase in the salaries of employees, other than managerial personnel, in the financial year 2022-23	16%
6	Average percentile increase in the managerial remuneration in the financial year 2022-23.	15%
7	Affirmation that the Company has a remunera- tion policy and the remuneration is as per the remuneration policy of the Company	Yes
8	((a) The name of every employee, who if em- ployed throughout the financial year, was in receipt of remuneration (for FY 2022-23), in the aggregate, of not less than one crore and two lakh rupees.	1. Mr. Gobinda Chandra Pattanaik 2. Mr. Dibyajyoti Pattanaik
	(b) The name of every employee, who if em- ployed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per menth	3. Mr. Satyajit Das 4. Mr. Sanjay Pattanaik

per month.

21. Loans, guarantees or section 186:

The Company is a Non-Banking Financial Companies classified as NBFC-MFI registered under Chapter III-B of the Reserve Bank of India Act, 1934 with the business of giving of any loan to a person or providing any guaranty or security for due repayment of any loan availed by any person in the ordinary course of its business. Hence, provisions of Section 186 related to giving loan, providing security or guarantee in connection with the loan are not applicable to the Company. Further, during the financial year, no investment was made by the Company.

22. Contracts or Arrange parties:

During the financial year ended March 31, 2023, all transactions with the Related Parties as defined under the Act read with Rules framed thereunder, were in the ordinary course of business and at arm's length basis, and no disclosure in Form AOC-2 are necessary to be disclosed. Your Company does not have a 'Material Subsidiary' as defined under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, your Company did not enter into any Related Party Transaction which requires prior approval of the Members of your Company. Necessary disclosures required under the Ind-AS 24 have been made in Note No. 34 of the Notes to the Financial Statements for the period ended 31st March. 2023.

The Policy on Related Party Transaction has been uploaded on the website of the company and available at the link http://annapurnafinance.in/wp-content/uploads/2023/02/ Related-Party-Transaction-policy.pdf

23. Corporate Governance

A separate Report on Corporate Governance is provided regarding compliance of conditions of Corporate Governance norms as stipulated under Listing Regulations and Reserve Bank of India Guidelines forming part of this Report.

24. Corporate Social Re

The CSR activities of the Company during the year 2022-23 as per the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, forms part of this Report and can be accessed from the website of the company at https://annapurnafinance.in/reports-newsletters/

and the CSR Policy is available at https://annapurnafinance. in/csr-policy/

25. Directors' and Officers' Liability

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

26. Directors' Responsibility Stat

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

The directors to the best of its knowledge and belief confirm that.

- In preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures.
- The company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- The company has taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The company has prepared the annual accounts on a going concern basis.
- The company has laid down internal financial controls, which are adequate and are operating effectively.
- The company has devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

of Women at Workpla Prohibition and Red

The Company has been employing women employees in various cadres with varied responsibilities. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, for reporting and conducting inquiry into the complaints made by victims on harassment at the workplace.

Gobinda Chandra Pattanaik Managing Director



HIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION
COMPLIANCE CERTIFICATE

[Pursuant to Regulation 17(8) Part B of Schedule II of SEBI (LODR) Regulations 2015]

Date: 26.05.2023

То

The Board of Directors

Annapurna Finance Pvt Ltd

We the undersigned, the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of M/s, Annapurna Finance Private Limited, incorporated under the Companies Act 1956, having its Registered Office At- 1215/1401, Khandagiri Bari, Infront of Jayadev Vatika, Khandagiri, Bhubaneswar, Odisha- 751030, hereby confirm that:

A. We have reviewed the financial statements and the cash flow statement for the year ended as on 31st March 2023 and that to the best of their knowledge and belief:

- 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be mis-leading;
- 2. These statements together present a true and fair view of the listed entity's affairs are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee on

- 1. Significant changes in internal control over financial reporting during the year, if any;
- 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
- 3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For Annapurna Finance Pvt Ltd

For Annapurna Finance Pvt Ltd

Sd/

Chief Executive Officer

Sd/ Chief Financial Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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The Members of

Annapurna Finance Private Limited Plot No. 1215/1401, Khandagiri Bari, Infront of Jayadev Vatika, Khandagiri,

Bhubaneswar, Odisha- 751030, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Annapurna Finance Private Limited (hereinafter referred to as 'the Company') having CIN: U659990R1986PTC015931 and incorporated under the Companies Act 1956, having its Registered Office At- 1215/1401, Khandagiri Bari, Infront of Jayadev Vatika, Khandagiri, Bhubaneswar, Odisha-751030, produced before us by the Company, for the purpose of issuing this Certificate, in accordance with RBI Circular No RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 regarding Disclosures in Financial Statements- Notes to Accounts of NBFCs and Regulation 34(3) read with Clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verification as considered necessary (including Directors' Identification Number (DIN) status at the portal www.mca.gov.in) and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, for the financial year ended March 31, 2023, has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority :

SI. No	Board of Directors	DIN	Date of Appointment
1	Mr. Gobinda Chandra Pattanaik	02716330	13-08-2009
2	Mr. Dibyajyoti Pattanaik	02764187	14-09-2009
3	Mr. Krishna Kumar Tiwary	02914614	13-02-2012
4	Mr. Sean Leslie Nossel	05327455	20-07-2012
5	Mr. Ashok Ranjan Samal	00918164	17-10-2016
6	Ms. Christina Stefanie Juhasz	06451902	30-11-2016
7	Mr. R V Dilip Kumar	01060651	25-06-2021
8	Mr. Arup Kumar	07682113	28-09-2022
9	Mr. Sunit Vasant Joshi	02962154	19-05-2020
10	Mr. Venkiteswaran M R	08286433	25-09-2020
11	Mrs. Radhika Jayant Shroff	09210584	25-06-2021
12	Mr. Abhishek Agrawal	06760344	23-12-2021
13	Mr. Guillaume Accarain	09527231	18-04-2021
14	Mr. Pushkar Jauhari	06391650	27-05-2022

Note: 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.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the same, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place:

Date:....



Date: 19.05.2023

For Sushanta Pradhan & Associates, Company Secretaries Sd/- Sushanta Pradhan, Company Secretary Membership No.: 29239

REPORT ON CORPORATE GOVERNANCE (2022-23)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVE

Annapurna Finance Private Limited (referred to as the "Company" or "Annapurna") upholds a strong commitment to fundamental business principles, ethical conduct, and prioritises the interests of all stakeholders as it delivers financial services to the people of India. The Company firmly believes that practicing effective corporate governance is essential for fostering sustainable growth and creating value for its stakeholders. Over the years, Annapurna has diligently adhered to exemplary corporate governance practices in accordance with the Companies Act, as well as the regulations set forth by RBI and SEBI. This dedication has contributed significantly to the Company's reputation as a thriving microfinance institution, enabling it to fulfill its responsibilities towards customers, employees, financiers, and society at large.

Embracing these corporate governance practices, Annapurna incorporates principles deeply rooted in its core values and integrated into the day-to-day operations of the Company. As the Company offers income-generating financial services, it places paramount importance on transparency, accountability, empowerment, independent monitoring, social responsibility, and environmental consciousness. These principles have a positive impact on both clients and stakeholders, fostering trust and contributing to the betterment of the communities it serves.

Annapurna recognizes the utmost importance of complying with all relevant laws and regulations, not only in word but also in practice. As a responsible corporate citizen, the company is dedicated to diligently upholding and nurturing its core values throughout every aspect of its operations and services. By doing so, Annapurna strives to set an example of integrity and ethical conduct in the business world.

2. BOARD STRENGTH & REPRESENTATION

2.1 Composition and Category

The Board of Directors of your Company has an optimum and diverse mix of Executive and Non- Executive Directors and the same is in conformity with the Companies Act, 2013, as amended (the "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). The composition of the Board represents an optimal mix of knowledge professionals, having relevant industry experience and enables the Board to discharge its responsibilities and provide effective guidance & leadership to the business as necessary to manage the affairs of the Company in the most efficient manner.

As on 31st March, 2023, the Board consists of 14 Directors, out of which 3 (Three) are Independent Directors, 9 (Nine) are Nominee Directors and 2 (two) are Executive Directors. There are 2 (Two) Women Directors on the Board and 85.71% of the Board consists of Non-Executive Directors. The composition of the Board as on March 31, 2023, the number of directorships, the number of committees of which a Director is a Member/Chairperson, the attendance of each Director at the Board Meetings and AGM and their remunerations are as follows:

SI.No.	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)#		Number of Board Meetings DIN Held Attended		No. of other Director ships (including this and other private and public companies)	Attendance in AGM held on 22nd September, 2022	No. of shares held in and convertible instruments held in the NBFC	
1	Mr. Gobinda Chandra Pattanaik	13/08/2009	Chairperson /Executive	02716330	10	8		•	80,00,546	
2	Mr. Dibyajyoti Pattanaik	14/09/2009	Executive	02764187	10	10		Yes	17,19,805	
3	Mr. Krishna Kumar Tiwary	13/02/2012	Independent	02914614	10	10	5		0	
4	Mr. Sean Leslie Nossel	20/07/2012	Independent	05327455	10	7	1		0	
5	Mr. Ashok Ranjan Samal	17/10/2016	Independent	00918164	10	10	2		0	
6	Ms. Christina Stefanie Juhasz	30/11/2016	Nominee (WWB)- Equity Investor	06451902	10	5	2	Yes	0	
7	Mr. R V Dilip Kumar	25/06/2021	Nominee (SVCL)-Equity Investor	01060651	10	4		•		
8	Mr. Arup Kumar	28/09/2022	Nominee (SIDBI) - Equity Investor cum Lender	07682113	3	2	2	•	0	
9	Mr. Sunit Vasant Joshi	19/05/2020	Nominee (ADB)- Equity Investor cum Lender	02962154	10	10	1		0	
10	Mr. Venkiteswaran M R	25/09/2020	Nominee (Oikocredit)-Equity Investor	08286433	10	9	4		0	
11	Mrs. Radhika Jayant Shroff	25/06/2021	Nominee (Nuveen) - Equity Investor	09210584	10	6	1	Yes	0	
12	Mr. Abhishek Agrawal	23/12/2021	Nominee (Accion & DEG) - Equity Investor	06760344	10	7	3	Yes	0	
13	Mr. Guillaume Accarain	18/04/2022	Nominee (BIO) - Equity Investor	09527231	10	9	1	Yes	0	
14	Mr. Pushkar Jauhari	27/05/2022	Nominee (OIJIF) - Equity Investor	06391650	8	8	2		0	
15	Mr. Prakash Kumar*	28/02/2020	Nominee	06758416	7	3	•	-	0	
16	Ms. Laetitia Counye*	24/04/2019	Nominee	06990144	0	0		•		

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

#Nominee Directors representing their Institution as equity investors.

Notes: None of the Directors are holding directorship in any Listed Companies.

2) Details of change in composition of the Board du

The Company has complied with all the necessary provisions of the Companies Act, 2013 and rules made thereunder by reporting the changes in Board composition to the Registrar of Companies within prescribed time period. The Changes in Board composition during the year was as follows-

SI.No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chair- man/ Promoter nominee/ Independent)	Nature of change (resignation, ap- pointment)	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
late . Ma Tadanandant Di	a share we share a distribute the	financial war and ad March 27	0000	

Note : No Independent Director resigned during the financial year ended March 31. 2023.

In pursuance of Para C(2), Schedule V to the Listing Regulations, the Board has the identified core skills/expertise/competencies that are desirable for the Company to function effectively in the context of the business of the Company. These core skills/expertise/ competencies are actually available with the Board in the following manner (Y/N):

SL No.	Directors	National and International Business knowledge	Corporate Strategy and Plan- ning	Under- standing of Accounting and Financial Statements	Compliance, and Regula- tory Affairs	Risk, Assur- ance and Internal Controls	Marketing Branding	Environ- mental/ Climate Governance / Sustain- ability	Diver- sified Leader- ship	
1	Mr. Gobinda Chandra Pattanaik	Y	Y	Ŷ	Y	Ŷ	Y	Ŷ	Y	
2	Mr. Dibyajyoti Pattanaik	Y	Y	Y	Y	Y	Y	Y	Y	
3	Mr. Krishna Kumar Tiwary	Y	Ŷ	Ŷ	Ŷ	Ŷ	Y	Ŷ	Ŷ	
	Mr. Sean Les- lie Nossel			Y	Y	Ŷ	Y	Y	Y	
5	Mr. Ashok Ranjan Samal	Y	Y	Y	Y	Y	Y	Y	Y	
6	Ms. Christina Stefanie Juhasz	Y	Ŷ	Ŷ	Ŷ	Ŷ	Ŷ	Ŷ	Y	
7	Mr. R V Dilip Kumar	Y	Y	Y	Y	Y	Y	Y	Y	
8	Mr. Arup Kumar	Y	Ŷ	Y	Y	Y	Y	Y	Y	
9	Mr. Sunit Vasant Joshi	Y	Y	Y	Y	Y	Y	Y	Y	
10	Mr. Ven- kiteswaran M R	Y	Ŷ	Ŷ	Ŷ	Ŷ	Y	Ŷ	Ŷ	
11	Mrs. Radhika Jayant Shroff	Y	Y	Y	Y	Y	Y	Y	Y	
12	Mr. Abhishek Agrawal	Y	Y	Y	Y	Y	Y	Y	Y	
13	Mr. Guillau- me Accarain	Y	Y	Y	Y	Y	Y	Y	Y	
14	Mr. Pushkar Jauhari	Y		Y	Y	Y	Y	Y	Y	
2.2 D	2.2 Disclosure of relationship between directors inter-se									

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

2.3 Information Placed before the I

The Board has complete access to all the information of the Company, inter alia complete agenda for meetings alongwith all relevant annexures, reports of various committee meetings, operational report, financial report, risk report, internal audit report, CSR report and the information to be placed before the Board of Directors as required under the Listing Regulations. The important decisions taken at the Board and the Committee Meetings are communicated to the concerned Departments/ Divisions of the Company for taking necessary actions as required. The required information send to the Board and Committee member in advance in form of Agenda papers, which covers details reports and presentations for taking part in discussion and decision making.

2.4 Evaluation of the B

In line with the Corporate Governance Guidelines of the Company, the Annual Performance Evaluation is conducted for all Board Members. The Board evaluation framework has been designed in accordance with the Act, the Listing Regulations, and the Guidance Note on Board Evaluation issued by SEBI in January 2017. The Board of Directors acknowledges the requirements of an effective Board Evaluation process and accordingly conducts the Performance Evaluation every year in respect of Individual Directors, Board of Directors as a whole and Committees of the Board of Directors.

The performance evaluation of Independent Directors is done by the entire Board of Directors, excluding the Director being evaluated. The performance evaluation of the Non-Independent Directors is carried out by the Independent Directors who also review the performance of the Board as a whole, which subscribe to the objective of evaluation of the performance of Board and management. The Nomination and Remuneration Committee also reviews the performance of the Board, its Committees and the Directors.

During the year, the Board carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors through discussions and oral assessment with qualitative parameters and feedback based on ratings.

The Board's functioning was evaluated on various aspects, inter alia degree of fulfilment of key responsibilities, Board structure, composition, establishment and delineation of responsibilities to various Committees, the effectiveness of Board processes, information and functioning. The outcome of such Performance Evaluation exercise was discussed during the year at a separate meeting of the Independent Directors held on August 5, 2022. The Nomination and Remuneration Committee forwarded their recommendation based on such Performance Evaluation Process to the Board of Directors. The Directors expressed their satisfaction with overall functioning and implementation of their suggestions.

2.5 Independent Directors and Familiarization

The Company has received necessary declarations under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, from the Independent Directors stating that they meet the prescribed criteria for independence and there is no change in the status of their Independence and have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. All Independent Directors have affirmed compliance to the code of conduct for independent directors as prescribed in Schedule IV to the Act.

Further, the Company has an orientation process or familiarization programme for its Independent Directors including:

a) Briefing on their role, responsibilities, duties, and obligations as a member of the Board.

b) Nature of business and business model of the Company, Company's strategic and operating plans.

c) Matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit,

As a part of Induction and Continuing Education Program for Independent Directors, periodic presentations are made by the Function Heads at the Board Meetings to apprise the Directors with the Company's business strategies, long term plans, budgets, operations and performance, relevant legal/regulatory updates in the laws and regulations applicable to the Company.

In terms of Schedule IV to the Act and the Listing Regulations, the Independent Directors during the year, held a separate meeting on August 5, 2022, without the attendance of non-independent directors and members of management to review performance of Non-Independent Directors & the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

The Board of Directors further confirms that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management and the Independent Directors also meet the criteria of expertise, experience, integrity and proficiency in terms of Rule 8 of the Companies (Accounts) Rules, 2014 (as amended).

Details of the Familiarization Programmes imparted during the year under review, have been uploaded on the website of the Company is available at the link https://annapurnafinance.in/wp-content/uploads/2023/02/Familiarisation-Program-FY-2022-23.pdf

3 BOARD PROCEDURE AND COND

The Board is primarily responsible to provide and evaluate the strategic direction of the Company, management policies and their effectiveness. The Board's responsibilities further include overseeing the functioning of the Company's top management and monitoring legal compliance, regulatory reporting and the management of risks related to the Company's operations. The Directors are also responsible for ensuring compliance with all applicable statutory requirements by the Company. The agenda along with comprehensive background information on the items in the agenda is circulated well in advance to the Board members to enable the Board to arrive at appropriate decisions. The Company comply to the suggestions and directions as discussed in the Board meeting and update the same in subsequent Board meeting as part of ATR (action taken report). The discussion, specific suggestions by Board member and any approval by way of resolution passed in the meeting is properly recorded in the minutes of the meeting. As a part of green initiative undertaken by the Company, the agenda and related information is circulated in electronic form through mail. This has reduced paper consumption, thereby enhancing the sustainability efforts of the Company.

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

4 COMMITTEES OF THE BOARD

The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as part of good governance practices. During the year, all recommendations of the Committees of the Board have been accepted by the Board.

The Board has constituted the following Committees:-

- a. Audit Committee
- b. CSR & Social Performance Management Committee
- c. Nomination and Remuneration Committee
- d. Risk Management Committee
- e. IT Strategy Committee
- f. Product Committee
- g. ALM Committee (ALCO)
- h. Annual Business Plan Committee (ABP committee)
- i. Stakeholders Relationship Committee
- j. 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 reporting practices of the Company and its compliance with the legal and regulatory requirements. The role of Audit Committee, inter alia, includes overseeing the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the qualifications, appointment, remuneration, independence and performance of the statutory auditors, the reports & observations of internal auditors, the report of secretarial audit report, the report information security audit report and reviewing the risk management framework/policies.

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

SI.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
			independently	Held	Attended	NDIC
1.	Mr. Krishna Kumar Tiwary	19-10-2012	Independent Director, Chair- man	4	4	0
2.	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director	4	4	0
3	Mrs. Christina Stefanie Juhasz	21-06-2019	Nominee Director	4	2	0



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.

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

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet	ber of ings of mmittee	No. of shares held in the NBFC
1.	Mr. Gobinda Chandra Pattanaik	25-11-2013	Managing Director, Chairma	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	0
4	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director	2	2	0

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:

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

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet the Co	ber of ings of mmittee	No. of shares held in the NBFC	
				Held	Attended		
1.	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director, Chairman	3	3	0	
2.	Mr. Krishna Kumar Tiwary	06-08-2014	Independent Director	3	3	0	
3	Mr. Sean Leslie Nossel	06-08-2014	Independent Director	3	3	0]
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 and systems are in place to monitor and evaluate risks, and review of risk

The Composition of the Committee is mentioned below:

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet the Co	ber of ings of mmittee	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	0
3	Mrs. Christina Stefanie Juhasz	30-11-2016	Nominee Director	4	2	0
4	Mr. Ashok Ranjan Samal	24-09-2021	Independent Director	4	4	0
5	Ms. Radhika Jayant Shroff	24-09-2021	Nominee Director	4	3	0
6	Ms. Laetitia Counye	25-09-2020	Nominee Director	0	0	0

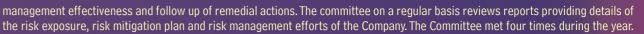
Note: Ms. Laetitia Counye, ceased to be a member of the Committee effective April 18, 2022.

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 aligned with business strategy and management has an effective strategic planning process in place. The Committee met two times during the year. The Composition of the Committee is mentioned below:

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet	ber of ings of mmittee	No. of shares held in the	
				Held	Attended	shares	
1.	Mr. Ashok Ranjan Samal	14-12-2017	Independent Director, Chairman	2	2	0	
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	0	
5	Mr. Dilipa Khuntia	24-09-2018	CTO- Chief Technology Officer	2	2	0	

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:

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet	ber of ings of mmittee	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	0
3	Mr. Ashok Ranjan Samal	15-02-2017	Independent Director	2	2	0
4	Ms. Christina Juhasz	15-02-2017	Nominee Director	2	1	0



ANNAPURNA FINANCE

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 rate risk exposures of the Company. The Committee met four times during the year. The Composition of the Committee is mentioned below:

SI.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. Dibyajyoti Pattanaik (Executive Director)	04-04-2014	Chairman	6	6	17,19,805
2.	Mr. Satyajit Das (Chief Finance Manager)	04-04-2014	Member	6	6	6,20,102
3	Mr. Sanjaya Pattanaik (Chief Operating Officer)	04-04-2014	Member	6	6	6,20,102
4	Mr. Kumar Vaibhav (Head, Institutional Finance)	04-04-2014	Member	6	6	0
5	Mr. Sabyasachi Sahu (Head, Credit Dept.)	04-04-2014	Member	6	6	0
6	Mr. Anoop TP (Head, Risk Dept.)	04-04-2014	Member	6	6	0

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:

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet	ber of ings of mmittee	No. of shares held in the NBFC
				Held	Attended	
1	Mr. Ashok Ranjan Samal	26-02-2019	Independent Director	2	2	0
2	Mr. Sean Leslie Nossel	26-02-2019	Independent Director	2	1	0
3	Ms. Radhika Jayant Shroff	24-09-2021	Nominee Director	2	2	0
4	Mr. Sunit Vasant Joshi	09-07-2020	Nominee Director	2	2	0
5	Mr. Pushkar Jauhari	27-05-2022	Nominee Director	2	2	0

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:

SI.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Meet the Co	ber of ings of mmittee	No. of shares held in the NBFC
1.	Mr. Ashok Ranjan Samal	24-09-2021	Independent Director, Chairman	Held 1	Attended 1	0
2.	Mr. Gobinda Chandra Pattanaik	24-09-2021	Managing Director	1	1	80,00,546
3	Mr. Dibyajyoti Pattanaik	24-09-2021	Director	1	1	17,19,805

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:

SI.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
			independenty	Held	Attended	NDFC
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. REMUNERATION POLICY

In compliance with the requirements of Section 178 of the Act including Rules framed thereunder and pursuant to the provisions of Regulation 19(4) of the Listing Regulations, and other RBI Guidelines, the Board has adopted a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs), Functional Heads and other employees of the Company. The Policy provides for Board diversity criteria and qualifications for appointment of Directors, KMPs and SMPs, remuneration paid / payable to them, etc.

The details of remuneration and perquisites paid during the financial year under review are as under:

Non-Executive Non-Independent Directors do not accept sitting fees and / or Commission on Net Profits of the Company. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year under review.

Remuneration by way of sitting fees for attending Board and Committee Meetings are paid to the Independent Directors. The remuneration paid to the Independent Directors are detailed as follows:

NAME OF THE DIRECTORS

Mr. Krishna Kumar Tiwary

Mr. Sean Leslie Nossel

Mr. Ashok Ranjan Samal

The remuneration paid to the Executive Directors are detailed as follows:

NAME OF THE DIRECTORS	SALARY	PERFORMANCE Linked Incentives	Perquisites	OTHERS
Mr. Gobinda Chandra Pattanaik	₹268 Lakhs	0	0	0
Mr. Dibyajyoti Pattanaik	₹125 Lakhs	-	0	0

Both the Executive Directors are Promoters of the Company and hold equity shares in the Company, however, none of the Directors of the Company hold any Stock Options.

SITTING FEES PAID FOR THE FY 2023
₹ 6 Lakh
₹7Lakh
₹10 Lakh

ANNAPURNA FINANCE

6. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOY

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

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQU/

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

The internal control is supplemented by documented policies, guidelines, and procedures and an extensive program of internal audits, and review by management. The Audit Committee advises on various risk mitigation exercises on a regular basis. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

Further, RBI mandated to implement RBIA (Risk Based Internal Audit) framework. Its an audit methodology that links an organisation's overall risk management framework and provides an assurance to the Board of Directors and the Senior Management on the quality and effectiveness of the organisation's internal controls, risk management and governance related systems and processes.

8. General Body Meet

The details of date, place and special resolutions passed at the General Body Meetings are mentioned below:

SL No.	Type of Meeting (Annual / Extra- Ordinary)	DATE & PLACE	SPECIAL RESOLUTION PASSED
	Extra-Ordinary General Meeting	23rd May 2022 at Registered Office of Company	 Approval to enter into restated shareholders' agreement with Proparco. 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	 Issue and allotment of 78,20,000 Series A2 CCPS of to SOCIETE DE PROMOTION ET DE PAR- TICIPATION POUR LA COOPERATION ECONOMIQUE S.A. (PROPARCO) and approval of the updated share holders list following the allotment. Adoption of agreed form of Restated Articles of Association
3	Annual General Meeting	22nd September 2022 at Registered Office of Company	 Increase in the Borrowing Powers of the Board : Borrowing power of the Board in excess of paid up share capital and free reserves. [Sec 180(1) (c)] Creation of charge through hypothecation, pledge or mortgage etc. on movable or immovable properties of the Company [Sec 180(1)(a)] Raising of funds through the issuance of Non Convertible Debenture under private placement basis.
4	Extra-Ordinary General Meeting	28th September 2022 at Registered Office of Company	 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. Conversion of 2,20,18,814 nos. of 0.01% Series A1 CCPS to Equity Shares & allotment of Equity Shares upon Conversion of CCPS. Extension of Date of Conversion date of Series A2 CCPS. Conversion of 78,20,000 nos. of Series A2 CCPS to Equity Shares and allotment of Equity Shares upon Conversion of CCPS. 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	 Approval for filing of application with the RBI for the proposed Universal Bank license. Approval of Shifting the IPO timelines

There were no general meetings conducted through Postal Ballots during the period under review.

Means of Commun

Quarterly Results: Prior intimation of the Board Meetings to consider and approve Unaudited / Audited Financial Results of the Company are given to the Stock Exchange and also disseminated on the website of the Company at www. https://annapurnafinance. in . After the aforesaid Financial Results are approved at the Board Meetings, the same are immediately intimated to the Stock Exchange.

www.bseindia.com.

Newspapers: The Financial Results of the Company are published in nationwide circulated daily English newspapers.

Financial Year: The Financial Year of the Company is from 1st April to 31st March.

Website Disclosures: The Website of the Company (www. https://annapurnafinance.in) is regularly updated to provide further ease of access to the requisite information prescribed under various provisions of the Act and the Listing Regulations and the RBI Guidelines. The "Investor Relations" section contains details / information, including Financial Results, Annual reports, Interest Payment details, Record dates and Company Policies etc relevant for various stakeholders.

Distribution of Shareholding	as on 31st March 2023:

RANGE OF SHARES	No. of Share- Holders	Percentage	No. of Shares	Percentage
Upto 5,000	2	11.11	200	0.00
5,001-10,000	0	0.00	0	0.00
10,001-50,000	0	0.00	0	0.00
50,001-1,00,000	1	5.56	71600	0.08
1,00,001 and above	15	83.33	9,21,56,055	99.92
Total	18	100.00	9,22,27,855	100.00

Address for correspondence:

Registered Office :

Annapurna Finance Private Limited 1215/1401, NH-16 Bypass Road, Infront Of Jaydev Vatika, Khandagiri bari, Khandagiri, Bhubaneswar, Odisha 751030

Contact Person : Mr. Subrata Pradhan, Company Secretary Email - subrat@ampl.net.in



FINANCE

DISCLOSURES

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

1. Commodity price risk or foreign exchange risk and hedging activities:

The Company is exposed to foreign currency exchange rate fluctuation risk for its foreign currency borrowing (FCB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of its ECB exposure (principal and coupon). However the Company hedges 100% its entire ECB exposure for the full tenure of the ECB as per Board approved risk management policy.

For its FCB, the Company assesses the foreign currency exchange rates, tenure of FCB and its fully hedged costs; and manages its currency risks by entering into derivatives contracts as hedge positions in line with the Board approved policy.

2. A certificate, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, has been received from M/s. Sushanta Pradhan & Associates, Company Secretaries and the same is annexed to this Report.

3. During the financial year ended March 31, 2023, the Board has accepted all the recommendations of its Committees, which are mandatorily required.

4. A sum of Rs. 195.06 lakhs being the total fees (excluding taxes and OPE) was paid by the Company and its subsidiaries, on a consolidated basis (194+1.06), to the Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part, for all services paid rendered by them.

5. Disclosure by listed entity and its subsidiary of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': NIL (Not including Loans and Advances in the nature of Loans, if any, given by the Company to its subsidiary).

6. Corporate Governance Compliance : The Company has duly complied with the requirements laid down in the provisions of the Listing Regulations for the purpose of ensuring Corporate Governance. A certificate to this effect is obtained from M/s. Sushanta Pradhan & Associates, Company Secretaries, has been attached to this Annual Report.

7. All mandatory requirements relating to corporate governance under the Listing Regulations have been appropriately complied with and the status of non-mandatory (discretionary) requirements are given below:

- the Company circulates the financial results separately to the Shareholders, as per their agreements;
- The Company's Financial Statements have been accompanied with unmodified audit opinion both on quarterly and yearly basis; and
- The Internal Auditor of the Company reports directly to the Audit Committee and is a permanent invitee to all the Audit Committee Meetings.

8. Code of Conduct: The Company has laid down a Code of Conduct for the Directors and Senior Management Personnel of the Company. The Managing Director has confirmed and declared that all Members of the Board and Senior Management have affirmed compliance with the Code of Conduct.

9. Other items which are not applicable to the Company have not been separately commented upon.

ANNUAL DECLARATION ON CODE OF CONDUCT

I do hereby declare that pursuant to Regulation 26(3) of the Listing Regulations, all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2023.

Place : Bhubaneswar

Date : 25th August, 2023





Sd/-Gobinda Chandra Pattanaik Managing Director DIN: 08525366

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				(In Rs. Lakh
	Particulars	Notes	As at March 31, 2023	As at March 31, 20
ASS	ETS			
(1)	Financial assets			
(a)	Cash and cash equivalents	4	75,679	95,13
(b)	Bank balance other than (a) above	5	84,034	94,88
(C)	Derivative financial instruments	6	2,187	1,35
(d)	Receivables	7		
	(i)Trade receivables (ii)Other receivables			
(e)	Loans	8	6,32,625	4,96,68
(f)	Investments	9	10,049	5(
(g)	Other financial assets	9.1	39,800	18,32
	Subtotal - financial assets (A)		8,44,374	7,06,89
(2)	Non-financial assets			
(a)	Current tax assets (net)	10.1	4,007	2,25
(b)	Deferred tax assets (net)	10.2	2,828	4,81
(C)	Property, plant and equipment	11	2,386	1,78
(d)	Intangible assets	13	422	15
(e)	Other non-financial assets Subtotal - non- financial assets (B)	9.2	3,768 13,411	2,10 11,16
			13,411	11,10
	Total assets (A+B)		8,57,785	7,18,06
	ILITIES AND EQUITY			
Liabi				
(1)	Financial liabilities			
(a)	Derivative financial instruments	6	-	47
(b)	Payables			
	(I) Trade Payables			
	(i) Total outstanding dues of micro enterprises and small		-	
	enterprises	14		
	(ii) Total outstanding dues of creditors other than micro enterprises		1,836	1,39
	and small enterprises			
	(II) Other Payables (i) Total outstanding dues of micro enterprises and small			
	 (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	1,85,67
(d)	Borrowings (other than debt securities)	16	5,19,132	4,02,41
(e)	Subordinated liabilities	17	32,714	33,15
(f)	Other financial liabilities Subtotal - financial liabilities (A)	17.3	28,217 7,34,907	13,83 6,36,94
			7,54,507	0,50,94
(2)	Non-financial liabilities			
(a)	Provisions	18	1,323	1,18
(b)	Other non-financial liabilities Total non- financial liabilities (B)	17.4	724 2,047	54
	Total liabilities		7,36,954	6,38,67
			7,50,734	0,38,07
(3)	Equity			
(a)	Equity share capital	19	8,813	6,88
(1.)	Instruments entirely equity in nature	20	300	30
(b)				10.05
(b) (c)	Other equity	21	1,11,718	72,20
	Other equity Subtotal - equity (C)	21	1,11,718 1,20,831	72,20 79,3 8

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

Sd/-**Satyajit Das** Chief Financial Officer

Sd/-Gobinda Chandra Pattanaik Managing Director (DIN: 02716330) Sd/-Dibyajyoti Pattanaik Director (DIN: 02764187) Sd/-Subrat Pradhan Company Secretary

Bhubaneswar May 26, 2023

	Particulars	Notes	For the year ended	(In ₹ For the year e
Revenu	le from operations		March 31, 2023	March 31, 2
	(i) Interest income	22	1,20,896	
	(ii) Fees and commission income	23.1	24	
	(iii) Net gain on fair value changes(iv) Net gain on assignment transactions	23.2 23.3	1,111 33,747	
(l)	Total revenue from operations	2010	1,55,778	
(II)	Other income	24	1,179	
	Total income (I + II)	24		
()			1,56,957	
Expens	ies Finance costs	25	66,531	
	Impairment of financial instruments	26	36,184	
	Employee benefits expenses	27	39,062	
	Depreciation, amortisation and impairment	28	1,244	
(IV)	Other expenses Total expenses	29	9,518 1,52,539	
()				
(V)	Profit before tax (III-IV)		4,418	
(VI)	Tax expense:			
()	Current tax	10.3		
	Deferred tax	10.5	1,146	
(VII)	Profit for the year (V-VI)		3,272	
A/III)	Other comprehensive income (OCI)			
(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	
	Income tax relating to items that will not be reclassified to profit or loss	10.3	(15)	
	Subtotal (A)		45	
			10	
	B Items that will be reclassified to profit or loss			
	Fair value of loans and advances and cash flow hedges through other		3,264	
	comprehensive income Income tax relating to items that will be reclassified to profit or loss	10.3	(821)	
		2010		
	Subtotal (B)		2,443	
	Other Comprehensive Income (A+B)		2,488	
(IX)	Total comprehensive income for the year (VII) + (VIII)		5,760	
(X)	Earnings per equity share (face value of ₹10 each)			
	Basic (₹)	30	3.93	
	Diluted (₹)		3.34	
The acco	ompanying notes are an integral part of the standalone financial statements.			
As per o	ur report of even date			
Forl	3 S R & Co. LLP	For an	d on behalf of the Board	l of Directors of
	tered Accountants	Annapu	Irna Finance Private Lin	nited
Firm's	s Registration No. 101248W/W-100022	CIN: U	559990R1986PTC01593	31
Same	eer Mota	Sd/-	a Chandra Pattanaik	Sd/- Dibuaivati Pat
				Dibyajyoti Pat
Parti			g Director	Director
wemt	pership No.: 109928	(DIN: 02	710330)	(DIN: 02764187)
		Sd/-		Sd/-
			Pradhan	Satyajit Das Chief Financial (
		Company	y Secretary	
	aneswar	Bhubane		
May 2	26, 2023	May 26,	2023	



Annapurna Finance Private Limited

Standalone Statement of Cash Flows for the year end

Particulars	For the year e	nded	
Falticulais	March 31, 2023	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		
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	(1,202)	(1,107)	
Purchase of intangible assets	(424)	(344)	
Purchase of intelligible assets	(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	
Vet (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	
	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: U659990R1986PTC015931

Gobinda Chandra Pattanaik Dibyajyoti Pattanaik Managing Directo (DIN: 02716330) Subrat Pradhan

Director (DIN: 02764187) Satyajit Das Chief Financial Officer

Bhubaneswar May 26, 2023

ADB- Asian Development Bank AMFI-WB- Association of Microfinance Institutions- West Bengal AML- Anti Money Laundering AUM- Assets Under Management BBPS- Bharat Bill Payment System **BDE-** Business Development Executive BFSI- Banking, Financial Services and Insurance BSE- Bombay Stock Exchange CAGR- Compound Annual Growth Rate CARE- Cooperative for Assistance and Relief Everywhere CCD- Compulsorily Convertible Debentures CEP- Customer Engagement Platform COB- Cost of Borrowings COVID- Coronavirus Disease CRISIL- Credit Rating Information Services of India Limited CSR- Corporate Social Responsibility DFIs- Development Financial Institutions ECB- External Commercial Borrowings FI- Finance Institution FY- Financial Year **GDP-** Gross Domestic Product **GNPA-** Gross Non Performing Assets HTML- HyperText Markup Language ICRA- Information and Credit Rating Agency **ID-** Identity Document IFC- International Financial Corporation INR- Indian National Rupee INWEC- Indian Chamber of Commerce (ICC) Women's Entrepreneurship Council IS- Information System IT- Information Technology IT- Information Technology **IVR-** Interactive Voice Response





Abbreviation

JIT- Just In Time KYC- Know Your Customer LEDs- Light Emitting Diodes LPG- Liquefied Petroleum Gas MBA- Master of Business Administration MEL- Micro Enterprise Loan MFI- Microfinance Institution MIS- Management Information System MSME- Micro, Small and Medium Enterprises NABARD- National Banking for Agricultural and Rural Development NBFC- Non Banking Financial Company NCD- Non Convertible Debentures NIM- Net Interest Margin NNPA- Net Non Performing Assets NPA- Non Performing Assets NPCI- National Payments Corporation of India NSDL- National Securities Depository Limited OSAFII- Orissa Association of Financial Inclusion PAN- Presence Across Nation PAT- Profit After Tax PMSVANidhi- PM Street Vendor's AtmaNirbhar Nidhi POS- Principal Outstanding PPI- Poverty Probability Index RBI- Reserve Bank of India SIDBI- Small Industries Development Bank of India SMS- Short Message Service SWASTH- Safe Water and Sanitation to Households UI- User Interface **UNSC- United Nations Security Council UPI-** Unified Payments Interface USD- United States Dollar **UX-User Experience** YoY-Year on Year





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REGISTERED & CORPORATE OFFICE : 1215/1401, KHANDAGIRI BARI, OPPOSITE JAYADEV VATIKA, KHANDAGIRI, BHUBANESWAR 751030

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