

# B S R & Co. LLP

Chartered Accountants

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## **Limited Review Report on unaudited standalone financial results of Annapurna Finance Private Limited for the quarter ended 31 December 2023 and year-to-date standalone financial results for the period from 1 April 2023 to 31 December 2023 pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

### **To the Board of Directors of Annapurna Finance Private Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Annapurna Finance Private Limited (hereinafter referred to as the “Company”) for the quarter ended 31 December 2023 and year-to-date standalone financial results for the period from 1 April 2023 to 31 December 2023 (the “Statement”).
2. This Statement, which is the responsibility of the Company’s management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”). Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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**Limited Review Report (*Continued*)**

**Annapurna Finance Private Limited**

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters to the extent applicable.

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

Mumbai  
8 February 2024

**Sameer Mota**  
*Partner*  
Membership No.: 109928  
UDIN: 24109928BKDBCY7163

**ANNAPURNA FINANCE PRIVATE LIMITED**

Registered Office:- Plot No. 1215/1401, Khandagiri Bari, Infront of Jaydev Vatika, Bhubaneswar - 751030  
CIN: U65999OR1986PTC015931

**Statement of Unaudited Standalone Financial Results for the quarter and nine month ended December 31, 2023**

(INR in Lakhs except for earnings per share data)

Sr. No.	Particulars	Quarter ended			Nine month ended		Year ended
		December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1</b>	<b>INCOME</b>						
	(a) Revenue from operations						
	Interest income	43,084	41,843	31,395	1,24,107	93,326	1,20,896
	Fees and commission income	-*	-*	1	2	23	24
	Net gain on fair value changes	298	366	376	1,179	622	1,111
	Net gain on assignment transactions	8,988	6,033	8,572	23,734	18,916	33,747
	<b>Total revenue from operations</b>	<b>52,370</b>	<b>48,242</b>	<b>40,344</b>	<b>1,49,022</b>	<b>1,12,887</b>	<b>1,55,778</b>
	(b) Other income	282	282	338	816	972	1,179
	<b>Total income</b>	<b>52,652</b>	<b>48,524</b>	<b>40,682</b>	<b>1,49,838</b>	<b>1,13,859</b>	<b>1,56,957</b>
<b>2</b>	<b>EXPENSES</b>						
	(a) Finance costs	20,148	20,202	17,657	59,992	48,548	66,531
	(b) Impairment on financial instruments	7,406	6,877	8,757	20,332	23,784	36,184
	(c) Employee benefits expenses	12,104	12,886	10,825	36,520	28,890	39,062
	(d) Depreciation and amortization	432	391	364	1,143	949	1,244
	(e) Other expenses	2,966	2,839	2,716	8,318	7,528	9,518
	<b>Total expenses</b>	<b>43,056</b>	<b>43,195</b>	<b>40,319</b>	<b>1,26,305</b>	<b>1,09,699</b>	<b>1,52,539</b>
<b>3</b>	<b>Profit before exceptional items and tax (1-2)</b>	<b>9,596</b>	<b>5,329</b>	<b>363</b>	<b>23,533</b>	<b>4,160</b>	<b>4,418</b>
<b>4</b>	<b>Exceptional items</b>	-	-	-	-	-	-
<b>5</b>	<b>Profit before tax (3-4)</b>	<b>9,596</b>	<b>5,329</b>	<b>363</b>	<b>23,533</b>	<b>4,160</b>	<b>4,418</b>
<b>6</b>	<b>Tax expense</b>						
	(a) Current tax	-	-	-	-	-	-
	(b) Short / (excess) provision for tax relating to prior years	-	-	-	-	-	-
	<b>Net current tax expense</b>	-	-	-	-	-	-
	(c) Deferred tax charge	2,418	1,355	77	5,961	812	1,146
	<b>Total tax expense</b>	<b>2,418</b>	<b>1,355</b>	<b>77</b>	<b>5,961</b>	<b>812</b>	<b>1,146</b>
<b>7</b>	<b>Profit for the period / year from continuing operation (5-6)</b>	<b>7,178</b>	<b>3,974</b>	<b>286</b>	<b>17,572</b>	<b>3,348</b>	<b>3,272</b>
<b>8</b>	Profit / (loss) from discontinued operations	-	-	-	-	-	-
<b>9</b>	Tax expense of discontinued operations	-	-	-	-	-	-
<b>10</b>	<b>Profit / (loss) from discontinued operations (after tax) (8-9)</b>	-	-	-	-	-	-
<b>11</b>	<b>Profit for the period / year (7+10)</b>	<b>7,178</b>	<b>3,974</b>	<b>286</b>	<b>17,572</b>	<b>3,348</b>	<b>3,272</b>
<b>12</b>	<b>Other Comprehensive Income (OCI)</b>						
	(a) (i) Items that will not be reclassified to profit or loss						
	- Re-measurement of the defined benefit liabilities	65	43	3	124	32	60
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(16)	(11)	(1)	(31)	(8)	(15)
	Sub-total (a)	49	32	2	93	24	45
	(b) (i) Items that will be reclassified to profit or loss						
	- Fair value of loans and advances and cash flow hedges through other comprehensive income	559	3,565	4,246	(3,198)	1,623	3,264
	(ii) Income tax relating to items that will be reclassified to profit or loss	(141)	(897)	(1,069)	805	(408)	(821)
	Sub-total (b)	418	2,668	3,177	(2,393)	1,215	2,443
	<b>Other comprehensive income / (loss) (a+b)</b>	<b>467</b>	<b>2,700</b>	<b>3,179</b>	<b>(2,300)</b>	<b>1,239</b>	<b>2,488</b>
<b>13</b>	<b>Total comprehensive income for the period / year (11+12)</b>	<b>7,645</b>	<b>6,674</b>	<b>3,465</b>	<b>15,272</b>	<b>4,587</b>	<b>5,760</b>
<b>14</b>	<b>Earnings per share (face value of INR 10/- each) (not annualised for interim periods)</b>						
	(a) Basic (in INR)	7.88	4.36	0.31	19.28	4.16	3.93
	(b) Diluted (in INR)	6.37	3.53	0.29	15.61	3.77	3.34

\* Denotes less than INR 50,000/-

**Notes:**

- 1 The standalone financial results of Annapurna Finance Private Limited (the 'Company') have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (IND AS) 34 'Interim Financial Reporting' as prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance /clarification /directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued / applicable.
- 2 The accounting policies and methods of computations followed in the standalone financial results for quarter and nine month ended December 31, 2023 are consistent with the standalone audited financial statements for the year ended March 31, 2023.
- 3 The Company is a Non-Banking Finance Company registered with RBI as a Non Deposit taking - Systemically Important - Micro Finance Institution.
- 4 The above standalone financial results for the quarter and nine month ended December 31, 2023 have been reviewed by the Audit Committee and have been approved and taken on record by the board of directors at its meeting held on February 08, 2024. The statutory auditors of the Company have carried out a limited review of the aforesaid results.
- 5 Pursuant to the exercise of options under the employee stock option schemes, the Company has allotted 10,100 and 20,700 equity shares respectively, during the quarter and nine month ended December 31, 2023.
- 6 Pursuant to receipt of letter dated January 03, 2024 from RBI, on January 04, 2024, the Company has converted 2,20,18,814 Series A1 Compulsory Convertible Preference Shares ('CCPS') by allotting 1,33,74,335 equity shares.
- 7 The Company has breached covenants of 10 loan facilities/ debentures with a carrying amount of INR 47,828 lakhs as at December 31, 2023. These loan facilities/ debentures are repayable in tranches within 30 months. However, these loan facilities/ debentures contained covenants like the Company's GNPA, PAR ratio, etc. at the defined intervals cannot exceed threshold mentioned in each of the agreements otherwise the lenders / debenture holders have right to recall the loan facilities/ debentures. The Company exceeded GNPA, PAR ratio, etc. as at December 31, 2023. However, management has obtained waivers for all loan facilities/ debentures. Accordingly, loan facilities/ debentures with a carrying amount of INR 47,828 lakhs were not payable on demand as at December 31, 2023.
- 8 The Company is primarily engaged in the business of financing and there are no separate reportable operating segments identified as per the IND AS 108 - Segment Reporting.
- 9 The Secured Listed Non-Convertible Debentures of the Company are fully secured by way of a first ranking, exclusive and continuing charge on identified receivables created pursuant to the deed of hypothecation as identified by the Company except for two debentures where additional pari-passu charge has been created by way of mortgage of immovable property. The minimum security of 100% for the Secured Listed Non-Convertible Debentures outstanding has been maintained at all times as per the terms of Term Sheet/ Offer Document/Information Memorandum and/or Debenture Trust Deed, sufficient to discharge the principal amount thereon.
- 10 The Company, being NBFC – MFI needs to maintain not less than 75% of its total assets in the nature of “microfinance loans” as defined under Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 as per the para 3(xx) of the Master Direction – Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated as on August 29, 2023. As at March 31, 2023, the Company's qualifying assets (i.e. microfinance loans to total assets) was 67.61%. RBI vide its letter dated October 19, 2023 has provided a timeline till March 31, 2024 to the Company to fulfil the minimum qualifying assets criteria. As at December 31, 2023, the Company's qualifying assets were 77.24% which is above the threshold to be maintained.
- 11 The Company has not transferred any stressed loans to Asset Reconstruction Companies ('ARCs') during the quarter and nine month ended December 31, 2023. The Company had sold loans to an ARC on March 28, 2023 and Security Receipts ('SRs') were received as considerations for the transfer of loans. The sale of loans to ARC did not meet the derecognition requirement as per Ind AS 109. However, as the legal form of the asset has changed from loans to investments, it is accounted under investments. SRs have followed the same measurement / classification approach and ECL has been recognized in a similar manner as applicable to the underlying loans. As at December 31, 2023, gross carrying amount of SRs is INR 31,205 lakhs, impairment loss allowance on SR is INR 22,048 lakhs and net carrying amount of SR is INR 9,157 lakhs.

Details of recovery rating assigned for security receipts as on December 31, 2023.

Recovery Rating Scale	Implied recovery	Book Value (INR in Lakhs)
RR3	50% to 75%	31,205

12 Ratios

Particulars	As at	As at	As at
	December 31, 2023	September 30, 2023	March 31, 2023
(a) Debt Equity Ratio (Nos. of times)	5.11	5.47	5.83
(b) Debt service coverage ratio	NA	NA	NA
(c) Interest service coverage ratio	NA	NA	NA
(d) Outstanding redeemable preference shares (quantity and value)	NIL	NIL	NIL
(e) Net worth (INR in Lakhs)	1,36,133	1,28,473	1,20,831
(f) Current liability ratio	NA	NA	NA
(g) Current ratio	NA	NA	NA
(h) Long term debt to working capital	NA	NA	NA
(i) Bad debts to accounts receivable ratio	NA	NA	NA
(j) Total debts to total assets (Nos. of times)	0.80	0.81	0.82
(k) Debtors turnover	NA	NA	NA
(l) Inventory turnover	NA	NA	NA
(m) Gross stage III (GNPA) loans* (%)	3.17%	3.18%	3.84%
(n) Net stage III (NNPA) loans* (%)	1.00%	1.14%	1.35%
(o) Provision coverage ratio (PCR) (%)	69.19%	65.05%	65.78%
(p) Capital risk adequacy ratio (CRAR) (%)	26.00%	24.80%	23.61%
(q) Liquidity coverage ratio (LCR) (%)	118.86%	106.47%	359.05%
(r) Capital redemption reserve	NA	NA	NA
(s) Debenture redemption reserve	NA	NA	NA

\* Gross and net stage III loans do not include accrued interest of INR 11,301 as at December 31, 2023 (INR 10,100 as at September 30,2023 and INR 8,893 lakhs as at March 31, 2023) on loans.

Particulars	Quarter ended			Nine month ended		Year ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
(a) Net profit margin (%)	13.63%	8.19%	0.70%	11.73%	2.94%	2.09%
(b) Operating margin (%)	NA	NA	NA	NA	NA	NA

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

13 Details of loans transferred during the quarter and nine month ended December 31, 2023 under RBI Master Direction RBI.DOR.2021-22/86 DOR.STR.REC.51/21.04.048.2021-22 on Transfer of Loan Exposures dated September 24, 2021 (updated as on December 5,2022) are given below:

(i) Details of transfer through Direct assignment in respect of loans not in default during quarter and nine month ended December 31, 2023.

Particulars	For the quarter ended December 31, 2023			For the nine month ended December 31, 2023		
	To ARC	To permitted transferees	To other transferees	To ARC	To permitted transferees	To other transferees
Number of Loans	-	1,68,045	-	-	3,35,450	-
Aggregate amount ( Rs in Lakhs)	-	77,090	-	-	1,78,958	-
Sale consideration ( Rs in Lakhs)	-	69,381	-	-	1,61,061	-
Number of transactions	-	4	-	-	15	-
Weighted average remaining maturity (in months)	-	23	-	-	31	-
Weighted average holding period after origination (in months)	-	4	-	-	6	-
Retention of beneficial economic interest (MRR) (Rs in Lakhs)	-	7,709	-	-	17,896	-
Coverage of tangible security coverage	-	NA	-	-	NA	-
Rating wise distribution of rated loans	-	NA	-	-	NA	-
Number of instances (transactions) where transferred as agreed to replace the transferred loans	-	NA	-	-	NA	-
Number of transferred loans replaced	-	NA	-	-	NA	-

(ii) The Company has not transferred any non performing assets (NPAs).

(iii) Details of loans acquired through Direct assignment in respect of loans not in default during the quarter and nine month ended December 31, 2023.

Details of loan acquired during the year	For the quarter ended December 31, 2023		For the nine month ended December 31, 2023	
	From other tranferors	From ARC	From other tranferors	From ARC
Aggregate consideration paid	9,691	-	22,435	-
Weighted average residual tenor of loans acquired	16	-	18	-

(iv) The Company has not acquired any stressed loan.

For Annapurna Finance Private Limited

Date : February 08, 2024  
Place: Bhubaneswar

Dibyayoti Pattanaik  
Director  
DIN: 02764187