



ANNAPURNA  
FINANCE  
GROWING TOGETHER



ANNAPURNA

Report  
2024

# Growing Together



Growing Together

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## MESSAGE FROM MANAGING DIRECTOR

Dear Readers & Friends,

Before I write down our achievements so far for the FY 2023-24, I am sharing herewith the subject which is taking place in my heart and mind, i.e. Biodiversity. Biodiversity is crucial for maintaining the balance of ecosystems and ensuring the planet's resilience to environmental changes. Conserving biodiversity is vital for sustaining life on Earth. It underpins ecosystems that provide essential services, contributes to human well-being and economic prosperity, and holds ethical and cultural importance. Effective biodiversity conservation requires global cooperation and integrated approaches that balance human needs with ecological sustainability. As Annapurna is a responsible financial institution working in rural areas with direct connections to millions of households, now it is the right time to act for our planet and create a better world for our own future. This topic is being discussed at various levels, both nationally and internationally. Since we operate across India with a large workforce, we must contribute to this effort. The entire Annapurna family should join hands and make a daily contribution to this movement for the survival of our ecosystem and gift a better world to our next generation.

As I pen this message, my heart fills with immense pride and gratitude for the journey we have undertaken together. Annapurna Finance, a light of hope for many, stands tall today because of the selfless dedication and unparalleled hard work of our entire team, our clients, and our partners. This year, as we reflect on our achievements and look forward to new horizons, I am reminded of the core values that drive us. With integrity, compassion, and innovation at the forefront, we must walk together toward a new goal and a new world of financial inclusion.

Our mission at Annapurna Finance has always been to bridge the financial gap for underserved communities. This year, we have made significant strides in advancing financial inclusion, impacting millions of lives across the country. Our efforts have been bolstered by the introduction of innovative financial products, which not only support sustainable energy initiatives but also empower our clients with affordable and accessible financing options. We believe education and training is the most important factors for rural households as well as the awareness for their sustainable development, we plan to work more on this.

In the past year alone, we have disbursed loans worth over ₹ 10,336 crore, touching more than 2.8 million lives across 21 states. Our network has expanded to over 1,379 branches, and our dedicated workforce has grown to more than 12,000 employees. These numbers are not just statistics; they represent the dreams and aspirations of millions of families who now have the opportunity to sustain their livelihood.

Our success is a testament to the collaborative efforts of our stakeholders. Our strong partnerships with global & reputed investors, ensure that our financial solutions are tailored to meet the specific needs of our clients. Our stakeholder workshops have created a robust ecosystem, fostering a culture of cooperation and mutual understanding.

As we navigate through the complexities of the financial landscape, our commitment to technological innovation remains unshattered. Technological advancements have enabled us to offer paperless and hassle-free services. The experience quite amazing, but to work more on this.

Looking ahead, our vision is clear. We aim to deepen our impact, reaching even more communities and providing them with the financial tools they need to thrive. We will continue to prioritize the

underserved, ensuring that our services are accessible to those who need them the most. Our focus on sustainability and green finance will remain a cornerstone of our strategy, aligning our goals with the broader objectives of environmental governance.

I extend my sincere thanks to our Board of Directors, investors, advisors, and banking partners for their all and in time support. Their belief in our vision and contributions have been instrumental in our success. I express my deepest gratitude to our most beloved clients for placing their trust in us. We never been thought of today without their wholehearted patronage.

Lastly, I dedicate this message to the Almighty, whose blessings have guided us through every challenges and triumph. With your continued support and faith, I am confident that Annapurna Finance will continue to flourish, making a lasting impact on society.

"Believing is the strength and Surrender is the miracle." I personally strongly follow this, surrendered everything in the hand of the Almighty. Without the grace of the divine power, our journey would not have been possible. Let the divine shower all his blessings to all of us.

With deep regards & love,

Gobinda Chandra Pattanaik





## MR. GOBINDA CHANDRA PATTANAİK MANAGING DIRECTOR

Mr. Gobinda Chandra Pattanaik, Managing Director of Annapurna Finance, is a renowned leader in the microfinance industry. His inspirational guidance has transformed the organization's goals and propelled its growth, making it one of India's leading NBFC-MFIs. His deep-seated concern for vulnerable communities inspired him to pursue postgraduate studies in political science and law, actively engaging in social activism during his college years. As a prominent social entrepreneur in Odisha, Mr. Pattanaik has served as an advisor to various district administrations and has held memberships in the District Vigilance Committee, District Postal Committee, National Youth Award Committee, and the State Mental Health Authority.



## MR. DIBYAJYOTI PATTANAİK DIRECTOR

Mr. Pattanaik has over 20 years of experience in microfinance, micro-enterprise development and development sector consulting. He has worked with Public and Development Sector institutions in various roles before joining People's Forum as Program Head & CFO in 2007. His experience and expertise played a crucial role in the transformation of mission Annapurna to Annapurna Finance Private Limited, which under his guidance and leadership is now one of the top MFIs in India. He was the Vice President of MFIN (Microfinance Institutions Network), where he contributed to the overall issues pertaining to the financial inclusion sector. He also serves as the President of OSAFII (Odisha State Association of Financial Inclusion Institutions), and is actively involved in the financial inclusion forum of the state. He holds a post-graduate degree in management from EDII, Ahmedabad, and a management certificate in finance from Boulder Institute of Management, USA.





# ABOUT US

Annapurna Finance, a pioneering microfinance institution, is transforming the financial landscape for its customers, stakeholders, and employees. Originally founded as the non-profit organization People's Forum, it has grown into a significant presence in 21 states, serving 2.8 million clients across 1,379 branches. The institution's primary focus is on expanding services in underserved rural, urban, and semi-urban areas.

Committed to empowering those at the bottom of the pyramid, Annapurna leverages advanced technology to enhance lives and livelihoods. The organization's mission is to achieve holistic and sustainable transformation for marginalized communities, supported by comprehensive CSR initiatives in healthcare, education, and diversity & inclusion.

Expanding beyond its strong rural foundation, Annapurna offers urban-focused products like MSME loans, providing a broad spectrum of financial solutions tailored to evolving customer needs. The organization also champions sustainability through innovative products such as Rooftop Solar loans, Just in Time loans, and EV loans.

Dedicated to fostering entrepreneurship and uplifting communities, Annapurna continuously innovates to improve the overall quality of life. By prioritizing responsible and customer-centric practices, it not only addresses the evolving needs of its clients but also sets a standard in the financial sector for inclusivity and sustainability.

## Organizational Core Values & Cultural Codes



Work-life balance



Empowerment



Equal Opportunities



Diversity & Inclusion



Agility



Integrity

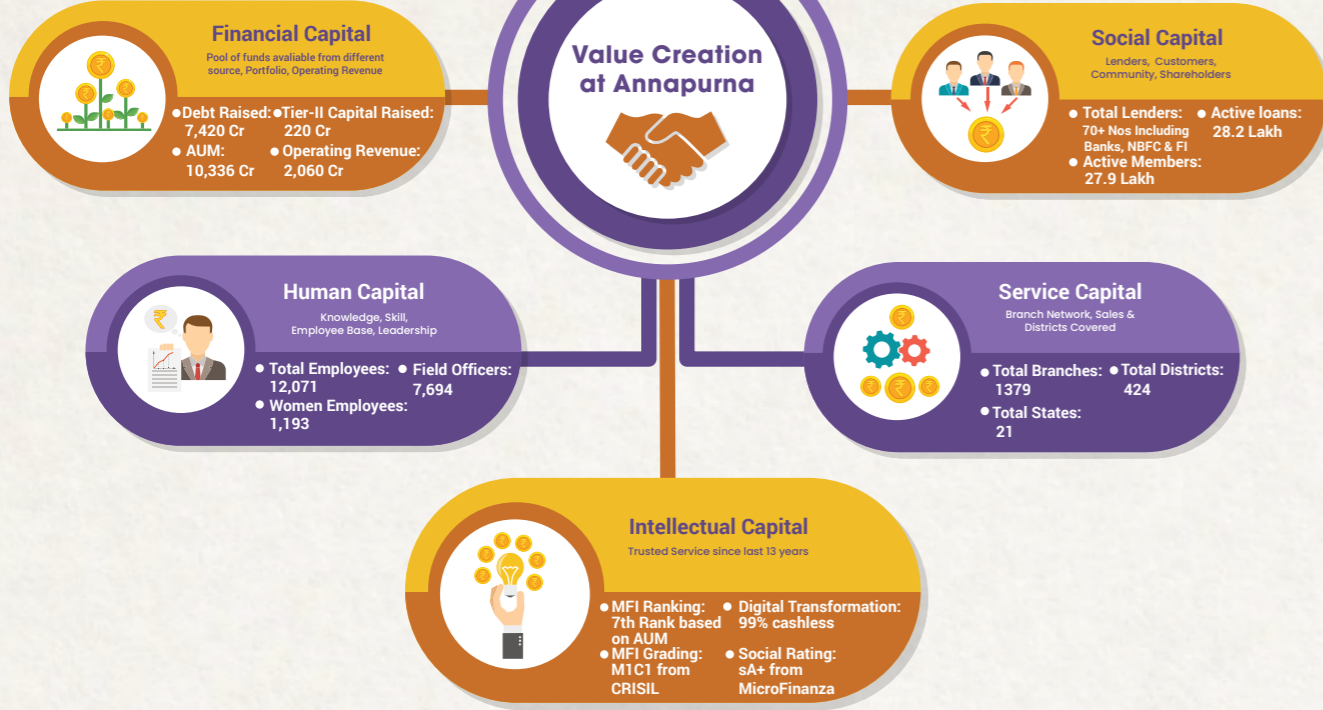


Innovation & Excellence

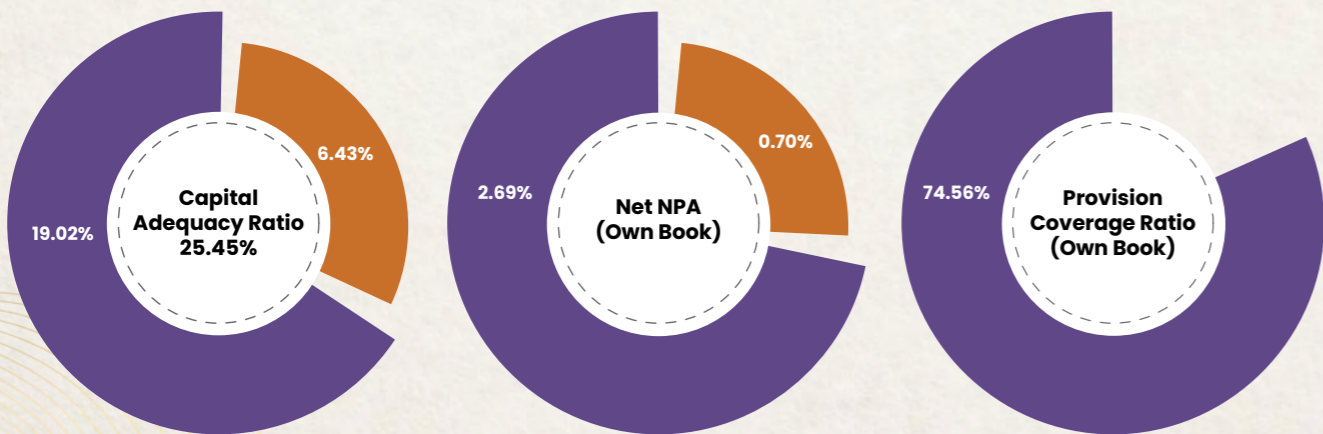
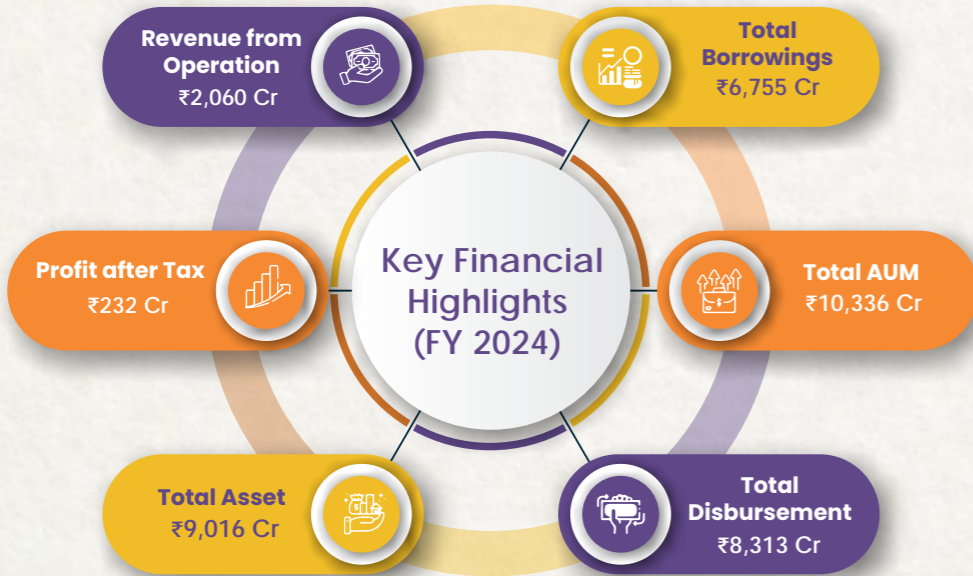


Transparency & Honesty

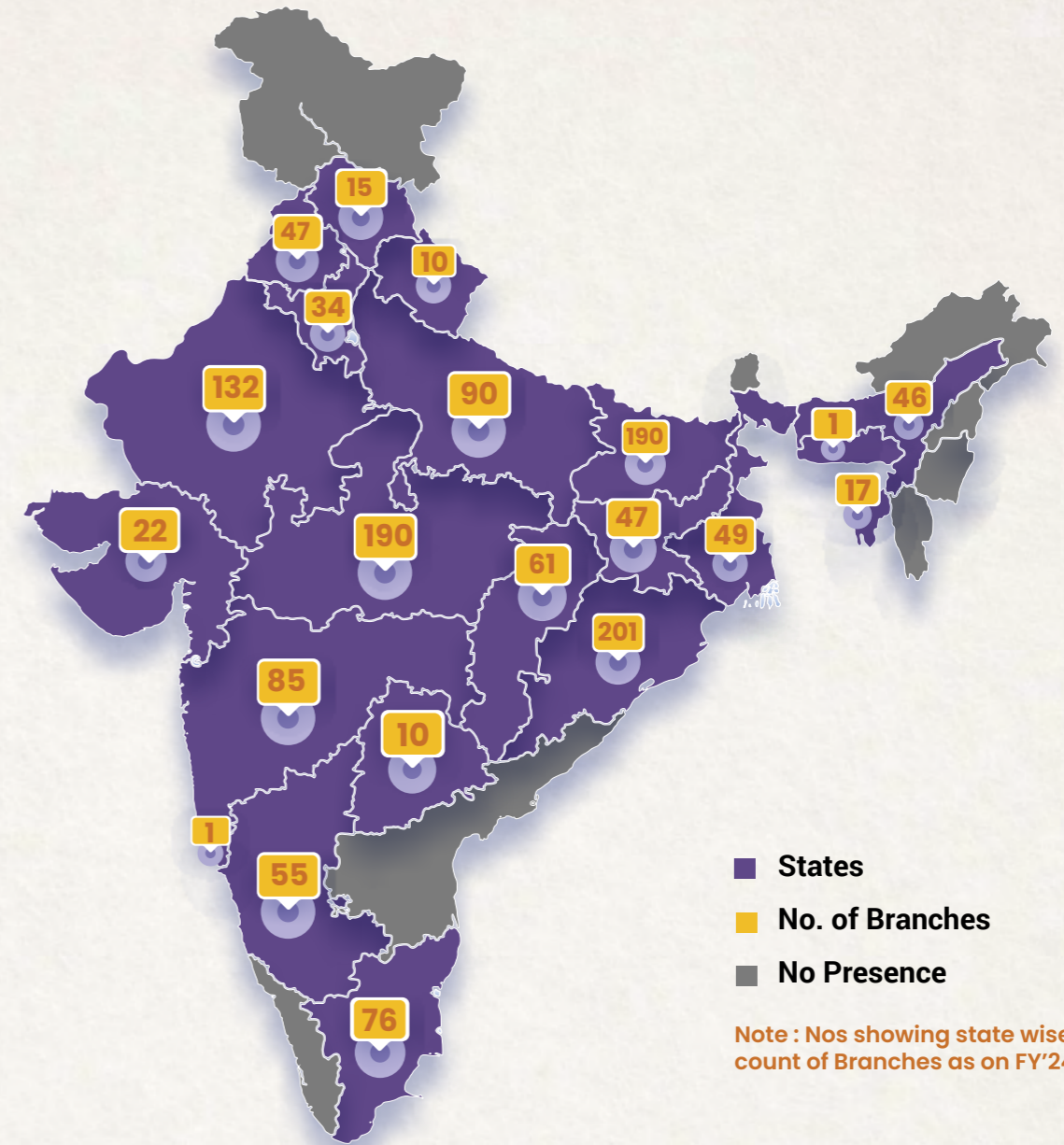
## Value Creation at Annapurna



## Key Financial Highlights (FY 2024)

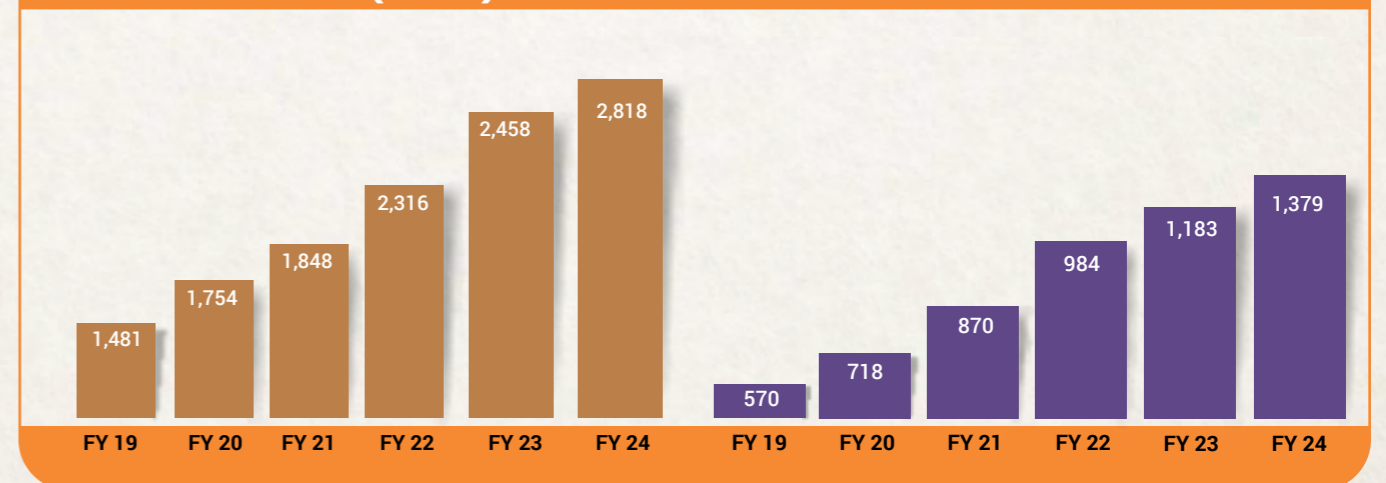


## National Presence



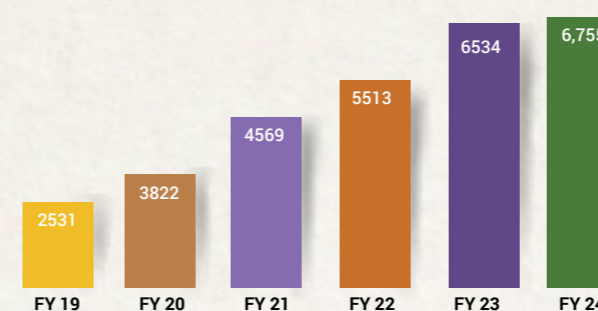
## Active Clients (In '000)

## Branches

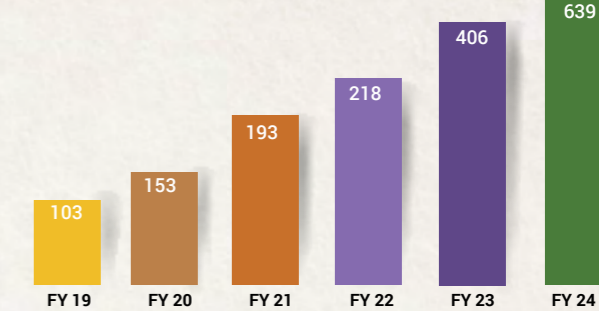


Particular	Portfolio	Branches	Total Staff
EAST	3326	411	3544
NORTH	2096	328	2786
CENTRAL & WESTERN	2360	298	2379
SOUTHERN	697	141	888
ODISHA	1858	201	2474
<b>Total</b>	<b>10,336</b>	<b>1,379</b>	<b>12,071</b>

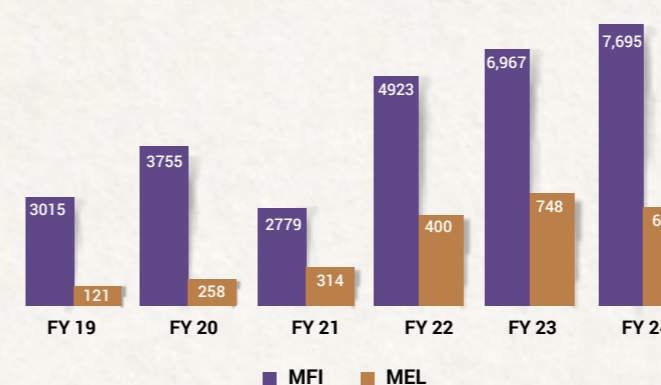
Borrowing Outstanding (In Cr)



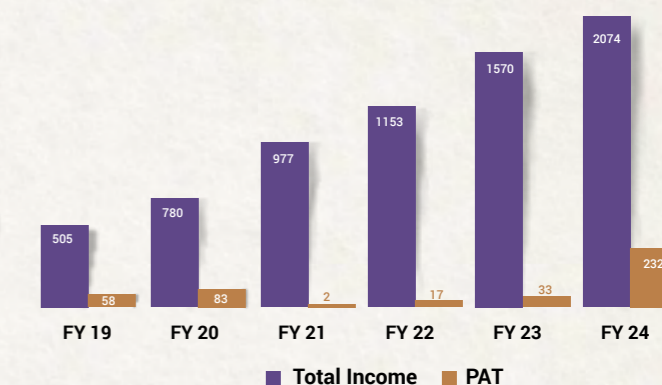
Pre - Provisioning Operation Profit (In Cr)



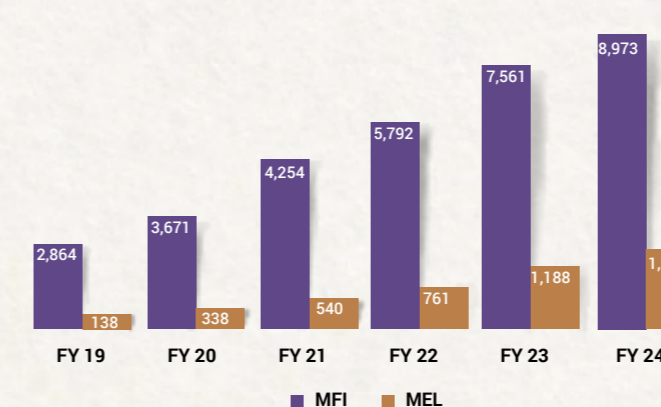
Gross Disbursement Segment Wise (In Cr)



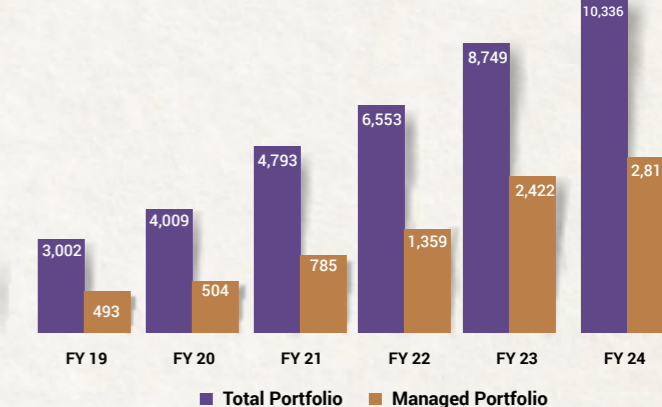
Total Income & PAT (In Cr)



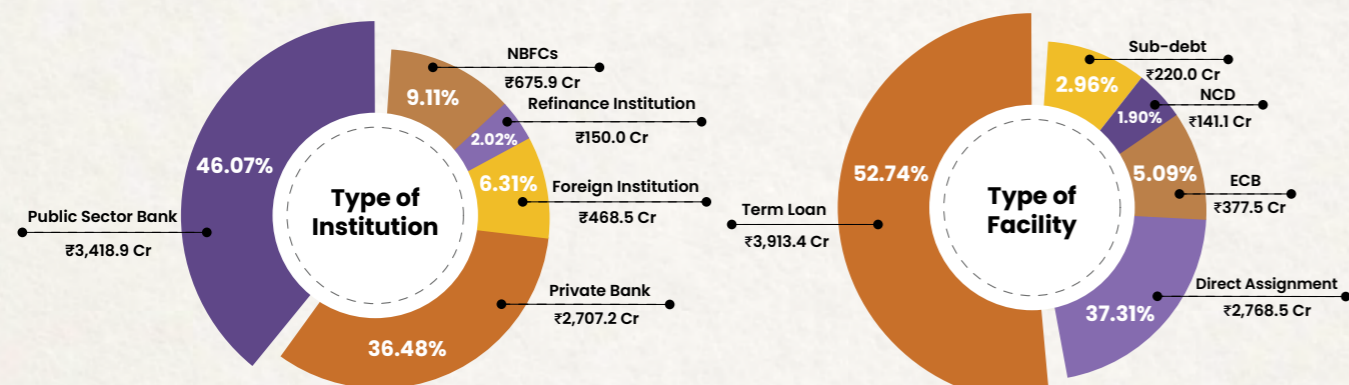
Gross Loan Book Segment Wise (In Cr)



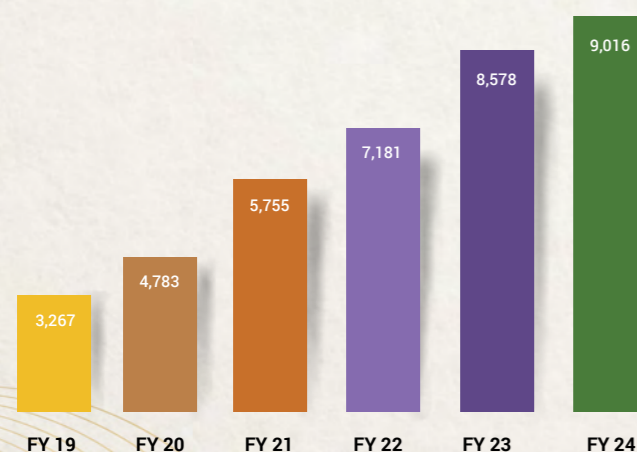
Total Portfolio & Managed Portfolio (In Cr)



Fund Raised During FY'24



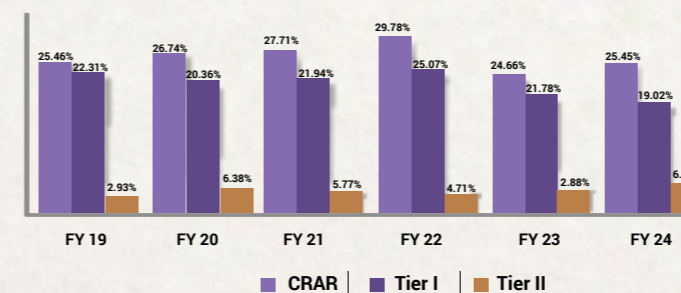
Total Asset (In Cr)



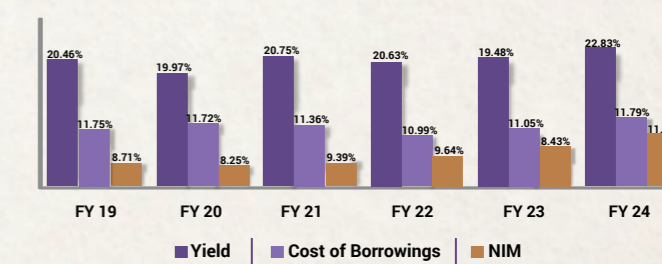
Total Employees & Loan Officers



Capital Adequacy (In %)



Yield, COB & NIM (In %)





# VALUE PROPOSITION OF ANNAPURNA

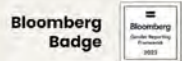
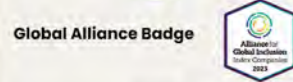
## GROWING TOGETHER Model

### External Certifications

#### FINANCIAL CERTIFICATIONS

- CREDIT RATINGS**
- ICRA- A-(STABLE)
  - CRISIL - A-(POSITIVE)
  - CARE - A-(POSITIVE)

#### SOCIAL CERTIFICATIONS



Best BFSI Brands of 2024 by ET Edge



Best Organisations for Women 2024(ET edge)

Ela Ben Memorial Award



Social & Environmental Rating (MFR)

Outstanding Loan Repayment (NPCI & BBPS)



Best Data Quality Award at the TransUnion CIBIL Annual Conference



Business Leader Award (International Business Expo)

Global Network Member (WWB)



### Input

#### FINANCIAL CAPITAL

1. Diversified Lender Base
2. Longer Tenor Borrowings
3. Financial Expenditures

#### SOCIAL CAPITAL

1. Customer Engagement
2. Community Development through CSR Initiatives
3. Diversified Stakeholders- Customers/Investor/Lenders/ Rating Agencies

#### INTELLECTUAL CAPITAL

1. Need based Product Portfolio
2. Stable & Scalable Technology Infrastructure
3. Risk Management Framework
4. GIS Framework
5. Technology Innovation Hub

#### HUMAN CAPITAL

1. Total Workforce
2. Young Workforce
3. Extensive Training
4. Rural Development
5. Employees Retention
6. Benefits & Growth

#### NATURAL CAPITAL

1. Green Financing (RTS, EV-3 Wheeler)
2. Water & Sanitation Product
3. Climate Insurance Pilot Project

Product Name	Interest Rate
Joint Liability Group Loan	19.90% - 23.99%
Water/Sanitation Loan	23.80% - 23.99%
Home Improvement Loan	23.80% - 23.99%
Dairy Development Loan	23.80% - 23.99%
Samarth Loan	23.80% - 23.99%
Consumer Durable Loan	23.80% - 23.99%
PM Svanidhi Loan	21.50%
JIT loan (a part of JLG loan)	19.90% - 23.99%
MSME Loan (Secured/Unsecured)	15% - 28%
Individual Business Loan (IBL) - Pilot	23.99%
Agri-input Loan - Pilot	22% - 23.99%
EV 3W Financing - Pilot	12% Flat
Rooftop Solar Loan	15% - 21%
Housing Loan	Secured-15%-20% Unsecured-20%-28%

#### GEOGRAPHICAL PRESENCE

- STATES- MFI- 20 & MSME -16
- BRANCHES- MFI-1172, MSME-199
- DISTRICTS- MFI-390, MSME-154
- ASPIRATIONAL DISTRICTS- 81
- NEW STATE REACHED-TELANGANA

#### NATURAL CAPITAL

1. Green Finance Portfolio - 0.10 Bn
2. Climate Insurance Provided Benefits to 2,200 Individuals across Three Districts in Odisha
3. Carbon offset through RTS- 5442 t CO<sub>2</sub>e
4. Total Number of Customers (SWASTH) - 1,30,844

### Output

#### FINANCIAL CAPITAL

1. Lender Profile
  - DFI- 1.5 Bn
  - NBFC- 6.75 Bn
  - BANK- Private Banks- 27.07 Bn, Public Sector Bank- 34.18 Bn
2. AUM - 103.36 Bn
3. Customer(MFI & MSME)-2.83 Mn
4. PAT- CAGR 23%

#### SOCIAL CAPITAL

1. Total CSR Spending - INR - 12.5 Mn
2. Total Beneficiaries Reached - 31,690
3. Women Borrowers - 2.79 Mn
4. MSME Borrowers - 45,487
5. Social Rating - Social & Environmental Rating, SDG Rating, Client Protection Certification, Social Audit, Ela Ben Memorial Award
6. Sustainability linked Loan with Credit Agricole - 0.26 Bn
7. Rural Customers- 84.6%

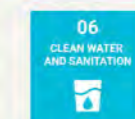
#### INTELLECTUAL CAPITAL

1. New Products Added in Financial year - EV-3 Wheeler, IBL, Agri-Input Loan
2. Cashless Collection (BBPS) - 68.42%
3. Risk - Enterprise Risk Management, Expected Credit Loss (ECL), Modelling: Machine Learning Models, Business Rule Engine
4. GIS - Geospatial Mapping of Human Resource, Remote Data Sensing on Agricultural Activities
5. Strategic Digital Initiatives - CEP, App-based Digital Employee Loan, Development of CRM

#### HUMAN CAPITAL

1. Total full-time Employee - 12,071
2. Women Employee - 1193
3. Young Human Resource (18-24 age group) - 3,140
4. Gender Leadership Program under DEI -
  - Employee Reached-3484, with 21 Gender Leaders
  - Sensitization Workshops-815
  - Gender Training Sessions-740
5. Employee Trained - Completed 100% of Induction Training and 85% of Refresher Training Programs
6. Average Number of Training per Employee - 1.22%

### SDG



### Outcomes

#### CUSTOMER

1. Total No. of Loan Products - 14
2. Customer Growth - 21% CAGR
3. Net Promoter Score- MFI -71, MSME -60
4. GLP Coverage - 103.36 Bn
5. Customer below 4 \$ Daily Income - 18.5 %

#### EMPLOYEE

1. Revenue Generated per Employee- 1.3 Mn
2. % of female - 10%
3. % growth in Human Resource - 17%
4. Retention Rate - 71%
5. Promotion Rate - 43%
6. New Benefits Introduced
  - Women Leadership Development Program
  - Skill Enhancement & Employee Development
  - Leadership Exploration & Development
  - Impact Series-inspire to Transform
  - Holistic Wellness Program
7. Insurance Claim Ratio- 100%
8. 2-Wheeler Loan Coverage-53
9. Personal Loan Coverage -79

#### SHAREHOLDERS

1. Profitability Growth- 23%
2. Sustainable growth model with Steady return
3. Long term value creation

#### COMPLIANCE MANAGEMENT

1. Zero Tolerance for Compliance Negligence
2. Compliance Management Tools for both Internal & External Compliance Monitoring



Received the 'Best Data Quality MFI Consumer Award 2022-23' at the TransUnion CIBIL Annual Conference



Awarded the 'Global Network Member' certificate from Women's World Banking



Recognized by NPCI for outstanding loan repayments in 2022-23, for outstanding performance under the category of loan repayment in the financial year 2022-23, using BBPS



Recognized as one of the Best BFSI Brands of 2024 by ET Edge

## CELEBRATING EXCELLENCE & GROWTH

Annapurna, one of India's top finance companies, proudly celebrates its consistent growth and numerous achievements. Recognized for excellence in financial services, the organization has garnered various awards over the years, highlighting its significant accomplishments in the sector.

Beyond traditional offerings, Annapurna leverages innovative problem-solving methods, including Digital Payment Systems and the Bharat Bill Payment System (BBPS), to address client needs creatively and effectively. This dedication to quality has earned significant recognition from prestigious financial

institutions, reinforcing its status as a responsible lender, reputable employer, and potential industry leader.

Committed to promoting financial inclusion, diversity initiatives, and environmental practices, Annapurna brings positive change to society and the nation at large. The company has built strong partnerships with clients, effectively addressing crucial socio-economic challenges through its impactful products and services.

The organization prioritizes responsible and customer-centric practices, fostering a diverse and inclusive organizational culture. By collaborating with investors, funders, and clients, the organization aims to expand its national and global influence, driven by outstanding individuals, unified teams, and visionary leadership.

Through its long-standing commitment to excellence, it continues to lead with innovation and make a meaningful impact in the financial sector.



Awarded the 'Best Organisations for Women 2024' by ET Edge



Honored with the 1st Ela Ben Memorial Award for promoting gender-friendly practices and inspiring a more inclusive workplace



Director, Mr. Dibyajyoti Pattanaik, awarded the Business Leader Award at the International Business Expo hosted by the Asia Africa Chamber of Commerce Industry

**SOCIAL ACKNOWLEDGEMENT: SEEKING RECOGNITION BEYOND ORGANIZATION**

**Social Rating**

Since social and environmental upliftment is a key objective of Annapurna, the social rating is a critical process for the unbiased evaluation of progress towards set targets and objectives by an external evaluator. In 2023, Annapurna conducted a socio-environmental assessment and rating process with the assistance of MFR.

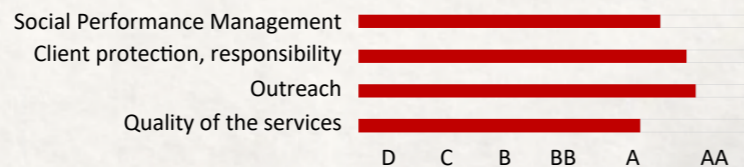
This assessment evaluated parameters such as the social and environmental performance management system, social responsibility,

outreach, quality of service, and environmental management. These parameters included factors like the organization's commitment to socio-economic objectives, customer outreach, service quality, client satisfaction, transparency in processes, and diversity and inclusivity in product offerings.

As a result, Annapurna retained its sA+ rating, placing it among the top 10% of performers globally.

**Social & Environmental Rating <sup>s</sup> A+**

Good social performance management and client protection systems. Mission likely to be achieved.



SER Committee Jan-24 Previous SR: A+, May-22

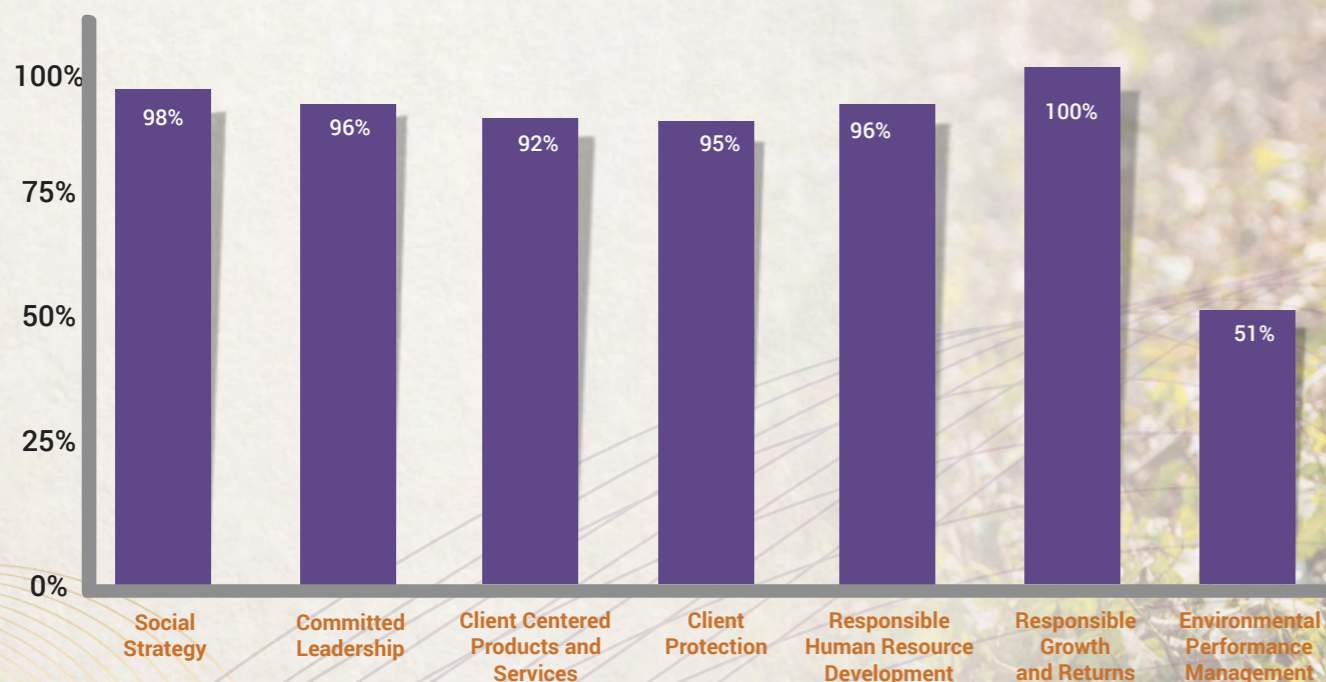
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**Social Audit**

In collaboration with BNP Paribas, one of Europe's leading financial institutions and an investor in Annapurna, a comprehensive social audit was conducted to externally verify Annapurna's alignment with socio-economic objectives. The process utilized the SPI5 assessment tool to evaluate the organization's performance across

various dimensions, including social strategy and commitment, client protection principles, responsible growth and development, human resource development, and environmental performance management. Annapurna achieved an impressive score of 90 out of 100 on the SPI5 rating scale.

**Scores across Dimensions**



**GENDER EQUALITY AND INCLUSION**

**Bloomberg's Gender Equality Index**

Annapurna participated in Bloomberg's Gender Equality Index, meeting the criteria for publicly publishing all required documents regarding diversity practices. The GEL assesses organizational commitment toward gender diversity through both operational processes and internal practices.



**Ela Ben Memorial Award for Best Gender-Friendly MFI 2023**

Annapurna's diversity and inclusion initiatives received national recognition, with Sa Dhan awarding the organization the Ela Ben Memorial Award for Best Gender-Friendly MFI 2023.

**2023 Alliance for Global Inclusion Index**

Annapurna was featured in the prestigious 2023 Alliance for Global Inclusion Index. Assessed by Seramount, this index identifies, documents, and ranks the global best practices in diversity and inclusion. Among the 27 participating companies, Annapurna was one of the 18 that demonstrated strong results in supporting diversity, equity, and inclusion (DEI) efforts both internally and externally.



# Ethical Governance



# CORPORATE GOVERNANCE

## Annapurna's Governance in Culture and Practice

Governance is approached differently by the organization. While effective governance is crucial for delivering optimal customer service, integrating customer-centric principles into governance practices has been fundamental for Annapurna since its inception. This ideology views governance not merely as a process but as a pervasive culture that prioritizes the best interests of customers. This customer-centric focus permeates every aspect of operations, guiding strategic decisions and daily interactions. Additionally, rooted in a philanthropic background, the governance culture consistently integrates social responsibility into practices and processes.

In commitment to good governance, the Board of Directors assumes an advisory role, providing strategic guidance and designing essential frameworks for sustainable daily operations. The Board, composed of a diverse range of expertise in strategy, finance, operations, and technology, serves as a comprehensive advisor to the management team.

The Board's advisory function is instrumental in shaping strategic direction and ensuring alignment with long-term goals. Their collective knowledge and experience contribute to robust decision-making processes that prioritize sustainability, innovation, and operational excellence.

## Decentralization of Power and Delegation

The organization operates on a foundation of decentralization of power and delegation of authority. This approach ensures efficient decision-making and clear delineation of roles and responsibilities between the Board and shareholders, enabling each to contribute optimally to the organization's business functions. The Board acts as the representative body of the shareholders, entrusted with defined delegated powers to oversee and guide the organization's strategic direction and operational policies. Shareholders, representing a diverse array of backgrounds—including development institutions, private equity funds, sovereign government institutions, private banks, and financial institutions—enrich board discussions and decision-making processes by bringing a wide range of expertise and perspectives.

Annapurna's governance culture extends beyond the traditional boundaries of the Board and shareholders;

it permeates through every functional level and frontline team. Embedding good governance practices throughout the organization ensures that decision-making processes align with statutory and regulatory requirements as well as management expectations at all levels.

At each functional level, governance is emphasized in guiding operations effectively. To facilitate this, the organization adopts a committee-based approach for formulating and implementing internal policies. This collaborative decision-making process leverages diverse perspectives and expertise within the organization.

Additionally, the organization strategically engages external experts to gain a competitive edge in adopting technology, developing policies, and enhancing IT infrastructure. Seeking input from external experts addresses any regulatory or statutory gaps in operations, ensuring the organization leverages specialized knowledge and industry best practices to optimize technological capabilities and policy frameworks. By collaborating with external experts, the organization not only stays ahead of industry trends but also ensures compliance with evolving regulatory requirements.

## Communication Matrix

To ensure effective operations, the organization maintains robust communication channels that bridge the gap between top management and staff members at operational levels, facilitating the exchange of views and concerns in both directions. These open and effective communication channels foster a cohesive organizational culture, ensuring every team member understands their role in achieving the organization's goals. This alignment minimizes gaps in understanding, reflecting strong communication governance practices within Annapurna.

Asking the right questions is essential to eliciting the correct responses. The organization's communication governance framework ensures that both the senior leadership and frontline teams are well-informed about Annapurna's mission and vision. This approach aims to shift from reactive postmortem analyses to proactive pre-mortem assessments, allowing for the early identification and prevention of potential challenges.

## Collaborative Governance approach at Policy level

At the policy level, the organization's governance is marked by a dedication to collaboration, transparency,

and mutual respect. It prioritizes soliciting the views of all stakeholders before formulating policies related to internal administration and other business matters. Rather than imposing policies unilaterally, the organization emphasizes collaborative decision-making and bilateral negotiations.

This approach ensures that all stakeholders, including employees, management, clients, and investors, actively participate in shaping policies. By incorporating diverse perspectives, the organization not only develops comprehensive and effective policies but also enhances its overall governance framework.

## Governance Framework on classification of Financial Assets

Given the critical nature of the organization's business model, portfolios are classified based on asset performance, particularly concerning unpaid loan assets. To effectively manage and mitigate such risks, the organization has established board-approved policies that clearly outline and document their business models and portfolios. Specific objectives for managing each portfolio are articulated, supported by a comprehensive portfolio management policy, which includes:

- A policy governing the sale of assets from amortized cost business model portfolios, with disclosure in the financial statements' notes.
- Procedures for computing Expected Credit Losses (ECL), encompassing policies, procedures, and controls for assessing and quantifying credit risk across all lending exposures.

## Governance of Liquidity Risk Management

The Board holds ultimate responsibility for overseeing liquidity risk management. It sets the strategic direction, policies, and procedures for managing liquidity risk within predefined tolerance levels. To support these efforts, the Board has delegated certain responsibilities to the Asset Liability Management Committee (ALCO), which regularly reports the liquidity position to the Board. The ALCO is assisted by a dedicated support group responsible for ensuring seamless data flow and operational efficiency in preparing information for the committee's review. This governance framework ensures proactive management of liquidity challenges, reinforcing the organization's resilience and stability in the face of dynamic market conditions.

## Customer-Centric Approach

The organization upholds robust governance at the customer level, demonstrated by the following practices reflecting its customer-centric approach:

- Maintaining an internal ceiling on interest rates for microfinance loans, even if the Prime Lending Rate (PLR) increases in FY 24.
- Adopting a Fair Practice Code and providing a Key Fact Statement outlining the organization's prescribed charges for extending loans to borrowers in advance before entering into an agreement.
- Operating a dedicated helpline center to handle service-related queries, including an escalation matrix to ensure concerns are addressed promptly.
- Implementing an Internal Ombudsmen Scheme where the Internal Ombudsman reviews the organization's decisions if they are contrary to the borrower's expectations.
- Being a member of all self-regulatory organizations registered under the RBI, ensuring that every customer receives the highest standard of service.

## Responsible Lending

The organization's balance sheet encompasses a diverse range of loan portfolios, including both microfinance and MSME (Micro, Small, and Medium Enterprises) loans. Committed to the principles of responsible lending, Annapurna ensures that its lending practices are sustainable and ethical. In offering unsecured loans, the organization adopts a traditional assessment approach focusing on evaluating the earnings of potential borrowers rather than their spending patterns. This earnings-based assessment helps in mitigating risks associated with lending and ensures that loans are provided to individuals and businesses who have a genuine capacity to repay.

## Compliance Function

The Compliance Function is an integral part of effective governance, along with the internal control and risk management processes. The Board has established an appropriate Compliance Policy and implemented it. The Compliance Function ensures strict observance of all statutory and regulatory requirements, including standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer service. It monitors and tests

compliance by performing sufficient and representative compliance testing, and the results are reported to Senior Management. It periodically circulates instances of compliance failures among staff, along with the required preventive instructions.

The organization acknowledges the support of regulators and supervisors in guiding the enhancement of its processes, policies, and governance. By adopting the regulatory approach to financial resilience, the organization has implemented various proactive internal policy procedures to access early warning signals for any potential stress scenarios.

A detailed report on corporate governance is provided in the Directors' Report section of the Annual Reports. This report includes information on committee compositions and their meetings, assurance functions, fit and proper criteria, independent directors' criteria, compensation for key management personnel (KMP) and senior management, as well as the internal guidelines on corporate governance.



## Risk Management Framework

### Strengthening Risk Management at Annapurna

At Annapurna, the Risk Management function is integral to managing various risks across the organization as per the Board-approved Risk Management Framework. These risks encompass Credit Risk, Operational Risk, Liquidity Risk, Financial Risks, Strategic Risks, Legal Risks, and Reputational Risks.

### Governance and Oversight

The Board of Directors at Annapurna holds the ultimate responsibility for the overall risk management function and for endorsing risk management strategies and principles. The Risk Management Framework, approved by the Board, establishes a standard governance structure that supports the identification, assessment, monitoring, reporting, and mitigation of risks throughout the Company. This framework aims to cultivate a robust risk culture within the organization, ensuring that risk awareness and management practices permeate all departments, from field staff to top management.

### Risk Culture and Defense Lines

The business lines serve as the first line of defense, directly managing risks at the operational level. The Risk Management and Compliance Departments form the second line of defense, supporting the management to ensure risks and controls are effectively managed. The Internal Audit Department acts as the third line of defense, providing objective assurance to the management and the Board that the efforts of the first and second lines are consistent with expectations.

### Risk Assessment and Strategy

Risk assessments are conducted for all business and support activities to address threshold breaches, monitor potential risks, and comply with relevant legal and regulatory requirements. These assessments are carried out in collaboration with Department Heads, the Risk Management Department, and external experts when necessary. Procedures are established to update risk assessments at appropriate intervals and to review these assessments regularly.

Based on the Risk Control and Self-Assessment (RCSA), Annapurna formulates its risk management strategy and plan on an annual basis. The strategy encompasses control measures for risk management and mitigation. Key strategies for risk mitigation include:

### Risk Avoidance

Risk avoidance involves not engaging in activities that could carry risk. While this may seem like the solution

to all risks, it also means missing out on the potential benefits that accepting (retaining) the risk might offer.

### Risk Transfer

Risk transfer typically occurs through contracts or hedging, where another party assumes the risk. This method mitigates risk by shifting its impact to an external entity.

### Risk Reduction

Risk reduction employs methods or solutions that decrease the severity of potential losses. This proactive approach aims to minimize the impact of risks when they occur.

### Risk Retention

Risk retention involves accepting the loss when it happens. This strategy is viable for small risks where the cost of insuring against the risk would exceed the total losses over time. All risks that are not avoided or transferred are retained by default. This includes large or catastrophic risks that either cannot be insured against or would require prohibitive premiums.

The organization has implemented several initiatives under the Risk Management framework to enhance its effectiveness:

### Risk Control & Self-Assessment (RCSA)

RCSA is an annual activity across the organization, involving all departments. This process includes maintaining a Risk Register, identifying Key Risk Indicators (KRIs), and setting risk tolerances based on historical data and stakeholder feedback. KRIs are calculated either manually or via Enterprise Risk Management (ERM) software. When KRI thresholds are breached, triggers and escalations are initiated. RCSA helps track, monitor, mitigate, and control organization-wide risks and identify areas needing enhanced controls.

### Enterprise Risk Management (ERM)

Annapurna employs a strategic ERM methodology, using technological tools and the COSO ERM framework. Key functions of the ERM software include:

- Central repository for risk registers and KRI breaches.
- Monitoring control effectiveness and scoring based on control efficacy.
- Automated KRI calculation, eliminating manual intervention.
- Prioritizing risks using heat maps and trend analysis.
- Providing risk reports for management.

### Data Analytics

#### Expected Credit Loss (ECL) Modelling

Annapurna uses advanced analytics tools for ECL calculations under IFRS 9, incorporating forward-looking information linked to macro-economic factors from sources like (International Monetary fund) IMF and (Economist Intelligence Unit) EIU. These variables are used in base (40%), upward(40%), and downward (20%) scenarios, with ECL calculated by applying weights to these scenarios.

#### External Reporting

Analytics tools automate external reporting, enhancing efficiency, scalability, and accessibility. This removes coding requirements and facilitates reporting to institutions like MFN, RBI etc.

#### Standardized Reports

Automated generation of standardized internal reports for portfolio assessment and industry performance. Automated reporting simplifies data analysis, reduces manual input errors, and saves time.

#### Fraud Detection

Annapurna utilizes a scalable machine learning platform to predict fraud based on historical data. The platform recommends the best-fit model and uses it to predict future fraud in transactions.

#### Deviation Assessment

Tools using macros for deviation assessment and outlier detection via probabilistic measures, aiding in identifying anomalies and ensuring data integrity.

### Model Risk Management

Annapurna is committed to maintaining the highest standards of model governance through clearly defined roles and responsibilities for model approval and monitoring. The Model Governance structure oversees the development and validation of models, ensuring adherence to stringent regulatory and internal standards. The model approval process involves thorough review by an independent validation unit, which evaluates model performance and compliance. Continuous monitoring identifies any deviations or anomalies, with internal models reviewed annually and external models every two years. This structured approach ensures model integrity and reliability, mitigating potential risks and enhancing decision-making processes.





### Machine Learning Models

#### Pin Code Analysis for Identifying Business Potential

In a large portfolio, abnormal patterns often go unnoticed, which can be crucial for assessing areas and providing early warning indicators. An unsupervised model has been developed, validated using Hopkins Statistics, to ensure data suitability for clustering. Once clusters are formed, manual checks and peer-wise or state-wise analysis are conducted, enabling a deeper understanding of each area's characteristics.

#### Branch Rating

Branch ratings are vital for risk management, helping financial institutions assess the operational efficiency and control environment of branches. A supervised model predicts the Portfolio at Risk (PAR) for branches 3 to 6 months in advance. Variables are reduced using Recursive Feature Elimination (RFE) and Variance Inflation Factor (VIF), with accuracy tested via confusion matrix.

#### Default Prediction Scorecard

Client rating models are essential for risk monitoring and evaluation, predicting the likelihood of default for individual clients. An ensemble model performs client risk profiling, enabling proactive credit risk management and portfolio diversification.

#### Business Rule Engine (BRE)

Annapurna prioritizes delivering a seamless and efficient customer onboarding experience through technology-driven solutions. Leveraging advanced tools, the organization has implemented a Business Rule Engine (BRE) for automated credit underwriting during client onboarding. This system integrates application-level data (basic information, income, expenses, demographic details, vintage, etc.) and bureau-level data (credit history, delinquency details, account status, etc.) to assess the creditworthiness of applicants. The BRE algorithm evaluates this combined data and generates outcomes—Accept, Reject, or Refer—based on predefined credit underwriting principles. It provides detailed reasons for each decision and facilitates escalations for further review if necessary, ensuring a streamlined and effective process.

- Accept: Provides details of the possible eligible loan amount based on the loan tenure.

- Refer: Reasons for referral are provided, and further escalation to the supervisor for reconsideration if eligible.
- Reject: The client is dropped from the onboarding process.

#### Advantages of BRE

- Automates credit underwriting with minimal human intervention, considering clients' credit history, demographics, household income, and family profile.
- Deploys a robust credit underwriting mechanism, previously used manually, saving time and increasing efficiency.
- Helps avoid onboarding customers with poor credit history, allowing human resources to focus on qualitative assessments of client profiles.

Annapurna has implemented BRE in over 1,000 operating branches for credit underwriting and onboarding processes, streamlining operations and enhancing accuracy. By integrating these initiatives, the organization ensures robust risk management, fostering sustainable growth and operational resilience.



## Quality Assurance

### Ensuring Quality through Accuracy, Integrity, and Innovation

The financial year 2023-2024 marked a significant evolution in quality assurance for Annapurna. The primary objective was to uphold the highest standards of accuracy, transparency, and reliability in the credit appraisal process, aligned with the new regulations set forth by the Reserve Bank of India (RBI). To achieve these elevated quality standards, several key initiatives were implemented to strengthen quality assurance practices, ensure regulatory compliance, enhance risk management techniques, and facilitate prompt decision-making.

### Comprehensive Quality Assurance Framework

In response to the new RBI policy, a comprehensive quality assurance framework was developed. This framework ensures prudent assessment of borrowers' household income and expenses, accurate determination of loan amounts based on repayment ability, and strict adherence to the credit policy formulated according to RBI guidelines, Self-Regulatory Organizations (SROs), and industry norms.

### Key Initiatives

#### Commitment to Regulatory Compliance and Responsible Lending

Regulatory compliance remained a top priority throughout the last financial year. The internal audit process was instrumental in streamlining operations through continuous feedback. The Credit team promptly addressed all compliance issues raised, designing necessary corrective actions for future risk mitigation. These corrections were incorporated into the software application to enhance the techno-based underwriting system, ensuring alignment with regulatory expectations and reinforcing integrity and reliability.

#### Enhanced Risk Management Techniques

Effective risk management was the cornerstone of the quality assurance strategy. Risk assessment protocols were enhanced by refining logical constructs and swiftly incorporating necessary modifications into software applications. Utilizing advanced analytics through Power BI as a monitoring tool to detect and prevent fraudulent activities has increased efficiency and enabled timely action, significantly mitigating the risk of fraudulent practices.

### Technological Advancements in Quality Assurance

Integrating Power BI and a Business Rules Engine (BRE) has significantly strengthened the commitment to accuracy, transparency, and reliability in the decision-making process. Power BI empowers the team to visualize complex data sets and derive actionable insights across various parameters with speed and precision. Its customizable dashboards and interactive reports provide real-time visibility into key performance indicators, enabling the identification of trends, variances, and areas needing improvement.

The implementation of BRE has been pivotal in codifying credit policy and appraisal guidelines into predefined business rules and logic. This approach ensures uniformity and adherence to regulations across all loan applications. BRE's dynamic capabilities allow swift adaptation to evolving regulatory landscapes and market conditions, thus mitigating the risk of errors and discrepancies.

### Training and Development

The last financial year saw a concentrated effort on the continuous training and development of deployed resources. The transition of the Appraisal Officer's role to include quality assurance was facilitated by assigning a Branch Credit Manager (BCM) to each branch, reducing Turnaround Time (TAT) and enhancing quality monitoring. Comprehensive training programs for Zonal/State Credit Managers encompassed advancements in technology, decision-making enhancements through Power BI, dynamic adjustments to credit policies, and thorough analysis of industry scenarios, elevating team proficiency and commitment to excellence in quality assurance.

### Customer Focus

Respecting customers' needs while maintaining consistency and efficiency in the lending process was a major focus area. A balanced approach was adopted by implementing several modifications to the internal credit policy, aligning with RBI and SRO norms for Joint Liability Group (JLG) and Individual Business Loan (IBL) customers. By prioritizing a customer-centric approach, the lending processes remained responsive, efficient, and aligned with the highest standards of quality assurance, ensuring borrowers remained free from credit stress in a highly competitive market.





### Performance Metrics and Results

The commitment to quality is evident in performance metrics. The successful implementation of the Business Rule Engine in numerous branches across multiple states resulted in a 50% reduction in decision-making time for loan sanctioning and a 75% decrease in processing time. The Decision Rule Engine tool enhanced credit appraisal accuracy by 70%, significantly reducing human errors.

### A Strategic Partnership through Quality Assurance, Ethical Governance, and Technology

Annapurna plays a pivotal role in safeguarding the organization's success. By fostering a culture of quality assurance (QA), ethical governance, and leveraging technological advancements, it significantly enhances the effectiveness and value delivered.

### Quality Assurance

Quality assurance is the foundation of the internal audit function, ensuring that every audit adheres to the highest professional standards. The integration of quantifiable metrics and regulatory guidelines into the QA framework allows for precise performance measurement and identification of areas for improvement. Key aspects include:

### Audit Planning & Reporting

The organization has adopted a risk-based audit planning approach in accordance with RBI guidelines to conduct its audits throughout the year. The Audit Plan is developed based on an understanding of inherent risks and the control environment. This risk-based approach has been integrated not only into audit planning and execution but also into the Quarterly Board reporting structure, aligning with the RBIA framework. The report is now structured to classify all deviations into predefined risk families, including credit risk, regulatory risk, reputational risk, and operational risk.

### Competence and Proficiency

Ongoing training and certifications ensure auditors possess the necessary skills to effectively identify and evaluate risks, with performance measurement highlighting areas for further development.

### Audit Frequency Determination

Branch audit frequency is determined through a risk-based approach, considering historical audit grades, trends, and risk department scores on parameters such as geographical and geopolitical risks.

### Branch Delinquency Integration

Delinquency rates are factored into branch grading, with higher delinquency branches scheduled for more frequent audits.

### Auditor Effectiveness Scores

Data-driven performance measurement assesses auditors' effectiveness in risk identification and evaluation.

### 100% Loan File Audit Coverage

To ensure the integrity of the loan portfolio, the organization implements a unique 100% audit of loan files at disbursement hubs. This comprehensive approach ensures that all loan files undergo rigorous scrutiny post-disbursement. The focus on real-time risk identification minimizes potential delinquencies and safeguards the financial health of the organization.

### Hiring Certified Professionals

The Assurance function is enhanced by hiring certified professionals for specialized scrutiny, ensuring comprehensive validation of critical processes and regulatory compliance.

### Leveraging Technologies for Precision & Quality

Technology plays a crucial role in these quality assurance efforts. Advanced audit tools and software facilitate the thorough examination of loan files, providing automated checks and balances that enhance accuracy and efficiency. This technological integration not only streamlines the audit process but also enables the organization to quickly identify and address potential risks, ensuring a robust and resilient financial operation. Examples include:

### Predictive Analytics

By anticipating future risks and challenges, advanced analytics identify early warning signals of potential issues, enabling proactive risk management. This approach addresses risks at their nascent stage, minimizes potential disruptions, and safeguards the organization's objectives.

### Audit Management Software

Dedicated in-house software streamlines the audit process, ensuring consistency, efficiency, and compliance with RBI's Risk Based Regulations (RBIA).

### Ethical Governance in Audit Functions

Ethical principles and guidelines are integral to Annapurna's internal audit practices, ensuring transparency, integrity, and accountability. These

principles drive a culture of ethical behavior and compliance, ensuring financial activities are conducted with honesty and fairness. The framework mandates confidentiality, objectivity, and independence, providing accurate and unbiased assessments. Continuous professional development ensures auditors stay updated on regulatory changes and industry best practices, enhancing the credibility of the audit process and strengthening stakeholder trust in the organization's governance, with key initiatives including:

### Internal Audit Code of Ethics

All auditors uphold a comprehensive Code of Ethics, ensuring professional conduct, objectivity, confidentiality, and avoidance of conflicts of interest.

### State Audit Committees (SACs)

Annapurna has implemented a unique initiative known as State Audit Committees (SACs). These committees, comprising regional business stakeholders, HR and Credit Department representatives, and internal audit members, promote open communication and ensure a thorough understanding of local branch operations and risk landscapes. At regular intervals, auditors and SAC members meet with branch heads and relevant stakeholders to discuss identified risks and collaboratively develop effective risk mitigation strategies.

This strategic integration of quality assurance, ethical governance, and technology ensures Annapurna's continued excellence, fostering sustainable growth and compliance in the dynamic financial landscape.

### Future Steps

In the coming financial year, the focus will be on advancing techno-security, scalability, and process standardization. The goal is to scale decision-making with a Business Rules Engine (BRE) and strict compliance monitoring. Technology will address any issues, and analysis has indicated a need to revise the credit policy considering factors affecting portfolio health and growth. The focus will be on structuring a localized credit policy and implementing it for comprehensive and organic portfolio growth. Revamping the focus on skilled manpower and through training will be crucial for achieving the goals. This strategic approach ensures continued excellence in quality assurance, fostering sustainable growth and compliance in the ever-evolving financial landscape.

## TECHNOLOGICAL INCLUSION

In Annapurna's operational landscape, technological intervention stands as a cornerstone for driving impactful change. Through the strategic integration of digital platforms, the institution has transcended geographical constraints, extending vital financial services to even the most remote corners. This innovative approach not only enhances operational efficiency but also reshapes the customer experience, fostering financial literacy and inclusion within rural communities. As Annapurna continues its journey, technology remains a powerful tool for catalyzing progress and empowering individuals across diverse backgrounds.

To enhance the efficiency of the organization's dedication to innovation and financial inclusion within the finance industry, the technology department has taken steps to integrate E-Sign features across all the Microfinance Institutions (MFI) branches, digitizing the loan documentation process and offering clients virtual and biometric e-signing options. These approaches have revolutionized the loan application process, providing greater transparency and accessibility.

The new collection application with customer tracking has improved recovery planning, real-time monitoring, communication, and branch performance. The Business Rule Engine (BRE) ensures consistent and accurate credit decisions, promoting fair access to credit and faster loan processing. Individual Business Loans (IBL) support entrepreneurs with limited credit access, fostering economic empowerment. The Bharat Bill Payment System (BBPS) boosts cashless transactions, streamlines account reconciliation, and enhances financial accessibility. The Annapurna Pay app simplifies payments for clients and employees, aligning with the organization's mission of advancing financial inclusion through technology. These initiatives keep Annapurna at the forefront of innovation, benefiting clients and enhancing efficiency.

### Technological Progress and Milestones

#### Digital Loan Documentation

To meet the rising demand for more inclusive financial solutions, Annapurna has integrated E-Sign features across all Microfinance Institution (MFI) branches, fully digitizing the loan documentation process. Clients now have access to virtually draw signature and biometric e-signing options, revolutionizing the loan application process for greater accessibility and inclusion. This advancement allows clients to instantly access their loan documents and repayment schedules upon signing, enhancing transparency and understanding of their financial commitments.

#### Business Rule Engine (BRE)

In partnership with Highmark, a cutting-edge credit decision engine was implemented within the client sourcing application. This Business Rule Engine (BRE) integrates comprehensive risk assessment criteria, enabling more accurate and reliable lending decisions. The BRE promotes fair access to credit, particularly benefiting underserved communities, and accelerates loan processing times, enhancing operational efficiency and client satisfaction.

#### New Collection Application

The organization has launched a sophisticated internal collection application with advanced customer tracking capabilities, significantly enhancing recovery planning. The sales teams can track branch performance in real-time, streamlining processes and enhancing operational efficiency. This also increases customer satisfaction as they receive timely updates about their loan details through SMS, ensuring greater awareness and transparency.

#### Individual Business Loans (IBL)

In the Individual Business Loan (IBL) product, comprehensive eligibility checks for clients have been implemented, focusing on household income/expenses and EMI obligations. This includes thorough credit bureau checks for credit approval, analysis of business cash flows, and verification of business records as proof of business activities. Additionally, the use of detailed loan documentation ensures transparency and reliability throughout the product rollout.

#### BBPS Payment Mode

Bharat Bill Payment System (BBPS) has significantly increased cashless transactions, streamlining account reconciliation for the organization. BBPS payments now constitute approximately 70% of all repayments, becoming the preferred cashless payment method among Annapurna's customers.

#### Customer Engagement Platform (CEP)

Annapurna is equipped with a robust Customer Engagement Platform (CEP) designed to elevate its customer experience across various communication channels such as WhatsApp, SMS, and IVR. Serving as a cornerstone of Annapurna's communication strategy, the platform facilitates stronger connections with stakeholders by offering communication in over eight vernacular languages. Its versatility has already proven revolutionary, significantly enhancing the productivity and efficiency of field staff while minimizing efforts in resolving issues and queries for valued clients.

Additionally, this tool enables the creation and dissemination of customized templates tailored to diverse stakeholders. Looking ahead, Annapurna aims to further capitalize on this platform's capabilities to personalize customer journeys, gather deeper insights, and harness the potential of artificial intelligence for advanced support options.

#### Voice Bot using Natural Language Processing (NLP)

Customer service has been revolutionized with the implementation of a cutting-edge voice bot powered by Natural Language Processing (NLP). Available 24/7, this innovative tool surpasses traditional support models, empowering customers to access information or assistance anytime. The bot's ability to understand natural language prompts and its multilingual capabilities ensure smooth interactions for customers from diverse backgrounds.

The commitment to innovation extends beyond initial implementation, with ongoing efforts to expand the bot's capabilities through machine learning and automation. This voice bot can access real-time customer data through various integrations, enabling personalized interactions and more efficient support. By harnessing the potential of NLP, the customer experience is being transformed, fostering stronger relationships built on convenience, accessibility, and personalization.

#### Customer Relationship Management (CRM)

The organization is embarking on a transformative journey by implementing a Customer Relationship Management (CRM) system for customer-facing teams to enhance customer experiences with personalized interactions. This strategic initiative aims to enhance customer service, streamline operations, and foster stronger client relationships. The CRM system integrates all customer interactions and data into a single platform, providing valuable insights and enabling personalized service. The analytics provided by the CRM enable the business units to pitch better, sell better and communicate better. Automating workflows, processes, campaigns, and customer journeys with the CRM will allow the organization to focus on customer engagement. This will benefit customers with personalized service, timely offers, and quick issue resolution, enhancing their overall experience.

#### PMSVANidhi Renewal Loan (ERP)

Building on the success of the PMSVANidhi loan, integrated solutions are in place to facilitate second and third-term loans with high ticket sizes. This enhancement empowers street vendors by incorporating them into

Annapurna's loan portfolio and allowing access to repeat loans, fostering financial inclusion at the grassroots level.

### Latest Strategic Initiatives for the MSME Vertical

#### EV Loan Module

The implementation of the EV Loan Module for the MSME vertical enhances accessibility to electric vehicle loans, ensuring faster approvals and cost savings through potentially lower interest rates and incentives. Clients benefit from contributing to environmental sustainability, while the organization gains market differentiation and operational efficiency. The module ensures compliance with regulatory standards and alignment with government mandates for green initiatives.

#### Automated System-Generated Pre and Post Documents

To enhance loan processing efficiency, Annapurna has automated the generation of all necessary pre- and post-loan documents, streamlining the documentation process.

#### Development of Android APK for LOS and Collections

A mobile application has been developed to facilitate on-the-go Loan Origination System activities and collection processes, enhancing accessibility and efficiency.

#### Implementation of RTS Loan Module in Kuliza Platform

A dedicated module for Rooftop Solar (RTS) loans has been successfully launched on the Kuliza platform, expanding Annapurna's lending portfolio and supporting sustainable energy initiatives.

### Future Steps

Annapurna has been at the forefront of driving significant technological advancements over the past year through its Technology and Innovation Hub (TIH) department. This effort has led to enhanced operational productivity and data-driven decision-making processes across the organization. Collaborating with Women's World Bank (WWB) and PayPal, TIH conducted an extensive exercise to identify and rectify unconscious gender biases in the MSME credit assessment algorithm, with results indicating no evidence of such biases. Looking ahead, TIH plans to create a user-friendly business dashboard for field officers, develop an economic indicator tool for priority target segments to validate small businesses' stated income digitally, and extend affordable loans to such businesses in the absence of formal income documents. This commitment to



innovation and implementation of cutting-edge technologies underscores Annapurna's dedication to remaining at the forefront of the financial services industry, delivering exceptional value to customers and stakeholders alike.

Adding to this, the organization is on the brink of launching UPI 123PAY, a groundbreaking initiative poised to significantly advance financial inclusion. This innovative technology provides feature phone users with accessible and intuitive ways to engage in digital payments, including IVR and missed call-based triggers. By addressing diverse user needs and technological constraints, UPI 123PAY enables individuals, particularly in rural areas and those with limited resources, to participate in the formal financial system without requiring expensive smartphones or extensive technical knowledge. This initiative expands Annapurna's market reach and strengthens its commitment to financial inclusion, offering simplified payment processes and greater access to financial services for clients. Moreover, UPI 123PAY complies with regulatory standards, ensuring secure and reliable solutions that align with industry best practices, thereby enhancing trust among stakeholders.

Annapurna will be developing a CRM system for MSMEs to enhance customer experience and efficiency. It offers personalized service, seamless transitions, effective targeting, consistent communication, quick issue resolution, and self-service options. This system improves sales, provides data-driven insights, ensures regulatory compliance, and fosters customer engagement and satisfaction.

In addition, the organization has demonstrated a remarkable shift from traditional cash payments to digital transactions, achieving a collection efficiency of around 65%. This transition reflects the growing acceptance of digital payment methods, especially among rural populations. In line with its dedication to empowering rural communities through technology, the organization is developing a customer-facing mobile application called Annapurna Pay. This user-friendly app will allow Annapurna customers to fetch and pay their loan dues. The app will also provide services for utility and other merchants' bill payments through BBPS. The organization envisions expanding the Annapurna Pay app into a comprehensive Super App, serving as a centralized solution for customers' financial needs, including payments, lending, investments, insurance, and more.

Annapurna's envisaged inaugural staff-facing app, AFPL One, signifies a significant step towards fulfilling its commitment to providing a diverse range of financial and non-financial services tailored to meet the varied needs of its workforce. The app is planned to be launched shortly with offerings like Employee Personal Loans and Two-Wheeler Loans. These will be essential in granting employees convenient access to funds at competitive rates and with flexible repayment options. However, the vision for AFPL One transcends these offerings. The aim is to develop it into a comprehensive platform that enables employees to centralize the management of all office and professional activities, streamlining tasks, communication, scheduling, and collaboration on a single, unified platform.

To manage customer queries, complaints, and grievances efficiently, Annapurna plans to implement a sophisticated ticketing tool. This tool will streamline the customer support process through an API ecosystem, interacting among various departments and databases. Key features will include automated ticket generation and real-time updates, ensuring seamless and effective support for customers.

Lastly, Annapurna is set to launch "EFIMO," a new MSME software featuring a Loan Origination System (LOS) and Loan Management System (LMS). EFIMO will significantly improve MSME loan processes, enhancing operational productivity and efficiency. This comprehensive software solution will further cement Annapurna's position at the forefront of the financial services industry.

Annapurna's commitment to technological innovation underscores its dedication to remaining a leader in the financial services industry, delivering exceptional value and fostering financial inclusion and economic growth.

## Strategy Integration

### Pioneering Innovation and Sustainability in the Financial Sector

Annapurna is leading the way in innovation and sustainability within the financial sector, providing a variety of advanced products and services specifically designed to address the diverse needs of both clients and employees. Their commitment to responsible business practices and environmental management is evident in the development of a comprehensive Environmental, Social, and Governance (ESG) framework. This framework involves actively engaging with stakeholders to identify and address critical issues, ensuring that the organization's operations align with sustainable and ethical standards.

The organization places significant emphasis on maintaining a strong and consistent brand image through strategic branding and communication efforts. This positive brand perception is crucial for building trust and loyalty among clients and the broader community. Additionally, Annapurna's use of Geographic Information System (GIS) technology is a key aspect of their approach, enhancing their ability to make informed decisions and operate efficiently. By implementing these thoughtful and strategic initiatives, Annapurna is not only fostering sustainable growth but also making a significant and positive impact in the communities they serve.

### Major Strategic Implementation

#### Strategic Advancements

Annapurna has been deeply engaged in client and employee initiatives designed to drive innovation, efficiency, and growth. The organization has introduced several pioneering products such as Rooftop Solar Loans, EV 3-Wheeler Loans, a Customer Engagement Platform for MSME clients, and Agri-Value Chain Finance, underscoring its commitment to cutting-edge solutions. Additionally, it has launched the We-Lead Programme and offering Individual Business Loans to meet diverse client needs.

On the employee front, Annapurna has implemented gender leadership programs, career restart initiatives like Revibe, and Women Leadership Development Programs. These efforts foster a supportive and inclusive work environment, encouraging professional growth and development. Process optimization has also been a key focus, with enhancements in efficiency, cost reduction, e-Signing and digital documentation, staff-facing collection methods, and initiatives to reduce carbon footprints, such as Aadhar-based client enrolment.

Annapurna has always aimed to reach unserved areas, recognizing that accessing some intrinsic parts could significantly increase operational costs. To address this, the organization partnered with Sub-K and Saggraha, effectively minimizing costs while maximizing impact. Its commitment to growth and diversity is further showcased through its expansion into Telangana state, retention of 46% of its clients, and strategic collaborations with Saggraha and Sub-K for Business Correspondence.

Looking ahead, Annapurna plans to introduce feature phone repayment options via UPI, implement advanced ticketing software, develop a BBPS-enabled customer repayment app, and partner with the International Finance Corporation for green initiatives. These forward-thinking strategies emphasize Annapurna's commitment to sustainable business practices and innovative solutions.

### Strategic Initiative for Implementing Environmental Social Governance (ESG)

#### ESG Implementation Program

As a socially and environmentally responsible organization, Annapurna continuously strives to achieve its social and economic objectives while ensuring sustainability in all operations. The organization is committed to implementing various activities that enhance inclusivity and efficiency in the pursuit of its mission and vision. To further these efforts, it has collaborated with external consulting partners to exchange knowledge on industry practices and identify the best pathways for adopting new initiatives that align with its goals.

Recognizing the importance of improving ESG performance, Annapurna has developed a comprehensive ESG framework. This framework aims to streamline current practices and incorporate best practices to enhance performance in Environmental (E), Social (S), and Governance (G) programs. The activities under the ESG integration process are divided into the following segments:

#### GAP Assessment and Peer Benchmarking

The purpose of a GAP assessment in ESG reporting is to identify discrepancies between current practices and established ESG standards or best practices in the BFSI sector. This assessment helps Annapurna understand its shortcomings in meeting ESG criteria and highlights areas for improvement. By conducting a GAP assessment, the organization can pinpoint specific ESG areas needing enhancement.

Through peer benchmarking, Annapurna compares its ESG performance against industry peers, exploring approaches to adopt and adapt to enhance its own ESG performance and operational efficiency. Its peer benchmarking and grading indicate a score of 60, reflecting above-average performance compared to industry standards. Beyond ESG standards, the organization's performance is evaluated across four categories.

#### Compliance

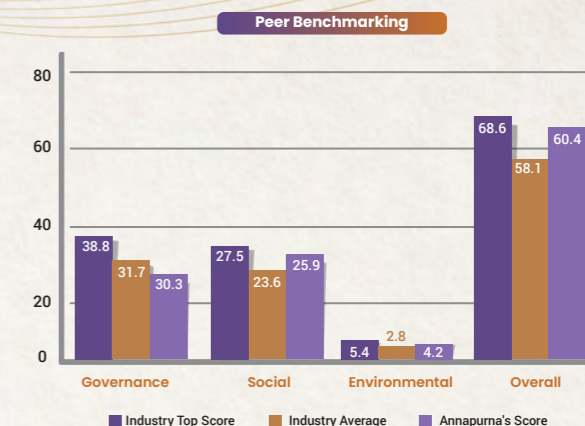
Adhering to sector-specific and national laws and regulations. Strategy: Implementing best practices through policy interventions and internal procedures.

#### Performance

Continuously monitoring performance across key indicators.

#### Integration

Embedding ESG principles into the business strategy, philosophy, and vision.



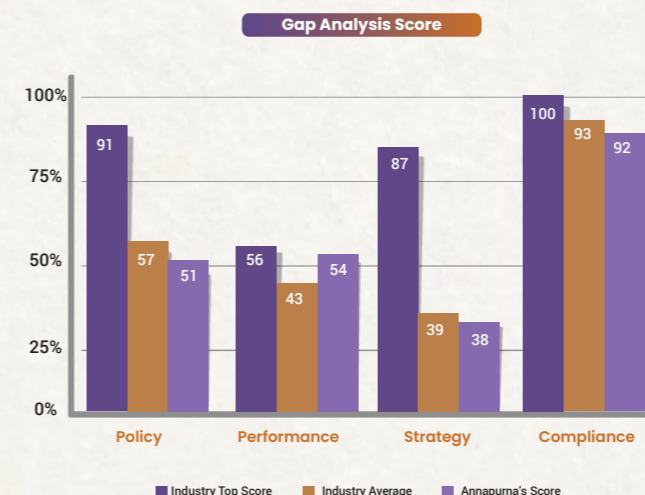
[1] For benchmarking Industry includes finance institutions belongs to NBFC – Middle layer as defined by RBI as Annapurna is a part of the Middle layer NBFC. For relative grading and peer benchmarking industries that are taken into account are Spandana Sphoorty, Satin Credit care Network, Credit Access Grameen, Aarohan & Fusion Microfinance Ltd.

### Materiality Assessment & Stakeholder Engagement

The materiality assessment is a crucial tool for identifying and prioritizing ESG issues that are most critical to an organization. Determining material topics is based on two main factors:

1. Potential impact on the organization
2. Importance to stakeholders

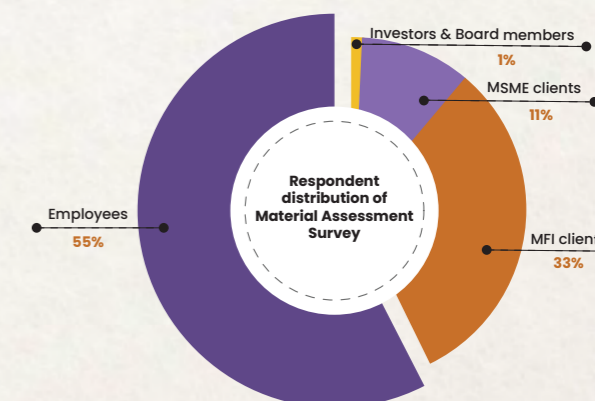
The potential impact on the organization is evaluated by assessing the risks and opportunities associated with various ESG parameters. Priority topics for stakeholders are identified through a comprehensive stakeholder consultation process. This process includes a brief survey with 14 questions covering different aspects of environmental, social, and governance issues. The survey received 655 responses from a diverse group of stakeholders, including clients (both MFI and MSME), employees, investors, and board members. This process not only helps align the institution's operations with ESG expectations from various stakeholders but also enhances transparency, accountability, and credibility in the organization's functioning.



Under the Environmental, Social, and Governance (ESG) components of the program, the following sub-parameters are primarily considered.

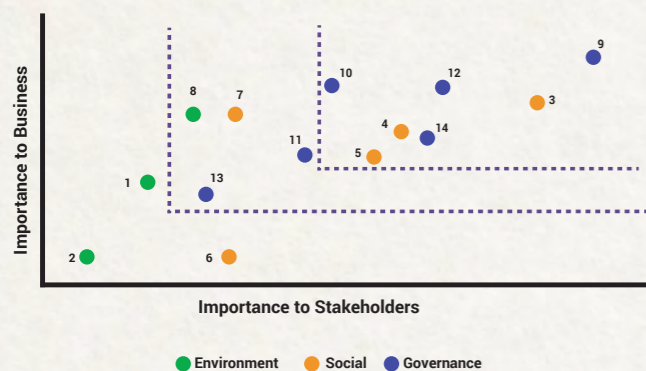
Environment	Social	Governance
<ul style="list-style-type: none"> <li>Carbon and other GHG Emissions</li> <li>Energy Usage</li> <li>Green Initiative</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>Disclosures</li> <li>Board Composition</li> <li>Board Functioning</li> <li>Pay</li> <li>Ownership</li> <li>Business Ethics</li> <li>Oversight on ESG</li> </ul>	<ul style="list-style-type: none"> <li>Privacy and Data Security</li> <li>Product safety &amp; quality</li> <li>Opportunities for product / Inclusion</li> <li>Communities</li> <li>Labour Management</li> <li>Consumer Protection</li> <li>Health &amp; Safety</li> <li>Human Capital</li> </ul>

While Annapurna scored better than industry average<sup>3</sup> practices in across the ESG parameters (i.e. Environment, Social and Governance), across categories there is some scope for improvement. Following is the output from both processes.



Very High Priority	High Priority	Moderate Priority
9. Data Security & Privacy - G 3. Customer Satisfaction - S 12. Regulatory & Legal Compliances - G 14. Financial Performance & Risk Management - G 10. Financial Inclusion - G	8. Sustainable Finance-E 7. Community Engagement - S 11. Business Ethics - G 13. ESG Oversight - G	1. Climate Change & GHG Emissions - E 6. Employee Diversity - S 2. Energy Efficiency - E
4. Human Rights & Grievance Redressal - S 5. Employee Benefits and Development - S		

Based on the materiality assessment, the important ESG material topics were identified, it is represented in below figure and table:



In addition, one-on-one personal interactions were conducted with key Management Personnel to gain a deeper understanding of existing practices and planned activities related to various parameters. This approach provides a clear idea of the future roadmap, the timeline for achieving determined targets, and the indicators to be monitored to track progress.

### Roadmap & Strategy Document

The results of the completed exercise will be instrumental in developing an ESG roadmap and strategy for the organization, integrating sustainable practices and ethical governance into its operations. The final output from this project will establish clear objectives, key performance indicators, and timelines to achieve measurable ESG goals for each material topic. The strategy will also include a comprehensive approach to addressing environmental and social (E&S) risks faced by the organization, providing guidance on how to begin tackling these challenges.

### Enhancing Brand Presence: A Strategic Communication and Branding Initiative

Annapurna is dedicated to cultivating a strong, organized brand image that aligns with its core values. By adhering to principles of ethical governance and implementing strategic initiatives, the organization utilizes innovative branding techniques that reflect its vision and mission while fostering positive relationships with investors and the public.

## Core Responsibilities

### Promotion and Branding Initiatives

Diverse Promotional Activities: Annapurna conducts a range of promotional activities designed to establish a positive brand image across all media channels.

Ethical Governance: These efforts are guided by a commitment to transparency and integrity, ensuring all communication mediums reflect ethical governance.

### Corporate Communications

Promoting Business Values: Annapurna takes the lead in promoting its business values both within the organization and externally.

Communication Channels: The organization maintains proper channels for both internal and external communications, playing a crucial role in corporate communications.

### Shaping Organizational Culture

Enhancing Brand Presence: Annapurna is instrumental in shaping the organization's culture and reintroducing its ethical standards.

Customer Engagement: By highlighting Annapurna's unique values and functionalities, it attracts new customers and fosters loyalty among existing ones.

## Strategic Integration

### Reputation Management

Strategic Promotions: Annapurna ensures the brand maintains its prominent position through strategic promotional actions.

Core Values: All actions align with the organization's core values, integrating ethical governance principles.

### Visual and Persona Alignment

Visual Materials: Preparing visual materials like logos and color palettes that align with the targeted customer segment and business objectives.

Trust Building: This alignment builds trust in the quality of Annapurna's products and services.

### Collaborative Efforts

Management Collaboration: Annapurna collaborates closely with management and other teams to strengthen internal communication, ensuring effective execution of strategic initiatives.

Public Relations: This includes distributing advertising materials, arranging important events, managing social media channels, and overseeing public programs and affairs.

## Strategic Approaches

Ethical Implementation: Annapurna ensures that all branding techniques are ethically sound and strategically implemented to generate optimal outcomes.

Value Proposition: Emphasizing the unique value proposition of Annapurna sets it apart from competitors, highlighting its commitment to sustainable and ethical business practices.

By fostering these core responsibilities and strategic initiatives, the organization continues to enhance its brand presence, align with its mission, and maintain strong, ethical relationships with all stakeholders.

### Transforming Brand Management with Cutting-Edge Technology

Advancements in technology have revolutionized brand management techniques, delivering memorable experiences to stakeholders while increasing engagement, profitability, retention, societal impact, and outreach to underserved segments. By leveraging Adobe software such as Photoshop, Illustrator, After Effects, InDesign, Premiere Pro, and Lightroom, Annapurna enhances its brand value and visibility through dynamic social media initiatives. This strategy includes innovative ideation sessions, impactful product launches, engaging events, extensive media exposure, and active employee participation, all aimed at cultivating a growth-oriented environment.

### Innovative Branding Strategies for Enhanced Engagement

Annapurna drives growth and progress through various projects, including documentation, field engagements, award events, and digital performances. The organization excels in creating promotional content, producing animated videos, and developing innovative techniques to enhance audience interaction. With strong enthusiasm, branding strategies are managed to boost employee and audience engagement, distributing marketing materials, and crafting creative videos on social topics and documentaries.

### Engaging Internal Communication for Enhanced Connectivity

The organization creates unique and diverse content beyond brand-focused strategies like weekly sectoral highlights, quarterly e-video newsletters, e-Sampark, and The Achievers. These updates keep employees informed about the latest developments, recognitions, events, and creative initiatives. Consistent brainstorming of new ideas ensures the production of captivating content that captures customer attention and deepens brand

engagement, enhancing customer understanding and creating user-friendly experiences.

### Building Bridges: Inspiring Engagement for a Sustainable Future

Annapurna serves as a vital link, fostering robust communication with external stakeholders and engaging beneficiaries in meaningful ways to promote a healthier environment and uncover new avenues for collaboration. Through impactful social awareness initiatives, including those focused on gender equality and environmental stewardship, sustainable values are promoted within and beyond the organization. By crafting tailored messages that resonate with the community, Annapurna amplifies its presence and encourages active participation in its products and services.

### Primary Responsibilities, Event Coordination, and Accolades

Technological advancements have driven the need to enhance the brand's value by improving existing methods and exploring new avenues. Last financial year, achievements provided gratifying experiences to the management, employees, and customers, boosting brand engagement, profitability, employee retention, social esteem, and support for underserved communities. Messaging is aligned with the brand's core values, using diverse tools to ensure visibility and significance. This commitment helps Annapurna stand out as a top destination for all customer needs.

### Key Highlights and Achievements

This year, significant impact was made by promoting new products and services, such as Just in Time loan, Rooftop Solar loan, the Customer Engagement Platform (CEP), and Fintech Application, through various promotional materials, including digital banners, LEDs, leaflets, invitation cards, booklets, stage decorations, presentations, animated videos, and more. Delightful experiences were created through events like International Women's Day, Foundation Day, Lender's Meet, virtual meetups, health camps, annual sports day, festival celebrations, review meetings, Atulya Karigari campaign, and social media ads. Efforts extend to sustainable values and social awareness programs, actively promoting diversity and inclusion through training programs and design materials, strengthening the brand's reputation such as Samanvi, Women Leadership Development Programme (WLDP). Embracing 3D design, visual effects (VFX) and cutting-edge technology, captivating advertising videos, documentaries, and case studies have been crafted, showcasing the journey, future, and the challenges overcome.

Annapurna's commitment to excellence and innovation has garnered prestigious accolades and awards, underscoring its leadership in the financial sector. Among the honors received are the 'Best Data Quality MFI Consumer Award 2022-23' from the TransUnion CIBIL Annual Conference, recognition as a Global Network Member by Women's World Banking (WWB), distinctions such as the Economic Times' Best Organisation for Women 2024 and ET Best Brands 2024. Honored with the 1st Ela Ben Memorial Award for promoting gender-friendly practices and inspiring a more inclusive workplace.



# Finance for Climate Adaptation & Resilience

Context Presentation



Global Inclusive Finance Summit



**Creating a Connected World: The Geographical Integration Initiative**

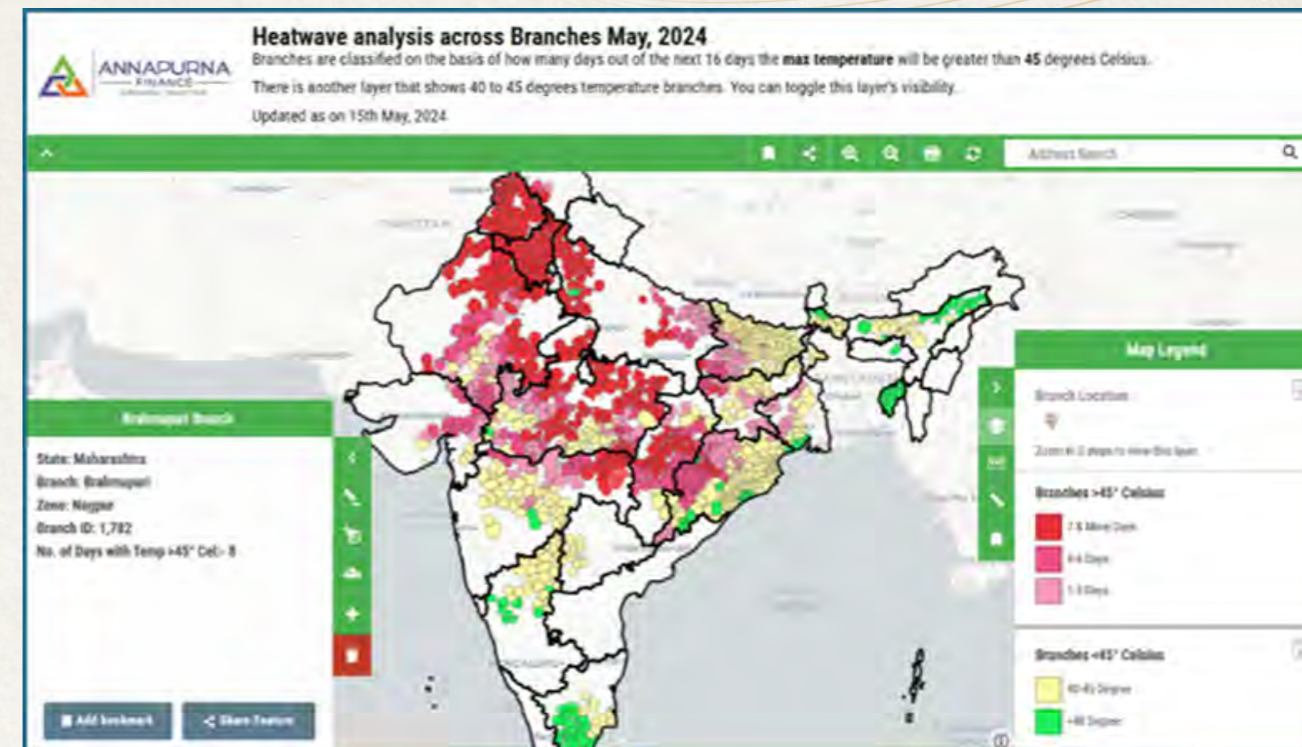
Geographical Information System (GIS) technology at Annapurna empowers finance professionals with actionable insights derived from geographic data, facilitating targeted banking analytics projects using publicly available datasets. It supports spatial data analysis and visualization across various scales, from local villages to operational regions, aiding in branch lifecycle management from setup to performance monitoring. GIS applications include specialized web maps like the Staff Load map for staffing levels and the Temperature Heat Wave map for safety during heat waves. In agriculture, GIS and remote sensing technologies enable the mapping, analysis, and monitoring of crops using GPS, robotics, drones, and satellites. This technology enhances decision-making in cultivation planning, optimizing yields through precision farming and efficient nutrient management. GIS also plays a crucial role in weather analysis, flood prediction, and monitoring crop conditions affected by natural events, contributing to sustainable agricultural practices and operational efficiency at Annapurna.

**Leveraging GIS for Strategic Insights: Finance and Organizational Impact**

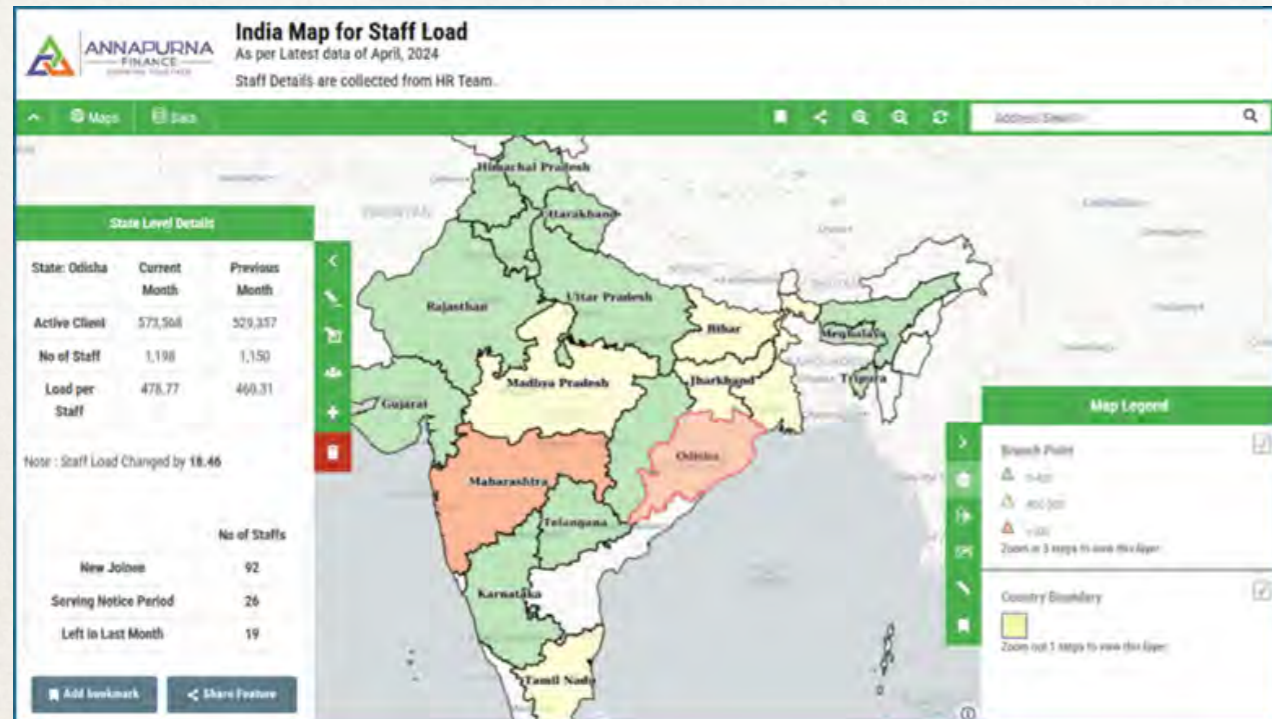
In the finance sector, including banking and financial services, geographic information systems (GIS) are revolutionizing decision-making. Multinational enterprises navigating emerging markets and adapting to decentralized structures rely on advanced banking analytics, where GIS provides essential insights from geographic data. Annapurna utilizes GIS across sectors like Cartography, Mapping, Navigation, Web Maps, and Agriculture, optimizing operations from micro to macro levels. Through GIS-driven spatial analysis and visualization, Annapurna enhances efficiency and strategic planning across its branch network, ensuring informed and adaptive business strategies in a dynamic global financial landscape.

**Web Map Integration**

Various web maps have been developed for different purposes, including the Staff Loan web map. This map displays the load per staff at different levels such as Country, State, Zone, and Branch. Additionally, it shows new employees who joined in the recent month, employees who exited, and those currently in their notice period.



[HEAT WAVE MAP OF INDIA]



[STAFF LOAD MAP OF INDIA]

After creating the Temperature Heat Wave web map, it has had a better impact on monitoring the heat waves affecting operating branches. This allows the impacted branches to be aware of the heat period and take safety precautions.



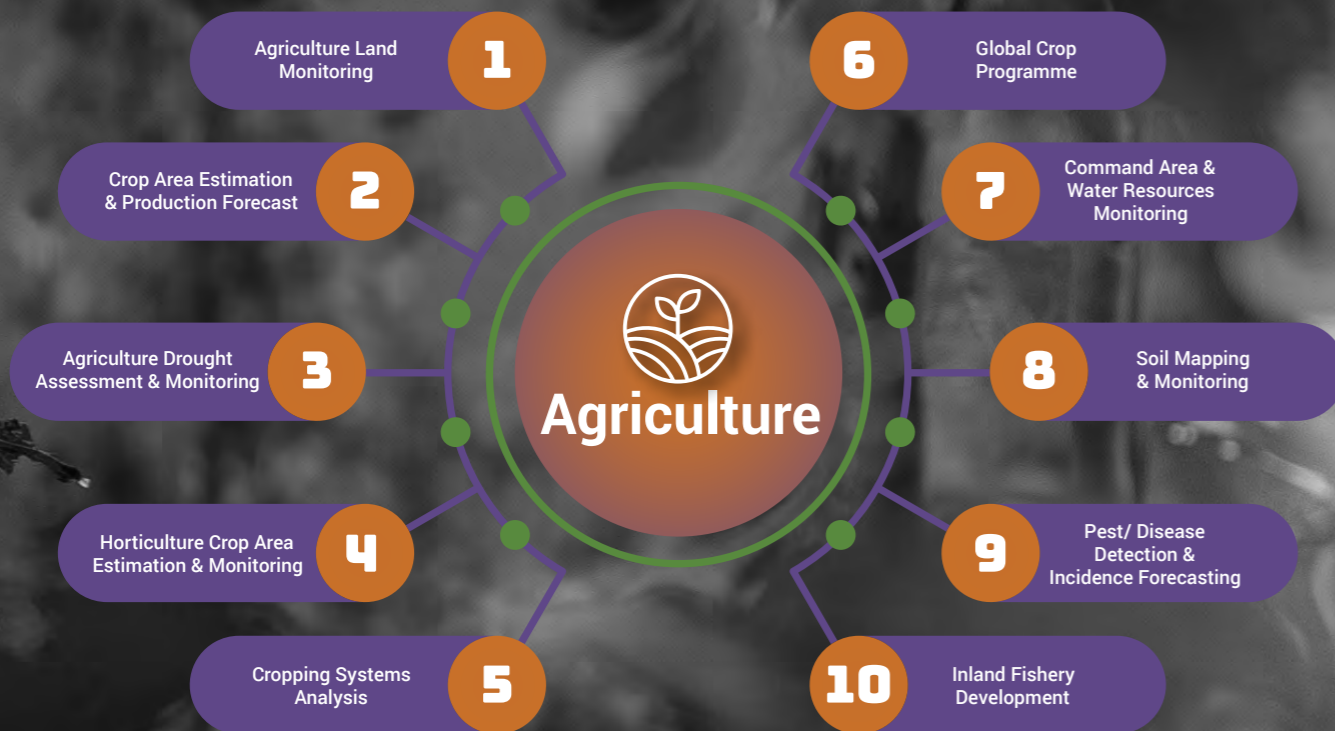
[MAP OF ODISHA]



## Enhancing Agriculture with GIS and Remote Sensing

### GIS and remote sensing are utilized in agriculture to:

- Map field data, organize and analyze it, and monitor crops remotely.
- Collect data using GPS, robotics, drones, and satellite monitoring.
- Improve decision-making capabilities for planning cultivation to maximize yields.
- Apply precision farming for nutrient and water stress management.
- Detect nutrient stress to reduce cultivation costs and increase fertilizer efficiency through site-specific nutrient management.
- Analyze and forecast weather, floods, and monitor crop areas sown, lost, or damaged due to floods and rainfall.





# Social Impact



56  Our People

64  Generating Value for customers

80  Community Engagement

# OUR PEOPLE

## Empowering Excellence: Annapurna's Journey of Growth and Inclusion

The 2023-24 financial year marked a period of substantial growth and development for Annapurna, driven by a strategic focus on enhancing human capital, investing in training and development, prioritizing employee wellness, and fostering an inclusive workplace culture. With a 17% increase in the workforce, human capital strength reached 12,071 by March 2024.

Commitment to learning and development was evident through the training of over 20,000 participants in more than 1,000 programs. Initiatives like the Sathi Suraksha Yojna and the National Apprenticeship Training (NATS) Scheme underscored dedication to supporting employees and their families. By embracing technological advancements and streamlining human resource operations, productivity and responsiveness were enhanced. Moving forward, the vision is to create an empowered and inclusive workplace that nurtures continuous learning and innovation, driving sustainable growth and success for the organization.

### Key Highlights

#### Sathi Suraksha Yojna

- Provided contributions totaling more than ₹ 6.12 lakh to the dependents and family members of deceased employees.
- Contributions included pension, education fees, one-year salary, and doctor-on-call service.

#### National Apprenticeship Training Scheme (NATS)

- Recruited and trained 1,700 employees for a career in microfinance over a period of one year, specifically targeting individuals with a non-technical background.
- Received a claim from the Board of Practical Training (BOPT) amounting to ₹ 2,92,64,240 in 2023-24.

### Strengthening Human Capital

The organization's success is built on the strength and dedication of its people. Over the last financial year, a strategic focus on talent acquisition and retention has bolstered the workforce:

#### Talent Acquisition

The workforce expanded by 17%, with over 6,731 new team members added across various departments. This growth was supported by a rigorous recruitment process designed to attract top talent while promoting diversity.

## Recruitment of Trainee-Business Development

A total of 203 Business Development Trainees were recently onboarded in various locations across India. This initiative aims to strengthen business development efforts and expand reach within the region. The newly onboarded trainees are expected to bring fresh perspectives and contribute significantly to the Annapurna's growth and market presence in India.

### Hiring of Management Associates

Annapurna is dedicated to developing talent from the ground up, recruiting individuals from management institutions to introduce fresh ideas and perspectives. This strategy not only infuses with new insights but also cultivates a culture of ongoing learning and advancement. In the last financial year, a total of 38 Management Associates were recruited, fostering a vibrant and inclusive environment where each person is encouraged to make meaningful contributions.

## Empowering through Training and Development

Investing in employee growth remains a top priority. This year, a heightened focus on professional development was implemented to equip the organization with essential skills for excellence:

### Women Leadership Development Program (WLDP)

This program is a cornerstone in fostering diversity and gender equality within the organization. Designed to nurture the next generation of female leaders, it enhances critical skills, provides mentorship, and creates robust networking opportunities. Participants engage in intensive leadership workshops, receive personalized coaching, and benefit from the guidance of seasoned mentors, aiming to significantly increase women's representation in senior roles and empower them to advance their careers confidently.

## Skill Enhancement and Employee Development (SEED)

The commitment to skill enhancement and employee development is fundamental to fostering holistic growth within the workforce. This year, comprehensive training programs were successfully implemented for the Audit and Credit departments, equipping team members with advanced technical skills and industry-specific knowledge. Beyond these targeted initiatives, a well-rounded development approach is emphasized, including leadership training, personal growth, and adaptability. Continuous learning

is promoted through cross-functional skill training and digital literacy programs, preparing the workforce to thrive in an evolving business landscape.

### Leadership Exploration and Development (LEAD)

The LEAD Program is a pivotal initiative aimed at empowering both experienced and new leaders with the essential tools and knowledge to excel. This program is meticulously crafted to enhance leadership capabilities, focusing on effective team management, strategic objective achievement, and productivity. Specialized training in division-specific and technical skills ensures leaders are adept at handling unique challenges. The program also emphasizes creating a positive and engaging work environment, recognizing that employee happiness and productivity are crucial to overall success.

### Impact Series - Inspire to Transform

This series focuses on corporate etiquette, including behavior, dressing, gestures, and communication, aimed at enhancing professionalism and effective workplace interactions. It delves into the nuances of professional decorum, offering invaluable insights and practical tips for individuals at all career levels. Whether navigating a corporate meeting, networking event, or casual office chat, the skills acquired from the "Impact Series - Inspire to Transform" empower professionals to leave a lasting, positive impression.

### Workshops

Various workshops were conducted over the year to enhance the skills and personal growth of staff, including:

- 1-hour Evening Connects: Engaging sessions offering quick updates and insights on industry trends and productivity tips after work hours.
- 1-day Communication Skills Workshop: Intensive workshop focusing on improving crucial communication skills such as active listening and persuasive speaking.
- 2-hour Coffee and Conversation sessions: Informal gatherings providing a relaxed environment for discussions, promoting camaraderie and knowledge sharing among team members.

### Leadership Retreat

A comprehensive 1-day program designed to nurture leadership qualities through immersive activities, team-building exercises, and strategic planning. This retreat aims to enhance managerial skills and instill a sense of vision and purpose in future leaders.

## Edutainment Sessions

Combining learning with entertainment, these sessions integrated gamified activities and interactive storytelling to enhance both enjoyment and effectiveness. These efforts emphasize Annapurna's dedication to learning and development, ensuring the workforce remains adaptable, well-informed, and motivated in today's dynamic work environment.

## Prioritizing Employee Wellness

Employee well-being is always paramount. Acknowledging the challenges of the past year, several wellness initiatives were introduced to support physical, mental, and emotional health:

### Health Monitoring Camps

Medical camps were organized to ensure staff members could address any health concerns and maintain a healthy work environment. These camps were conducted across various states, including Odisha, West Bengal, Assam, Madhya Pradesh, Karnataka, Punjab, and Jharkhand. This year, 1,285 employees and their families benefited from these health check-ups, ensuring they remain healthy and free of illness.

### Holistic Wellness Programs

The wellness offerings were expanded to include virtual fitness classes, mental health webinars, and access to professional counseling services. Over 60% of employees participated in at least one wellness activity, demonstrating a strong commitment to fostering a healthy and supportive work environment.

## Fostering Employee Engagement and Inclusion

Creating a vibrant and inclusive workplace culture is a cornerstone of HR strategy. This year saw significant advancements in fostering a sense of belonging and engagement among employees:

### Diversity, Equity, and Inclusion (DEI)

Comprehensive DEI training was rolled out, and Gender Leaders were established for training and monitoring in the field. Team leaders organized workshops on gender sensitivity, the Prevention of Sexual Harassment (POSH) Act, and other DEI concepts to cultivate a more inclusive work environment.

### Celebrations and Festivities

Celebrating staff birthdays and festivals across branches fosters a positive workplace culture. Along with this, the festival celebrations, including Holi, Janmashtami, Rajo, and Diwali, bring enthusiastic participation in activities, games, and competitions such as Aiming a Ball, Finding

and Fixing, Rangoli Competition, Diya Painting, and Housie Game. Additional delights like Pani puri eating competitions, chat chowpati, and various delicacies make these events enjoyable for all.

#### Parent Staff Meetings

Structured meetings with employees' parents aim to develop closer relationships. These meetings discuss the employees' job responsibilities, aptitude, and expertise, serving as motivational events to encourage hard work and the pursuit of larger goals.

#### Promotions and Fast Track Promotions

Recognizing and rewarding hard work and dedication is a key focus. This year, 176 individuals, including 47 female employees, were promoted through the fast-track promotion program, demonstrating a commitment to advancing talent. In total, 1,465 promotions were awarded, ensuring every individual feels valued and motivated to contribute to collective success.

#### Employee Rewards and Recognitions

A total of 370 outstanding individuals and teams were recognized for their remarkable contributions. Honors included Retention Awards for exceptional commitment and loyalty, Best State Performance Awards, and Best Branch Awards. Additionally, employees were celebrated for completing 10 years of dedicated service, motivating everyone to strive for excellence.

#### Social Responsibility

As part of a commitment to social responsibility, numerous successful blood donation drives were organized. The collective efforts of employees resulted in a significant number of units of blood collected, helping many in need. This initiative underscores the dedication to making a positive community impact through generosity and compassion.

#### Enhancing Operational Efficiency

Efficiency in HR operations is crucial for delivering timely and effective services to employees. Embracing technological advancements and streamlining processes has significantly enhanced productivity and responsiveness:

#### Platform Integration

The successful integration of FIMO and HROne platforms has streamlined processes and boosted efficiency across operations. This collaboration ensures seamless data management, an improved employee experience, and enhanced decision-making capabilities. By leveraging cutting-edge technology and optimizing

workflows, operational efficiency has reached new heights, resulting in better service delivery and a more responsive HR function.

#### Future Steps

As the organization moves forward, the commitment remains focused on nurturing a workplace where every employee thrives and contributes to collective success. The goal is to cultivate a vibrant environment where each individual feels empowered, valued, and inspired to drive the organization forward. Emphasizing continuous learning, diversity, and innovation, the aim is to align talent acquisition and retention strategies with a steadfast commitment to excellence and inclusivity. The mission is to support and develop the workforce, enabling them to achieve their full potential and steer the organization toward sustainable growth and success.



### Diversity, Equity, and Inclusion

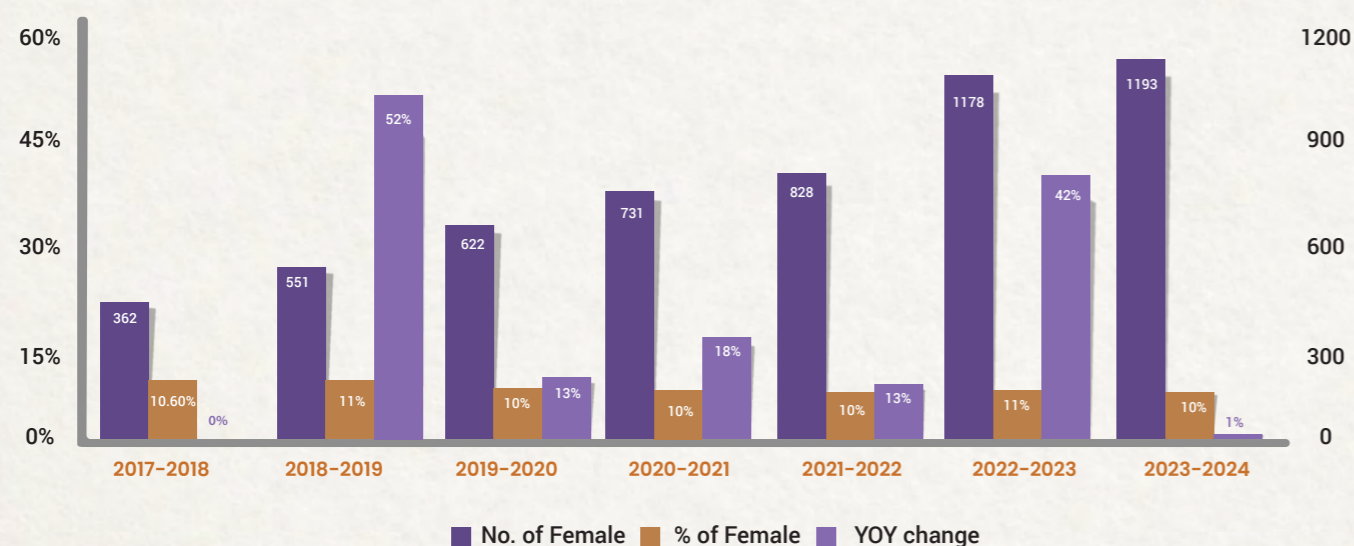
Annapurna prioritizes women's empowerment in its operational ethos. Currently, women comprise 98% of its customer base. Despite significant strides in the microfinance sector towards bridging the credit access gap between genders, the industry faces challenges in achieving gender parity within its workforce. Social stereotypes often conflict with the demands of microfinance roles, resulting in only 12% female employees in the sector.

Acknowledging this challenge, Annapurna has actively launched several initiatives since 2017 to create an inclusive and supportive workplace for employees of all genders.

In the Financial Year 2023, Annapurna established an internal DEI committee dedicated to designing and implementing targeted programs aimed at fostering an inclusive and participatory workplace. Annapurna's Gender Diversity Policy guides these efforts, focusing on key areas where DEI initiatives are concentrated. The following section details the accomplishments achieved by various DEI programs during this fiscal year.

### Samanvi - Gender Leadership Program

Introduced last fiscal year, the Samanvi Gender Leadership Program aims to enhance employee sensitization across all departments and verticals, engaging them in awareness drives and workplace improvement initiatives. Currently, Annapurna has

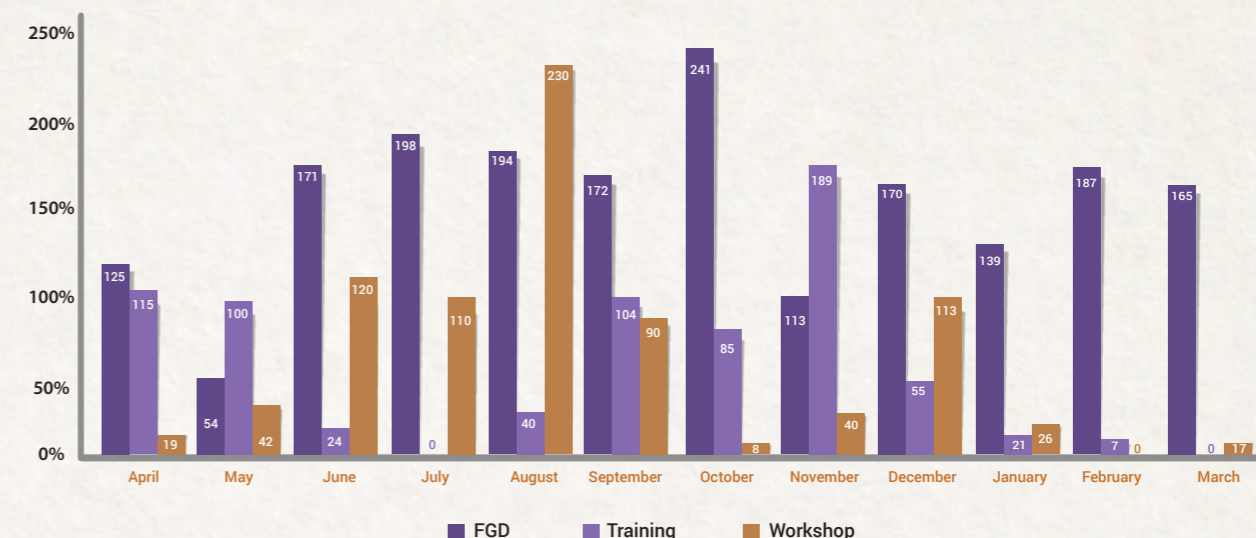


appointed 20 gender leaders across 11 operating states, with women comprising 20% of these leaders. These leaders were identified through a rigorous selection process involving classroom training, knowledge assessments, training capacity evaluations, and gender awareness assessments.

The program has reached 3484 employees through various engagement activities, representing nearly one-

third of Annapurna's workforce. The highest participation rates were observed in Bihar (30% of 3484 employees), Uttar Pradesh (25%), and Odisha (14%). Feedback from participants indicates significant improvements in gender perceptions and workplace dynamics post-training, with 86% reporting positive changes in their work environment, 87% noting increased gender awareness, and 96% feeling more prepared to address discrimination issues.

### Gender Leadership Outreach



In addition to employee outreach, the program has achieved the following milestones:

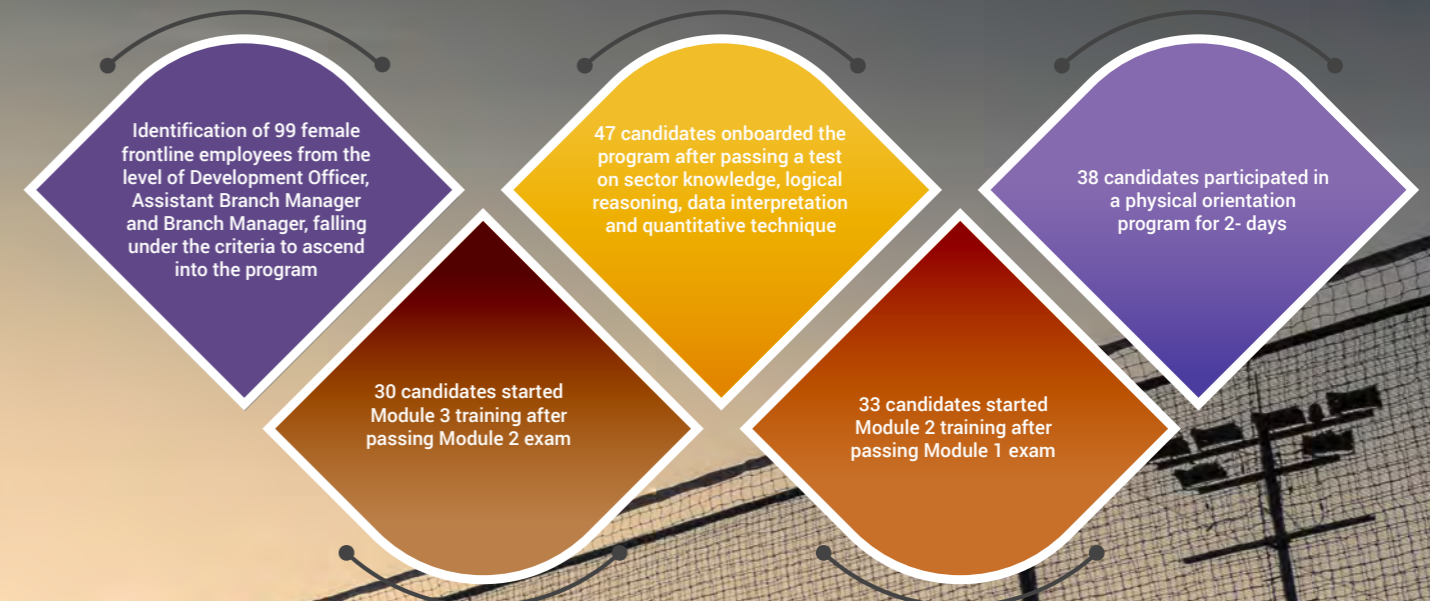
- Installation of POSH (Prevention of Sexual Harassment) posters in workplaces to raise awareness and provide details about the Internal Complaint Committee.
- Training sessions for existing gender leaders on unconscious bias to enhance their understanding of personal biases and enable them to educate their colleagues.





### Adwitiya - Women Leadership Development Program

The Adwitiya Women Leadership Development Program aims to address gender diversity in leadership roles within Annapurna. Introduced to enhance the representation of women in leadership positions across 6 operational states, the program involves a comprehensive screening process designed to identify potential women leaders.



The WLDP program features a comprehensive, multi-module hybrid training curriculum that includes virtual classroom sessions covering topics on the microfinance sector, organizational policies, role-specific capacity development, and personality and communication skills. It also includes field exposure opportunities where participants learn directly from the current management team.

### Distribution of Pregnancy Packages for Female Employees

The organization prioritizes the wellbeing of its employees, evident through the distribution of pregnancy packages to congratulate pregnant female employees and provide them with health supplements for a healthy pregnancy. In the Financial Year 2023-2024, Annapurna distributed 12 pregnancy packages.

### Interest-Free Two-Wheeler Loan for Women Employees

Annapurna offers a two-wheeler loan to all employees, with female employees benefiting from an interest-free loan option. This initiative aims to increase female representation at the field level, particularly benefiting female frontline employees for whom a two-wheeler is essential. Currently operational in 17 states, this initiative saw 25 female employees opting for the interest-free loan last year.

### Additional Employee Wellbeing Initiatives

Supporting its workforce with various initiatives tailored to enhance workplace inclusivity and support female employees, Annapurna continues to lead by example. These initiatives include different accommodation and restroom facilities for women in frontline roles, parental leave policies, flexible work arrangements for pregnant employees and new mothers, diversity-focused recruitment drives, and financial assistance programs for specific healthcare needs. These efforts are geared towards fostering a supportive work environment and improving overall gender performance within the organization in the mid-term.

# GENERATING VALUE FOR CUSTOMERS

## Promoting Financial Inclusion and Empowerment

Annapurna is committed to promoting financial inclusion and empowering various segments of society through innovative financial products. Serving both rural and urban areas, the organization significantly enhances the quality of life for its clients by addressing their diverse financial needs.

The strategies implemented by Annapurna concentrate on addressing the unique needs of underprivileged communities, supporting Micro, Small, and Medium Enterprises (MSMEs), and encouraging the adoption of sustainable and eco-friendly products. This comprehensive approach ensures that financial solutions are accessible to all, fostering economic growth and stability.

At Annapurna, a commitment to driving social and economic progress is evident through the creation of innovative financial solutions. Through intensive market research and attentive listening to customer feedback, the organization continually develops and introduces a diverse array of products tailored to meet the unique needs of its clientele. Beyond providing financial assistance, these offerings are designed to champion broader objectives, including social integration, economic upliftment, and environmental responsibility.

## Empowering Micro and Small Enterprises: The Socio-Economic Impact of Annapurna's MSME Lending

Annapurna has made significant strides in promoting financial inclusion and economic development through its strategic lending initiatives. In the financial year 2023-2024, the organization has added 16,382 new customers and disbursed ₹ 587.45 crore rupees within the MSME segment, yielding significant social impacts. This achievement highlights the organization's commitment to fostering sustainable growth and empowering underserved communities.

### Microenterprise Support

By extending loans to micro and small borrowers, Annapurna contributes to the growth and sustainability of small businesses. These enterprises often serve as the backbone of local economies, providing employment opportunities and essential goods and services.

### Access to Credit

Micro and small borrowers, especially in developing economies, often lack access to traditional banking services. By providing them with access to credit,

the organization empowers these individuals to invest in their businesses, increase productivity, and achieve growth.

## Women Empowerment

Annapurna's initiatives often prioritize lending to women entrepreneurs, who may face greater barriers to accessing formal financial services. By providing loans to female borrowers, AFPL contributes to gender equality, women's empowerment, and overall economic development.

## Rural Development

Micro and small borrowers are frequently located in rural or underserved areas where access to financial resources is limited. By disbursing loans in these regions, Annapurna stimulates economic activity, improves livelihoods, and contributes to the development of rural communities.

## Job Creation

The organization's loans help small businesses grow, creating new jobs and income. This helps reduce unemployment and supports local economic growth.

## Financial Inclusion

Lending to micro and small borrowers promotes financial inclusion by bringing previously unbanked or underbanked individuals into the formal financial system. Access to credit allows these borrowers to build credit histories, access additional financial products, and improve their overall financial well-being.

## Multiplier Effect

The economic impact of lending to micro and small borrowers extends beyond the initial loan recipients. As businesses grow and succeed, they generate income, pay taxes, and stimulate demand for goods and services, creating a ripple effect throughout the economy.

## Bridging Financial Gaps: Annapurna's Diverse Loan Offerings

### Joint Liability Group (JLG) Loans

JLG Loans empower groups of rural women by providing them with financial resources and fostering a sense of mutual responsibility. These loans support income-generating activities and community economic development. Each group member is both a borrower and a guarantor, encouraging collective responsibility and mutual trust. This structure helps members support each other in their business ventures, leading

to better financial discipline and repayment rates. JLG Loans are especially impactful in rural areas where women often lack access to formal financial services and capital.

By providing rural women with access to capital, JLG Loans enhance their economic independence and decision-making power within their communities. They promote financial literacy and community solidarity, creating a supportive network that strengthens the socio-economic fabric. These loans lead to higher household incomes, improved living standards, and more inclusive economic growth. The collective responsibility fostered by JLG Loans builds a culture of mutual aid and support, transforming communities traditionally excluded from mainstream financial systems.

## Individual Business Loans (IBL)

Individual Business Loans (IBL) are designed for existing group loan clients and female micro-entrepreneurs, helping them to expand their businesses. These loans provide essential capital for activities such as buying inventory, acquiring equipment, or growing business operations. With flexible repayment terms and competitive interest rates, these loans are accessible to female individuals who might not qualify for traditional bank loans. Annapurna focuses on micro-entrepreneurs, bridging the gap between informal businesses and formal financial services, fostering entrepreneurial spirit and grassroots economic growth.

These loans boost local economies by supporting entrepreneurship, creating jobs, and increasing market access for goods and services. They help alleviate poverty by providing stable income sources, empowering individuals to improve their living standards and achieve economic resilience. By supporting female clients, Individual Business Loans contribute to the diversification and dynamism of local economies. Entrepreneurs, in turn, become role models within their communities, demonstrating the possibilities of self-employment and economic independence. The resultant economic activity stimulates further investment and development, creating a virtuous cycle of growth and opportunity.

## SWASTH Loan (Safe Water and Sanitation to Households)

The SWASTH Loan is specifically designed to finance projects related to water and sanitation, including the construction of sanitary toilets and the installation of clean water systems. The aim is to

improve public health and hygiene, particularly in rural and underserved areas. By providing the necessary funds for these essential projects, the SWASTH Loan helps communities develop the infrastructure needed to ensure safe and sanitary living conditions. The loans are structured to be affordable and accessible, encouraging the widespread adoption of improved sanitation practices.

Improved water and sanitation facilities lead to better health outcomes by reducing the incidence of waterborne diseases. They also provide privacy and security, particularly for women, and contribute to increased dignity among community members. Access to clean water and proper sanitation is fundamental to public health, reducing the burden on healthcare systems and enhancing the quality of life. The SWASTH Loan not only improves physical health but also fosters social well-being by providing a cleaner and safer environment. These improvements can have far-reaching impacts, including higher productivity and educational outcomes, as healthier individuals are better able to participate fully in economic and social activities.

## Home Improvement Loan

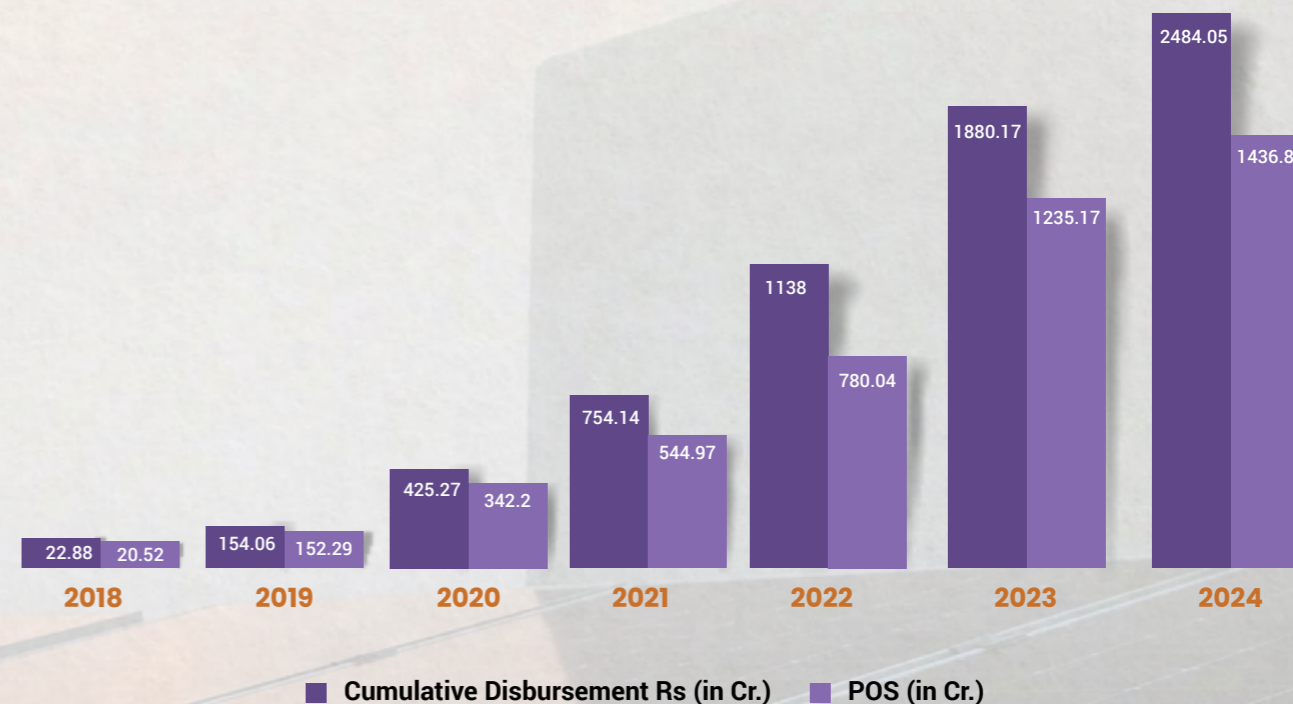
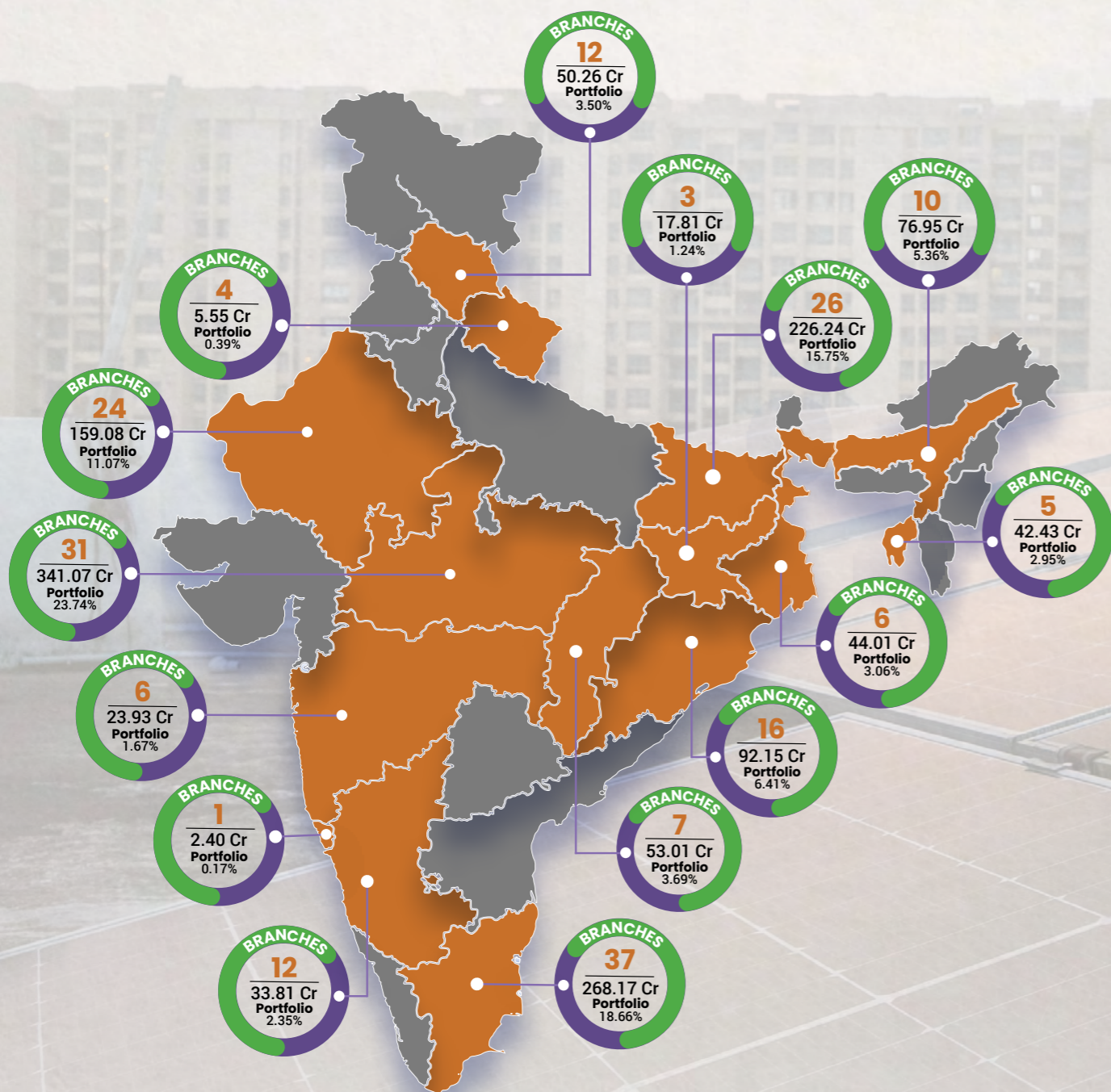
These loans are provided to low-income households to improve or expand their living conditions, such as upgrading roofs, floors, and walls, or adding rooms. The Home Improvement Loan is designed to help families invest in their homes, making them safer, more comfortable, and more valuable. By providing the necessary funds for these improvements, Annapurna enables families to enhance their living environments significantly. The loan terms are designed to be flexible and affordable, ensuring that even those with limited financial resources can undertake important home upgrades.

Home improvements enhance the quality of life, increase property value, and can lead to better health outcomes. They also create jobs in the construction sector within the local community. Better living conditions contribute to overall well-being, reducing stress and improving mental health. Additionally, improved housing can lead to better educational outcomes for children, as a stable and safe environment is conducive to learning. The economic activity generated by home improvements stimulates local economies, creating employment opportunities and supporting local businesses. Overall, the Home Improvement Loan helps build stronger, more resilient communities.

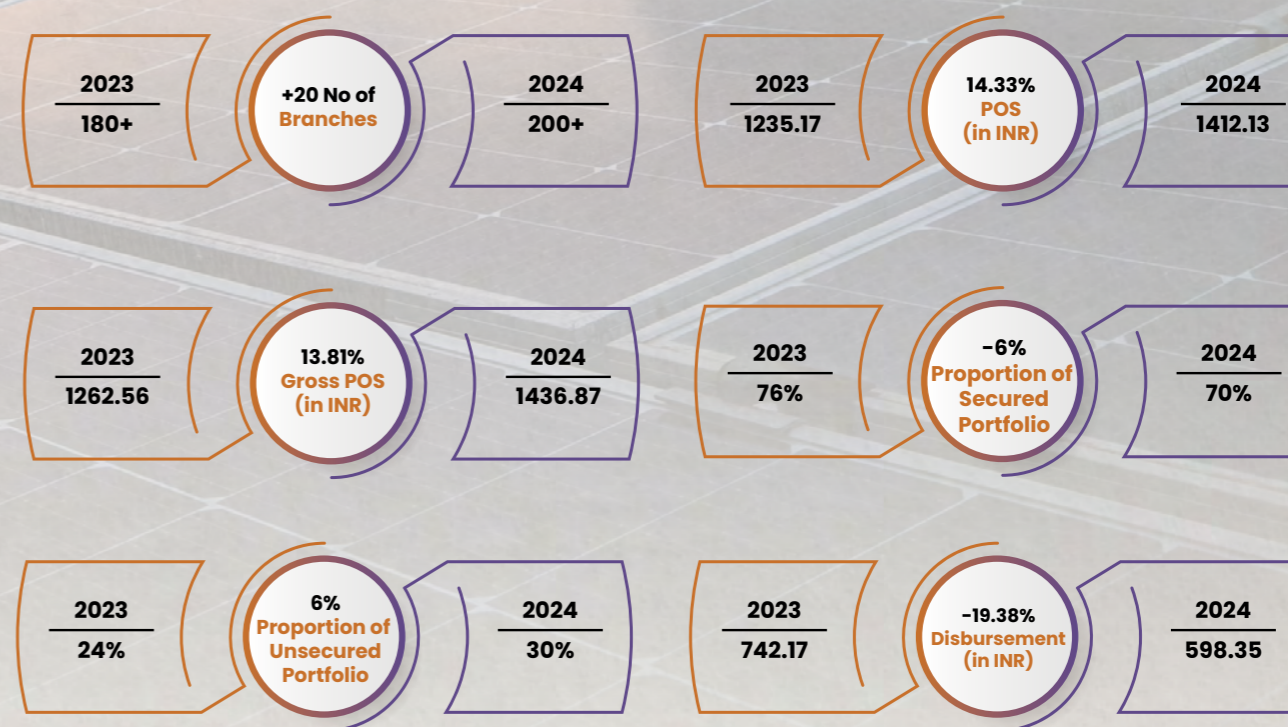


Disbursement and POS Growth Since Inception

State - wise presence of Annapurna MSME Finance (at the end FY24)



Year on Year Growth



### Samarth Loan

This initiative targets underserved populations, such as disabled individuals, transgender people, and single mothers, providing them with financial resources to meet personal and entrepreneurial needs. The Samarth Loan is designed to promote financial inclusion and economic empowerment for those who are often excluded from traditional financial systems. By offering accessible and affordable financial solutions, Annapurna helps these individuals overcome barriers to economic participation and achieve greater self-sufficiency.

Samarth Loans promote inclusivity and financial independence among marginalized groups, helping to integrate them into the mainstream economy and society. The financial support provided by these loans enables recipients to start or expand businesses, invest in education, or improve their living conditions. This leads to enhanced economic stability and social inclusion. By addressing the unique challenges faced by these populations, the Samarth Loan fosters a more equitable society. The resulting economic activity not only benefits the individuals directly involved but also contributes to the broader community, promoting social cohesion and shared prosperity.

### Consumer Durable Loan

These loans enable the purchase of household items such as refrigerators, washing machines, and TVs, which might otherwise be financially out of reach for low-income families. The Consumer Durable Loan is designed to make essential household goods accessible, improving the quality of life for families by providing them with modern amenities. These items can significantly enhance daily living, reducing the burden of household chores, and allowing families to enjoy a better standard of living.

Access to consumer durables enhances living standards, reduces labor at home, and can improve health and well-being. It also supports economic activity by increasing demand for goods. Improved access to household appliances can lead to more efficient time management and higher productivity, as families can devote more time to education and income-generating activities. The increased demand for consumer goods stimulates local markets and supports businesses, contributing to economic growth. By facilitating the acquisition of durable goods, Annapurna helps create a more inclusive economy where everyone can benefit from modern amenities.

### Dairy Development Loan

Aimed at dairy farmers, this loan helps finance the purchase of dairy cattle, equipment, and infrastructure improvements necessary for dairy operations. The Dairy Development Loan is tailored to meet the needs of farmers, providing them with the capital required to expand and modernize their dairy farming activities. By investing in high-quality cattle and state-of-the-art equipment, farmers can improve their productivity and profitability, ensuring the sustainability of their operations.

This loan supports rural economies, enhances dairy production efficiency, and increases farmers' incomes. It also contributes to food security by boosting the local milk supply. By enabling farmers to invest in better livestock and infrastructure, the Dairy Development Loan helps increase milk production, leading to higher incomes and improved living standards for farming families. The resultant growth in the dairy sector stimulates related industries such as feed suppliers and veterinary services, creating a ripple effect of economic benefits. Additionally, increased milk production helps meet the nutritional needs of the community, promoting better health and well-being.

### Agri-Input Loan

The primary objective of this loan is to offer financing solutions for farmers to avail themselves of high-quality agricultural inputs at the right time, ensuring improved crop yields. By offering financial assistance, Annapurna enables farmers to access the necessary resources and inputs required to optimize their agricultural production. Through this loan, farmers can obtain appropriate seeds, fertilizers, pesticides, and other essential organic agricultural inputs needed to enhance their farming operations. By ensuring that farmers have access to these inputs, the goal is to boost their productivity and ultimately contribute to better crop yields.

Providing farmers with timely access to high-quality agricultural inputs not only improves their productivity but also enhances their economic stability. With better crop yields, farmers can achieve higher incomes, reduce poverty levels, and improve their living standards. Additionally, this support fosters sustainable agricultural practices, contributing to environmental preservation and long-term food security. Enhanced agricultural productivity also stimulates local economies by increasing demand for related goods and services, thereby promoting overall community development.

### JIT Loan

The JIT (Just in Time) Loan offered by Annapurna is a pre-approved short-term financial product designed to provide immediate financial assistance to existing customers. This digital loan solution ensures a speedy disbursement process, allowing customers to access funds swiftly for urgent needs such as medical emergencies, educational expenses, or sudden business expenditures. The convenience of SMS or missed call initiation and quick credit to the customer's bank account typifies the responsiveness of this product to customer needs.

The JIT Loan significantly enhances the financial flexibility of its recipients by providing them with timely financial support, thus preventing disruptions in their personal or business activities. This timely assistance helps maintain financial stability and prevents the accumulation of debt under stressful conditions. Additionally, the rapid availability of funds can be crucial in emergencies, supporting overall well-being and reducing the mental stress associated with financial crunch.

### Future steps

Annapurna is dedicated to advancing its sustainability agenda by exploring innovative financial products and services that address emerging environmental and social challenges. A key part of the future strategy is the introduction of the Green Box, which stands at the forefront of a transformative journey to redefine decentralized renewable energy (DRE) and energy efficiency (EE) solutions through innovative financing. Green Box aims to make DRE and EE technologies accessible to all, thereby reducing carbon footprints, enhancing livelihoods, and promoting a healthier planet. Additionally, plans to expand EV financing options, particularly for electric three-wheelers in the L3 segment, will further promote eco-friendly transportation and improve urban air quality. By leveraging technology to enhance accessibility and efficiency in loan disbursement, especially for underserved communities, and collaborating with stakeholders across sectors, Annapurna aspires to pioneer new initiatives that drive inclusive economic growth while significantly reducing environmental impact. The commitment to continuous research and development ensures that the organization stays at the cutting edge of sustainable finance, fostering a greener, more resilient future for all.



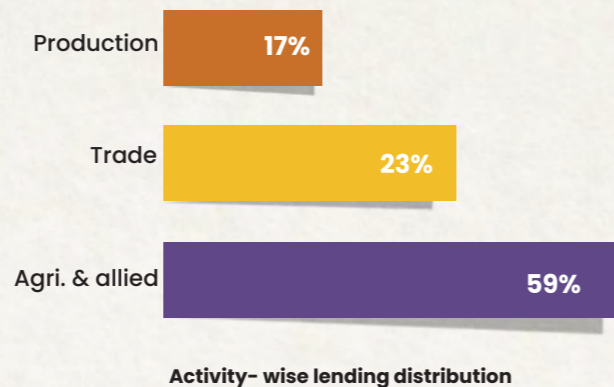
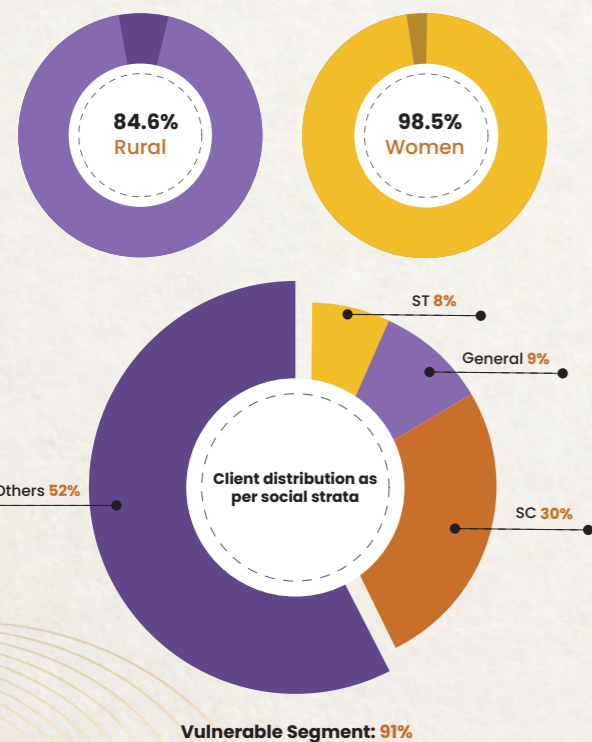


## Operational Outreach & Social Impact Survey and Outcomes: Assessing the Reach and Influence

### Social Profile

In a country like India, where a considerable portion of the population lacks access to financial institutions, the role of financial service providers like Annapurna becomes increasingly vital in enhancing financial accessibility and fostering economic sustainability. Annapurna is dedicated to integrating underserved and unserved segments into the mainstream economy by designing financial services tailored specifically for lower-income groups in rural and semi-urban areas. Central to the organization's mission is the empowerment of women through financial sustainability and self-sufficiency, with women comprising 98.5% of its client base as of March 2024. Moreover, with 84.6% of clients residing in rural areas, Annapurna's vision aligns with fostering an economically empowered and self-sustainable rural economy.

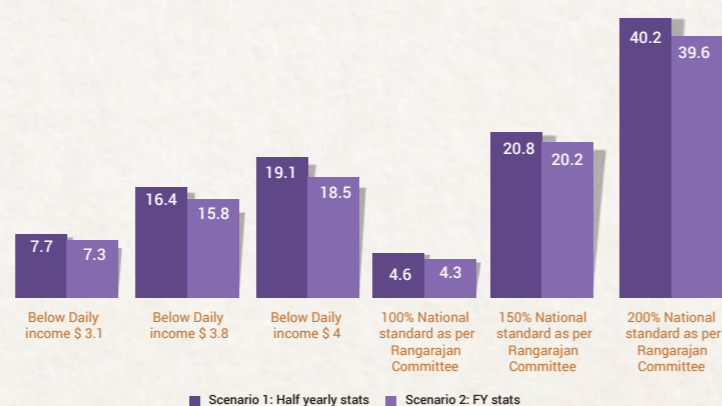
To cater to the needs of the least developed regions, Annapurna operates 242 branches in aspirational districts. Notably, 91% of its clients come from socially vulnerable groups, with 38% belonging to various scheduled and reserved categories. In terms of loan utilization, the majority of funds are directed towards agriculture and allied sectors, followed by trading and production activities. Impressively, 99% of the loans are utilized for income-generating activities, reflecting Annapurna's commitment to driving sustainable economic development at the grassroots level.



### The Poverty Probability Index (PPI)

The Poverty Probability Index (PPI) serves as a valuable tool developed by the Grameen Foundation to estimate poverty levels indirectly. It considers various factors such as asset ownership, education, and household indicators, providing insights into poverty beyond mere income or expenditures. Annapurna has embraced the PPI to gauge the poverty levels of its clientele effectively. There is a significant difference between the groups to gauge the poverty levels of its clientele effectively. In the current fiscal year, PPI surveys have reached over 640,000 clients across 18 states, representing a substantial portion of the organization's client base. The data from these surveys, depicted in the graph below, showcases a slight decline in the percentage of respondents falling below the poverty line compared to previous assessments.

#### Percentage of HH falling below the poverty line



Currently, approximately 19% of Annapurna's customers fall below the daily income threshold of USD 4.0, equivalent to an annual income of ₹1,00,000.00. Analyzing the state-wise Poverty Probability Index (PPI) alongside Niti Aayog's Multidimensional Poverty Index (MPI) reveals consistent trends. In states like Jharkhand, Rajasthan, and Madhya Pradesh, the poverty percentage is lower than the MPI statistics, indicating that Annapurna serves a slightly better-off population compared to the state poverty level. Conversely, in states like Tripura, Haryana, and Tamil Nadu, Annapurna caters to a more

impoverished population compared to the state poverty level.

Moreover, there's a significant correlation between poverty and family size, with larger households being more likely to fall below the poverty line. Similarly, clients with primary-level education or lower exhibit higher poverty rates, reflecting the direct impact of education levels on livelihoods. These findings underscore the intricate relationship between household income, family size, and education level, echoing national patterns and emphasizing the need for targeted interventions to uplift economically vulnerable populations.

### Customer Feedback Analysis

Annapurna is a customer-centric organization that recognizes the crucial role of customer feedback in enhancing the quality of its products and services. With dedicated support from its field staff, it diligently conducts surveys to gauge customer satisfaction levels. This proactive approach ensures continuous improvement and alignment with customer needs. For the financial year 2023-24, 19,503 clients were contacted across 20 operational states. The primary objective was to measure customer perceptions and

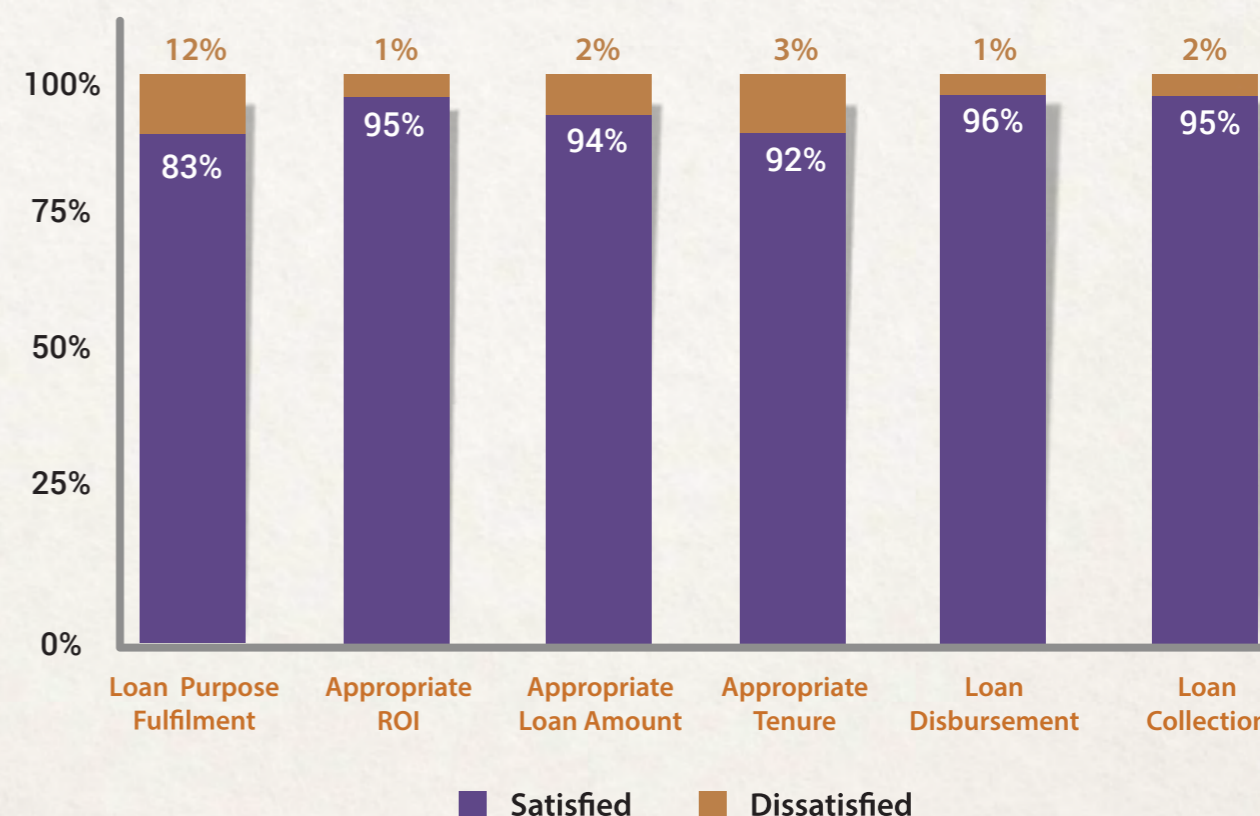
understand their experience with products offered, service quality, staff behavior, and the overall impact of their association with Annapurna.

### Findings from the Customer Feedback Analysis

**Loan Satisfaction:** 83% of respondents felt the loan amount fully met their needs, while 12% indicated it did not. The main reasons for unmet needs were lower-than-expected sanctioned amounts and delays in disbursement.

**Overall Satisfaction:** Annapurna secures customer satisfaction above 90% on average. The percentage of customers satisfied across a range of parameters is represented in the graph. There is a very high level of satisfaction with product features such as the rate of interest and appropriateness of the loan amount, offering customers an affordable EMI. Both categories for quality of staff interaction also show very high satisfaction levels. This underscores the importance of a human-centric approach in microfinance, as the sector deals with customers with lower levels of confidence in financial decision-making and who need physical support from staff to make the right credit choices.

### Satisfaction Level of Clients



Customer Awareness of Multiple Products Offered by Annapurna: Approximately 29% of clients are aware of multiple products and services offered by Annapurna, while 54% know only about one product. The remaining 17% are familiar with two products.

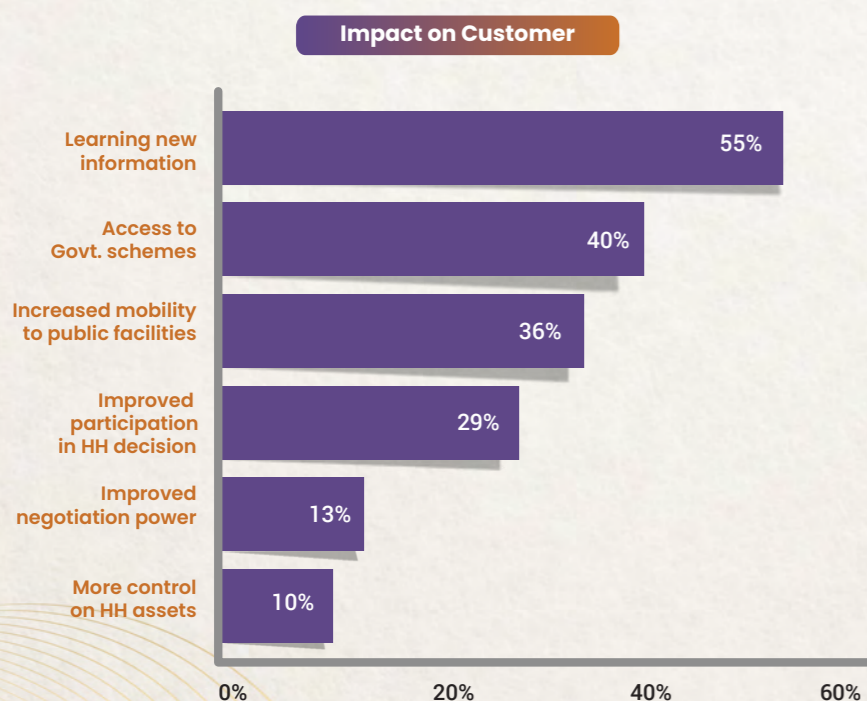
Grievance Redressal: 71% of customers were aware of the Grievance Redressal Mechanism and had used it to raise queries and register complaints.

Customer Loyalty: Around 82% of clients demonstrated high loyalty to Annapurna, indicating they would recommend the organization to others because of the overall service quality and their favorable experience with the organization.

Net Promoter Score: This Financial Year (FY), the Net Promoter Score increased by 1 point to 75, indicating very high customer loyalty.

### Residual Empowerment Created

Financial inclusion acts as a catalyst to improve the overall standard of living for households. Association with Annapurna has led to multiple residual impacts in customers' lives over the years, including enhanced participation in household decision-making, increased mobility to public centers, acquisition of new knowledge, and improved access to government schemes. Approximately 55% of Annapurna's clients reported gaining new knowledge after their association with the organization, and 40% have enrolled in new government schemes as a result. A graphical representation of responses is provided below.



### Impact Assessment

The annual socio-economic impact assessment survey aims to understand the direct and monitoring customer outcomes, capturing both the economic benefits for beneficiaries and the social upliftment in areas such as living standards, access to essential amenities, healthcare, and education. For the current financial year, the study assessed the impact through a comparison between control and experimental groups, with sample sizes of 1,154 and 1,111, respectively.

The experimental group comprises customers associated with Annapurna for more than two years, while the control group consists of customers in their first cycle. The assumption is that the impact (both direct and ancillary) will be higher in the experimental group due to their longer association. Selecting the experimental and control groups from the same demographic also nullifies the influence of external factors, as both groups are exposed to similar conditions.

### Demographic Pattern of the Respondents

A total of 2,265 samples were collected from 13 states: Assam, West Bengal, Tamil Nadu, Rajasthan, Punjab, Odisha, Maharashtra, Madhya Pradesh, Karnataka, Jharkhand, Haryana, Gujarat, Chhattisgarh, and Bihar. The average age of the respondents was 38 years. The majority of respondents (45%) are housewives, while the rest are engaged in various income-generating activities at the household level. Of those engaged in livelihood activities, 55% are involved in agriculture and allied activities, followed by 16% in micro-enterprises and the remainder as daily wage workers. Academically, more than half of the respondents (54%) are either illiterate or have only studied up to the primary level, while another 35% have pursued education beyond primary but not beyond the secondary level.

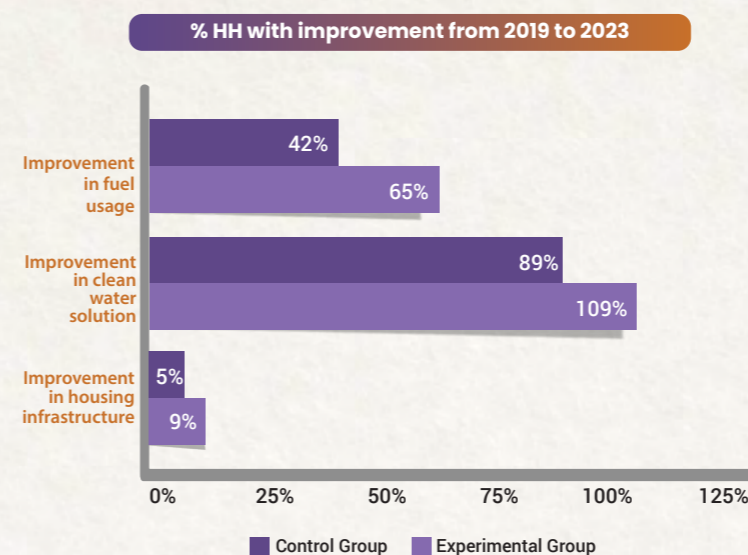
Reflecting the portfolio pattern, the majority of respondents (64%) used their loans for agriculture and allied activities, followed by 18% for business, 9% for home improvement, and the rest for various other activities.

### Economic Impact on Clients

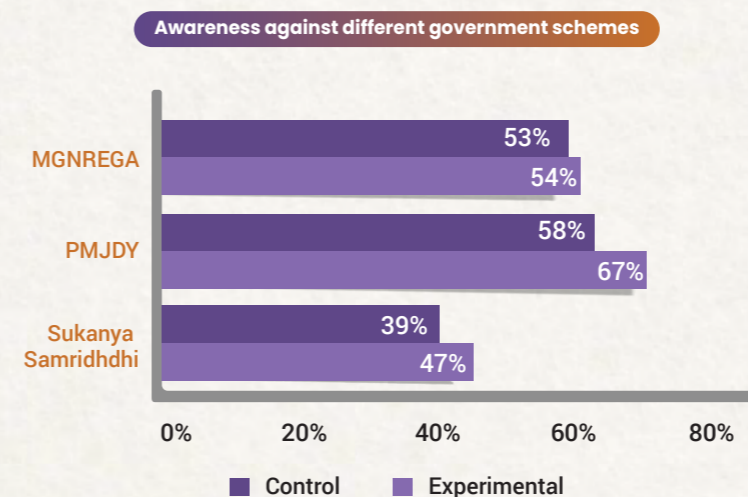
The experimental group has shown a notable increase in per capita income compared to the control group. The change in income from 2019 to 2023

is 25% for the experimental group, compared to 23% for the control group, indicating a better economic condition for customers with longer association.

There is a significant difference between the groups concerning the adoption of better household facilities. Specifically, in the areas of fuel usage, clean water adoption, and improved housing infrastructure, the experimental group has shown significant improvements from 2019 compared to the control group.

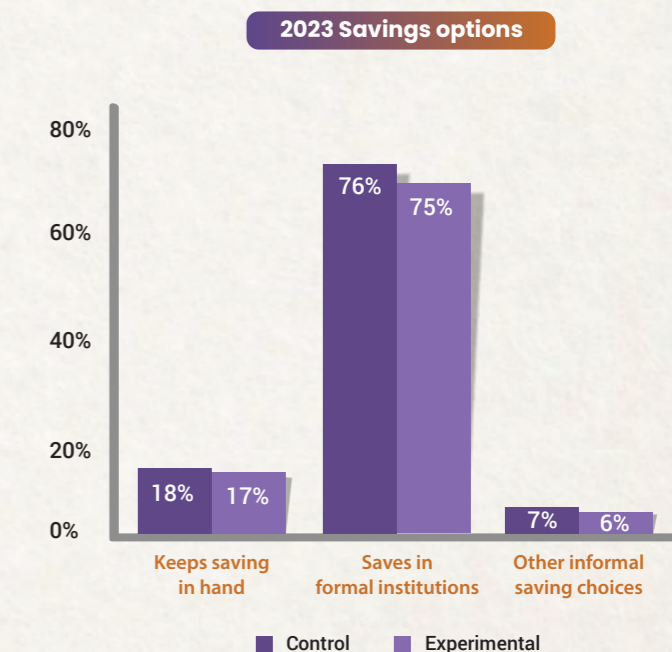
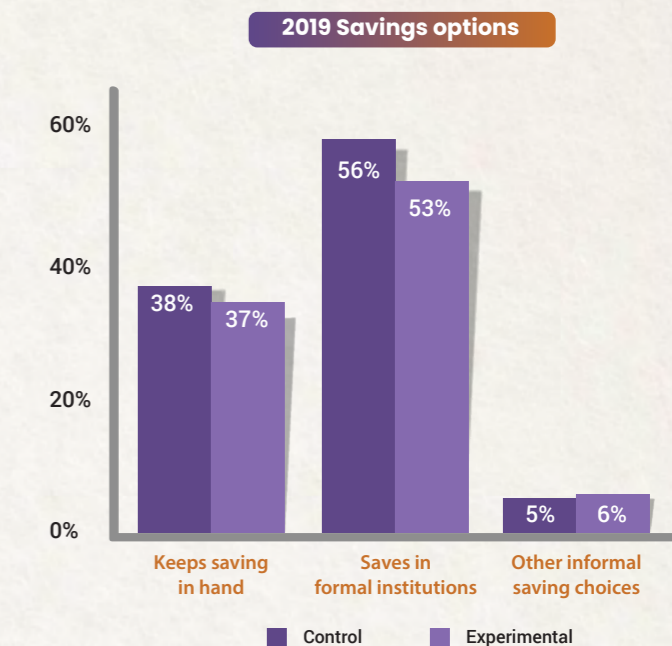


### Financial Awareness



Annapurna emphasizes the importance of building financial awareness among customers to enable informed decision-making. The organization provides financial and digital literacy training, which also raises awareness about various government schemes. Impact assessment results show that a higher percentage of individuals in the experimental group are aware of various government schemes compared to the control group. Additionally, the experimental group demonstrates greater understanding of the nuances of sharing banking and digital transaction details with others.

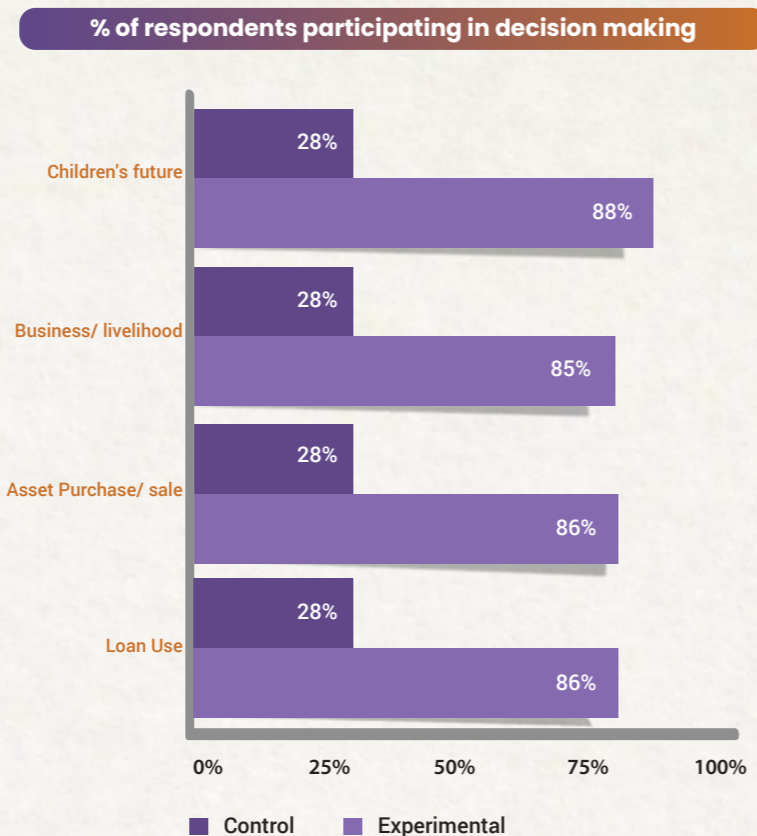
The experimental group also performs better in terms of savings practices and choices. Although the percentage of respondents using formal saving instruments is similar across both groups, the positive change toward using formal savings institutions is significantly higher in the experimental group.



### Social Impact on Clients

Participation in household-level decision-making is significantly higher in the experimental group compared to the control group. Decision-making was assessed across four key indicators: children's future, business/livelihood, asset purchase/sale, and loan use. On average, 86.25% of clients in the experimental group participated in household decision-making, compared to only 28% in the control group. Moreover, the increase in participation from 2019 to 2023 is significantly higher for the experimental group. For instance, the increase in household-level decision-making for the experimental group is 17.5% compared to 11% for the control group. Regarding asset-related decisions, the experimental group increased their participation by 68% from 2019 compared to 50% for the control group.

A significant finding is that customers with longer associations show more trust in their group members compared to new customers. While 30% of the experimental group found other group members very supportive during crises, the same percentage for the control group stands at 28%.

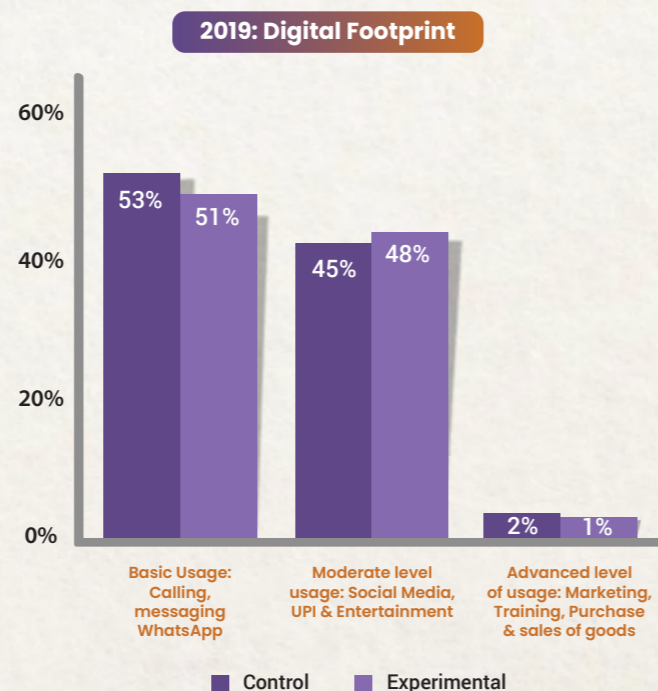


### Other Findings

#### Food Security

The study finds that 90% of clients from the control group and 89% from the experimental group have access to sufficient and nutritious food to maintain a healthy and active lifestyle, reducing the risk of malnutrition and related diseases. The food security index, calculated as per the Food and Agriculture Organization (FAO) standards, shows a greater increase for the experimental group (from 2.67 in 2019 to 2.86 in 2023) compared to the control group (from 2.77 in 2019 to 2.88 in 2023). Although the food security index shows little difference between the groups, the experimental group enjoys significantly more dietary diversity (household dietary diversity score is 12.4) than the control group (HDD score 8.4). The nutritional scenario varies by state, with Chhattisgarh and Madhya Pradesh securing high food security scores, while poverty-ridden states like Bihar fared poorly.

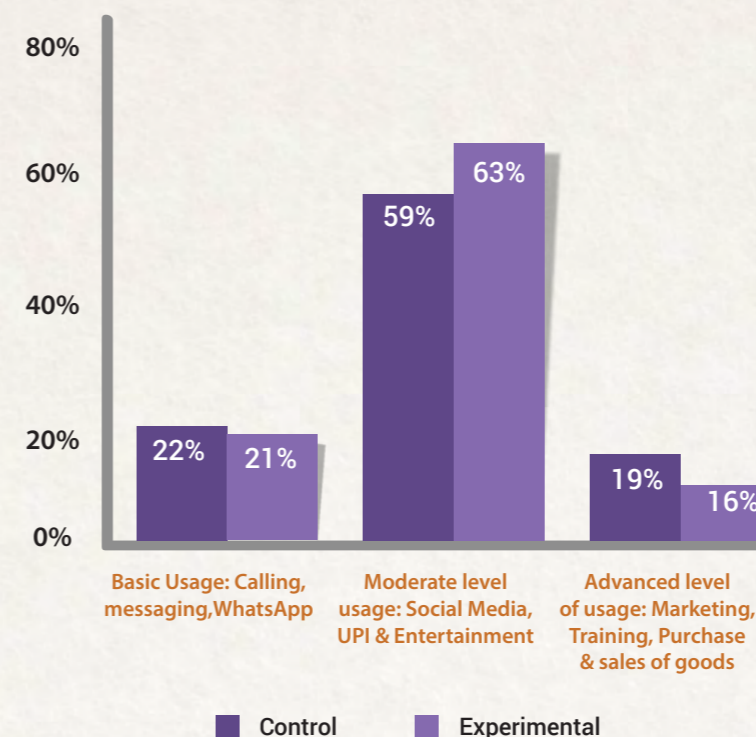
group in this area is 2.77 out of 5, compared to 2.73 for the control group. In the category of effective smartphone usage, the control group shows more confidence in advanced uses such as digital training, purchasing goods, and digital marketing for their businesses.



#### Digital Readiness

With the rapid growth in digitalization and initiatives like Digital India expanding vigorously, digital maturity becomes a crucial parameter for impact assessment. While 86% of both groups have access to smartphones in their households, the confidence level to use digital credit varies. The confidence level of the experimental

### 2023: Digital Footprint



### Customer Satisfaction Survey

Annapurna places significant emphasis on understanding the needs and preferences of its clients. To ensure continuous improvement and maintain high customer satisfaction, it regularly conducts comprehensive customer surveys. These surveys are crucial for gathering direct feedback and insights from clients, enabling Annapurna to tailor its products and services to better serve customers' unique requirements.

#### Survey Overview

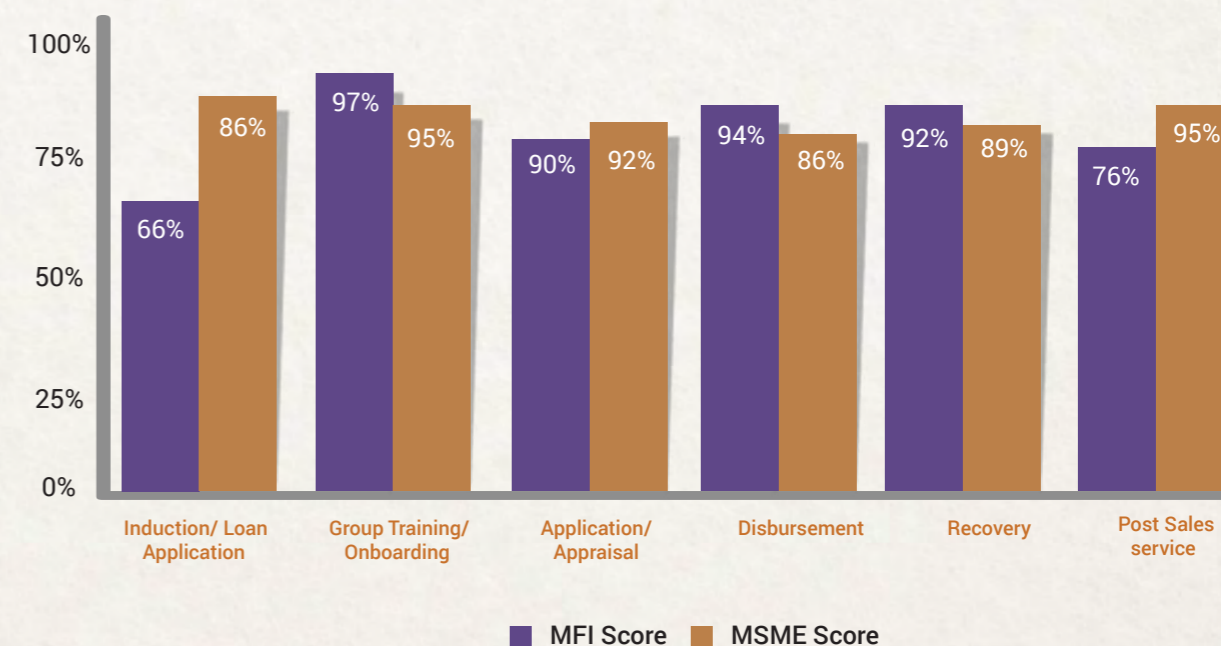
In the current year's customer satisfaction survey, 2,551 samples were taken from MFI clients and 505 samples from MSME clients across 14 states: Odisha, Bihar, Madhya Pradesh, Chhattisgarh, Maharashtra, Rajasthan, Punjab, Haryana, Gujarat, Jharkhand, West Bengal, Karnataka, Tamil Nadu, and Himachal Pradesh. Five different methods were used for analysis, with findings as follows:

### Satisfaction throughout the Customer Journey

Annapurna uses customer lifecycle analysis to gauge satisfaction levels throughout its customer journey. Annapurna has identified six key stages for both MFI

and MSME customers to assess their satisfaction levels. This analysis revealed that MSME clients had a higher overall satisfaction rate (90%) compared to MFI clients (86%) for the current financial year.

### Satisfaction Score



### Satisfaction with Service Quality

Service quality analysis measures the gap between customers' expectations and perceptions of service quality. It consists of five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

- "Tangibility" refers to physical aspects of Annapurna's services, including office premises, assets, materials, loan features, and turnaround time (TAT).

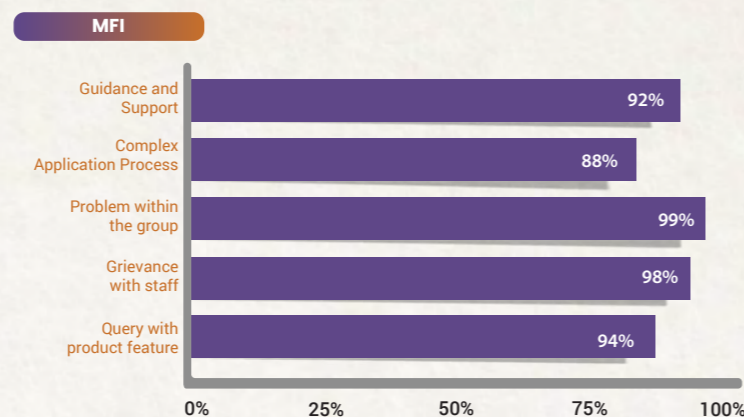
- "Reliability" measures the degree to which customers can rely on the Annapurna's services and competitive pricing.

- "Responsiveness" refers to the willingness of service providers to help customers promptly.

- "Assurance" refers to customers' confidence in the quality of service, process, and information transparency.

- "Empathy" indicates the organization's ability to understand customer needs effectively.

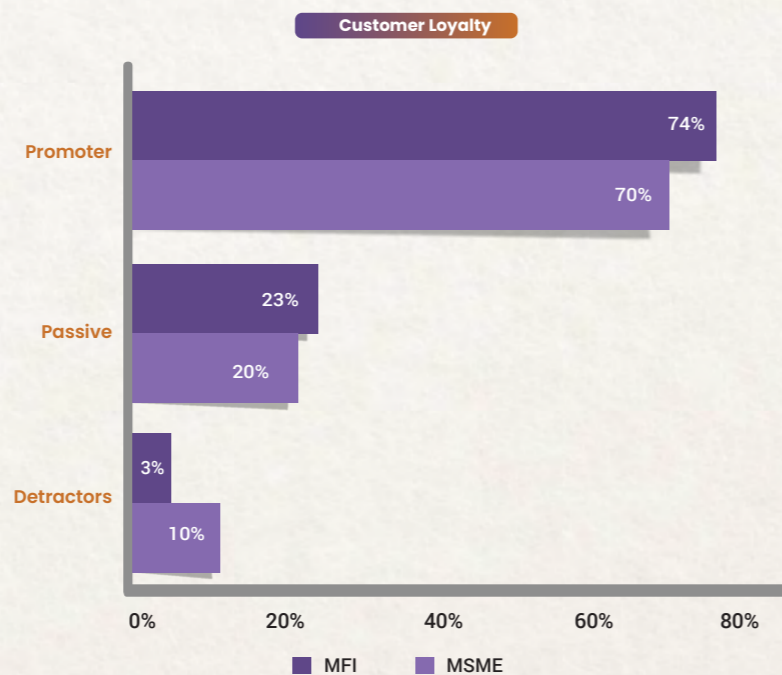
In the MSME category, the highest score was received in the "empathy" parameter, indicating strong client satisfaction with staff behavior. Annapurna also scored well in "responsiveness," "assurance," and "tangibility," reflecting the organization's swift actions through a dedicated customer support system, transparent and informative pre-disbursement communication, a user-friendly application process, and an informative website. These factors collectively contributed to Annapurna securing a high score in the service quality parameter.



### Customer Loyalty

Annapurna used the Net Promoter Score (NPS) metric to gauge customer loyalty and satisfaction towards an organization, brand, product, or service. NPS above 0 is considered acceptable, between 0 and 30 is considered good, between 30 and 70 is considered excellent, and above 70 is considered exceptional.

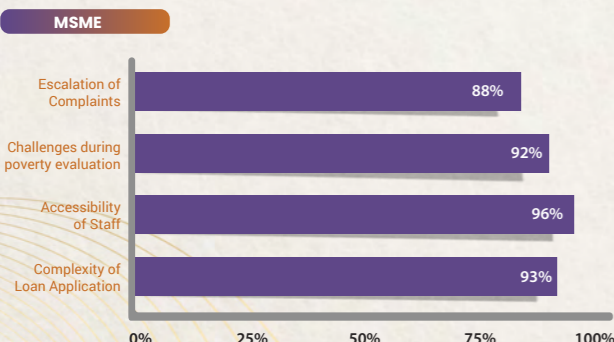
For the current financial year, the NPS for MFI stands at 71, indicating a highly favorable score. The majority of respondents are promoters, demonstrating a high level of customer satisfaction and loyalty. In contrast, the MSME Net Promoter Score is 60, placing it in the excellent category. However, the analysis revealed regional variations in NPS scores across the surveyed states. Madhya Pradesh recorded the highest NPS,



reflecting exceptional customer satisfaction, while Rajasthan obtained the lowest NPS, highlighting potential challenges that require targeted efforts to improve customer experiences in that region.

### Customer Comfort with Effort through Process

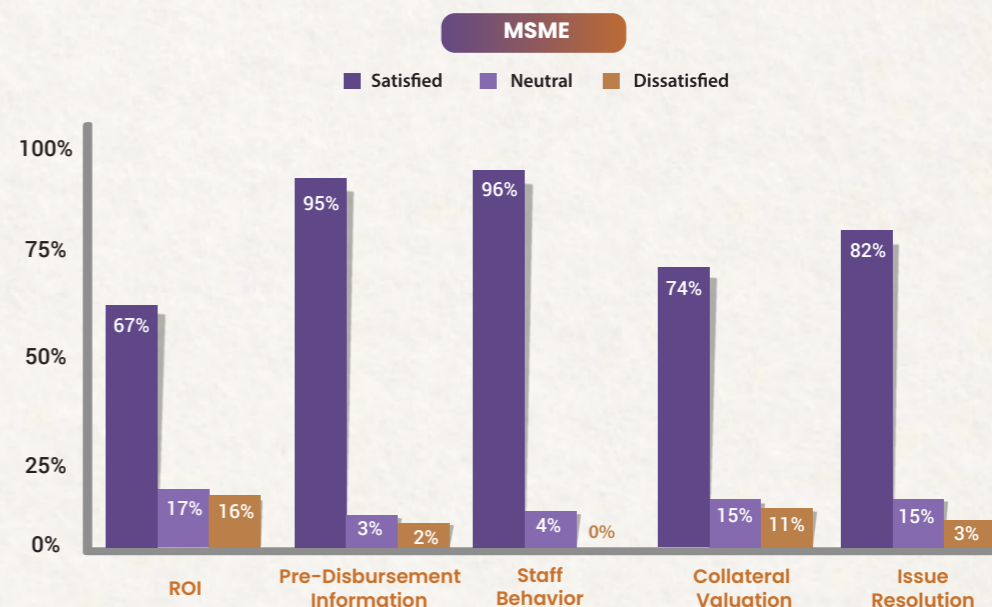
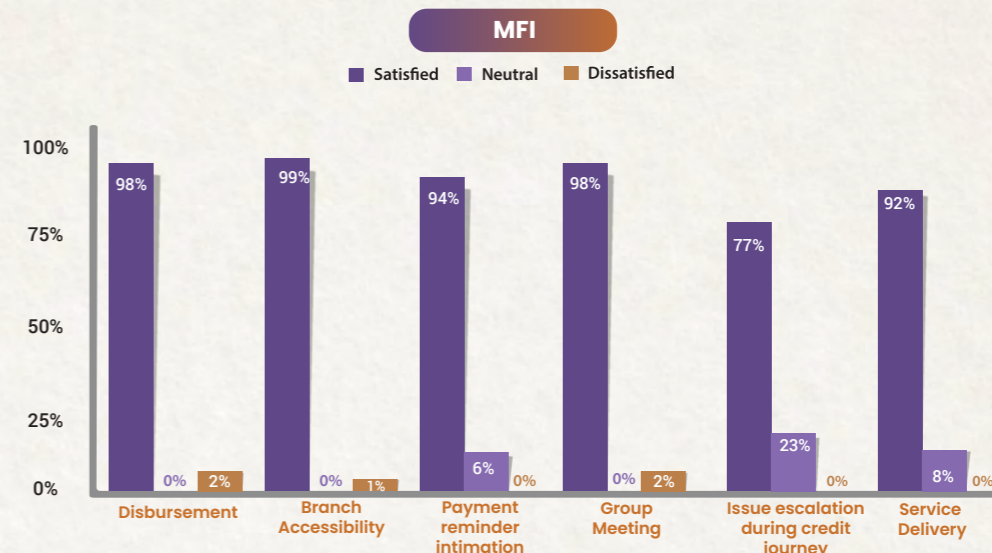
To assess customer comfort and effort throughout their journey with Annapurna, the Customer Effort Score (CES) is used. This metric evaluates customer satisfaction regarding accessibility on several instances such as guidance, support, and assistance with complex application processes. For the current financial year, MFI customers reported an average satisfaction rate of 94.2%, while MSME customers rated it at 91%. These high scores indicate that customers find it easy to resolve their issues through staff interaction, leading to high satisfaction levels.



### Overall Satisfaction

Annapurna used six parameters for MFI clients and five parameters for MSME clients to calculate overall satisfaction levels. For this financial year, the overall satisfaction rate for MFI customers stands at 86%. This data highlights positive feedback in areas such

as issue escalation, timely loan disbursement, branch accessibility, reminder messages for upcoming EMI payments, and addressing challenges in group meetings, demonstrating the institution's client-centric approach centered around customer protection principles.



Similarly, MSME clients reported an overall satisfaction rate of 90%, reflecting high levels of satisfaction with staff behavior, transparent information sharing before disbursement, and effective grievance resolution.

### Customer Lifetime Value

A cycle-wise comparison of revenue, loan amounts, and profits at Annapurna provides valuable insights into the financial performance of each loan cycle. The positive profits across all cycles indicate that each cycle has been successful in generating revenue higher than the loan amount, making them profitable for the organization. As customers progress through the loan cycles, they tend to take higher loan amounts, contributing to increased revenue and profitability. For microfinance customers,

the 4th cycle emerged as the most profitable, with customers generating the highest revenue during their loan tenure.

The comprehensive customer surveys conducted by Annapurna highlight significant insights into client satisfaction with product delivery, service quality, and financial performance, ensuring the organization's continuous focus on improving its offerings to optimize the customer experience.





# COMMUNITY ENGAGEMENT

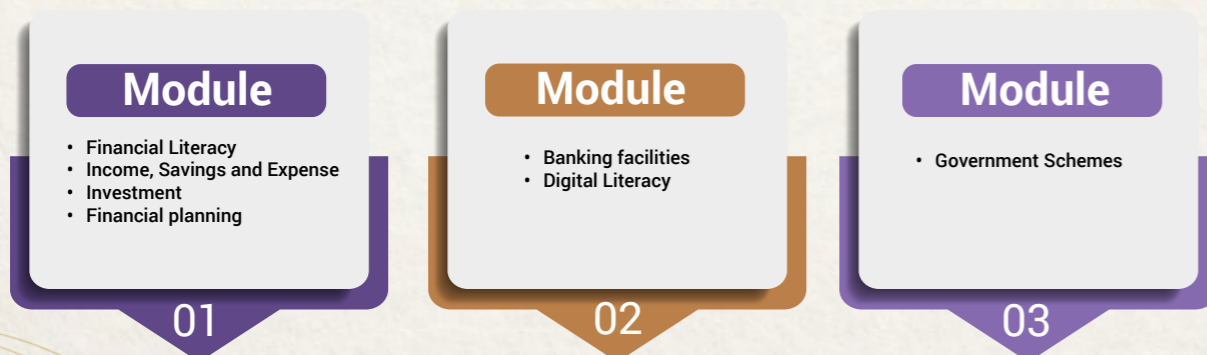
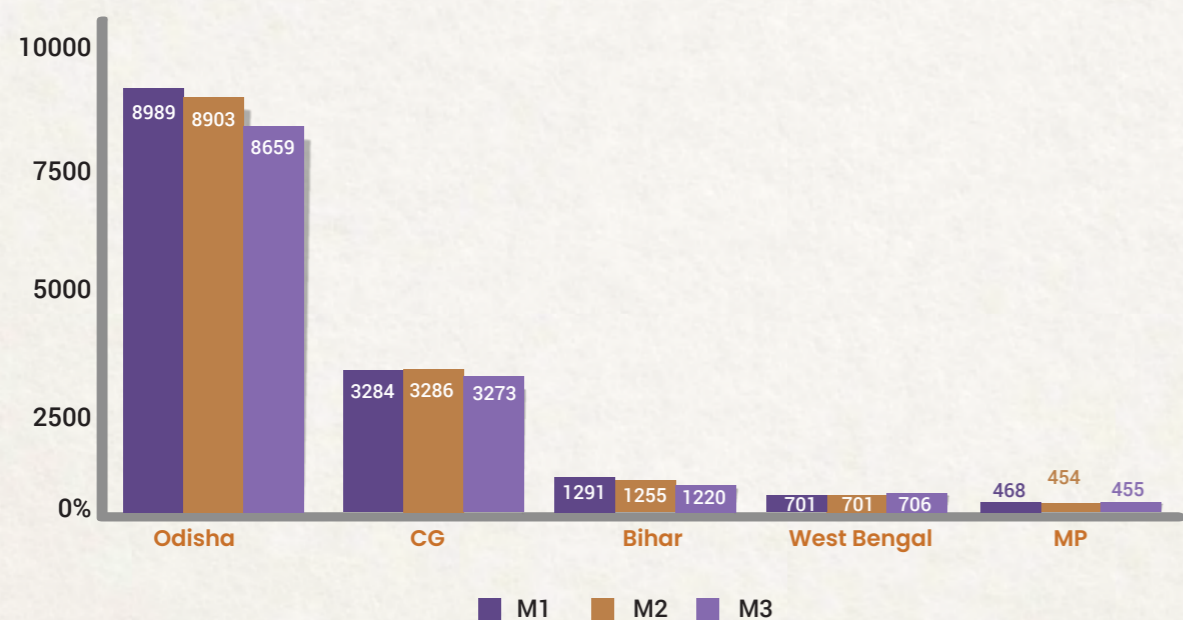
## Financial and Digital Literacy Training

Annapurna is deeply committed to community engagement, fostering sustainable development, and empowering local communities through various initiatives. By integrating financial support with educational programs, the organization enhances the socio-economic landscape of rural areas. The organization's Financial and Digital Literacy Training programs are a cornerstone of this commitment, providing rural women with the cognizance they need to make informed financial decisions, access formal financial services, and improve their household conditions.

Only improving access to credit is not enough for rural women to make sound financial decisions at the household level. To instill sound knowledge of management and planning of household finance and promote the usage of formal financial services

for different needs, Annapurna conducts Financial and Digital Literacy training. This program aims to empower women customers with essential knowledge of financial and digital transactions, foster socio-economic empowerment and resilience by providing comprehensive education on financial planning, budgeting, investment strategies, and credit management. The training also covers details of essential banking services, digital payment, and government programs that enable the customers to make safe financial decisions and digital transactions, along with improving household conditions by accessing several government schemes. Apart from training, baseline and endline assessments are also conducted before and after the training program to assess changes in awareness levels and behavioral patterns of the trainees, reflecting the program's effectiveness. In the current financial year total footfall of 43,645 was registered in the program.

Total Footfall for the FY in the Physical Training is 43,645 from 5 States



To expand training coverage and make the training more accessible for the clients, Annapurna have also introduced a Learning Management System known as "Vittsamarth". In the current financial year total of 2259 customers enrolled on this application.



**Mrs. Sonbati**  
Paraswada, Madhya Pradesh

"Annapurna not only provides financial assistance but also offers financial education, enabling families to progress."

Mrs. Sonbati, a tribal woman from Paraswada, Madhya Pradesh, lives with her husband and four children. Faced with financial instability due to her husband's sporadic job as a wage laborer, she turned to bamboo crafts, a family tradition, and sought a loan from Annapurna to start her own business. Her flourishing business allowed her to educate her children. Through Annapurna's Financial Literacy and Digital Literacy Program, she gained essential financial skills, actively participated in financial decisions, and secured her family's future with government schemes and a Sukanya Samridhi Yojana account for her daughters. Her story showcases the transformative power of financial empowerment in rural areas.

## The School Beautification Program in Collaboration with Proparco:

The METIS initiative, a joint project between Proparco and Annapurna, was a significant endeavor aimed at promoting women's empowerment, preserving local art forms, and enhancing artistic skills among school children through traditional art. METIS, an AFD initiative, seeks to blend artistic expression with development challenges.

Through this program, over 200 students from 17 different girls' schools in Odisha had the opportunity to learn about Pattachitra, a traditional art form of Odisha, through training and interactive workshops. The students also contributed to the beautification of their school premises by painting Pattachitras. The concluding event of this drive was organized at the Government Girls' High School in Khordha district, where almost 400 students from various schools participated and contributed to the mural paintings focusing on women's empowerment. The final event was graced by distinguished guests from the French Consulate, the Proparco team, and the senior management team of Annapurna.



### Social Responsibility Initiatives: Engaging Communities through CSR

Annapurna is committed to advancing societal welfare through a multifaceted approach that extends beyond financial assistance. In addition to promoting economic empowerment and livelihood generation, the organization actively pursues a comprehensive development agenda through its Corporate Social Responsibility (CSR) initiatives. These endeavors target

critical areas such as enhancing basic healthcare, improving educational facilities, supporting childcare centers, securing income and livelihoods, and promoting eco-friendly and sustainable solutions. Through its CSR activities, Annapurna endeavors to make a profound and lasting impact on society, transcending mere financial support.

In the last financial year 2023-24, the organization undertook the following CSR initiatives:

### Enhancing Community Health: The Mobile Medical Unit

Access to affordable healthcare is pivotal for the well-being of communities, particularly in rural areas where medical facilities are often scarce. Annapurna recognizes the pressing need for equitable healthcare access and introduced its Mobile Medical Unit (MMU) in remote regions like Khordha in 2020. This fiscal year, the MMU extended its services to districts in Khordha and Nayagarh, addressing the healthcare needs of underserved populations.

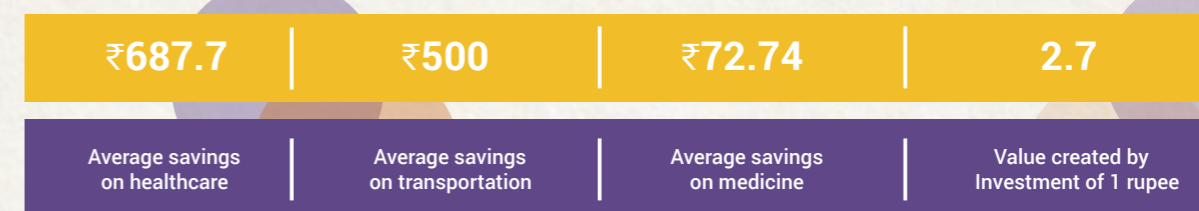
Since its inception, the MMU has provided healthcare assistance to over 30,000 individuals, with a significant focus on serving women, who comprise 60% of the

beneficiaries. This aligns with the commitment to prioritize the well-being of the most vulnerable segments of society. The MMU team, consisting of specialized doctors, pharmacists, pathologists, and nurses, delivers essential medical services directly to the doorsteps of communities, mitigating the challenges of geographical isolation and limited access to healthcare facilities.

Furthermore, in line with the dedication to women's empowerment, women from Self-Help Groups (SHGs) have been actively engaged in managing and coordinating the medical camps efficiently, fostering community involvement and ownership in healthcare initiatives.

According to the findings of the impact survey, beneficiaries have experienced significant benefits from the MMU facility, leading to significant reductions in their travel expenses and monthly healthcare costs for their families. On average, savings on transportation expenses, incurred for reaching the nearest medical facility, ranged from 400 to 600 per household. Prior to

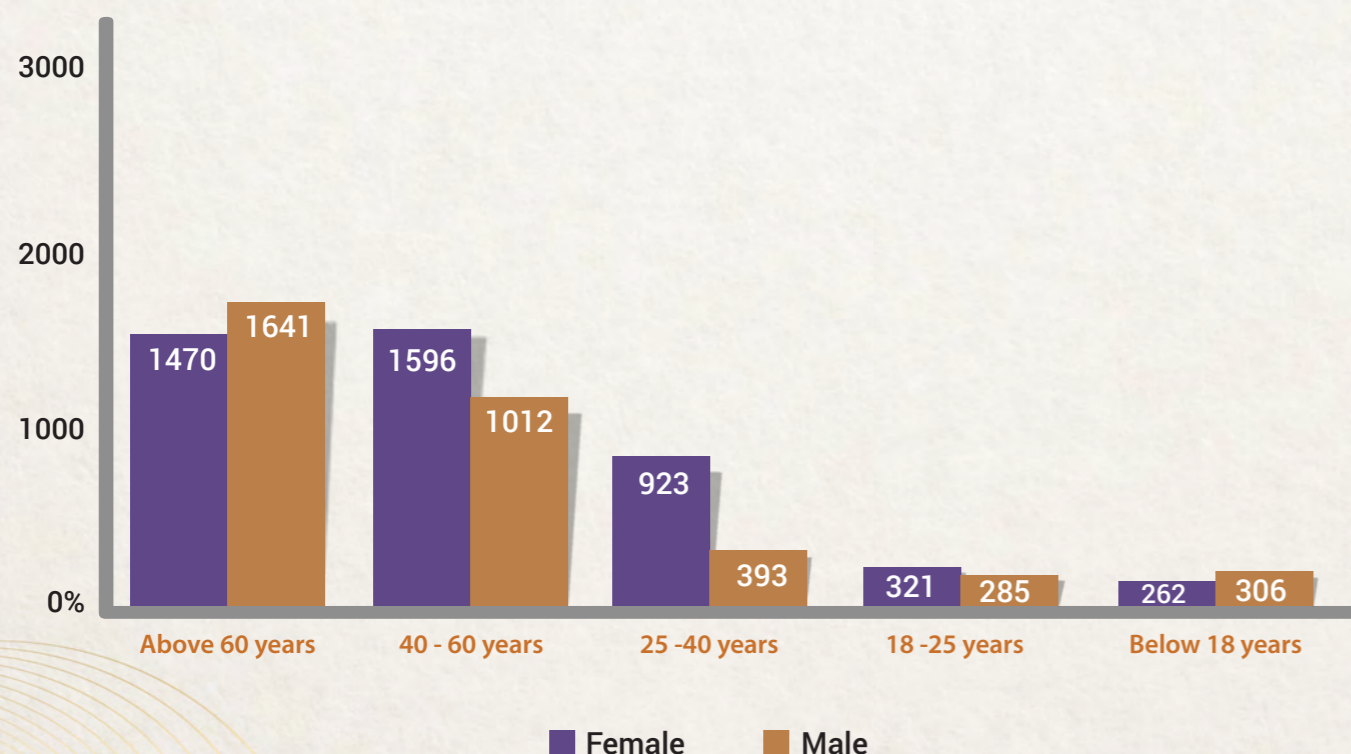
the intervention, villagers were spending between 500 to 2000 on overall family healthcare each month. With the added support of free medicines provided through the project, beneficiaries have collectively saved a total of 1300 per month. The beneficiaries in Nayagarh reported four times higher savings compared to those in Khordha.



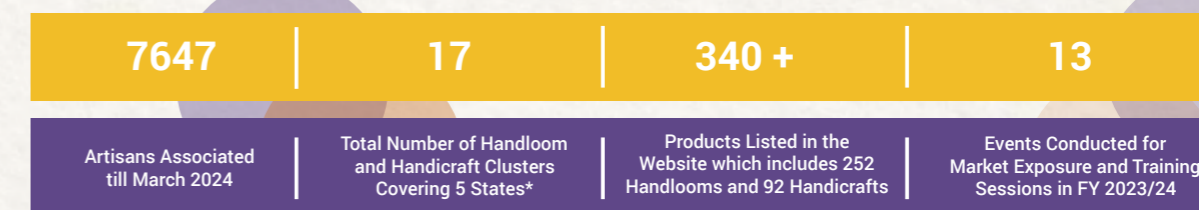
The survey also included beneficiary satisfaction ratings of MMU services across various parameters, including consultation quality, treatment effectiveness, waiting time, and medicine availability. The high ratings received indicate a strong satisfaction level among beneficiaries, particularly regarding the accuracy of

diagnosis, clarity of communication, empathy shown by medical staff, and effectiveness of treatment plans. Additionally, beneficiary feedback has highlighted areas for improvement, such as reducing patient waiting times, introducing a female general physician for enhanced women's convenience, and ensuring sufficient stock of medicines to meet demand.

### Beneficiary Distribution - Age & Gender wise

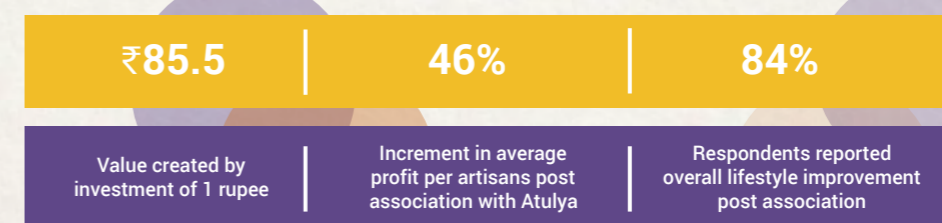


### Atulya Karigari-Enriching Artisan Communities



Annapurna is actively involved in supporting "Atulya Karigari," an artisan cluster development initiative aimed at ensuring livelihood security and sustainability for artisan communities. Since its inception in 2020, this CSR initiative has provided over 7000 handcraft and handloom artisans from 5 states of India with opportunities to showcase their work on national and international platforms. Through Atulya Karigari, artisans receive vital skills training, market access, and exposure to new design ideas to adapt to evolving consumer needs.

The impact assessment of the project, which covered 86 artisans, revealed substantial positive outcomes. Following their association with Atulya, artisans experienced significant increases in profit margins, with an average monthly sales boost of ₹ 5528. Moreover, 87% of artisans reported being able to purchase assets due to increased profitability, with 26% acquiring multiple assets. A deeper analysis demonstrates an overall 84% improvement in artisans' lives, particularly in areas such as financial stability, market expansion, and acquisition of modern design skills. Through "Atulya Karigari,"

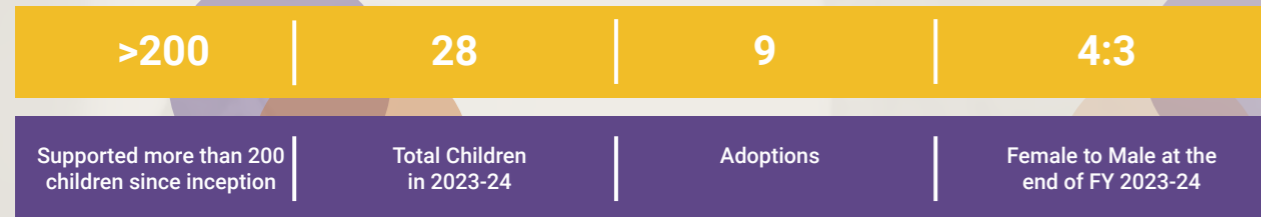


Annapurna continues to uplift and empower artisan communities, fostering sustainable growth and prosperity.

### "Aama Ghara": Nurturing the Future Generation

Children are the cornerstone of society, essential for its growth, vitality, and progress. Recognizing their importance, Annapurna extends its support to a childcare institute called "Aama Ghara," in collaboration with their sister entity, People's Forum. This facility

provides a nurturing environment for vulnerable groups such as orphans and abandoned children, offering them opportunities to thrive through comprehensive learning and developmental programs.



### Gender Inclusivity: Promoting Diversity and Equity

As a champion of women's empowerment from its inception, Annapurna has remained committed to embracing diversity in all its facets. Recognizing the value of inclusivity in driving innovation and enhancing community service, the organization, with support from Odisha State Association of Financial Inclusion. Institutions (OSAFII) has joined hands

with peers and industry leaders to champion gender sensitization and awareness initiatives in the workplace.

Launched in November 2023, this program has achieved significant milestones across three phases, marking a transformative journey toward a more inclusive and equitable environment for all.



### Cleaning of Tarini Temple, Keonjhar

Community hygiene is paramount for promoting public health and elevating the quality of life for residents. Ensuring cleanliness in public spaces like temples is particularly crucial due to the high foot traffic they attract. Collaborating with People's Forum, Annapurna

undertook the cleaning and maintenance of the Tarini Temple, a prominent religious site in Odisha. With a dedicated 10-member team, the initiative ensures both basic and advanced levels of cleanliness, fostering a welcoming and hygienic environment for visitors.



# Environmental Impact



## GREENING OUR PORTFOLIO

### Leading the Charge Towards Sustainable Financing through Green Products & Initiatives

Annapurna is pioneering a transformative movement towards sustainability through its innovative Green Products & Initiatives. By providing accessible financing options for eco-friendly solutions such as solar energy and electric vehicles, the organization is reshaping the financial landscape while championing environmental conservation. Through tailored financing options, it empowers individuals and businesses to embrace renewable energy sources, significantly reducing their carbon footprint. Each kilowatt-hour of solar-generated electricity and each electric vehicle financed contributes to mitigating climate change and fostering a greener, more sustainable future for generations to come.

#### RoofTop Solar Loan

The Rooftop Solar Loan facilitates the installation of solar panels for residential and commercial properties, making solar technology accessible and affordable. By providing tailored financing options, Annapurna enables customers to overcome the initial cost barriers associated with solar installations. Installing solar panels significantly reduces dependency on fossil fuels, directly lowering greenhouse gas emissions associated with conventional electricity generation. Each kilowatt-hour of solar-generated electricity substantially decreases the amount of carbon dioxide emitted into the atmosphere. Furthermore, solar panels contribute to energy sustainability and resilience, promoting a cleaner, more sustainable energy landscape. By the end of March 2024, Annapurna has helped 306 customers generate 3,211 kW of power, disbursing ₹ 12.84 crore.

#### EV 3-Wheeler Financing

EV 3-Wheeler Financing supports the purchase of electric three-wheelers, a cleaner alternative to traditional auto-rickshaws powered by gasoline or diesel. This product promotes the adoption of electric vehicles (EVs) among small-scale transport operators, making eco-friendly transportation options more accessible and economically viable. Electric three-wheelers produce zero tailpipe emissions, crucial for improving urban air quality and reducing the urban heat island effect. By facilitating the shift from fossil fuel-based vehicles to electric ones, this financing option helps decrease air pollutants, directly benefiting public health and contributing to the fight against urban air pollution.



## GREEN INITIATIVES AT THE COMMUNITY LEVEL

### Annapurna's Commitment to Clean Energy and Sustainable Urban Planning

Annapurna is at the forefront of supporting India's clean energy targets, not only through its innovative green product offerings but also through impactful CSR projects aimed at promoting the adoption of sustainable practices. In the last financial year, the organization has collaborated closely with the Bhubaneswar Municipality for the installation of solar streetlights, contributing significantly to the city's green urban planning initiatives. In a concerted effort to address poorly lit areas within Bhubaneswar, the dedicated CSR team diligently identified strategic locations in need of better lighting.

Through collaboration with the Municipal Corporation, Annapurna facilitated the installation of 60 solar streetlights across prime localities. This initiative not only enhances safety and visibility in these areas but also serves as a tangible demonstration of the organization's commitment to environmental custodianship and community well-being. By harnessing the power of solar energy, Annapurna is not only illuminating streets but also illuminating lives, paving the way for a brighter, more sustainable future for generations to come.

16,000

Residents directly Benefited

21.55  
tons of CO2

Installation will reduce Carbon Footprint

4

Prime areas of Bhubaneswar covering school and Public Places

### Building Stakeholder Ecosystem for improving Rooftop Solar Customer Experience

The Rooftop Solar product marks Annapurna's entry into the asset-based green finance category. Existing challenges in the sector include low awareness levels and a lack of standardized environments that influence both accessibility and affordability.

To address these issues, Annapurna conducted several stakeholder workshops in the operating states to create an ecosystem involving all stakeholders, including Engineering and Procurement Organizations (EPCs) and Distribution Companies (DisComs). These workshops

helped establish the organization's brand image as a green lender and created a supportive platform that includes all vendors, aiding in awareness creation and improving customer experience.

In this financial year, Annapurna organized 5 stakeholder workshops in 4 states, with the participation of 170 stakeholders, including customers, EPCs, and DisComs. These programs have resulted in partnerships with 20 EPCs to facilitate seamless product delivery and holistic support services to the end beneficiaries.



# Annexure



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135  Independent Auditors Report & Financial Statement

# DIRECTORS' REPORT

## Dear Members, Annapurna Finance Private Limited

On behalf of the Board of Directors, I am pleased to present the Director's Annual Report for the Financial Year ending March 31, 2024, outlining the performance and achievements made by the company over the past fiscal year. This report provides a comprehensive overview of the Indian microfinance industry, financial results, operational highlights, strategic initiatives, and our commitment to sustainable growth.

### Industry Outlook

The Indian microfinance industry remains instrumental in expanding financial inclusion. The microfinance sector experienced significant growth in 2024, catalyzed by rising microcredit demand among previously underserved populations. Supportive regulatory frameworks, technological innovations, and collaborative partnerships have collectively contributed to this expansion. Globally, the Indian microfinance sector is the second largest after China in terms of number of borrowers, followed by Indonesia, which is a third of India's size. In India, Self-Help Groups (SHGs) and Joint Liability Groups (JLG) support more than 33% of households and 10% of the population.

India's economy has witnessed a commendable growth rate of approximately 8.2% in FY 2024, driven by stable consumption demand and steadily improving investment demand. The microfinance sector has also bounced back from the covid pandemic impact. This is evidenced by the expansion of the sector's gross loan portfolio by circa 25% in FY24 and significant improvement in asset quality owing to a better loan recovery from the field.

The nation is strategically prioritizing sustained economic growth coupled with the fortification of sustainable financial infrastructure. These objectives are intrinsically linked. Aligned with this national agenda, we implemented robust internal controls to mitigate unforeseen risks and ensure operational resilience with the help of adequate risk management processes.

This year, we have accomplished significant achievements in customer acquisition, product delivery, portfolio expansion, and maintaining a healthy asset quality with controlled NPA levels. Our diligent efforts to reduce loan impairments have resulted in a decline in loan provisioning compared to the previous year and an increase in interest income which helped to improve the ROA during the year. These achievements

are a testament to the well-coordinated efforts of our executive team, management, and field-level personnel. This robust financial standing provides a platform for expanding our service offerings to a wider clientele.

### Opportunities and Threats

The operating environment during the fiscal year was characterized by both opportunities and challenges related to the maintenance of asset quality, especially the inherent vulnerabilities of the target market and the nature of the asset class. The impacts, along with the challenges of intense competition and changes in the lending environment due to the Reserve Bank's rationalization of the business model for all microfinance lenders, are significant. The key challenges encountered are:

- Third-party engagement and dependency on various service providers, especially for systems and technology, is a key area of concern for the Company. The Company is particularly cautious about the growing dependency in this regard.
- The risks of overleveraging due to increasing customer indebtedness, rising average ticket sizes, and a gradual transition from the Joint Liability Group model to individual loans are notable concerns.

Regulatory directives to tighten Credit Information Companies' (CIC) data on household income and indebtedness, coupled with enhanced disclosures in key fact statements, will help with mitigating risks. Despite these challenges, our company demonstrated resilience and adaptability, implementing strategic measures to mitigate risks and capitalize on emerging opportunities. The Company's lending model and robust underwriting practices serve to effectively mitigate these issues.

The regulatory guidelines introduced over the past two years reflect a positive shift in the regulator's approach, aimed at strengthening the NBFC sector. This progressive change empowers NBFCs to develop their policies, assess their risk levels, and implement mitigation plans, significantly enhancing their internal functions. The transition from a prescriptive model to a directive model is a commendable move, bringing the NBFC sector into the mainstream lending business.

### Growth

Gross Loan Product (GLP) growth of the company vs. industry growth: The microfinance sector has shown

significant growth over the past year. As of March 31, 2024, the sector's gross loan portfolio or portfolio outstanding increased by ~25%, reaching ₹ 4.33 lakh crore. This is a substantial rise from ₹ 3.48 lakh crore as recorded on March 31, 2023 (Source: MFIN).

In alignment with industry trends, our company's GLP has shown remarkable growth. Specifically, our GLP increased by 18%, reaching ₹ 10,335.91 crore. This growth underscores our commitment to a sustainable growth model, prioritizing robust and steady expansion within the market.

As of March 31, 2024, the sector supported 78 million unique borrowers through 149 million loan accounts. NBFC-MFIs held the largest share in outstanding loans, totaling ₹ 1.7 lakh crore, representing 39.4% of the total industry portfolio. Banks followed with ₹ 1.4 lakh crore in outstanding loans, accounting for 33.2% of the total microcredit market. As of the same date, our company has served 27,92,623 customers.

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

The Company remains committed to prudent lending practices by maintaining diversified loan portfolios in terms of borrower social strata, purpose of loan, geographical area, past experience etc., in adherence to regulatory guidelines.

During the year, the Company diligently undertook comprehensive efforts to facilitate recovery while simultaneously containing credit quality deterioration through prudent measures including write-offs. These efforts resulted in reducing delinquency level. The Gross NPA and Net NPA stood as on 31st March 2024 at 2.69% and 0.70% respectively as against the previous year figures of 3.84% and 1.35% respectively thus strengthening the balance sheet comfort for the stakeholders.

### Qualifying Assets

In FY 2023, the Company did not meet the qualifying assets (QA) criteria, which stipulates that microfinance loans must constitute 75% of total assets. Upon the Company's request, the RBI granted an extension,

requiring compliance by March 31, 2024. Through proactive efforts by the Board and management, the Company achieved compliance by September 30, 2023. As of March 31, 2024, the Company maintains the QA requirement with a QA ratio of 76.53%.

### Liquidity Management

The Company has consistently prioritized maintaining a comfortable liquidity position to support its day-to-day operations. Due to RBI's new regulation requiring to maintain a minimum Qualifying Asset ratio of 75% on total assets instead of net assets (total assets minus cash and bank balances), it became imperative to reduce non-loan assets to the optimal minimum level.. Although the company faced significant challenges in reducing non-loan assets while maintaining a comfortable liquidity position, with Reserve Bank of India's (RBI) extension of time the company could develop and refine a comprehensive standard operating process for managing liquidity. Over time, this process was designed to effectively balance the reduction of non-loan assets with the need to retain adequate liquidity. This resulted in reducing the Cash and bank balance from ₹ 1597.13 crore in FY 23 to ₹ 741.33 crore in FY 24, which is less than half. More significantly, cash and cash equivalents were reduced to around one third of earlier usual holdings (to ₹ 259.36 cr from ₹ 756.79 cr). This has improved the efficient use of idle cash as well as the profitability of the Company. Further to enhance liquidity management, we have aligned bank deposit periods with our disbursement plan and strengthened stage-wise withdrawals from term loan borrowings. These measures, along with improved monitoring, ensure more effective use of liquidity. also . The company has also ensured the Liquidity Coverage Ratio(LCR) compliance with sufficient holding of high-quality liquid assets (HQLA).

### Green and Climate Resilience Financing

Annapurna Finance is a leader in sustainable green energy finance and consequent carbon footprint reduction through its enabling rooftop solar financing (RTS) for residential and commercial entities. In the last fiscal year, we installed RTS of a capacity of 3.2MW and are on track to attain our goal of funding 15MW of sustainable and green power generation capacity by 2027. We also successfully piloted the electric three-wheeler financing to add one more service to our clients for a better tomorrow. In addition to financial solutions, the company is committed to CSR activities that promote renewable energy. We are installing solar-powered streetlights to replace traditional electric ones.



This initiative supports the transition to renewable energy and contributes to a greener future for the community.

### Diversity, Equity, and Inclusion (DEI) Initiatives

Being a development finance institute working predominantly for women's empowerment through financial inclusion, diversity and inclusion is one of Annapurna's core objectives. To address the issue of limited participation of women in the human resource side of microfinance institutions, Annapurna has carved well-strategized DEI initiatives to create a conducive workplace for all and increase sensitivity among employees for diverse workplace. At present Annapurna family boasts of 10% female and 53% Gen-Z employees. Under our flagship program Gender Leadership Development (Samanvi), we have trained 3484 employees across 11 states to raise awareness and promote gender leadership.. The success of the program is the positive feedback from employees that underscores the program's effectiveness, with 85% indicating increased awareness and 82% feeling better equipped to address gender-based discrimination. Moreover, 76% of the participants reported observing positive changes in workplace culture, attributing these improvements directly to Samanvi's initiatives.

The Women Leadership Development program (Adwitiya) was also introduced in this financial year especially to address the issue of declining female participation specifically in frontline leadership roles. The program onboarded 30 high-performing females from entry and middle-level management in operation to a hybrid model of training and targeted their development in leadership, communication, team management, and awareness about the organization and industry. To support expecting mothers, we also distributed nutrition package to pregnant female employees pan-India. In addition, we supported females with our interest-free two-wheeler loan for female employees.

These initiatives have created a major impact on employees resulting in a significantly high employee engagement score. Among our peers and across the industry, we have been identified as one of the most gender-proactive institutions, as demonstrated by winning the first Ela Ben Memorial Award for Best Gender-Friendly MFI in 2023, Best Organization for Women 2023 award by Economic Times for the third time in a row, and earning a spot on the 2023 Alliance for Global Inclusion Index by Seramount, which assessed organizations based on diversity commitments in areas of People, Market, and Society.

### Digital Transformation

Annapurna Finance has introduced several technological initiatives to enhance operational efficiency and

customer satisfaction. The Annapurna Pay App facilitates seamless loan repayments and bill payments, integrating a UPI plugin to allow direct payments within the mobile application, with banking and technical partner. The implementation of a customer relationship management and ticketing tool, has helped us enhance our customer relationship management and grievance redressal across the organization. Furthermore, Annapurna is developing a natural language processing voice bot for customer support to reduce call center workload, and an application-based lending process for employee personal loans and two-wheeler loans featuring e-signing, e-KYC, and account aggregator integration to streamline disbursements.

### Product Type

The company operates in two main business dimensions, microfinance, and MSME. The Microfinance 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. Under these two verticals, the company has an array of products to serve customer needs.

All the above strategic initiatives and operational excellence has resulted into good financial performance of the company. By implementing robust measures such as reducing non-performing assets (NPAs) and expanding business potential, we have significantly improved our financial stability and growth. Our focus on gender leadership through the Samanvi program has further enhanced employee engagement and productivity, contributing to stronger performance across various sectors. Additionally, effective management of liquidity and alignment of financial strategies with market demands have driven revenue growth and cost efficiency. These efforts have culminated in a solid financial position, marked by increased profitability, improved asset quality, and sustainable long-term growth. The financial parameters achieved during FY 2024 are furnished as below.

### Financial And Operational Position

The financial statements of the Company for the year ended March 31, 2024, have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III to the Act, as amended from time to time and applicable guidelines issued by SEBI. The audited consolidated financial statements have been prepared in compliance with the Act, Ind AS-110 Consolidated financial statements and the Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

### a) Financial Position

(amount in ₹ Cr.)

Particulars	FY 23-24	FY 22-23	Growth (YOY) %
Interest Income on loans	1584.41	1,143.23	38.59%
Other Income#	489.85	426.35	14.89%
Total Income	2074.26	1,569.57	32.15%
Interest Expense on Borrowings	798.91	659.96	21.05%
Provision Expenses	327.96	361.84	-9.36%
Staff Expenses	496.11	390.62	27.01%
Total Expenses*	939.16	772.93	21.51%
PAT	232.42	32.72	610.33%
Total Debt Outstanding	6944.69	7,048.54	-1.47%
Total Equity	1659.51	1,208.31	37.34%
GLP (Total)	10,335.91	8,748.87	18.14%
Impaired Loans (NPA) in crore	219.10	258.41	-15.21%

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

\*Total Expenses exclude Provision Expenses and Staff Expenses.

During the financial year, revenue from operation increased by ₹ 501.80 crores and reached ₹ 2059.59 crores and the Company registered a net profit of ₹ 232.42 crores. The net worth position has marked a commendable growth of 37% imparting a substantial increase in the inherent strength of the Company as well as a confidence to chalk out a long-term roadmap for growth.

### b) Operational Parameters

The operational performance of the Company for the financial year ended March 31, 2024 is summarized below:

(amount in ₹ Cr.)

Particulars	FY 23-24	FY 22-23	Growth (YOY) %
No. of Borrowers	27,92,623	24,57,653	13.63%
No. of Districts	424	388	9.28%
No. of Branches	1,379	1183	16.57%
Disbursement (₹ crore)	8,312.64	7,714.34	7.76%
Gross Loan Portfolio (₹ crore)	10,335.91	8,748.87	18.14%
Off-Book (₹ crore)	2,816.52	2,422.00	16.29%
Total Employees	12,071	10,357	16.55%
Field Officers	7,694	6,534	17.75%
GLP/Active Borrowers	37,011	35,598	3.97%

The Company attained business performance by reaching out to 27,92,623 active loan clients as of March 31, 2024, which has grown from 24,57,653 as of March 31, 2023. The growth in active loan clients during the year was 13.63%. The above was possible with the excellent efforts of 12,071 employees of the Company as of March 31, 2024, which was 10,357 as on March 31, 2023, through 1379 Branches, across 21 states and 424 districts in India. During the year under review, the Company opened 207 new branches.

### c) Funding Position

In terms of fundraising, the Company has mobilised funds amounting to ₹ 7,420.47 crores in the Financial Year 2023-24, out of which ₹ 3,913.42 crores were raised through term loans, ₹ 2,768.53 crores in the form of Direct Assignments, ₹ 141.08 crores in the form of NCDs, ₹ 220.00 Crores in the form of Sub debt and ₹ 377.45 crores in the form of ECB. The Company has added HDFC Bank, Odisha Gramya Bank, Phillip Services India Private Limited, and Sundaram Finance as our new lenders in FY 2023-24.

### 1. TRANSFER TO RESERVES

The Board of Directors has transferred an amount not less than 20% of the profit after tax i.e. ₹ 46.48 Crore to the statutory reserve maintained under Section 45-IC of the Reserve Bank of India Act, 1934.

### 2. DIVIDEND

The Board of Directors aims to grow the business of the Company, maintain a healthy Net Worth & Capital Adequacy Ratio, and enhance the Rate of Return on Investments of the shareholders. With a view to financing the long-term growth plans of the Company that require substantial resources the Board of Directors proposed to retain profits in the business itself and no dividend is being declared on the equity shares of the Company for the year under review.

### 3. SHARE CAPITAL (AS ON MARCH 31, 2024)

- 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 ₹ 10 each.
- 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 of 31st March 2024 are as follows.

Issued, Subscribed & Allotted		Nominal Value per share (₹)	Paid-up Value (₹)
No. of Equity Shares	10,56,33,990*	10.00	101,53,72,852
No. of Preference Shares	30,00,000	10.00	3,00,00,000
<b>Total</b>	<b>10,86,33,990</b>	<b>10.00</b>	<b>104,53,72,852</b>

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

- During the financial year 2023-24, the Company has issued and allotted 31,800 Equity Shares of ₹ 10 only. In addition to that during the year, 2,20,18,814 Series A1 Compulsory Convertible Preference Shares (CCPS) of ₹ 10 each were converted into 1,33,74,335 Equity shares of ₹ 10 each.
- Employees Stock Option Scheme: Annapurna Employees Welfare Trust was formed on 12th November 2020 to promote eligible employees' participation in the company's ownership and growth. During the year, a total of 31,800 options were exercised by the employees of the Company under the ESOP Scheme.

## 4. DIRECTORS

As of 31st March 2024, the Board of Directors consists of 15 (Fifteen) Directors, out of which 4 (Four) are Independent Directors, 9 (Nine) are Nominee Directors and 2 (two) are Executive Directors, including 2 (Two) Women Directors. The composition of the Board is in line with the requirements of the Act, the Listing Regulations, and the applicable RBI Regulations. The Directors possess vast knowledge, necessary experience, skills, and ability in various functional areas relevant to the Company's business, which has aided/continues to aid in strengthening the policy decisions of the Company. The details of the Board, its committees, areas of expertise of Directors, and other details are available in the Report on Corporate Governance, which forms part of this Integrated Annual Report.

### 4.1. Changes in Directors and Key Managerial Personnel (KMP) during FY24:

There was no change in the Board of Directors or Key Managerial Personnel during the period under review, except as below:

Sl. No	Name and DIN of Director	Designation	Nature of Change	Date of Change
1	Mr. Pushkar Jauhari (06391650)	Nominee Director	Cessation	September 25, 2023
2	Mr. Govinda Rajulu Chintala (03622371)	Independent Director	Appointment	September 25, 2023
3	Mr. Ajay Bhaskar Limaye (02762738)	Nominee Director	Appointment	September 25, 2023

As of the date of this report, Mr. Gobinda Chandra Pattanaik, Managing Director, Mr. Dibyajyoti Pattanaik, Whole Time Director, Mr. Satyajit Das, Chief Financial Officer, Dr. Sanjay Pattanaik, Chief Operating Officer and Mr. Subrata Pradhan, Company Secretary & Chief Compliance Officer, are the KMPs of the Company.

### 4.2. Declaration by Independent Director(s)

The Board has received declarations from the Independent Directors as required under Section 149(7) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned therein.

### 4.3. Nomination and Remuneration Policy for Directors, KMPs and Senior Management

According to the provisions of Section 178 of the Act, Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and applicable RBI guidelines, a Nomination and Remuneration Policy for Directors, KMPs and Senior Management (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.

Additional details on Board diversity are available in the Report on Corporate Governance, which forms part of this Integrated Annual Report.

### 4.4. Evaluation of Board, its Committees, and Individual directors

The Nomination & Remuneration Committee conducts Board Evaluation for FY24. The evaluation of all individual Directors, Committees, Chairman of the Board, and the Board as a whole, was conducted based on the criteria and framework adopted by the Nomination & Remuneration Committee in this regard.

A brief on the annual Board evaluation process undertaken in compliance with the provisions of the

Act and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in the Report on Corporate Governance, forming part of this Integrated Annual Report.

## 4.5. Committees of the Board

The details of the Committees of the Board viz., Audit Committee, CSR & Social Performance Management Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee, Product Committee, ALM Committee (ALCO), Annual Business Plan Committee (ABP committee), Stakeholders Relationship Committee, Executive Committee along with Directors' attendance details, composition, terms of reference and such other relevant details for the year under review are elaborated in the Report on Corporate Governance.

## 4.6. Meetings of the Board of Directors

During the FY24, the Board of Directors of the Company met 9 (Nine) times (i.e. on 27th April 2023, 26th May 2023, 28th June 2023, 27th July 2023, 25th September 2023, 8th November 2023, 12th January 2024, 22nd January 2024, 8th February 2024). The details of the meetings are given in the Report on Corporate Governance. A necessary quorum was present for all the meetings. Further, the maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act.

## 5. AUDITORS AND AUDITORS' REPORT

### 5.1. Statutory Auditors and Audit Report

M/s. B S R & Co. LLP, Chartered Accountants Statutory Auditors of the Company, would be completing their tenure of 3 years by the conclusion of the ensuing Annual General Meeting ("AGM"). In view of the same, the Board of Directors in accordance with the RBI Guidelines for Appointment of Statutory Auditors dated April 27, 2021, ('RBI Guidelines') and provisions of Section 139 read with Section 141 of the Act and such other applicable provisions, if any, had proposed for the appointed of Walker Chandok & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office for a period of 3 years from the conclusion of ensuing AGM, subject to the approval of shareholders.

Further, there are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their report on the Annual Financial Statements (Standalone & Consolidated) for FY24.

## 5.2. Secretarial Audit Report

As per the requirements of Section 204(1) of the Act and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Gopinath Nayak & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2023-24. The Secretarial Audit Reports in the prescribed Form MR-3 for the financial year ended 31st March 2024, which forms an integral part of this Report is available on the website of the company at <https://annapurnafinance.in/reports-newsletters/>.

Further, there are no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors in their Report.

## 5.3. Cost Record

The provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 relating to Cost Audit and maintaining cost audit records is not applicable to the Company.

## 6. DETAILS IN RESPECT OF FRAUDS, IF ANY, REPORTED BY AUDITORS:

Under Section 143(12) of the Act, the Statutory Auditors and the Secretarial Auditors of the Company have not reported any instances of material fraud committed in the Company by its officers or employees.

## 7. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of the business of the Company.

## 8. CREDIT RATINGS

During FY 24, the Company improved its credit rating from an A- Stable Outlook to an A-Positive Outlook by CARE Ratings Limited. Both CRISIL Ratings Limited and ICRA Limited maintained the A-Stable ratings.

The Company has long-term ratings and NCD ratings from CRISIL, ICRA, and CARE.

The details of ratings as of 31st March 2024 are as follows:

Rating	Long term Rating (Bank Loan)
CRISIL A- / (Stable)	₹ 1,600.00 crore
CARE A- / (Positive)	₹ 2011.99 crore
[ICRA] A- (Stable)	₹ 1,600.00 crore

Rating	Debt Instrument Rating (NCDs) - Outstanding Amount
CRISIL A- (Stable)	₹ 115.00 Crore
CARE A- (Positive)	₹ 354.35 Crore
ICRA A-(Stable)	₹ 565.01 Crore
PP-MLD ICRA A- (Stable)	₹ 35.00 Crore

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

Further, the Comprehensive Microfinance Grading by CRISIL for the Company as of March 31, 2024, is 'M1C1'. CRISIL's Comprehensive Microfinance Capacity signifies the highest capacity of the MFI to manage its operations in a sustainable manner and Excellent performance on Code of Conduct dimensions. The grading is assigned on an eight-point scale with respect to Microfinance Capacity Assessment Grading, with 'M1' being the highest grading, and 'M8', the lowest and on a five-point scale with respect to Code of Conduct Assessment, with 'C1' being excellent performance, and 'C5', the weakest.'

### 9. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During the FY 24 under review, there were no significant or material orders passed by any Regulator, Court, or Tribunal that would impact the going concern status or the Company's operations in the future.

### 10. INTERNAL AUDIT

The internal audit function provides an independent view to the Board of Directors, the Audit Committee, and the Senior Management on the quality and efficacy of the internal controls, governance systems and processes. In line with applicable RBI guidelines on Risk Based Internal Audit, the Company has adopted a Risk Based Internal Audit Policy.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The audit plan is aimed at evaluating the efficacy and adequacy of internal control systems and compliance thereof, the robustness of internal processes, policies, and accounting procedures, and compliance with laws and regulations. Based on the reports of internal audit function process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions, if any, are presented to the Audit Committee of the Board on a quarterly basis. Pursuant to the Risk Based Internal Audit Framework, internal audit is aligned in such a manner that assurance is provided to the Audit Committee and Board of Directors on the quality and effectiveness of the internal controls, and governance-related systems and processes.

### 11. INTERNAL FINANCIAL CONTROLS

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 Audit Committee periodically reviews to ensure that the internal financial controls of the Company are adequate and commensurate with its size, scale, and complexity of operations and 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.

### 12. AUDITORS AND AUDITORS' REPORT

Pursuant to the Listing Regulations, and the applicable RBI Guidelines, the Board of Directors have adopted a Risk Management Policy which provides for the identification, assessment, and control of risks which in the opinion of the Board may threaten the existence of the Company or hinder the regular operations of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The details of the risk management framework put in place by the Company along with a brief on risk function, processes followed, monitoring & reporting framework form part of Management Discussion and Analysis.

### 13. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 read with Schedule VII to the Act, the Company has constituted a b) CSR & Social Performance Management Committee which reviews and recommends inter-alia (a) the policy on Corporate Social Responsibility (CSR) including changes thereto, (b) Annual CSR Activity Plan including CSR Budget and (c) CSR Projects or Programs for implementation by the Company as per its CSR Policy. In accordance with the applicable provisions of Section 135 of the Act and the CSR policy of the Company, the Company contributes 2% of average net profits made during the preceding three financial years.

Being conceptualized from a development background, community welfare has always been a major impact area for Annapurna Finance. The CSR activities of the organization target specific needs of the community like lack of healthcare facilities, women and child development, livelihood security, clean and sustainable urban planning, etc. The details of the CSR projects undertaken in the FY 2023-24 are provided in the Social Development part of the Annual Report and details as per the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014

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/>

### 14. WHISTLEBLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has established a whistle-blower mechanism under which the Directors and employees may report any unethical behaviour, actual or suspected fraud, violation of the Code of Conduct including that of Insider Trading or any other policies, any other illegal activity occurring in the organization. In exceptional cases, directors or employees can raise their concerns directly to the Chairman of the Audit Committee. A further brief on Vigil Mechanism is given in the Report on Corporate Governance, forming part of this Integrated Annual Report.

### 15. LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company is a Non-Banking Financial Company classified as NBFC-MFI registered under Chapter III-B of the Reserve Bank of India Act, 1934 with the business of giving 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 a 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.

### 16. RELATED PARTY TRANSACTION

During the financial year ended March 31, 2024, 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 2024.

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

### 17. MANAGERIAL REMUNERATION

Details of managerial remuneration for the financial year 2023-24, 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 the median remuneration of employees of the Company: a) Managing Director b) Executive Director	a) 127:1 b) 59:1
2	In the Financial Year 2023-24, the percentage increase in remuneration of: a) Managing Director-cum-CEO b) Executive Director c) Chief Financial Officer d) Company Secretary	a) 34% b) 28% c) 34% d) 53%
3	Percentage increase in the median remuneration of employees in the financial	9%
4	Number of permanent employees on the rolls of the Company as on 31st March, 2024	10053
5	Average percentile increase in the salaries of employees, other than managerial personnel, in the financial year 2023-24	22%
6	Average percentile increase in the managerial remuneration in the financial year 2023-24.	30%
7	Affirmation that the Company has a remuneration policy and the remuneration is as per the remuneration policy of the Company	Yes
8	(a) The name of every employee, who if employed throughout the financial year, was in receipt of remuneration (for FY 2023-24), in the aggregate, of not less than one crore and two lakh rupees.  (b) The name of every employee, who if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.	1. Mr. Gobinda Chandra Pattanaik 2. Mr. Dibyajyoti Pattanaik 3. Mr. Satyajit Das 4. Dr. Sanjay Pattanaik

### 18. MATERIAL CHANGES & COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

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.

### 19. CORPORATE GOVERNANCE REPORT

According to the Listing Listing Regulations, a separate section titled 'Report on Corporate Governance' has



been included in this Integrated Annual Report. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct as applicable to them, for FY24. A declaration to this effect signed by the Chief Financial Officer of the Company forms part of the Report on Corporate Governance.

The Compliance Certificate certified to the Board on the accuracy of financial statements and other matters as specified in the Listing Regulations, which forms part of the Report on Corporate Governance.

A certificate issued by the Secretarial Auditors of the Company on compliance with conditions of corporate governance forms a part of the Report on Corporate Governance.

## 20. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Following the Listing Regulations, the Management Discussion and Analysis highlighting the details of Industry structure and developments, Opportunities and Threats, product-wise performance, Outlook, Risks and concerns, Internal control systems, and their adequacy, Discussion on financial performance with respect to operational performance, Material developments in Human Resources, including the number of people employed, key financial ratios form a part of this Integrated Annual Report.

## 21. DISCLOSURE UNDER THE POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 ("POSH ACT")

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 the 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 an inquiry into the complaints made by victims on harassment at the workplace. The number of complaints received during the financial year 2023-24 along with their status of redressal as of the financial year ended March 31, 2024, is as follows:

No. of complaints pending redressal as of April 1, 2023	0
No. of complaints filed during the financial year 2023-24	5
No. of complaints disposed of during the financial year 2023-24	5
No. of complaints pending redressal as of March 31, 2024	0

## 22. ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REVIEW

As a development finance organization, Annapurna has always proactively adopted better environmental, social, and governance practices to stay ahead, with a high commitment towards responsible lending, transparent governance, customer protection principles, and sustainable development goals.

From its inception, Annapurna has kept the social commitment at the center of its operation. The vision of supporting the financially excluded segments through need-based products and services has emerged from this strong social commitment of the organization. On the governance side, Annapurna has always complied with relevant national and global level guidelines to maintain high transparency, accountability, and fair practices in its processes. For environmental commitment, Annapurna has always been keen on developing dedicated products that has a direct impact on improving the environmental condition and make a steady contribution to the achievement of climate action and promotion of clean energy.

Annapurna has identified both the opportunities and risks involved with ESG and is now engaged in streamlining its ESG practices to devise an effective strategy to improve the ESG performance further. Annapurna has already addressed the portfolio risk from social and environmental concerns through ESMS policy. Under the ESG streamlining project, Annapurna has done a gap assessment to see the scope of improvement against the best practices followed in the BFSI sector, and a materiality assessment to identify the material topics important to the major stakeholders of the organizations.

The ESG strategy is planned to synchronize the efforts of multiple teams and assign program-wise ownership; deliberate on climate risk, its impact on the portfolio, and measures to improve the resilience against climate shocks; lay down a pathway for bringing in the green product line to improve the sustainable practices by the customers.

## 23. ANNUAL RETURN

The annual return (MGT-7) of the Company for the said financial year 2023-24, which is an integral part of this report, is available on the website of the Company at <https://annapurnafinance.in/reports-newsletters/>.

## 24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### a. Information Relating to Conservation of Energy, Technology Absorption:

As required under the provisions of Section 134(3)(m)

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.

### b. Foreign Exchange Earnings and Outgo

During the financial year 2024 under review, Apart from the repayment on overseas borrowings, there were no foreign exchange earnings and outgo.

## 25. PUBLIC DEPOSITS

During the period under review, the Company has not received or accepted any deposit from the 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. Accordingly, disclosure under Section 35(1) of the RBI Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 does not also apply.

## 26. REGULATIONS

Brief on Regulatory Guidelines released during the FY 2023-2024 is annexed with the Directors Report as **Annexure A.**

## 27. SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has a wholly owned subsidiary named **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.

## 28. COMPLIANCE WITH SECRETARIAL STANDARD

The Company has complied with the applicable Secretarial Standards (as amended from time to time) on meetings of the Board of Directors issued by The Institute of Company Secretaries of India and approved by the Central Government under section 118(10) of the Companies Act, 2013.

## 29. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

## 30. DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) under the

cost convention on an 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 their knowledge and belief confirm that:

- In preparation of the annual accounts for the financial year that ended March 31, 2024, 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.

### 31. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation and sincerely acknowledge the contribution and support from shareholders, customers, debenture holders, debenture trustees, Central and State Governments, Bankers, Reserve Bank of India, Registrar of Companies, Securities and Exchange Board of India, Insurance

Regulatory and Development Authority of India, BSE Limited, National Stock Exchange of India Limited, Registrar & Share Transfer Agents, Credit Rating Agencies and other Statutory and Regulatory Authorities for the kind cooperation and assistance provided to the Company. The Directors also extend their appreciation to all the employees for their continued support and unstinting efforts in ensuring outstanding operational performance and for their continued commitment, dedication, and cooperation.

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

**Sd/-  
Gobinda Chandra Pattanaik  
Managing Director**





**BRIEF ON REGULATORY GUIDELINES RELEASED DURING THE F.Y. 2023-2024:**

SL. NO	REGULATORY MEASURES	IMPACT	COMPANY'S RESPONSE
<b>RBI REGULATIONS</b>			
1	RBI MD on Outsourcing of Information Technology Services, 2022 dated April 10, 2023	The Company accordingly evolved suitable management strategies and adapted its methodologies to commensurate with the competitive environment created due to the rationalization brought in the guidelines for all IT Service providing Vendors and passed necessary resolutions at Board Meeting. 1. Amendment of existing outsourcing agreements in line with RBI prescription 2. Comprehensive Board approved IT outsourcing policy. 3. Prior evaluation before outsourcing of IT Services based on a comprehensive assessment of benefits and associated. Effective from: October 1, 2023,	The Company is in compliance to the Direction on Outsourcing guideline
2	Guidelines on Default Loss Guarantee on digital lending dated June 8, 2023	The guideline prescribes regulation on the structure of DLG arrangement, Cap on DLG, Tenor of DLG, Recognition of NPA, invocation of DLG, disclosure etc.	The Company has not so far undertaken any digital lending business.
3	Fair Lending Practice - Penal Charges in Loan Accounts, RBI Direction dated August 18, 2023	i. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account. ii. The REs shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit. iii. The REs shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called. iv. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of the loan contract without being discriminatory within a particular loan/product category.	i. The Company does not levy any penal interest nor capitalised penal charges. ii. The Company's policy has no such provision for charging additional components to the rate of interest and ensures compliance with the guidelines in letter and spirit iii. All internal policies are required to be approved by the Board before its implementation. The charges specified in any credit policy are duly approved by the Board iv. All charges are reasonable, are based on industry level charges and non-discriminatory.

SL. NO	REGULATORY MEASURES	IMPACT	COMPANY'S RESPONSE
<b>RBI REGULATIONS</b>			
4	RBI Direction on Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans, dated September 13, 2023	1. The REs shall release all the original movable/immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account. 2. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the RE where the documents are available, as per her / his preference. 3. The timeline and place of return of original movable/immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date. 4. To address the contingent event of the demise of the sole borrower or joint borrowers, the REs shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the REs along with other similar policies and procedures for customer information.	The instructions contained in point (1), (2) and (3) have been fully implemented. In the loan agreement all these points have been incorporated as one clause where the company gives mandate to release the documents within 30 days of repayment of loan at the desired location of the borrower mentioned in the loan agreement.  As regards point 4 the detail procedure for the return of original documents to legal heir in the event of death of the borrower is displayed in Company's web site for customer information.
5	RBI MD on Scale Based Regulation dated October 19, 2023	Regulations applicable for NBFC-ML Prudential Regulations 1. NBFCs shall maintain a minimum capital ratio consisting of Tier 1 and Tier 2 capital which shall not be less than 15 percent of its aggregate risk-weighted assets on the balance sheet and of risk-adjusted value of off-balance sheet items. 2. NBFCs are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. 3. Asset Classification guidelines for MFI and MSME loan portfolios. 4. NBFC shall make provisions for standard assets at 0.40 percent of the outstanding, which shall not be reckoned for arriving at net NPAs. 5. Guidelines on Maintenance of Liquidity Coverage Ratio (LCR)	The Company has already implemented the instructions contained in the Master Direction excluding CFSS. A road map has been drawn to implement CFSS and we are moving ahead of the target set for putting in place the various aspects necessary for the implementation of CFSS.

SL. NO	REGULATORY MEASURES	IMPACT	COMPANY'S RESPONSE
<b>RBI REGULATIONS</b>			
5		<p>6. NBFC(except NBFC-IFC) shall not have exposure (credit/investment taken together) exceeding (a) twenty-five percent of its Tier 1 capital to a single party; and (b) forty percent of its Tier 1 capital to a single group of parties</p> <p>7. Regulatory restrictions on loans</p> <p>8. Loans and advances to Directors</p> <p>9. Loans and advances to Senior Officers</p> <p>10. Loans and advances to Real Estate Sector</p> <p>11. Framing compliance policy and appointment of CCO</p> <p>12. Implementation of Core Financial Services Solution by Sept 30, 2025</p>	
6	MD on IT Governance, Risk, Controls and Assurance functions dated November 7, 2023	<p>1. Constitution of ITSC, IT Steering Committee, Information of Security Committee.</p> <p>2. Periodicity of meeting, ITSC (quarterly), IT Steering Committee (quarterly) and Information Security Committee (quarterly)</p> <p>3. Appointment of CISO, CISO shall place a review of cyber security risk/ arrangements/preparedness of REs before the Board/RMCB/ITSC at least on a quarterly basis</p> <p>4. Periodic review of IT related risks. The risk management policy of the RE shall include IT related risks, including the Cyber Security related risks, and the Risk Management Committee of the Board (RMCB) in consultation with the ITSC shall periodically review and update the same at least on a yearly basis.</p> <p>5. IT and Information Security Risk Management Framework. Implementation of comprehensive Information Security management function, internal controls, and processes (including applicable insurance covers) to mitigate/ manage identified risks</p> <p>6. Information Security Policy and Cyber Security Policy to be framed in addition to policy and procedure for Change and patch management and data migration. IS Audit Policy. All policies are to be reviewed annually.</p> <p>7. Conduct VP at least once in every six months and PT 12 months.</p>	The Company has already appointed CISO who is actively involved in implementing the guidelines in the organisation. The required Committees have been formed to look after the assigned work. It will be ensured to follow the instructions in true spirit.

SL. NO	REGULATORY MEASURES	IMPACT	COMPANY'S RESPONSE
<b>RBI REGULATIONS</b>			
7	Regulatory measures for Bank credit to NBFCs dated Nov 11 2023	<ul style="list-style-type: none"> <li>Non- MFI credit exposure shall have a risk weightage of 125%.</li> <li>Increase in risk weights for loans to NBFCs (Other than priority sector)</li> <li>To frame board-approved sectoral exposure limits for various sub-segments and to be monitored by the risk management committee.</li> </ul> <p><i>Note: Applicable with immediate effect.</i></p>	The Company is in compliance with this Direction on Risk weight requirement.
8	Streamlining Internal Compliance Monitoring, RBI Direction dated January 31, 2024	Reporting Entities to revamp internal compliance tracking and monitoring processes, to adopt comprehensive, integrated, and workflow-based solutions to improve compliance functions. Senior Management provided with a dashboard view of the entity's compliance status. Effective From 30th June, 2024	The Company is in the process of implementing this. The Compliance module has been implanted and is in the pilot stage.
9	RBI Master Direction on filing of Supervisory Returns dated February 27, 2024	In order to create a single reference for all Supervisory Returns and to harmonize the timelines for filing of returns, all the relevant instructions have been rationalised and consolidated into a single Master Direction	The returns are being filed/uploaded as per the prescribed time frame.
<b>SEBI REGULATIONS</b>			
1	SEBI NCS regulation amendment dated July 04, 2023	As per the SEBI NCS regulation the AOA of the issuer shall contain a clause requiring its board of directors to appoint a person as a director on its board nominated by the debenture trustee.	The Company has amended the AOA as per the regulatory requirements.
2	SEBI Circular dated September 20, 2023 on Redressal of investor grievances through the SEBI Complaint Redressal(SCORES) Platform and linking it to Online Dispute Resolution platform and amended time to time (updated on 1st December, 2023) effective from 1st April, 2024	<ul style="list-style-type: none"> <li>All Listed Companies shall are require to resolve the investor complaint within 21 calendar days and submit an Action Taken Report (ATR) for the Complaint through SCORES.</li> <li>In case the complainant is not satisfied, the complaint can be escalated for the first review to Exchange, Such escalated complaints will be addressed by Exchange within 10 calendar days.</li> </ul>	The Company has complied with the regulatory updates.



SL. NO	REGULATORY MEASURES	IMPACT	COMPANY'S RESPONSE
<b>SEBI REGULATIONS</b>			
3	SEBI LODR Amendment dated September 21, 2023	<p>Applicability: Listed Entities</p> <p>Objective:</p> <p>1. As per Regulation 62A, it is mandatory to list all the NCD Securities issued by a listed entity on or after January 1, 2024 on stock exchanges.</p> <p>Entities may list unlisted NCDs issued on or before December 31, 2023, on stock exchanges within 3 months from the date of the listing of the non-convertible debt securities proposed to be listed.</p>	The Company has taken note of the regulatory updates.
4	SEBI Circular dated October 03, 2024 Centralized mechanism for reporting the demise of an investor through KYC Registration Agencies (KRAs)	<p>1. Applicability: Listed Companies</p> <p>2. Objective: This mechanism is specifically designed for investors holding securities in physical form. These investors must have their PAN available in their folio to benefit from the centralized reporting mechanism.</p> <p>Listed companies establish connectivity with KRAs through their RTAs to provide access to this mechanism for their investors..</p> <p>This circular mandates regulated entities to efficiently handle the reporting and verification process in case of investor demise, ensuring compliance with standardized procedures to facilitate timely transmission in the securities market. The regulation places specific obligations on intermediaries to ensure timely and accurate reporting, thereby facilitating smoother transitions and better management of investor records.</p>	The Company has taken the note of the regulatory changes.
5	Consolidation of all circular issued by Exchange for Debt Listed Company.	<p>This circular is to consolidate the below previously issued circulars for high value debt listed companies.</p> <ul style="list-style-type: none"> <li>• Formats specifying disclosure of Corporate Governance by High-value debt-listed entities.</li> <li>• XBRL based Compliance filings for Debt-Listed Issuers.</li> </ul>	The Company has taken the note of the regulatory changes.
6	SEBI Circular dated November 08, 2023 specifies the Procedural framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors effective from 1st March, 2024	<p>A policy was formed by the Board of Directors at its meeting held on 8th February 2024 for dealing with unclaimed amounts lying with entities having listed non-convertible securities and the manner of claiming such amounts by Investors.</p>	The Company has taken note of the regulatory changes and taken action.

SL. NO	REGULATORY MEASURES	IMPACT	COMPANY'S RESPONSE
<b>SEBI REGULATIONS</b>			
7	Master Circular for Online Dispute Resolution dated July 31, 2023 (updated on 28th December, 2023)	<p>1. Applicable: Listed Companies</p> <p>2. Objective:</p> <p>Streamline the existing dispute resolution mechanism in the Indian securities market by establishing a common Online Dispute Resolution (ODR) Portal to handle disputes through online conciliation and arbitration.</p> <p>3. Dispute Resolution Process:</p> <p>Initial complaint to be lodged directly with the concerned market participant. If unresolved, escalate to SEBI SCORES portal. If still unresolved, initiate dispute resolution through the ODR Portal. Both investors/clients and market participants can initiate the process.</p> <p>Listed Companies to display a link to the ODR Portal on their websites and mobile apps.</p>	The Company has taken the note of the regulatory changes.
<b>MCA REGULATIONS</b>			
1	The Companies (Management and Administration) Second Amendment Rules, 2023 dated 27th October, 2023	<p>Every company shall designate a person who shall be responsible for furnishing, and extending cooperation for providing, information to the Registrar or any other authorized officer concerning beneficial interest in shares of the company.</p> <p>Further the Company shall inform details of such designated person in the Annual Return and any change thereof shall be intimated through form GNL-2.</p> <p>Further deemed designated person, Company Secretary, KMP or Directors</p>	The Company has taken note of the regulatory changes.
2	The Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023. Issue of securities in dematerialised form by private companies dated 27th October 2023	<p>A private company which is not a small company as on 31st march 2023 shall within 18 months from the closure of 31st March 2023 i.e. till 30th September 2024 shall must facilitate the dematerialisation of all its securities in accordance with the provisions of the Depositories Act.</p>	The Company has taken the note of the regulatory changes.

## REPORT ON CORPORATE GOVERNANCE (2023-24)

### 1. CORPORATE GOVERNANCE PHILOSOPHY

Annapurna Finance Private Limited (“Company” or “Annapurna”) is deeply committed to fundamental business principles and ethical conduct, priorities the interests of all stakeholders while delivering financial services across India. The Company firmly believes that effective corporate governance is essential for sustainable growth and value creation for its stakeholders. Over the years, Annapurna has diligently adhered to exemplary corporate governance practices in accordance with the Companies Act, as well as regulations set forth by the RBI and SEBI. This dedication has significantly contributed to Annapurna’s reputation as a thriving microfinance institution, enabling it to fulfill its responsibilities to customers, employees, financiers, and society at large.

Annapurna integrates corporate governance principles rooted in its core values into its daily operations. Offering income-generating financial services, the Company places paramount importance on transparency, accountability, empowerment, independent monitoring, social responsibility, and environmental consciousness. These principles positively impact clients and stakeholders, fostering trust and contributing to the betterment of the communities they serve.

Recognizing the utmost importance of compliance with all relevant laws and regulations, Annapurna is dedicated to upholding and nurturing its core values in every aspect of its operations and services. By doing so, the Company strives to set an example of integrity and ethical conduct in the business world. Furthermore, Annapurna consistently stays ahead of regulatory requirements by proactively implementing and maintaining robust governance practices. This forward-thinking approach ensures that the Company not only meets but often exceeds the standards set by regulatory bodies, thereby reinforcing its commitment to excellence in governance.

In India, corporate governance standards for listed NBFCs are mandated under the Companies Act, 2013 (“the Act”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”), the Master Circular – Non-Banking Financial Company – Corporate Governance (Reserve Bank) Directions, 2015, and the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 updated as on March 21, 2024 (collectively referred to as “RBI Master Directions/Guidelines”), as amended from time to time.

### 2. BOARD STRENGTH & REPRESENTATION

#### 2.1 Composition and Category:

The Board of Directors of your Company boasts a balanced and diverse mix of Executive and Non-Executive Directors, in compliance with the Companies Act, 2013, as amended (the “Act”), and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”). The Board’s composition ensures an optimal blend of knowledge and professional expertise, with relevant industry experience that enables it to effectively discharge its responsibilities. This composition provides the necessary guidance and leadership to manage the Company’s affairs efficiently.

As of 31st March 2024, the Board comprises 15 Directors, including 4 Independent Directors, 9 Nominee Directors, and 2 Executive Directors. Additionally, the Board includes 2 Women Directors, and 86.66% of the Board members are Non-Executive Directors.

The composition of the Board as of March 31, 2024, along with the number of directorships, the number of committees each Director is a Member or Chairperson of, their attendance at Board Meetings and the AGM, and their shareholding details are as follows:

Sl.No.	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent) #	DIN	Number of Board Meetings		No. of other Director ships (including this and other private and public companies)	Attendance in AGM held on 25th September, 2023	No. of shares held in and convertible instruments held in the NBFC
					Held	Attended			
1	Mr. Gobinda Chandra Pattanaik	13/08/2009	Chairperson /Executive	02716330	9	6	1	Yes	80,00,546
2	Mr. Dibyajyoti Pattanaik	14/09/2009	Executive	02764187	9	9	2	Yes	17,19,805
3	Mr. Krishna Kumar Tiwary	13/02/2012	Independent	02914614	9	9	5	-	0
4	Mr. Sean Leslie Nossel	20/07/2012	Independent	05327455	9	5	1	-	0
5	Mr. Ashok Ranjan Samal	17/10/2016	Independent	00918164	9	9	2	-	0
6	Ms. Christina Stefanie Juhasz	30/11/2016	Nominee (WWB)- Equity Investor	06451902	9	7	2	Yes	0
7	Mr. R V Dilip Kumar	25/06/2021	Nominee (SVCL)-Equity Investor	01060651	9	2	6	-	0
8	Mr. Arup Kumar	28/09/2022	Nominee (SIDBI) - Equity Investor cum Lender	07682113	9	4	2	-	0
9	Mr. Sunit Vasant Joshi	19/05/2020	Nominee (ADB)- Equity Investor cum Lender	02962154	9	9	1	-	0
10	Mr. Venkiteswaran Mecherimadam Ramakrishnan	25/09/2020	Nominee (Oikocredit)-Equity Investor	08286433	9	8	4	-	0
11	Mrs. Radhika Jayant Shroff	25/06/2021	Nominee (Nuveen) - Equity Investor	09210584	9	5	1	-	0
12	Mr. Abhishek Agrawal	23/12/2021	Nominee (Accion & DEG) - Equity Investor	06760344	9	9	4	Yes	0
13	Mr. Guillaume Accarain	18/04/2022	Nominee (BIO) - Equity Investor	09527231	9	7	1	Yes	0
14	Mr. Pushkar Jauhari	27/05/2022	Nominee (OIJIF) - Equity Investor	06391650	4	4	NA	-	0
15	Mr. Ajay Bhaskar Limaye	25/09/2023	Nominee (OIJIF) - Equity Investor	02762738	5	5	1	Yes	0
16	Mr. Govinda Rajulu Chintala	25/09/2023	Independent	03622371	4	4	5	-	0

\*During the financial year 2023-24, Mr. Pushkar Jauhari ceased to be a Directors w.e.f. September 25, 2023.

#Nominee Directors representing their Institution as equity investors.

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



## 2.2. Details of change in the composition of the Board during the current financial year

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 the prescribed time period. The Changes in Board composition during the year was as follows-

Sl.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Mr. Pushkar Jauhari	Nominee Director	Cessation	September 25, 2023
2	Mr. Govinda Rajulu Chintala	Independent Director	Appointment	September 25, 2023
3	Mr. Ajay Bhaskar Limaye	Nominee Director	Appointment	September 25, 2023

Note: No Independent Director resigned during the financial year ended March 31, 2024.

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 Corporate Strategy and Planning	Understanding of Accounting and Financial Statements	Compliance, and Regulatory Affairs	Risk, Assurance and Internal Controls	Marketing Branding	Environmental/ Climate Governance / Sustainability	Diversified Leadership
1	Mr. Gobinda Chandra Pattanaik	Y	Y	Y	Y	Y	Y	Y	Y
2	Mr. Dibyajyoti Pattanaik	Y	Y	Y	Y	Y	Y	Y	Y
3	Mr. Krishna Kumar Tiwary	Y	Y	Y	Y	Y	Y	Y	Y
4	Mr. Sean Leslie Nossel	Y	Y	Y	Y	Y	Y	Y	Y
5	Mr. Ashok Ranjan Samal	Y	Y	Y	Y	Y	Y	Y	Y
6	Ms. Christina Stefanie Juhasz	Y	Y	Y	Y	Y	Y	Y	Y
7	Mr. R. V. Dillip Kumar	Y	Y	Y	Y	Y	Y	Y	Y
8	Mr. Arup Kumar	Y	Y	Y	Y	Y	Y	Y	Y
9	Mr. Sunit Vasant Joshi	Y	Y	Y	Y	Y	Y	Y	Y
10	Mr. Venkiteswaran Mecherimadam Ramakrishnan	Y	Y	Y	Y	Y	Y	Y	Y
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. Guillaume Accarain	Y	Y	Y	Y	Y	Y	Y	Y
14	Mr. Pushkar Jauhari	Y	Y	Y	Y	Y	Y	Y	Y
15	Mr. Govinda Rajulu Chintala	Y	Y	Y	Y	Y	Y	Y	Y
16	Mr. Ajay Bhaskar Limaye	Y	Y	Y	Y	Y	Y	Y	Y

As of March 31, 2024, the composition of the Board & its committees conforms with the applicable provisions of the Act, Regulation 17 of SEBI Regulations & applicable RBI Master Directions / Guidelines on the Corporate Governance requirements relating to the constitution of various committees of the Board, as stipulated from time to time.

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

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

## 2.4. Information Placed before the Board:

The Board has complete access to all the information of the Company, inter alia complete agenda for meetings along with all relevant annexures, reports of various committee meetings, operational report, financial report, risk report, internal audit report, CSR report, Product performance details 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 to take necessary actions as required. The required information is sent to the Board and Committee members in advance in the form of Agenda papers, which cover detailed reports and presentations for taking part in discussion and decision-making.

## 2.5. Evaluation of the Board:

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, the 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 subscribes 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 May 16, 2024. 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 the overall functioning and implementation of their suggestions.

## Independent Directors and Familiarization Program

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 with the code of conduct for independent directors as prescribed in Schedule IV of the Act.

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

- Briefing on their role, responsibilities, duties, and obligations as a member of the Board.
- Nature of business and business model of the Company, Company's strategic and operating plans.
- Matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc.

As a part of the Induction and Continuing Education Program for Independent Directors, periodic presentations are made by the Function Heads at the Board Meetings to apprise the Directors of 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 May 16, 2024, without the attendance of non-independent directors and members of management to review the performance of Non-Independent Directors & the Board as a whole and to assess the quality, quantity, and timeliness of the 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 Programs imparted during the year under review, have been uploaded on the website of the Company is available at the link <https://annapurnafinance.in/familiarization-program/>

### 3. BOARD PROCEDURE AND CONDUCT

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 complies with the suggestions and directions as discussed in the Board meeting and updates the same in subsequent Board meetings as part of ATR (action taken report). The discussion, specific suggestions by Board members, and any approval by way of a resolution passed in the meeting are properly recorded in the minutes of the meeting. As a part of the green initiative undertaken by the Company, the agenda and related information are circulated in electronic form through the mail. This has reduced paper consumption, thereby enhancing the sustainability efforts of the Company.

At Board Meetings, the Managing Director apprises the Board of the overall performance of the Company. The Board also, inter alia, reviews the strategy, annual business plan, and capital expenditure budgets, quarterly, half-yearly, and annual financial results, compliance reports on all laws 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: -

1. Audit Committee
2. Corporate Social Responsibility & Social Performance Management Committee
3. Nomination and Remuneration Committee
4. Risk Management Committee
5. IT Strategy Committee
6. Product Committee
7. Asset Liability Management Committee (ALM)
8. Annual Business Plan Committee (ABP committee)
9. Stakeholders Relationship Committee
10. Executive Committee

#### 4.1. 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 the 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:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Krishna Kumar Tiwary	19-10-2012	Independent Director, Chairman	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
4	Mr. Govinda Rajulu Chintala	08-11-2023	Independent Director	1	1	0

Note: Mr. Govinda Rajulu Chintala, qualifies to be a member of the Committee effective November 8, 2023.

#### 4.2. Corporate Social Responsibility & 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 to manage the social activities in backward areas. The CSR & SPM Committees is responsible for the implementation and monitoring of 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:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Gobinda Chandra Pattanaik	25-11-2013	Managing Director, Chairman	2	0	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

#### 4.3. Nomination & Remuneration Committee

The role of the 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 the 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 there under.
- 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 Chairman of the committee was elected in every meeting. The Composition of the Committee is mentioned below:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Ashok Ranjan Samal	30-11-2016	Independent Director	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	2	0
4	Mr. Gobinda Chandra Pattanaik	06-08-2014	Managing Director	0	0	80,00,546
5.	Mr. Abhishek Agrawal	25-09-2023	Nominee Director	1	1	0

Note: During the financial year 2023-24, Mr. Abhishek Agrawal, qualify to be a member of the Committee effective September 25, 2023, and Mr. Gobinda Chandra Pattanaik ceased to be Member of the committee w.e.f. May 25, 2023.

The performance evaluation criteria of Independent Director are included in the point 2.5 & 2.6 of Corporate Governance section of Directors Report.

#### 4.4. Risk Management Committee

The role of the Risk Management Committee includes reviewing the Company's risk management policies, ensuring appropriate methodology, processes, and systems are in place to monitor and evaluate risks, and reviewing risk management effectiveness and follow-up of remedial actions. The committee regularly reviews reports providing details of the risk exposure, risk mitigation plan, and risk management efforts of the Company. The Committee met four times during the year. The Composition of the Committee is mentioned below:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Gobinda Chandra Pattanaik	17-02-2016	Managing Director, Chairman	3	1	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

Note: Mr. Gobinda Chandra Pattanaik, ceased to be a member of the Committee effective November 8, 2023.

#### 4.5. 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 ensure that the management has an effective strategic planning process in place. The Committee met three times during the year. The Composition of the Committee is mentioned below:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Ashok Ranjan Samal	14-12-2017	Independent Director, Chairman	3	3	0
2.	Mr. Gobinda Chandra Pattanaik	14-12-2017	Managing Director	3	1	80,00,546
3	Mr. Dibyajyoti Pattanaik	14-12-2017	Director	3	3	17,19,805
4	Mr. Shankarshan Panda	24-09-2018	CIO- Chief Information Officer	3	3	0
5	Mr. Dillipa Kumar Khuntia	24-09-2018	CTO- Chief Technology Officer	3	3	0

#### 4.6. Product Committee

The primary role of the Product Committee is to prepare and support the decisions to be made by the Board of Directors as a whole on product management and to study and prepare strategic plans including monitoring and guiding for product diversification to improve the performance of the Company and ensuring long term value creation. The committee evaluates the performance of each loan product and also reviews the proposal for new loan products. The Committee met two times during the year. The Composition of the Committee is mentioned below:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Dibyajyoti Pattanaik	15-02-2017	Director, Chairman	2	2	17,19,805
2.	Mr. Venkiteswaran Mecherimadam Ramakrishnan	25-09-2020	Nominee Director	2	2	0
3	Mr. Ashok Ranjan Samal	15-02-2017	Independent Director	2	2	0
4	Ms. Christina Stefanie Juhasz	15-02-2017	Nominee Director	2	1	0

#### 4.7. 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:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Dibyajyoti Pattanaik (Executive Director)	04-04-2014	Chairman	4	4	17,19,805
2.	Mr. Satyajit Das (Chief Finance Manager)	04-04-2014	Member	4	4	6,20,102
3.	Dr. Sanjay Pattanaik (Chief Operating Officer)	04-04-2014	Member	4	4	6,20,102
4.	Mr. Kumar Vaibhav (Head, Institutional Finance)	04-04-2014	Member	4	4	0
5.	Mr. Sabyasachi Sahu (Head, Credit Dept.)	04-04-2014	Member	4	4	0
6.	Mr. Anoop TP (Head, Risk Dept.)	04-04-2014	Member	4	4	0

#### 4.8. Annual Business Plan Committee (ABP committee)

The Annual Business Plan Committee helps in forecasting and drawing a business plan for the next financial year, based on which the Company conducts its business. The actual and estimated performance is being assessed and reviewed in the committee meetings and a revised B-Plan is placed for approval if required. The Committee met two times during the year. The Composition of the Committee is mentioned below:

Sl.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/ Entitled	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	0	0
3	Ms. Radhika Jayant Shroff	24-09-2021	Nominee Director	2	1	0
4	Mr. Sunit Vasant Joshi	09-07-2020	Nominee Director	2	2	0
5	Mr. Pushkar Jauhari	27-05-2022	Nominee Director	1	1	0
6	Mr. Ajay Bhaskar Limaye	08-11-2023	Nominee Director	1	1	0

Note: Mr. Pushkar Jauhari, ceased to be a member of the Committee effective November 8, 2023 and Mr. Ajay Bhaskar Limaye, qualify to be a member of the Committee effective November 08, 2023.

#### 4.9. 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. Details of Shareholders Complaint is also provided herein below during the year.

No. of Shareholders' Complaints received during the financial year	0
No. of Complaints not solved to the satisfaction of shareholders	0
No. of Pending Complaints	0

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

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

Further, Mr. Subrata Pradhan is the Company Secretary and Compliance Officer of the Company.

#### 4.10. 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 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 fifty-four times during the year. The Composition of the Committee is mentioned below:

Sl.No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled	Attended	
1.	Mr. Gobinda Chandra Pattanaik	12-11-2014	Managing Director, Chairman	54	54	80,00,546
2.	Mr. Dibyajyoti Pattanaik	12-11-2014	Executive Director, Member	54	54	17,19,805

#### 4.11. Senior Management or Senior Management Personnel (SMP)

Senior management or SMP are the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and which comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer. Details of SMP are provided herein below:

S. No	Name of SMP	Designation
1	Mr. Satyajit Das	Chief Financial Officer (CFO)
2	Dr. Sanjay Pattanaik	Chief Operating Officer (COO)
3	Mr. Kumar Vaibhav	Head of Institutional Finance
4	Mr. Subrata Pradhan	CCO cum Company Secretary
5	Mr. Rakesh Ranjan Rath	Head of Accounts
6	Mr. Suraj Bali Painkra	Head of Internal Audit
7	Mr. Anoop TP	Chief Risk Officer
8	Mr. Sanjay Singh	Head of MSME Business
9	Mr. Sabyasachi Sahu	Head of Credit- MFI
10	Mr. Soumik Ghanta	Head of Credit MSME
11	Mr. Shankarshan Panda	Head of IT
12	Mr. Subrat Sabyasachi Roy	Head Strategy

Further, there has been no change in the particulars of Senior Management since the close of previous financial year.

#### 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 and 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	Sitting Fees paid for the FY 2024
Mr. Krishna Kumar Tiwary	₹ 8.00 Lakh
Mr. Sean Leslie Nossel	₹ 5 Lakh
Mr. Ashok Ranjan Samal	₹ 14.30 Lakh
Mr. Govinda Rajulu Chintala	₹ 3.80 Lakh

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	₹ 379.16 Lakh	0	0	0
Mr. Dibyajyoti Pattanaik	₹ 168.10 Lakh	-	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

#### 6. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has adopted a Whistle Blower Policy to provide a formal vigil mechanism to the Directors and employees to report genuine concerns about unethical behavior, 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 ADEQUACY

The Company has robust and comprehensive internal control systems in place to ensure that all assets are safeguarded and protected against loss from misuse or unauthorized disposition and that transactions are authorized, recorded, and reported accurately. These controls are supported by documented policies, guidelines, and procedures, alongside an extensive program of internal audits and management reviews. The Audit Committee regularly advises on various risk mitigation strategies.

Our internal control system is designed to ensure the reliability of financial and other records for the preparation of financial statements and other data, as well as for maintaining accountability of assets. In addition, the RBI has mandated the implementation of the Risk-Based Internal Audit (RBIA) framework. This audit methodology is linked to the organization's overall risk management framework and provides assurance to the Board of Directors and Senior Management regarding the quality and effectiveness of the organization's internal controls, risk management, and governance systems and processes.

Furthermore, the Company has implemented Enterprise Risk Management (ERM) tools. These tools help measure and monitor the Company's internal risk appetite across all functions, ensuring a comprehensive approach to risk management.

#### 8. GENERAL BODY MEETINGS

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

Sl No	Type of Meeting (Annual / Extra-Ordinary)	Date & Place	Special Resolution Passed
1	Extra-Ordinary General Meeting (EGM)	5th May 2023 at Registered Office of Company	1. Approval for the Increase in Borrowing Powers of the Board in terms of Section 180(1)(c) of the Companies Act, 2013 2. Approval of the Creation of Charge/ Mortgage etc. in terms of Section 180(1)(a) of the Companies Act, 2013
2	Annual General Meeting (AGM)	25th September 2023 at Registered Office of Company	1. Re-appointment of Mr. Gobinda Chandra Pattanaik (DIN: 02716330) as Managing Director of the company 2. Re-appointment of Mr. Dibyajyoti Pattanaik (DIN: 02764187) as Executive Director of the company 3. Approval of Annual Business Plan for FY 2023-24 4. Approval for the Alteration of Articles of Association of The Company

Sl No	Type of Meeting (Annual / Extra-Ordinary)	Date & Place	Special Resolution Passed
2	Annual General Meeting (AGM)	25th September 2023 at Registered Office of Company	5. Increase in the Borrowing Powers of the Board in terms of Section 180(1)(c) of the Companies Act, 2013 6. Creation of Charge/ Mortgage etc. in terms of Section 180(1)(a) of the Companies Act, 2013 7. Issuance of Non-Convertible Debenture in terms of Section 42 of the Companies Act, 2013 8. Consideration and Approval of the employment agreement with key employees of the company 9. Regularization of appointment of Additional Director (Shri Govinda Rajulu Chintala- Independent Director)
3	Extra-Ordinary General Meeting (EGM)	22nd January 2024 at Registered Office of Company	1. Approval for execution of transaction documents for the sale of equity shares of the company by the existing shareholders to Piramal Alternatives Trust 2. Approval for execution of transaction documents for the sale of equity shares of the company by the existing shareholders to India SME Investments Fund -I and Mr. Anand Surana 3. Approval for issuance of securities, (OCD) on a private placement offer basis 4. Approval for execution of the transaction documents (i.e. Debenture Trustee Agreement, Debenture Trust Deed, and the Fee Letter Agreement)

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

## 9. MEANS OF COMMUNICATION

### 9.1. Calendar of the financial year ended March 31, 2024

The Company follows April-March as the financial year. The meetings of the Board of Directors for approval of quarterly and annual financial results for the financial year ended March 31, 2024, were held on the following dates:

Particulars	Date
Quarter ended June 30, 2023	July 27, 2023
Quarter/half-year ended September 30, 2023	November 08, 2023
Quarter ended December 31, 2023	February 08, 2024
Quarter/year ended March 31, 2024	May 21, 2024

### 9.2. Quarterly/Half Yearly and Annual 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](https://annapurnafinance.in). After the aforesaid Financial Results are approved at the Board Meetings, the same are immediately intimated to the Stock Exchange.

### 9.3. Online Filings

The Company complies with the online filing requirements on the electronic platform of BSE Limited (BSE) viz., BSE Listing Centre. The Members / Investors can view the details of electronic filings done by the Company on the websites of BSE at [www.bseindia.com](http://www.bseindia.com).

### 9.4. Newspapers Publications

The Quarterly, Half-yearly, and Annual Results of the Company are published in nationwide circulated daily English newspapers.

### 9.5. Website Disclosures

Comprehensive information about the Company, its business, and operations and investor information can be viewed at the Company's website at [www.https://annapurnafinance.in](http://www.https://annapurnafinance.in)

The Company website is regularly updated to provide further ease of access to the requisite information prescribed under various provisions of the Act, the Listing Regulations, and the RBI Guidelines.

The "Resources" section serves to inform the investors by providing key timely information like Financial Results, Annual reports, Audit Reports, Credit Rating reports, Company Policies, Various Intimations & Compliances such as Interest Payment Intimation, Record dates Intimation, etc.

### 9.6. SEBI Complaints Redressal System (SCORES)

A centralized web-based complaints redressal system, which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned company and online viewing by the investors of actions taken on the complaint and its status.

### 9.7. Online Dispute Resolution (ODR) mechanisms

A platform for Online Dispute Resolution provides for establishing a common Online Dispute Resolution Portal ("ODR Portal") which harnesses online conciliation and online arbitration for resolution of disputes. This initiative aims to enhance the efficiency and accessibility of dispute resolution processes.

## 10. General Shareholders Information

### 10.1. Details of AGM

Thursday, 8th August 2024 at 12:30 p.m. (IST). The AGM will be held Physically at Mumbai only.

### 10.2. Financial Year

April 1, 2023-March 31, 2024

### 10.3. Dividend

The Company has not paid any dividends during the Year.

### 10.4. Corporate Identity Number (CIN)

U65999OR1986PTC015931

### 10.5. Stock Exchange Details where securities are Listed

Shares: Shares (Equity/ Preference) of the company are not listed on any of the stock Exchange of India.

Security Type & ISIN: Equity Shares (INE515Q01015)

Debt Securities: Various Non-Convertible Debt Instruments are listed on below Stock Exchange:

Name of Stock Exchange: BSE Limited

Address: Department of Corporate Services, 1st Floor, P. J. Towers, Dalal Street, Mumbai – 400 001

Listed Debt Securities: Below-mentioned Non-Convertible Debentures (NCDs) are Listed on BSE Ltd.

Outstanding Listed Non-Convertible Debentures as of March 31, 2024

ISINs	Scrip Code	Issued Amount (In ₹) In Crores	Outstanding Amount (In ₹) In Crore
INE515Q07228	973314	60.00	15.00
INE515Q08176	973679	70.00	70.00
INE515Q08093	974256	30.00	30.00
INE515Q07525	974241	37.00	37.00
INE515Q07533	974310	40.00	40.00
INE515Q08168	974732	30.00	30.00
INE515Q07582	974998	35.00	35.00
INE515Q08192	974998	60.00	15.00
INE515Q07590	975235	46.00	46.00
INE515Q08218	973314	20.00	20.00
INE515Q08226	973679	60.00	60.00
INE515Q08226	974256	60.00	60.00
INE515Q08242	974241	100.00	100.00

### 10.6. Listing and Custodial Fees

The Company has paid the requisite Annual Listing and Custodial Fees to the Stock Exchanges and Depositories viz. CDSL and NSDL, respectively, for the financial years 2023-24 and 2024-25.

### 10.7. Stock Code

NIL

### 10.8. Market price data- high, low during each month in last financial Year

Nil, as the shares of the Company is not listed.





### 10.9. Credit Rating of Debt Instruments

During the year under review, ICRA Limited has reaffirmed its rating on Non-Convertible Debentures (NCDs) including subordinated NCDs of the Company as A- (Stable).

Further, CRISIL Limited (CRISIL) also reaffirmed its rating on the NCDs (including subordinated NCD) as CRISIL A- (Stable).

Whereas CARE Ratings Limited has enhanced its rating outlook from Stable to Positive on the NCDs (including subordinated NCD) as A- (positive).

Name and address of Rating Agency	<b>ICRA Limited</b> FMC Fortuna, A-10 & A-11, 3rd Floor, 234/3A, A.J.C. Bose Road, Kolkata-700020
	<b>CRISIL Limited</b> CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076
	<b>CARE Limited</b> Godrej Coliseum, 4th Floor, Somaiya Hosp Road, Off Exp Highway, Sion (E), Mumbai, Maharashtra -400022, India.

### 10.10. Distribution of Equity Shareholding as of 31st March 2024

Range of Equity Shares	No. of Equity Shareholders	%	No. of Shares	%
Up to 5,000	0	0	0	0
5,001-10,000	0	0	0	0
10,001-50,000	0	0	0	0
50,001-1,00,000	0	0	0	0
1,00,001 and above	18	100	10,56,33,990	100
Total	18	100	10,56,33,990	100

### 10.11. Registrar and transfer Agent (RTA)

For share related matters, Members are requested to correspond with the Company's Registrar and Transfer Agents (RTA) NSDL Database Management Limited (NDML) having corporate office on the 4th Floor, Tower 3, One International Center, Senapati Bapat Marg, Prabhadevi, Mumbai 400 013 is a company's Registrar & Share Transfer Agent (RTA) registered with SEBI (SEBI Registration No. INR000004181) quoting their Folio No./ DP ID & Client ID at the given address.

### 10.12. Details of Share transfer and details Securities in dematerialized and liquidity as of March 31, 2024:

According to the recent MCA notification dated 27.10.2023 inserting Rule 9B under Companies (Prospectus and Allotment of Securities) Rules, 2014 regarding the Issue of securities in dematerialized form by private companies, directing every private companies other than small companies, to issue securities only in Demat form and facilitating dematerialization of all its securities on or before 30.09.2024, the company is in

process of complying the circular. The Demat status of Equity shares are provided herein below:

Particulars	Nos. of Equity Shares	%
NSDL (Dematerialized Form)	6,92,30,381	65.54
CDSL (Dematerialized Form)	73,42,449	6.95
Physical Form	2,90,61,160	27.51
Total No. of Shares	10,56,33,990	100.00

As on March 31, 2024, the company has 30,00,000 numbers on Compulsorily Convertible Preference Shares (CCPS) held in physical form.

Further, all the debentures issued and allotted are held in Demat Form.

Further, none of the securities of the company are suspended for trading as on March 31, 2024.

Name and address of Depository	<b>National Securities Depository Limited (NSDL)</b> 4 Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
	<b>Central Depository Services (India) Limited (CDSL)</b> 25th Floor, A Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel (East) Mumbai-40001

### 10.13. Name and address of Debenture Trustee

#### CATALYST TRUSTEESHIP LIMITED

(Formerly known as GDA Trusteeship Limited),  
Mumbai Office: 901,9th floor, Tower B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India  
Email ID: ComplianceCTL-Mumbai@cctltrustee.com  
Phone: 022-49220555 (Extn: 537/ 590/ 587)

### 10.14. Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity date and likely impact on equity

NIL

### 10.15. Commodity price risk or foreign exchange risk and hedging activities

NIL

### 10.16. Plant locations

Being a financial services company, the Company has no plant locations.

### 10.17. Address for correspondence

The correspondence address of the company is its Registered Office provided herein below :

**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

## 11. 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-compliance 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.
- 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 require entities raising ECB for an average maturity of less than 5 years to hedge a minimum of 70% of its ECB exposure (principal and coupon). However, the Company hedges 100% of 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 derivatives contracts as hedge positions in line with the Board approved policy.
- 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 (Membership No.: 29239), and the same is annexed to this Report.
- During the financial year ended March 31, 2024, the Board has accepted all the recommendations of its Committees, which are mandatorily required.
- A sum of ₹ 224 lakhs being the total fees (excluding taxes) was paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditors for all services paid rendered by them.
- 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' (Not including Loans and Advances in the nature of Loans, if any, given by the Company to its subsidiary): NIL
- Loans and advances in the nature of loans to subsidiaries by name and amount: NIL
- 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.
- 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 by unmodified audit opinion - both on a 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.
- Code of Conduct: The Company has laid down a Code of Conduct for the Directors and Senior Management Personnel of the Company and also adopted a policy on Code of Conduct of Board of Directors & Senior Management Personnel (SMP) through its duly convened board Meeting. The Managing Director has confirmed and declared that all Members of the Board and Senior Management have affirmed compliance with the Code of Conduct.
- Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor: Kindly refer Financial Result March 2024 and Auditors Report March 2024
- 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, 2024.

Sd/-  
Gobinda Chandra Pattanaik  
Managing Director  
DIN: 08525366

Place : Bhubaneswar  
Date : 29th July, 2024

## CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

### COMPLIANCE CERTIFICATE

(Pursuant to Regulation 17(8) read with Part B of Schedule II to the SEBI (LODR) Regulations 2015)

Date: 21.05.2024

To  
The Board of Directors  
Annapurna Finance Pvt Ltd

We the undersigned, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of 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 and to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended on 31st March 2024 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 misleading.
  - (2) These statements together present a true and fair view of the listed entity's affairs and 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

Sd/-  
Chief Executive Officer

For Annapurna Finance Pvt Ltd

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)

Date: 15.05.2024

To,  
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: U65999OR1986PTC015931 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](http://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, 2024, 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 :

Sl. 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	Mr. Govinda Rajulu Chintala	03622371	25/09/2023
7	Ms. Christina Stefanie Juhasz	06451902	30/11/2016
8	Mr. Arup Kumar	07682113	28/09/2022
9	Mr. Sunit Vasant Joshi	02962154	19/05/2020
10.	Mr. Venkiteswaran Mecherimadam Ramakrishnan	08286433	25/09/2020
11.	Mrs. Radhika Jayant Shroff	09210584	25/06/2021
12.	Mr. Ranganathan Varadarajan Dilip Kumar	01060651	25/06/2021
13.	Mr. Abhishek Agrawal	06760344	23/12/2021
14.	Mr. Guillaume Accarain	09527231	18/04/2022
15	Mr. Ajay Bhaskar Limaye	02762738	25/09/2023

Note: During the financial year 2023-24, Mr. Pushkar Jauhari ceased to be Director w.e.f. September 25, 2023.

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: Sambalpur

Date: 15th May 2024

For Sushanta Pradhan & Associates,  
Company Secretaries

Sd/-  
CS Sushanta Pradhan  
Membership No.: 29239

C P No.: 14238

UDIN: A029239F000374386

## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

(Pursuant to Schedule V (Para E) to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
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 compliance of conditions of Corporate Governance by Annapurna Finance Private Limited for the year ended 31st March 2024 in terms of Regulations 17 to 27 of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information, based on the records, documents, books, and other information furnished and according to the explanations given to us, we certify that the Company has, during the period under review, complied with the conditions of Corporate Governance as per Regulations 17 to 27 of Listing Regulations as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Sambalpur

Date: 15th May 2024

For Sushanta Pradhan & Associates,  
Company Secretaries

Sd/-  
CS Sushanta Pradhan  
Membership No.: 29239  
C P No.: 14238  
UDIN: A029239F000374507

## Standalone Balance Sheet as at March 31, 2024

(In ₹ Lakhs)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	4	25,936	75,679
(b) Bank balance other than (a) above	5	48,197	84,034
(c) Derivative financial instruments	6	1,620	2,187
(d) Receivables			
(i) Trade receivables	7	2	-
(ii) Other receivables		-	-
(e) Loans	8	7,44,952	6,32,625
(f) Investments	9	19,998	10,049
(g) Other financial assets	9.1	50,428	39,800
<b>Subtotal - financial assets (A)</b>		<b>8,91,133</b>	<b>8,44,374</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (net)	10.1	4,704	4,007
(b) Deferred tax assets (net)	10.2	-	2,828
(c) Property, plant and equipment	11	2,853	2,386
(d) Other intangible assets	13	492	422
(e) Other non-financial assets	9.2	2,414	3,768
<b>Subtotal - non- financial assets (B)</b>		<b>10,463</b>	<b>13,411</b>
<b>Total assets (A+B)</b>		<b>9,01,596</b>	<b>8,57,785</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>(1) Financial liabilities</b>			
(a) Derivative financial instruments	6	202	-
(b) Payables			
(i) Trade Payables	14		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,601	1,836
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	15	87,787	1,53,008
(d) Borrowings (other than debt securities)	16	5,60,417	5,19,132
(e) Subordinated liabilities	17	46,264	32,714
(f) Other financial liabilities	17.3	34,385	28,217
<b>Subtotal - financial liabilities (A)</b>		<b>7,30,656</b>	<b>7,34,907</b>
<b>(2) Non-financial liabilities</b>			
(a) Provisions	18	1,112	1,323
(b) Deferred tax liabilities (net)	10.1	3,370	-
(c) Other non-financial liabilities	17.4	507	724
<b>Subtotal- non- financial liabilities (B)</b>		<b>4,989</b>	<b>2,047</b>
<b>Total liabilities (A+B)</b>		<b>7,35,645</b>	<b>7,36,954</b>
<b>(3) Equity</b>			
(a) Equity share capital	19	10,154	8,813
(b) Instruments entirely equity in nature	20	300	300
(c) Other equity	21	1,55,497	1,11,718
<b>Subtotal - Equity (C)</b>		<b>1,65,951</b>	<b>1,20,831</b>
<b>Total liabilities and equity (A+B+C)</b>		<b>9,01,596</b>	<b>8,57,785</b>

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 21, 2024

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

**Gobinda Chandra Pattanaik**  
Managing Director  
(DIN: 02716330)

**Subrata Pradhan**  
Company Secretary

Bhubaneswar  
May 21, 2024

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

**Satyajit Das**  
Chief Financial Officer

## Standalone statement of cash flows for the year ended March 31, 2024

Particulars	(INR in Lakhs)	
	For the year ended	
	March 31, 2024	March 31, 2023
	(Audited)	(Audited)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>31,103</b>	<b>4,418</b>
<b>Adjustments for:</b>		
Depreciation, amortisation and impairment	1,623	1,244
Impairment on financial instruments	32,796	36,184
Profit on sale of property, plant and equipment	(3)	-
Profit on sale of current investments	(1,503)	(1,111)
Net gain on derecognition of financial instruments measured at FVOCI	(39,673)	(33,747)
Share based payments to employees	32	10
Interest income	(1,58,492)	(1,14,382)
Finance cost	80,153	66,475
<b>Operating loss before working capital changes</b>	<b>(53,964)</b>	<b>(40,909)</b>
<b>Movements in working capital:</b>		
Decrease in other financial and non financial assets	30,529	10,670
Decrease in bank balance other than cash and cash equivalents	35,838	10,855
(Decrease)/Increase in trade receivables	(2)	5
Increase in loans	(1,52,908)	(1,81,975)
Increase in other financial and non financial liabilities	6,206	17,245
(Decrease)/Increase in provisions	(211)	137
(Decrease)/Increase in trade payables	(235)	438
<b>Cash used in operations</b>	<b>(1,34,747)</b>	<b>(1,83,534)</b>
Interest received	1,56,410	1,15,793
Finance cost paid	(81,928)	(67,301)
Income tax paid (net of refunds)	(702)	(1,756)
<b>Net cash flows used in operating activities (A)</b>	<b>(60,967)</b>	<b>(1,36,798)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,543)	(1,282)
Proceeds from sale of property, plant and equipment	41	-
Purchase of other intangible assets	(409)	(424)
Purchase of current investments	(3,92,635)	(3,80,300)
Proceeds from sale of current investments	3,83,307	3,81,411
<b>Net cash flows used in investing activities (B)</b>	<b>(11,239)</b>	<b>(595)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital (including securities premium)	115	11,648
Proceeds from debt securities	14,108	33,563
Repayment of debt securities	(52,815)	(42,567)
Repayment of interest portion of lease liabilities	(67)	(56)
Repayment of principal portion of lease liabilities	(188)	(138)
Proceeds from borrowings (other than debt securities)	4,29,087	4,09,781
Repayment of borrowings (other than debt securities)	(3,82,377)	(2,93,707)
Proceeds of subordinated liabilities	22,000	2,000
Repayment of subordinated liabilities	(7,400)	(2,500)
Share issue expenses	-	(86)
<b>Net cash flows generated from financing activities (C)</b>	<b>22,463</b>	<b>1,17,938</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(49,743)</b>	<b>(19,455)</b>
Cash and cash equivalents at the beginning of the year	75,679	95,134
<b>Cash and cash equivalents at the end of the year</b>	<b>25,936</b>	<b>75,679</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
On current accounts	24,234	48,355
Deposit with original maturity of less than three months	1,120	27,102
Cash on hand	582	222
<b>Total cash and cash equivalents at the end of the year</b>	<b>25,936</b>	<b>75,679</b>

Note :  
The above statement of cash flows has been prepared under the indirect method set out in IND AS 7 Statement of Cash Flows.  
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 21, 2024

For and on behalf of the Board of Directors of  
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CIN: U65999OR1986PTC015931

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Managing Director  
(DIN: 02716330)

**Subrata Pradhan**  
Company Secretary

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

**Satyajit Das**  
Chief Financial Officer

Bhubaneswar  
May 21, 2024

## Standalone Statement of Profit and Loss for the year ended March 31, 2024

(In ₹ Lakhs)

Particulars	Notes	For the year ended	For the year ended
		March 31, 2024	March 31, 2023
<b>Revenue from operations</b>			
(i) Interest income	22	1,64,779	1,20,896
(ii) Fees and commission income	23.1	4	24
(iii) Net gain on fair value changes	23.2	1,503	1,111
(iv) Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	23.3	39,673	33,747
<b>(I) Total revenue from operations</b>		<b>2,05,959</b>	<b>1,55,778</b>
<b>(II) Other income</b>	24	<b>1,467</b>	<b>1,179</b>
<b>(III) Total income (I + II)</b>		<b>2,07,426</b>	<b>1,56,957</b>
<b>Expenses</b>			
Finance costs	25	80,220	66,531
Impairment on financial instruments	26	32,796	36,184
Employee benefits expenses	27	49,611	39,062
Depreciation, amortisation and impairment	28	1,623	1,244
Other expenses	29	12,073	9,518
<b>(IV) Total expenses</b>		<b>1,76,323</b>	<b>1,52,539</b>
<b>(V) Profit before tax (III-IV)</b>		<b>31,103</b>	<b>4,418</b>
<b>(VI) Tax expense:</b>			
Current tax		169	-
Deferred tax	10.3	7,692	1,146
Tax expense for earlier year		-	-
<b>(VII) Profit for the year (V-VI)</b>		<b>23,242</b>	<b>3,272</b>
<b>(VIII) Other comprehensive income (OCI)</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
Remeasurement of the defined benefit liabilities	33.3	110	60
Income tax relating to items that will not be reclassified to profit or loss	10.3	(28)	(15)
<b>Subtotal (A)</b>		<b>82</b>	<b>45</b>
<b>B Items that will be reclassified to profit or loss</b>			
Fair value of loans and advances		(5,444)	2,768
Cash flow hedges		(601)	496
Fair value of investments		(4)	-
Income tax relating to items that will be reclassified to profit or loss		10,31,523	(821)
<b>Subtotal (B)</b>		<b>(4,526)</b>	<b>2,443</b>
<b>Other comprehensive income (A+B)</b>		<b>(4,444)</b>	<b>2,488</b>
<b>(IX) Total comprehensive income for the year (VII)+(VIII)</b>		<b>18,798</b>	<b>5,760</b>
<b>(X) Earnings per equity share (face value of Rs 10 each)</b>			
Basic (Rs)	30	24.63	3.93
Diluted (Rs)		20.64	3.34

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

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Membership No.: 109928

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**Subrata Pradhan**  
Company Secretary

**Satyajit Das**  
Chief Financial Officer

Bhubaneswar  
May 21, 2024

## ABBREVIATIONS

- \* ALCO: Asset Liability Management Committee
- \* AUM: Assets Under Management
- \* API - Application Programming Interface
- \* BBPS: Bharat Bill Payment System
- \* BCM: Branch Credit Manager
- \* BRE: Business Rules Engine
- \* BNP - Banque Nationale de Paris (now part of BNP Paribas)
- \* BFSI - Banking, Financial Services and Insurance
- \* CAGR: Compound Annual Growth Rate
- \* CEP: Customer Engagement Platform
- \* CRM: Customer Relationship Management
- \* CSR: Corporate Social Responsibility
- \* CRISIL-Credit Rating Information Services of India Limited
- \* DEI: Diversity, Equity, and Inclusion
- \* DFI: Development Finance Institution
- \* ECL: Expected Credit Loss
- \* EIU: Economist Intelligence Unit
- \* ERM: Enterprise Risk Management
- \* ET: Economic Times
- \* EV-3: Electric Vehicle 3-Wheeler
- \* ECB - External Commercial Borrowing
- \* EMI - Equated Monthly Installment
- \* EE - Energy Efficiency
- \* FY: Financial Year
- \* GIS: Geographic Information System
- \* GLP: Gross Loan Portfolio
- \* GHG- Greenhouse Gas
- \* GPS- Global Positioning System
- \* IBL: Individual Business Loan
- \* IMF: International Monetary Fund
- \* IVR - Interactive Voice Response
- \* ICRA - Investment Information and Credit Rating Agency
- \* JIT: Just in Time
- \* JLG: Joint Liability Group
- \* LEAD: Leadership Exploration and Development
- \* MFI: Microfinance Institution
- \* MFIN: Microfinance Institutions Network
- \* MFR: Microfinance Rating
- \* MMU: Mobile Medical Unit
- \* MSME: Micro, Small, and Medium Enterprises
- \* NATS: National Apprenticeship Training
- \* NBFC: Non-Banking Financial Company
- \* NPCI: National Payments Corporation of India
- \* NCD - Non-Convertible Debenture
- \* NPA - Non-Performing Asset
- \* NIM - Net Interest Margin
- \* OSAFII: Odisha State Association of Financial Inclusion Institutions
- \* PAR: Portfolio at Risk
- \* PAT: Profit After Tax
- \* POSH: Prevention of Sexual Harassment
- \* QA: Quality Assurance
- \* RBI: Reserve Bank of India
- \* RBIA: RBI's Risk-Based Regulations
- \* RCSA: Risk Control & Self-Assessment
- \* RFE: Recursive Feature Elimination
- \* RTS: Rooftop Solar
- \* SACs: State Audit Committees
- \* SDGs: Sustainable Development Goals
- \* SEED: Skill Enhancement and Employee Development
- \* SROs: Self-Regulatory Organizations
- \* Swasth: Safe Water and Sanitation to Households
- \* TAT: Turnaround Time
- \* TIH: Technology and Innovation Hub
- \* UPI - Unified Payments Interface
- \* Vfx: Visual Effects
- \* VIF: Variance Inflation Factor
- \* WLDP: Women Leadership Development Programme
- \* WWB: Women's World Banking

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### CSR Report



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# Growing Together



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**ANNAPURNA**  
— FINANCE —  
GROWING TOGETHER

**Registered and Corporate office**

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