

BSRR & Co

Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED

- 1 We have audited the attached Balance Sheet of Ananya Finance for Inclusive Growth Private Limited ("the Company") as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure I a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Without qualifying our opinion, we draw attention to note 2.26 as regards to change in accounting estimate of provisioning of loan portfolio and its consequent impact thereof on these financial statements.
- 5 Further to our comments in the Annexure I referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;



- (e) on the basis of written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for B S R R & Co
Chartered Accountants
Firm Registration No: 130791W



Sriram Mahalingam
Partner
Membership No: 049642

Place : Ahmedabad
Date : 8 June 2012

ANNEXURE I TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of Ananya Finance for Inclusive Growth Private Limited ("the Company") for the year ended 31 March 2012. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) Fixed assets disposed during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii. The Company is a Non Banking Financial Company ('NBFC'), engaged in the business of providing loans. Accordingly, it does not hold any physical inventories. Hence paragraph 4(ii) of the order is not applicable.
- iii. According to the information and explanation given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and services rendered by the Company. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the services rendered by the Company.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, and other material statutory dues with the appropriate authorities during the year. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employees' State Insurance, Wealth Tax, Sales-tax, Excise duty and Custom duty.



ANNEXURE I TO AUDITOR'S REPORT (continued)

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Service tax, Provident fund and Professional tax and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they become payable.
- (c) As explained to us, the Company did not have any dues on account of Income tax, Service tax, Wealth tax, Service tax, Sales tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- x. The Company has been registered for a period less than five years. Accordingly, paragraph 4(x) of the order is not applicable.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- xvii. According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long-term investment.
- xviii. As stated in paragraph (v) above, there are no companies/firms/parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by way of public issue.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R R & Co**

Chartered Accountants

Firm Registration No: 130791W



Sriram Mahalingam

Partner

Membership No: 049642

Place : Ahmedabad

Date : 8 June 2012

Ananya Finance for Inclusive Growth Private Limited

Balance Sheet as at 31 March 2012

(All amount is Indian rupees, except share data and unless otherwise stated)

	Note	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	430,100,000	330,100,000
Reserves and surplus	2.2	(72,844,542)	160,494,939
		<u>357,255,458</u>	<u>490,594,939</u>
Non-current liabilities			
Long-term borrowings	2.3	188,337,770	1,093,652,758
Other long term liabilities	2.4	337,564	688,967
Long-term provisions	2.5	258,830,625	22,903,999
		<u>447,505,959</u>	<u>1,117,245,724</u>
Current liabilities			
Other current liabilities	2.6	923,471,027	1,775,376,182
Short-term provisions	2.5	20,231,208	74,411,433
		<u>943,702,235</u>	<u>1,849,787,615</u>
		<u>1,748,463,652</u>	<u>3,457,628,278</u>
ASSETS			
Non-current assets			
Fixed assets	2.7		
(i) Tangible assets		2,438,833	5,279,756
(ii) Intangible assets		182,650,985	243,359,269
		<u>185,089,818</u>	<u>248,639,025</u>
Non-current investments	2.8	26,166,660	-
Deferred tax assets, net	2.9	1,221,256	3,704,117
Long-term loans and advances	2.10	719,518,509	482,603,336
		<u>746,906,425</u>	<u>486,307,453</u>
Current assets			
Current investments	2.11	-	70,000,000
Cash and bank balances	2.12	169,439,863	72,732,654
Short-term loans and advances	2.13	640,599,982	2,561,073,112
Other current assets	2.14	6,427,564	18,876,034
		<u>816,467,409</u>	<u>2,722,681,800</u>
		<u>1,748,463,652</u>	<u>3,457,628,278</u>
Significant accounting policies	1		
Notes to accounts	2		

As per our report attached

for **BSRR & Co**

Chartered Accountants

Firm registration number: 130791W



Sriram Mahalingam

Partner

Membership No. 049642

Ahmedabad

Date: 8 June 2012

for **Ananya Finance for Inclusive Growth Private Limited**

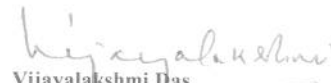


Brij Mohan

Chairman

Ahmedabad

Date: 8 June 2012



Vijayalakshmi Das

Managing Director

Ananya Finance for Inclusive Growth Private Limited
Statement of Profit and Loss for the year ended 31 March 2012

(All amount is Indian rupees, except share data and unless otherwise stated)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
INCOME			
Revenue from operations	2.15	240,679,735	548,517,793
Other income	2.16	21,458,725	12,971,617
Total revenue		262,138,460	561,489,410
EXPENSES			
Employee benefits expense	2.17	14,621,218	16,983,432
Finance costs	2.18	220,226,995	405,983,642
Depreciation and amortisation expense	2.7	62,712,143	62,215,291
Provisions and write offs	2.19	184,575,322	36,938,921
Other expenses	2.20	10,859,402	16,895,808
Total expenses		492,995,080	539,017,094
Profit / (loss) before tax		(230,856,620)	22,472,316
Tax expense:	2.21		
- Current tax		-	8,255,776
- Deferred tax		2,482,861	(2,329,068)
Profit / (loss) for the year		(233,339,481)	16,545,608
Earnings per share (par value of Rs. 10 per share)	2.22		
- Basic and diluted		(7.07)	1.06
Significant accounting policies	1		
Notes to accounts	2		

As per our report attached

for **BSRR & Co**

Chartered Accountants

Firm registration number: 130791W

for **Ananya Finance for Inclusive Growth Private Limited**



Sriram Mahalingam

Partner

Membership No. 049642



Brij Mohan
Chairman



Vijayalakshmi Das
Managing Director

Ahmedabad

Date: 8 June 2012

Ahmedabad

Date: 8 June 2012

Ananya Finance for Inclusive Growth Private Limited
Cash Flow Statement for the year ended 31 March 2012
(All amount is Indian rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Cash Flows from operating activities		
Profit/(loss) before taxation	(230,856,620)	22,472,316
Adjustments for:		
Depreciation and amortisation expense	62,712,143	62,215,291
Provisions and write offs on loan portfolio	184,575,322	36,938,921
Loss on sale of fixed asset	737,063	-
Income from mutual fund investments	(7,411,409)	(2,456,834)
Interest income on fixed deposit	(349,266)	-
Fixed asset written-off	-	18,251
Operating cash flows before working capital changes	9,407,233	119,187,945
(Increase) / Decrease in loans and advances	1,678,990,807	(2,848,732,724)
(Increase) / Decrease in current assets	12,504,897	(17,857,190)
Increase / (Decrease) in long term liabilities	(351,403)	688,967
Increase / (Decrease) in current liabilities and provisions	(1,616,732)	5,839,401
Cash generated from operations	1,698,934,802	(2,740,873,601)
Income taxes paid, net	(22,838,127)	(44,218,365)
Net cash provided by/(used in) operating activities	1,676,096,675	(2,785,091,966)
Cash flows from investing activities		
Purchase of fixed assets	(200,000)	(307,631,397)
Proceeds from sale of fixed assets	300,000	-
Purchase of units of mutual funds	(2,398,913,651)	(2,310,821,801)
Sale of units of mutual funds	2,475,412,422	2,240,833,217
Investment in bank deposit	(257,912)	(3,930,307)
Interest received on fixed deposit	292,839	-
Income from mutual funds	912,638	2,445,419
Net cash provided by / (used in) investing activities	77,546,336	(379,104,869)
Cash flows from financing activities		
Proceeds from issuance of share capital	100,000,000	450,000,000
Proceeds from long term borrowings	-	5,664,369,749
Repayment of long-term borrowings	(1,757,193,714)	(2,910,590,156)
Net cash provided by / (used in) financing activities	(1,657,193,714)	3,203,779,593
Net increase in cash and cash equivalents	96,449,297	39,582,758
Cash and cash equivalents at the beginning of the year	68,802,347	29,219,589
Cash and cash equivalents at the end of the year	165,251,644	68,802,347

As per our report attached
for **B S R R & Co**
Chartered Accountants
Firm registration number: 130791W



Sriram Mahalingam
Membership No. 049642

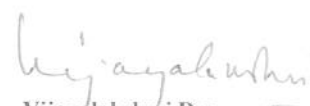
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Date: 8 June 2012

for **Ananya Finance for Inclusive Growth Private Limited**



Brij Mohan
Chairman

Ahmedabad
Date: 8 June 2012



Vijayalakshmi Das
Managing Director

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts

(All amounts in Indian rupees, except share data)

Overview

Ananya Finance for Inclusive Growth Private Limited incorporated on 22 April 2009 under the Companies Act 1956 is a Non-Banking Financial Company ('NBFC') engaged in providing financial services to Microfinance institutions in India.

Note 1: Significant accounting policies

a. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ("AS") prescribed by the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the relevant guidelines of Reserve Bank of India ('RBI') to the extent applicable to a non banking finance company. The financial statements are presented in Indian Rupees rounded off to the nearest rupee.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Revenue Recognition

Interest income on loan portfolio is recognized in the profit and loss account on accrual basis using effective interest method except in the case of non-performing assets ("NPA's") where it is recognized, upon realization, as per the prudential norms of RBI.

Interest on term deposits has been accrued on the time proportion basis, using the underlying interest rate.

Dividend income is accounted when the right to receive the dividend is established.

d. Classification of loan portfolio and provisioning policy

The Company disburses loans to companies engaged in business of micro finance. Micro finance companies are currently undergoing significant operational challenges with evolving regulatory requirements. Management has considered the challenges posed to its business model on account of the changes in the underlying industry factors and circumstances. Management also believes that the problems afflicting the micro finance institutions sector are not necessarily on account of any credit weakness per-se but were mainly due to environmental factors.

Further the issuance of directions by Reserve Bank of India for introduction of new category of NBFC – 'Non Banking Financial Company – Micro Finance Institutions' (NBFC-MFI's) other factors including changes occurring in the environment regarding the circumstances on which the earlier estimate was based and new information, more experience including subsequent developments as they occurred and their impact on the nature of the underlying portfolio has been considered by the management in recognizing the need to reassess its portfolio classification and provisioning estimates. Accordingly, the Company has reassessed its asset classification and aligned the same with Non-Banking Financial (Non-Deposit Accepting and Holding) Companies prudential Norms (Reserve Bank) Direction, 2007 and consequently reassessed the provisioning estimate of the loan portfolio.

All loan exposures have been classified as per RBI guidelines, into performing and non-performing assets ("NPAs"). Further, NPAs are classified into sub-standard, doubtful and loss assets in

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amounts in Indian rupees, except share data)

accordance with the extant Non-Banking Financial (Non-Deposit Accepting and Holding) Companies prudential Norms (Reserve Bank) Direction, 2007 ('RBI Guidelines'). Up to 31st March, 2011, given the significant uncertainties and the fact that the Company did not have historical experience and the ability to classify underlying portfolio appropriately, all overdue loans more than 180 days had been provided at 100%. Effective 1 April 2011, a more detailed analysis has been done based on which management has defined and arrived at the criteria for classification of its NPAs and adopted the provisioning rates for the classification of NPAs. These rates which are not lower than the minimum rates prescribed in the RBI Guidelines, are as given below:

Overdue days	Classification	% provision on loans
1 to 30	Standard	5%
31 to 60	Sub-standard	12.5%
61 to 180	Sub-standard	20%
181 to 365	Sub-standard	30%
366 to 720	Sub-standard	50%
>720	Doubtful	100%

In addition to the specific provision for NPA, the Company maintains an additional provision of 1% on the outstanding balance of standard assets which has not fallen due.

Further, loans restructured / rescheduled are provided in accordance with the extant Non-Banking Financial (Non-Deposit Accepting and Holding) Companies prudential Norms (Reserve Bank) Direction, 2007.

e. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Depreciation on fixed assets is provided using the straight-line method over the useful life of the assets estimated by the management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review, is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation on fixed assets has been provided at the rates based on the useful lives of fixed assets as estimated by management. Depreciation on intangible asset is provided on a straight line basis over the estimated useful life of the assets.

f. Investments

Investments that are readily realizable and intended to be held to the period of not more than a year are classified as current investments. Current investments are valued at lower of cost and fair value determined on individual investment basis. All other investments are classified as non-current investments. Non-current investments are carried at cost. Provision is recognized for any diminution in the value of investments, other than temporary.

g. Employee benefits

Contributions to gratuity fund (a defined benefit plan), determined by independent actuary at the balance sheet date are charged to profit and loss account.

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amounts in Indian rupees, except share data)

Contributions payable to the recognized provident fund which is defined contribution schemes, is charged to the profit and loss account. All actuarial gains and losses arising during the year are recognized in the profit and loss account.

The service rules of the Company do provide for the carry forward of the accumulated leave balance. However, leave encashment is not provided in the service rule.

h. Income Tax

Income tax expense comprises current tax and , deferred tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realised.

i. Earnings per share

The basic and diluted earnings per share ('EPS') is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

j. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount for the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

k. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts

(All amount is Indian rupees, except share data and unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.1 SHARE CAPITAL		
Authorised:		
175,000,000 (Previous year: 200,000,000) equity shares of Rs. 10 each	1,750,000,000	2,000,000,000
10,000,000 (Previous year: Nil) equity shares of Rs. 10 each 'category B'	100,000,000	-
15,000,000 (Previous year: Nil) preference shares of Rs. 10 each	150,000,000	-
	<u>2,000,000,000</u>	<u>2,000,000,000</u>

The Company has, on 26th March, 2012, reclassified 25,000,000 equity shares of Rs.10 each out of the unissued equity share capital into 15,000,000 preference shares of Rs.10 each and 10,000,000 equity shares into "Category B" of Rs.10 each having preferential right for buy back of shares.

Issued, subscribed and paid-up:

33,010,000 (Previous year: 33,010,000) equity shares of Rs. 10 each, fully paid-up	330,100,000	330,100,000
10,000,000 (Previous year: Nil) 6% compulsorily convertible cumulative preference shares of Rs.10 each, fully paid up *	100,000,000	-
	<u>430,100,000</u>	<u>330,100,000</u>

* 10,000,000 6% compulsorily convertible cumulative preference shares (CCCPS) are convertible into one equity share of 'category B' on 31 March 2017 for each CCCPS held.

The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Outstanding at the beginning of the year	33,010,000	330,100,000	3,010,000	30,100,000
Issued during the year	-	-	30,000,000	300,000,000
Shares outstanding at the end of the year	<u>33,010,000</u>	<u>330,100,000</u>	<u>33,010,000</u>	<u>330,100,000</u>

The reconciliation of the number of preference shares outstanding is set out below:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Amount	Number of shares	Amount
6% compulsorily convertible cumulative preference shares				
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	10,000,000	100,000,000	-	-
Shares outstanding at the end of the year	<u>10,000,000</u>	<u>100,000,000</u>	<u>-</u>	<u>-</u>

The Company has issued 10,000,000 6% compulsorily convertible cumulative preference shares of Rs. 10 each at par to Indian Foundation for Inclusive Growth.

These preference shares will be converted in to equity shares of 'category B' on 31March 2017.

Note:

Equity shareholder and preference shareholder holding more than 5% of shares along with the number of shares held is as given below:

Name of the equity share holder	As at 31 March 2012		As at 31 March 2011	
	% of holding	Number of shares	% of holding	Number of shares
Sudha Kapurchand Kothari - as a trustee of Indian Foundation for Inclusive Growth	99.97%	330,000,000	99.97%	330,000,000
Name of the preference share holder	% of holding	Number of shares	% of holding	Number of shares
Sudha Kapurchand Kothari - as a trustee of Indian Foundation for Inclusive Growth	100.00%	10,000,000	-	-

2.2 RESERVES AND SURPLUS

Securities premium account

Opening balance	150,000,000	-
Add: Received during the year	-	150,000,000
Closing balance	<u>150,000,000</u>	<u>150,000,000</u>

Statutory reserve (created under Section 45-1C of RBI Act, 1934)

Opening balance	3,309,122	-
Add: Transferred from surplus	-	3,309,122
Closing balance	<u>3,309,122</u>	<u>3,309,122</u>

Surplus

Opening balance	7,185,817	(6,050,669)
Add : Net profit/(loss) for the current year	(233,339,481)	16,545,608
Less: transferred to statutory reserve	-	(3,309,122)
Closing balance	<u>(226,153,664)</u>	<u>7,185,817</u>
	<u>(72,844,542)</u>	<u>160,494,939</u>

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amount is Indian rupees, except share data and unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.3 LONG-TERM BORROWINGS		
Secured		
Term loans from banks *	-	302,333,229
Unsecured		
Term loans from other parties*	188,337,770	791,319,529
	<u>188,337,770</u>	<u>1,093,652,758</u>
*Refer note 2.23 for terms of borrowings.		
2.4 OTHER LONG TERM LIABILITIES		
Income received in advance	337,564	688,967
	<u>337,564</u>	<u>688,967</u>
2.5 PROVISIONS		
Long-term provisions		
Provision for standard assets*	1,011,479	22,285,267
Provision for non performing assets*	257,819,146	-
Provision for employee benefits		
- Provision for gratuity (funded)	-	618,732
	<u>258,830,625</u>	<u>22,903,999</u>
Short-term provisions		
Provision for standard assets*	6,948,101	2,531,164
Provision for non performing assets	12,553,606	19,892,238
Provision for other assets*	-	50,286,958
Provision for employee benefits		
- Provision for gratuity (funded)	729,501	1,701,073
	<u>20,231,208</u>	<u>74,411,433</u>
*Refer note 2.25		
2.6 OTHER CURRENT LIABILITIES		
Current maturities of long term debt*	908,248,108	1,760,126,835
Interest accrued but not due	3,164,157	5,477,457
Income received in advance (Unearned revenue)	4,996,512	1,810,517
Grant from SIDBI	5,309,608	5,309,608
Statutory liabilities	745,897	907,482
Accrued expenses	1,006,745	1,744,283
	<u>923,471,027</u>	<u>1,775,376,182</u>
*Refer note 2.23 for terms of borrowings		

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amount is Indian rupees, except share data and unless otherwise stated)

2.7 FIXED ASSETS

Particulars	Original cost			Depreciation and amortisation			Net book value		
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	For the year	On deletions	As at 31 March 2012	As at 31 March 2011
Tangible assets									
Furniture and Fixtures	3,846,170	-	1,337,668	2,508,502	1,008,483	1,054,018	704,071	1,358,430	2,837,687
Vehicles	615,141	-	-	615,141	1,27,553	153,785	-	281,338	487,588
Office Equipment	1,820,113	-	600,230	1,219,883	366,794	359,748	196,763	529,779	1,453,319
Computers	724,201	-	-	724,201	223,039	236,308	-	459,347	501,162
Total	7,005,625	-	1,937,898	5,067,727	1,725,869	1,803,859	900,834	2,628,894	5,279,756
Intangible assets									
Software	800,000	200,000	-	1,000,000	731	268,284	-	730,985	799,269
Intangible assets (Note 1)	303,200,000	-	-	303,200,000	60,640,000	60,640,000	-	181,920,000	242,560,000
Total	304,000,000	200,000	-	304,200,000	60,640,731	60,908,284	-	182,650,985	243,359,269
Total	311,005,625	200,000	1,937,898	309,267,727	62,366,600	62,712,143	900,834	124,177,909	248,639,025
Previous year	3,392,479	307,631,397	18,251	311,005,625	151,309	62,215,291	-	248,639,025	3,241,170

Note 1: Intangible assets acquired as per business transfer agreement with FWWB represent microfinance customer acquisition cost including customer profiling, customer credit history, technical knowhow, market knowhow and associated lending and investment methods and procedures.

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amount is Indian rupees, except share data and unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.8 NON-CURRENT INVESTMENTS		
Long term at cost, unless otherwise specified		
I. Trade (Unquoted)		
In other companies		
(a) Investments in equity instrument (fully paid-up)		
1,308,333 (previous year: Nil) equity shares of face value of Rs. 10 each of Trident Microfin Private Limited	13,083,330	-
(b) Investments in preference shares (fully paid-up)		
1,308,333 (previous year: Nil) 0.001% optionally convertible cumulative redeemable preference shares of face value of Rs. 10 each of Trident Microfin Private Limited	13,083,330	-
	<u>26,166,660</u>	<u>-</u>
2.9 DEFERRED TAX ASSET, NET		
Deferred tax asset comprises of the following:		
Employee benefits	236,722	752,777
Preliminary expenses	984,533	1,312,711
Provision for loan portfolio*	2,291,073	6,455,031
	<u>3,512,328</u>	<u>8,520,519</u>
Deferred tax Liability comprises of the following:		
Depreciation on fixed assets	(2,291,072)	(4,816,402)
	<u>(2,291,072)</u>	<u>(4,816,402)</u>
	<u>1,221,256</u>	<u>3,704,117</u>
*In the absence of certainty on realisation of deferred tax assets, the deferred tax asset has been recorded to the extent there exists reversing temporary differences by way of deferred tax liability on fixed assets.		
2.10 LONG-TERM LOANS AND ADVANCES		
Loan portfolio		
-Secured, considered good	640,557,049	425,813,110
-Unsecured, considered doubtful	19,443,745	19,892,238
<i>Unsecured, considered good</i>		
Rental and other deposits	649,100	867,500
Advance tax (Net of provision)	58,868,615	36,030,488
	<u>719,518,509</u>	<u>482,603,336</u>
2.11 CURRENT INVESTMENT		
<i>(at lower of cost or market value)</i>		
Investment in mutual funds		
Nil (previous year: 69,994) units of Axis treasury advantage fund - dividend scheme (Refer note 2.32)	-	70,000,000
	<u>-</u>	<u>70,000,000</u>

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amount is Indian rupees, except share data and unless otherwise stated)

	As at 31 March 2012	As at 31 March 2011
2.12 CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	68,244	4,725
Balances with banks in current accounts	165,183,400	68,797,622
	<u>165,251,644</u>	<u>68,802,347</u>
Other bank balances		
- bank deposits with less than 12 months maturity	4,188,219	3,930,307
	<u>169,439,863</u>	<u>72,732,654</u>
2.13 SHORT-TERM LOANS AND ADVANCES		
<i>Secured, considered good</i>		
Loan portfolio	640,033,072	2,560,878,171
<i>Unsecured, considered good</i>		
Prepaid expenses	525,872	194,941
Advances to others	41,038	-
	<u>640,599,982</u>	<u>2,561,073,112</u>
2.14 OTHER CURRENT ASSETS		
Interest accrued on deposits	199,897	143,470
Interest accrued and due on loans	370,860	7,870,232
Interest accrued but not due on loans	486,281	1,277,507
Receivable from FWWB	5,135,587	8,331,194
Unamortised processing fees and discount	234,939	1,253,631
	<u>6,427,564</u>	<u>18,876,034</u>

Ananya Finance for Inclusive Growth Private Limited

Notes to the accounts (continued)

(All amount is Indian rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2012	For the year ended 31 March 2011
2.15 REVENUE FROM OPERATIONS		
Interest on loans	234,820,765	548,244,838
Processing fees on loans	4,858,970	272,955
Other operating revenues		
- Recoveries from previous write off	1,000,000	-
	<u>240,679,735</u>	<u>548,517,793</u>
2.16 OTHER INCOME		
Interest income	5,982,995	8,538,407
Dividend income from investments	912,638	2,445,419
Profit on sale of current investments	6,498,771	-
Grant receipt from IFC	8,047,800	-
Miscellaneous income	16,521	1,987,791
	<u>21,458,725</u>	<u>12,971,617</u>
2.17 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	13,446,509	16,173,448
Contribution to provident and other funds	1,173,639	775,344
Staff welfare expenses	1,070	34,640
	<u>14,621,218</u>	<u>16,983,432</u>
2.18 FINANCE COSTS		
Interest expenses	215,648,923	403,427,782
Other borrowing costs	4,578,072	2,555,860
	<u>220,226,995</u>	<u>405,983,642</u>
2.19 PROVISIONS AND WRITE OFFS		
Provision on standard assets	(16,856,851)	-
Provision on non performing assets	250,480,514	19,892,238
Provision on other assets	(50,286,958)	-
Loans written off	1,238,617	17,046,683
	<u>184,575,322</u>	<u>36,938,921</u>
2.20 OTHER EXPENSES		
Power and fuel	181,326	167,927
Rent	3,917,868	3,582,188
Repair and maintenance		
- others	120,451	173,640
Insurance	170,327	127,230
Rates and taxes	183,178	169,127
Communication expenses	346,165	272,432
Printing and stationery	62,337	136,646
Travelling and conveyance	2,078,452	2,735,336
Legal and professional fees	2,016,115	8,125,482
Directors' sitting fees	190,000	100,000
Loss on sale of fixed assets	737,063	-
Office expenses	251,498	295,878
Training and workshop expenses	524,591	42,559
Miscellaneous expenses	80,031	967,363
	<u>10,859,402</u>	<u>16,895,808</u>

Ananya Finance for Inclusive Growth Private Limited**Notes to the accounts (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	For the year ended 31 March 2012	For the year ended 31 March 2011
2.21 TAX EXPENSES		
Current tax expenses	-	8,255,776
Deferred tax (credit) / expense	2,482,861	(2,329,068)
	<u>2,482,861</u>	<u>5,926,708</u>
2.22 EARNING PER SHARE		
Net profit/(loss) for the year attributable to equity shareholders	(233,339,481)	16,545,608
<i>Shares</i>		
Number of equity shares at the beginning of the year	33,010,000	3,010,000
Add: Equity shares issued during the year	-	30,000,000
Total number of equity shares outstanding at the end of the year	<u>33,010,000</u>	<u>33,010,000</u>
Weighted average number of equity shares outstanding during the year – Basic and diluted*	33,010,000	15,585,342
Earnings/(loss) per share in Rupees – Par value of Rs.10 per share		
Basic and diluted	(7.07)	1.06

*In computing the diluted earnings per share, 10,000,000 6% compulsorily convertible cumulative preference shares of Rs. 10 each have not been considered, as they are anti dilutive in nature.

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)
(All amount is Indian rupees, except share data and unless otherwise stated)

2.23

Terms of borrowings

Name of the lender	31-Mar-12		31-Mar-11		First repayment date	Period of repayment/ No. of installment	Rate of Interest
	Amount outstanding	Current maturity	Amount outstanding	Current maturity			
Secured term loans from banks							
HDFC Bank *	-	33,333,335	33,333,335	66,666,665	1-Jun-11	6 Quarterly	10.00%
HDFC Bank *	-	-	-	16,666,666	1-Apr-10	6 Quarterly	9.50%
HDFC Bank *	-	-	-	100,000,000	1-Aug-10	6 Quarterly	10.00%
HDFC Bank *	-	-	-	66,666,668	1-Oct-10	6 Quarterly	9.50%
Syndicate bank *	-	219,000,000	219,000,000	292,000,000	30-Sep-10	10 Quarterly	12.50%
Indian Overseas Bank *	-	49,999,894	49,999,894	100,000,102	31-Oct-10	24 Monthly	12.00%
Indian Overseas Bank *	-	-	-	27,777,338	1-Mar-09	36 Monthly	12.00%
Corporation bank *	-	12,488,825	-	-	16-Sep-09	12 Quarterly	10.50%
Corporation bank *	-	64,840,872	-	-	31-May-10	12 Quarterly	10.50%
Axis bank *	-	-	-	40,000,000	31-Mar-11	5 Quarterly	10.25%
Axis bank *	-	-	-	30,000,000	1-Jun-10	5 Quarterly	10.50%
Total	-	379,662,926	302,333,229	739,777,439			
Unsecured loan from other parties							
NABARD	2,000,000	2,000,000	4,000,000	2,000,000	31-Aug-09	5 Annually	3.50%
NABARD	-	3,320,000	3,320,000	3,320,000	15-Apr-08	10 Half yearly	7.50%
NABARD	1,000,000	2,000,000	3,000,000	2,000,000	15-Oct-08	10 Half yearly	7.50%
NABARD	1,400,000	2,800,000	4,200,000	2,800,000	15-Oct-08	10 Half yearly	7.50%
NABARD	1,880,000	1,880,000	3,760,000	1,880,000	15-Apr-09	10 Half yearly	7.50%
NABARD	26,000,000	6,500,000	32,500,000	-	30-Sep-12	10 Half yearly	7.50%
NABARD	15,750,000	1,750,000	17,500,000	-	1-Nov-12	10 Half yearly	7.50%
FWWB - State Bank of India	12,500,000	50,000,000	62,500,000	50,000,000	31-Aug-08	20 Quarterly	12.00%
FWWB-CORDAID	17,001,250	34,002,500	51,003,750	34,002,500	16-Jul-10	7 Half yearly	6.25%
FWWB - Rabo foundation	30,879,000	-	30,879,000	-	24-Nov-14	On maturity	5.00%
FWWB - Ford Foundation	79,927,520	18,332,000	95,326,400	-	25-May-12	5 yearly	1.00%
FWWB - Small Industries Development Bank of India	-	215,000,000	215,000,000	346,591,659	10-Jun-10	30 Monthly	10.00%
FWWB - Dena Bank	-	50,000,682	50,000,682	133,047,952	31-Mar-10	12 Quarterly	10.00%
FWWB- Syndicate bank	-	141,000,000	141,000,000	188,000,000	30-Sep-10	10 Quarterly	12.50%
FWWB - Axis Bank	-	-	-	18,181,819	1-Apr-09	11 Quarterly	10.75%
FWWB - Axis Bank	-	-	-	18,181,806	1-Apr-09	11 Quarterly	10.75%
FWWB - Axis Bank	-	-	-	18,181,811	1-Apr-09	11 Quarterly	10.75%
FWWB - Axis Bank	-	-	-	40,000,000	31-Dec-10	5 Quarterly	10.75%
FWWB - Corporation Bank	-	12,488,825	12,488,825	50,004,175	16-Sep-09	12 Quarterly	10.50%
FWWB - Corporation Bank	-	64,840,872	64,840,872	66,800,001	31-May-10	12 Quarterly	10.50%
FWWB - Indian Bank	-	-	-	2,463,024	31-May-11	20 Quarterly	9.50%
FWWB - Indian Bank	-	-	-	4,088,047	31-May-11	36 Monthly	9.50%
FWWB - Indian Bank	-	-	-	22,147,058	30-Nov-11	36 Monthly	10.00%
FWWB - Indian Bank	-	-	-	16,659,544	31-Jul-11	18 Monthly	10.00%
Total	188,337,770	528,585,182	791,319,529	1,020,349,396			
Grand total	188,337,770	908,248,108	1,093,652,758	1,760,126,835			

* Secured by way of hypothecation of book debts

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)
 (All amounts in Indian rupees, except share data)

2.24 Contingent liability not provided for:

- (i) Guarantees outstanding on term loan and others is Rs. Nil (previous year: Nil).
- (ii) Other contingent liabilities not acknowledged as debt by the Company is Rs. Nil (previous year: Nil).
- (iii) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (previous year: Rs. Nil)

2.25 Provision for outstanding loan portfolio:

Asset classification	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Loan Portfolio	Provision	Loan Portfolio	Provision
Standard portfolio	670,367,489	7,959,580	2,481,643,084	24,816,431
Sub standard asset	611,032,632	251,739,007	19,892,238	19,892,238
Doubtful Portfolio	18,633,745	18,633,745	-	-
Other Assets	-	-	505,048,197	50,286,958
Total	1,300,033,866	278,332,332	3,006,583,519	94,995,627

Loan portfolio amounting to Rs.1,238,617 (previous year: Rs.17,046,683) has been written off.

The movement in provision during the year is explained below:

Particulars	Standard asset provision	Non-performing asset provision	Other assets	Total
Opening	24,816,431	19,892,238	50,286,958	94,995,627
Additions	-	250,480,514	-	250,480,514
Reversals	(16,856,851)	-	(50,286,958)	(67,143,809)
Closing	7,959,580	270,372,752	-	278,332,332

2.26 Change in accounting estimate

During the year, as more fully explained in note (1)(d) under significant accounting policies the Company has, based on reassessment of the circumstances prevailing in the current environment, revised its estimates with respect to provisioning of loan portfolio. Had the Company continued to apply earlier estimates, the provision for loan portfolio would have been higher by Rs. 257,929,141. The current provisioning estimates are not lower than the minimum rates prescribed by RBI Guidelines.

2.27 Segmental Reporting:

a) Business segment:

The Company operates in a single reportable segment i.e. micro credit lending to members, which has similar risk and returns for the purpose of AS-17 on 'segmental reporting' issued by Companies (Accounting Standards) Rules, 2006.

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)
(All amounts in Indian rupees, except share data)

b) Geographical segment:

During the year under report, the Company has engaged in its business within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary

2.28 Leases:

Lease payments made under cancellable operating lease amounting to Rs. 3,917,868 (previous year: Rs.3,582,188) disclosed as rent and the same have been recognized as an expense in the profit and loss account. The company has not entered into any non – cancellable operating or finance leases.

2.29 Auditors' remuneration (excluding service tax):

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	475,000	475,000
Certification and other services	88,760	55,000
Tax matters	105,121	55,000
Reimbursement of expenses	67,368	-
Total	736,249	585,000

2.30 Related party disclosures:

Name of the related party	Nature of relationship
Indian Foundation for Inclusive Growth	Holding enterprise
Friends of Women's World Banking, India(FWWB)	Entity in which key managerial personnel have significant influence
Vijayalakshmi Das	Key managerial personnel

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)
(All amounts in Indian rupees, except share data)

2.30 Related party disclosures:

Sl.No.	Name of the related party	Nature of transactions	31 March 2012		31 March 2011	
			Volume of transactions during the year	Amount (payable)/receivable	Volume of transactions during the year	Amount (payable)/receivable
1	Indian Foundation for Inclusive Growth	Reimbursement of expenses	-	-	1,918,387	-
		Advance taken	-	-	5,000,000	-
		Repayment of advance	-	-	5,000,000	-
		Receivable transferred from FWWB	-	-	9,068,399	-
		Issue of equity shares	-	-	450,000,000	-
		Issue of compulsorily convertible cumulative preference shares	100,000,000	-	-	-
		Payment for business transfer	-	-	450,000,000	-
		Paid for servicing loan	-	-	1,393,781,585	-
		Loan recovery by FWWB	-	-	113,500,208	-
		Interest income	5,628,291	-	8,378,995	-
2	Friends of Women's World Banking, India	Fixed deposit	-	-	12,106,341	-
		Interest accrued on fixed deposit	-	-	12,700,180	-
		Bank balance transferred	-	-	970,491,281	-
		Interest expense	125,509,068	-	222,808,248	-
		Other borrowing costs	2,933,120	-	-	-
		Loan transferred from FWWB	106,530,697	-	-	-
		Principal repayment	979,148,395	(648,642,953)	1,535,665,896	(1,731,388,925)
		Transfer of fund	-	-	735,800,000	-
		Fixed Deposit proceeds	-	-	7,582,788	-
		Asset transferred	-	-	676,951	-
3	Vijayalakshmi Das	Bank charges reimbursed to FWWB	362,703	-	-	-
		Other transfers	-	5,135,587	93,512	8,331,194
		Remuneration paid	3,600,012	-	3,080,223	-

2.31 Asset Liability Management - Maturity pattern of certain items of assets and liabilities:

As at 31 March 2012	1 day to 30/31 day (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months upto 6 months	Over 6 months upto 1year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Loan funds	85,243,930	69,165,334	220,855,494	312,873,880	220,109,470	123,324,250	63,263,520	1,750,000	1,096,585,878
Assets									
Loans & Advances	101,915,678	89,137,949	73,887,952	185,363,880	189,727,613	92,863,732	29,015,148	538,121,914	1,300,033,866
Investments								26,166,660	26,166,660
Fixed Deposits							4,188,219		4,188,219

As at 31 March 2011	1 day to 30/31 day (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months upto 6 months	Over 6 months upto 1year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Loan funds	91,628,660	61,867,463	351,485,107	480,756,563	792,486,906	992,058,895	56,664,000	26,832,000	2,853,779,594
Assets									
Loans & Advances	358,712,159	326,591,539	301,658,346	758,499,762	815,416,365	445,705,348	-	-	3,006,583,519
Investments	70,000,000	-	-	-	-	-	-	-	70,000,000
Fixed Deposits	-	-	-	-	-	-	-	3,930,307	3,930,307

2.32 Investments:

Particulars	Units Purchased	Purchase Value	Units Sold	Sale Value	Closing Units	Closing value
31 March 2012	36,926,399	2,398,913,651	36,996,393	2,475,412,422	-	-
31 March 2011	2,310,749	2,310,821,801	2,240,755	2,240,833,217	69,994	70,000,000

Aggregate market value of mutual fund is Rs.Nil (Previous year Rs. 69,999,683).

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)
 (All amounts in Indian rupees, except share data)

2.33 Break up of loan portfolio:

Loan Portfolio	For the year ended 31 March 2012	For the year ended 31 March 2011
Opening Loan outstanding	3,006,583,519	101,000,000
Portfolio taken over from FWWB	-	3,741,828,270
Loans disbursed during the Year	885,100,000	3,848,750,000
A	3,891,683,519	7,691,578,270
Loans recovered during the year	2,590,411,036	4,667,948,068
Portfolio transferred		
Portfolio written off	1,238,617	17,046,683
B	2,591,649,653	4,684,994,751
Loans outstanding at the end of the year (A-B)	1,300,033,866	3,006,583,519
Loan Portfolio (unsecured, considered good)	-	-
Loan Portfolio (unsecured, considered doubtful)	19,443,745	19,892,238

2.34 Employee Benefit Plans:

The following table set out the status of the gratuity plan as required under AS 15 (Revised)

Reconciliation of opening and closing balances of the present value of the defined benefit Obligation

Change in defined benefit obligation

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Benefit obligation at the beginning of the year	2,999,776	-
Acquisition adjustments	-	398,333
Service cost	346,549	355,328
Interest cost	254,981	-
Actuarial loss/(Gain)	(240,210)	2,246,115
Benefits paid	-	-
Benefit obligation at the end of the year	3,361,096	2,999,776

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)
(All amounts in Indian rupees, except share data)

Change in the fair value of plan assets:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Fair value of plan assets at the beginning of the year	679,971	-
Adjustments	49,572	398,333
Expected return on plan assets	142,673	30,599
Actuarial gains	47,950	(30,599)
Employer contributions	1,711,429	281,638
Benefits paid	-	-
Fair value of plan assets at the end of the year	2,631,595	679,971

Amount recognized in Balance Sheet:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Defined benefit obligation at the end of the year	3,361,096	2,999,776
Fair value of plan assets at the end of the year	2,631,595	679,971
Net liability/(asset)		
Liability recognized in the balance sheet	729,501	2,319,805

Expense recognized in statement of profit and loss account:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Current service cost	346,549	355,328
Interest on defined benefit obligation	254,981	-
Expected return on plan assets	(142,673)	(30,599)
Net actuarial loss/(gain) recognized in the year	(288,160)	2,276,714
Amount included in employee benefits expenses	170,697	2,601,443

Asset Information:

Category of Assets	As at 31 March 2012	As at 31 March 2011
Insurer managed funds	100%	100%

Summary of Actuarial Assumptions:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Discount Rate	8.50%	8.00%
Expected return on plan assets	9.00%	9.00%
Salary escalation rate	6.50%	6.00%

Ananya Finance for Inclusive Growth Private Limited**Notes to the accounts (continued)**

(All amounts in Indian rupees, except share data)

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

2.35 Capital Adequacy Ratio:

Capital Adequacy Ratio	2011-2012	2010-2011
i) Capital Adequacy Ratio (CRAR)	16.34%	8.63%
ii) CRAR – Tier I Capital (%)	15.59%	8.63%
iii) CRAR – Tier II Capital (%)	0.75%	-

2.36 The Company does not have any direct or indirect exposure to Real Estate sector.

2.37 Amounts payable to Micro, Small and Medium enterprises

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the company along with the amounts of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise.	Nil	Nil

The list of undertakings covered under “Micro, Small and Medium Enterprises Development Act, 2006” (“MSMED”) was determined by the Company on the basis of information available with the Company.

Ananya Finance for Inclusive Growth Private Limited
Notes to the accounts (continued)

(All amounts in Indian rupees, except share data)

- 2.38** On 26 April 2010, the Company vide business transfer agreement acquired the microfinance business of Friends of Women World Banking, India (FWWB) consisting of loan portfolio, other associated assets, customer contracts, customer profiling, customer credit history, technical know-how, market know-how, associated lending and investment methods and procedures as a going concern along with all rights and borrower base subject to agreement of its lenders. The Company has also taken over liabilities of FWWB that are associated with the loan portfolio. As at 31 March 2012, the Company has received approvals from some lenders. Pending approval from the remaining lenders for such transfer, the Company continues to service the liabilities.
- 2.39** Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

for B S R R & Co

Chartered Accountants

Firm registration number: 130791W



Sriram Mahalingam

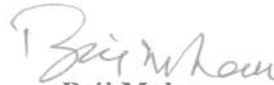
Partner

Membership No.049642

Ahmedabd

Date: 8 June 2012

for Ananya Finance for Inclusive Growth Private Limited

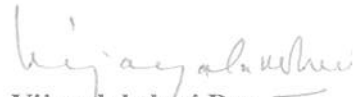


Brij Mohan

Chairman

Ahmedabad

Date: 8 June 2012



Vijayalakshmi Das

Managing Director

ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LTD.

SCHEDULE

BALANCE SHEET OF NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY AS ON 31ST MARCH,2012

(As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directons,2007

		Rs.	
Particulars		Amount Outstanding	Amount Overdue
Liabilities Side:			
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a	Debentures: Secured	-	-
	: Unsecured	-	-
	(Other than Falling within the meaning of Public deposits)		
b	Deferred Credits	-	-
c	Term Loans	1,096,585,878	-
d	Inter-corporate loans and borrowing	-	-
e	Commercial Paper	-	-
f	Other Loans (Unsecured)	-	-
Particulars		Amount Outstanding	
Assets Side:			
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
a	Secured		1,280,590,121
b	Unsecured		19,443,745
3	Break-up of Leased Assets and stock on hire and other assets counting towards AFC Activities		
(i)	Lease assets including lease rentals under sundry debtors		
a	Finance lease		-
b	Operating lease		-
(ii)	Stock on hire including hire charges under sundry debtors		
a	Assets on hire		-
b	Repossessed Assets		-
(iii)	Other Loan counting towards AFC activities		
a	Loans where assets have been repossessed		-
b	Loans other than (a) above		-
Particulars		Cost	Market Value
4	Break-up of Investments:		
Current Investments:			
A	Quoted		
i	Shares:		
a	Equity	-	-
b	Preference	-	-
ii	Debentures and Bonds	-	-
iii	Units of Mutual Fund	-	-
iv	Government Securities	-	-
v	Others (Please Specify)	-	-
B	Unquoted		
i	Shares:		
a	Equity	-	-
b	Preference	-	-
ii	Debentures and Bonds	-	-
iii	Units of Mutual Fund	-	-
iv	Government Securities	-	-
v	Others (Please Specify)	-	-
Long Term Investments			
A	Quoted		
i	Shares:		
a	Equity	-	-
b	Preference	-	-
ii	Debentures and Bonds	-	-
iii	Units of Mutual Fund	-	-
iv	Government Securities	-	-
v	Others (Please Specify)	-	-

B	Unquoted		
i	Shares:		
a	Equity	13,083,330	-
b	Preference	13,083,330	-
ii	Debentures and Bonds	-	-
iii	Units of Mutual Fund	-	-
iv	Government Securities	-	-
v	Others (Please Specify)	-	-
	Total	26,166,660	-

5	Borrower group-wise classification of assets financed as in (2) and (3) above:		
	Category	Rs.	
		Amount net of Provisions	
		Secured	Unsecured
			Total
A.	Related Parties:**		
a.	Subsidiaries	-	-
b.	Companies in same group	-	-
c.	Other related parties	-	-
B	Other than related parties	1,021,296,534	405,000
	Total		1,021,701,534

6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	Market/Value Break up or Fair value or NAV	Book Value (Net of Provisions)
A.	Related Parties:**		
a.	Subsidiaries	-	-
b.	Companies in same group	-	-
c.	Other related parties	-	-
B	Other than related parties	-	26,166,660
	Total		

** As per Accounting Standard of ICAI

7	Other Information	
	Particulars	Rs
(i)	Gross Non-Performing Assets	
a	Related Parties	-
b	Other than related Parties	629,666,377
(ii)	Net Non-Performing Assets	
a	Related Parties	-
b	Other than related Parties	359,293,625
(iii)	Assets acquired in satisfaction of Debt	26,166,660

As per our report attached

for **BSRR & Co**
Chartered Accountants
Firm Registration Number: 130791W


Sriram Mahalingam
Partner
Membership No. 049642

Ahmedabad
Date: 8 June 2012

for **Ananya Finance for Inclusive Growth Private Limited**


Brij Mohan
Chairman


Vijayalakshmi Das
Managing Director

Ahmedabad
Date: 8 June 2012