

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

Overview

Ananya Finance for Inclusive Growth Private Limited incorporated on 22/04/2009 under the Companies Act 1956 is a Non-Banking Financial Company ('NBFC') engaged in providing financial services to Microfinance institutions in India.

Schedule 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

All loan exposures are classified as per RBI guidelines, into performing and non-performing assets ("NPAs"). Further, NPAs are classified into sub-standard, doubtful and loss assets in accordance with the extant Non-Banking Financial (Non-Deposit Accepting and Holding) Companies prudential Norms (Reserve Bank) Direction, 2007. The provisioning rates and classification criteria for NPAs, which are not lower than the rates prescribed in RBI guidelines, are given below:

Overdue days	Classification	% provision on loans
0 to 30	Standard	5%
30 to 60	Sub-standard	10-15%
60 to 90	Sub-standard	20-30%
90 to 180	Sub-standard	50%
> 180	Doubtful	100%

The above provisioning policy takes into account the additional risk associated with certain high risk geographies. In addition to the specific provision for NPA, the Company maintains an additional provision of 1% on the outstanding balance of standard assets. The Company has not rescheduled/ restructured any loans during the year.



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Schedule 13

Income from operations

Interest income from portfolio loans
 Processing fees

For the year ended	For the year ended
31 March 2011	31 March 2010
548,244,838	363,575
272,955	-
548,517,793	363,575

Schedule 14

Other income

Interest on fixed deposits
 [Tax deducted at source Rs. 15,942 (Previous year
 Rs. 47187)]
 Interest from FWWB
 Dividend income from mutual fund investments - other than trade
 Miscellaneous income

For the year ended	For the year ended
31 March 2011	31 March 2010
159,412	471,865
8,378,995	-
2,445,419	-
1,987,791	-
12,971,617	471,865

Schedule 15

Financial Expenses

Interest
 on term loans from banks
 on term loans from financial institutions
 on other loans
 Stamping charges
 Processing charges

For the year ended	For the year ended
31 March 2011	31 March 2010
110,409,253	442,466
5,444,757	-
287,573,772	-
1,573,595	101,800
816,884	-
405,818,261	544,266

Schedule 16

Personnel expenses

Salaries, wages and bonus
 Contribution to provident and other funds
 Gratuity
 Staff development expenses

For the year ended	For the year ended
31 March 2011	31 March 2010
13,572,005	-
775,344	-
2,601,443	-
34,640	-
16,983,432	-



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Schedule 17

Administrative and other expenses

	For the year ended 31 March 2011	For the year ended 31 March 2010
Legal expenses	5,074,667	5,116,094
Bank charges	165,381	311
Office rent	3,582,188	1,388,349
Electricity	167,927	18,161
Printing and stationery	136,646	998
Postage and telephone	272,432	35,896
Travelling expenses	2,667,093	11,296
Rates and taxes	169,127	678,130
Office expenses	364,121	110,618
Web designing expenses	200,000	-
Consultancy charges	100,250	-
Insurance expenses	127,230	-
Sitting fees to directors	100,000	-
Repairs and maintenance	173,640	6,260
Audit fees and expenses	660,854	165,450
Education support	636,000	-
Professional fees	2,389,961	15,713
Miscellaneous expenses	73,672	18,308
	<u>17,061,189</u>	<u>7,565,584</u>

Schedule 18

Provisions and write offs

	For the year ended 31 March 2011	For the year ended 31 March 2009
Provision for NFA	19,892,238	-
Loans written off	17,046,683	-
	<u>36,938,921</u>	<u>-</u>



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Schedule 19 : Notes to the accounts

- a. On April 26, 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 March 31, 2011, the Company has received approvals from some lenders. Pending approval from the remaining lenders for such transfer, the Company continues to service the liabilities.

b. Provisions on Loan portfolio:

(Amount in Rupees)

Asset classification	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Loan Portfolio	Provision	Loan Portfolio	Provision
Standard Portfolio	2,481,643,084	24,816,431	101,000,000	-
Sub Standard Portfolio	19,892,238	19,892,238	-	-
Doubtful Portfolio	-	-	-	-
Loss Asset	-	-	-	-
Other Assets	505,048,197	50,286,958	-	-
Total	3,006,583,519	94,995,627	101,000,000	-

Loan portfolio amounting to Rs 17,046,683/- (Previous year Nil) has been written off.

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

c. Contingent liability not provided for;

- (i) Guarantees outstanding on term loan and others is Nil
- (ii) Other contingent liabilities not acknowledged as debt by the Company is Rs.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)

d. Deferred tax liability, net :

	31 March 2011	31 March 2010
Deferred tax liability		
On depreciation	4,816,402	17,158
Deferred tax asset		
On gratuity	752,777	-
On provision for loan portfolio	6,455,031	-
On expenditure U/S 35D of I.T. Act, 1961	1,312,711	1,392,207
Net deferred tax liability / (asset)	(3,704,117)	(1,375,049)



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e. Segmental Reporting

The Company operates in a single reportable segment i.e. micro credit lending to members, who have similar risk and returns for the purpose of AS-17 on 'segmental reporting' issued by ICAI. The Company does not have any reportable geographical segment.

f. Leases

Lease payments made under cancellable operating lease amounting to Rs.3,582,188(previous year Rs.1,388,349) 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.

g. Managerial remuneration :

Particulars	(Amount in Rs)	
	For the year ended 31 March 2011	For the year ended 31 March 2010
Salary and allowances	2,887,704	-
Contribution to provident and other funds	192,519	-
Total	3,080,223	-

h. Auditors' remuneration

Particulars	(Amount in Rs)	
	For the year ended 31 March 2011	For the year ended 31 March 2010
Audit fees	523,925	165,450
Certification	60,665	Nil
Tax audit fees	60,665	Nil
Others	-	Nil
Total	645,255	165,450

i. 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



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j. Related party disclosures

A) Parties where control exists

Sl.No.	Name of the related party	Nature of transactions	31 March 2011		31 March 2010	
			Volume of transactions during the year	Payable/ (Receivable)	Volume of transactions during the year	Amount payable/(receivable)
1	Indian Foundation for Inclusive Growth	Reimbursement of expenses Advances Receivable transferred from F/W/B	1,918,387 (Dr) 5,000,000 (Cr) 5,000,000 (Dr)	- - -	10,986,786 (Cr)	10,986,786
2	Friends of Women's World Banking, India	Payment for business transfer Paid for Servicing loan Loan recovery of Ananya Interest Fixed deposit Interest accrued on fixed deposit Bank balance transferred Interest expense Principal payment Transfer of fund Fixed Deposit proceeds Asset transferred Other transfers	450,000,000 (Dr) 1,393,781,585 (Dr) 113,500,208 (Dr) 8,178,995 (Dr) 12,106,341 (Dr) 12,700,180 (Dr) 970,491,281 (Dr) 222,808,248 (Cr) 1,535,665,896 (Cr) 735,800,000 (Cr) 7,582,788 (Cr) 676,951 (Cr) 93,512 (Cr)	- - - - - - - - - - - - - - 8,331,194 (Dr)	- - - - - - - - - - - - - -	- - - - - - - - - - - - - -



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k. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

	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 1 year	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	358,712,139	326,591,539	301,658,346	758,499,762	815,416,365	445,703,348	-	-	3,006,583,519
Investments	70,000,000	-	-	-	-	-	-	-	70,000,000
Fixed Deposits	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	3,930,307	3,930,307

1. Investments

Particulars	Units Purchased	Purchase Value	Units Sold	Sale Value	Closing Units	Closing Value
Total	2,310,749	2,310,821,801	2,240,754	2,240,833,217	69,994,449	69,999,683

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



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m. Earnings Per Share (EPS)

(Amount in Rs)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Profit after tax	16,545,608	(6,050,669)
Weighted average number of equity shares outstanding during the year	17,968,904	2,467,726
Basic EPS of par value of Rs.10	0.92	(2.45)

n. Break up of loan portfolio:

Loan Portfolio	31 March 2011	31 March 2010
Opening Loan outstanding	101,000,000	-
Portfolio taken over from FWWB	3,741,828,270	-
Loans disbursed during the Year	3,848,750,000	101,000,000
A	7,691,578,270	101,000,000
Loans recovered during the year	4,667,948,068	-
Portfolio transferred	-	-
Portfolio written off	17,046,683	-
B	4,684,994,751	-
Loans outstanding at the end of the year (A-B)	3,006,583,519	101,000,000
Managed portfolio	-	-
Loans and advances outstanding	3,006,583,519	101,000,000
Loan Portfolio (unsecured, considered good)	-	101,000,000
Loan Portfolio (unsecured, considered doubtful)	-	-
Loans and advances outstanding	3,006,583,519	101,000,000
Prepayments	-	-

o. 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 2011	For the year ended 31 March 2010
Balance at April 1, 2010	-	-
Acquisition adjustments	398,333	-
Service cost	355,328	-
Interest cost	-	-
Actuarial loss/(Gain)	2,246,115	-
Benefits paid	-	-
Balance at March 31, 2011	2,999,776	-



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Change in the fair value of plan assets

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Balance at April 1, 2010	-	-
Acquisition adjustments	398,333	-
Expected return on plan assets	30,599	-
Actuarial gains	(30,599)	-
Employer contributions	281,638	-
Benefits paid	-	-
Balance at March 31, 2011	679,971	-

Amount recognized in Balance Sheet

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Defined benefit obligation at the end of the year	2,999,776	-
Fair value of plan assets at the end of the year	679,971	-
Net liability/(asset)		
Liability recognized in the balance sheet	2,319,805	-

Expense recognized in statement of profit and loss account

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Current service cost	355,328	-
Interest on defined benefit obligation	-	-
Expected return on plan assets	(30,599)	-
Net actuarial loss/(gain) recognized in the year	2,276,714	-
Amount included in Personnel expense	2,601,443	-

Asset Information

Category of Assets	As at 31 March 2011	As at 31 March 2010
Insurer managed funds	679,971	-
Total	679,971	-

Summary of Actuarial Assumptions

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Discount Rate	8%	-
Expected return on plan assets	9%	-
Salary escalation rate	6%	-

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.



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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.

p. Capital Adequacy Ratio:

Capital Adequacy Ratio:	2010-2011	2009-2010
i) Capital Adequacy Ratio (CRAR)	8.63%	21.57%
ii) CRAR – Tier I Capital (%)	8.63%	21.57%
iii) CRAR – Tier II Capital (%)	-	-

The Company was been incorporated on 22 April 2009 and obtained registration as a non deposit taking non banking financial institution on 23 December 2009. While the Company's efforts to raise Tier I and Tier II capital is ongoing, given the crisis in the microfinance sector since October 2010, the Company's capital adequacy ratio is below the minimum required capital to risk asset ratio (CRAR) as prescribed by the Reserve Bank of India. The Company is in the process of meeting several potential investors and discussions are in progress. Further, keeping in view the low CRAR, the Company has not drawn down fresh bank loans sanctioned post October 2010.

q. Amounts payable to Micro, Small and Medium enterprises

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
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.



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r. Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

for B S R R & Co.

Chartered Accountants

Firm Registration Number: 130791W.



Sriram Mahalingam

Partner

Membership No.049642

Hyderabad

Date: 13 May 2011

for Ananya Finance for Inclusive Growth Private Limited



Brij Mohan

Chairman

Ahmedabad

Date: 13 May 2011



Vijayalaxmi Das

Managing Director

Ananya Finance for Inclusive Growth Private Limited

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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 tangible assets is provided using the straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. 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 long term investments. Long term 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.

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.



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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

Balance Sheet as at 31 March 2011

(All amounts in Indian rupees, except share data)

SOURCES OF FUNDS	Schedule	31 March 2011	31 March 2010
Shareholders' funds			
Share capital	2	330,100,000	30,100,000
Reserves and surplus	3	160,494,938	-
		<u>490,594,938</u>	<u>30,100,000</u>
Loan funds			
Secured loans	4	1,042,110,669	100,000,000
Unsecured loans	5	1,811,668,925	-
		<u>3,344,374,532</u>	<u>130,100,000</u>
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		311,005,625	3,392,479
Less: Accumulated depreciation		(62,366,600)	(151,308)
Net block		<u>248,639,025</u>	<u>3,241,171</u>
Investments	7	70,000,000	-
Deferred tax assets, net	19 (d)	3,704,117	1,375,049
Current assets, loans and advances			
Cash and bank balances	8	72,732,654	29,219,589
Loans and advances	9	3,014,453,751	101,000,000
Other current assets	10	56,354,507	943,273
		<u>3,143,540,912</u>	<u>131,162,862</u>
Current liabilities and provisions			
Current liabilities	11	15,938,314	11,729,751
Provisions	12	105,571,208	-
		<u>121,509,522</u>	<u>11,729,751</u>
Net current assets		3,022,031,390	119,433,112
Profit and loss account		-	6,050,669
		<u>3,344,374,532</u>	<u>130,100,000</u>
Significant accounting policies	1		
Notes to accounts	19		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report attached

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



Sriram Mahalingam
Partner
Membership No. 049642

Hyderabad
Date: 13 May 2011

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


Brij Mohan
Chairman



Vijayalakshmi Das
Managing Director

Ahmedabad
Date: 13 May 2011

Ananya Finance for Inclusive Growth Private Limited
Profit and Loss Account for the year ended 31 March 2011

(All amounts in Indian rupees, except share data)

	Schedule	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Income from operations	13	548,517,793	363,575
Other income	14	12,971,617	471,865
		561,489,410	835,440
EXPENDITURE			
Financial expenses	15	405,818,261	544,266
Personnel expenses	16	16,983,432	-
Administrative and other expenses	17	17,061,189	7,565,584
Depreciation		62,215,291	151,308
Provisions and write offs	18	36,938,921	-
		539,017,094	8,261,158
Profit/(loss) before tax		22,472,316	(7,425,718)
Provision for tax			
Current tax		8,255,776	
Deferred tax charge/(benefit)		(2,329,068)	(1,375,049)
Profit/(loss) after tax		16,545,608	(6,050,669)
Appropriations			
Transfer to Statutory reserve		3,309,122	-
Amount available after appropriation		13,236,486	-
Balance in profit and loss account brought forward		(6,050,669)	-
Balance in Profit & loss account carried forward		7,185,817	(6,050,669)
Earnings/ (loss) per share			
Basic & Diluted (Par value Rs.10 per share)	19(m)	0.92	(2.45)

Significant accounting policies

Notes to accounts

The Schedules referred to above form an integral part of the Profit and Loss Account

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

Hyderabad

Date: 13 May 2011



Brij Mohan

Chairman



Vijayalakshmi Das

Managing Director

Ahmedabad

Date: 13 May 2011

Ananya Finance for Inclusive Growth Private Limited
Cash Flow Statement for the year ended 31 March 2011
 (All amounts in Indian rupees, except share data)

	For the year ended 31 March 2011	For the year ended 31 March 2010
A Cash Flows from Operating Activities		
Profit Before Taxation	22,472,316	(7,425,718)
Adjustments for:		
Depreciation	62,215,291	
Provisions and write offs on loan portfolio	36,938,921	-
Provision for Gratuity	2,319,805	-
Income from mutual fund investments - other than trade	(2,456,834)	-
Interest accrued on loans	(9,147,739)	-
Fixed asset written-off	18,251	-
<i>Operating cash flows before working capital changes and other assets</i>	112,360,011	(7,425,718)
(Increase) / decrease in current assets	(54,133,727)	(943,273)
(Increase) / decrease in loans and advances	(2,847,526,813)	(101,000,000)
Increase / (decrease) in current liabilities and provisions	4,208,563	11,729,751
<i>Cash generated from operations</i>	(2,785,091,966)	(97,639,240)
Income taxes paid, net	-	-
Net cash provided by operating activities	(2,785,091,966)	(97,639,240)
B Cash flows from investing activities		
Purchase of fixed assets	(307,631,397)	3,392,479
Purchase of units of mutual funds	(2,310,821,801)	-
Sale of units of mutual funds	2,240,833,217	-
Income from mutual funds	2,445,419	-
Net cash provided by / (used in) investing activities	(375,174,563)	3,392,479
Cash flows from financing activities		
Proceeds from issuance of share capital (net of share issue expenses)	450,000,000	30,100,000
Proceeds from long term borrowings	5,664,369,749	100,000,000
Repayment of long-term borrowings	(2,910,590,156)	-
<i>Net cash provided by / (used in) financing activities</i>	3,203,779,593	130,100,000
Net increase in cash and cash equivalents	43,513,064	-
Cash and cash equivalents at the beginning of the year	29,219,589	-
Cash and cash equivalents at the end of the year	72,732,654	29,219,589

Note:

1. Cash and cash equivalents comprise:

	31 March 2011	31 March 2010
Cash in hand	4,725	-
Balances in		
Current accounts	68,797,622	29,219,589
Deposit accounts	3,930,307	-
	72,732,654	29,219,589

As per our report attached
 for **BSR & Co.**
Chartered Accountants
 Firm Registration Number: 130791W



Sriram Mahalingam
 Partner
 Membership No. 049642

Hyderabad
 Date: 13 May 2011

for Ananya Finance for Inclusive Growth Private Limited



Brij Mohan
 Chairman

Ahmednabad
 Date: 13 May 2011



Vijayalakshmi Das
 Managing Director

Ananya Finance for Inclusive Growth Private Limited

Schedules to the Accounts

(All amounts in Indian rupees, except share data)

Schedule 2

Share capital

	31 March 2011	31 March 2010
<i>Authorized</i>		
200,000,000 (previous year 80,000,000) equity shares of Rs. 10/- each	2,000,000,000	800,000,000
Nil (previous year 20,000,000) preference shares of Rs 10/- each	-	200,000,000
	<u>2,000,000,000</u>	<u>1,000,000,000</u>

Issued, subscribed and paid-up

33,010,000 (previous year 3,010,000) equity shares of Rs. 10/- each, fully paid up *	330,100,000	30,100,000
	<u>330,100,000</u>	<u>30,100,000</u>

*Note 1 : 99.97% of equity shares are held by Indian Foundation for Inclusive Growth, a Trust registered under the Indian Trust Act

Note 2 : During the year the company had issued 30,000,000 equity shares of Rs 10 each to Indian Foundation for Inclusive Growth. Of the above, 15,000,000 equity shares have been issued at a premium of Rs. 10 per share.

Schedule 3

Reserves and surplus

	31 March 2011	31 March 2010
Securities premium	150,000,000	-
Statutory reserve	3,309,122	-
<i>Profit and loss account</i>		
Opening balance	(6,050,669)	-
Add: Profit during the year	16,545,608	-
Less: Transferred to statutory reserve	(3,309,122)	-
Closing balance	<u>7,185,817</u>	<u>-</u>
	<u>160,494,938</u>	<u>-</u>

Schedule 4

Secured loans

	31 March 2011	31 March 2010
<i>Term loans</i>		
From banks (secured by book debts)	1,042,110,669	100,000,000
	<u>1,042,110,669</u>	<u>100,000,000</u>

Schedule 5

Unsecured loans

From financial institutions	80,280,000	-
From others	1,731,388,925	-
(Refer note a of schedule 19)	<u>1,811,668,925</u>	<u>-</u>



Ananya Finance for Inclusive Growth Private Limited

Schedules to the Balance Sheet as at 31 March 2011
(All amounts in Indian rupees, except share data)

Schedule 6- Fixed Assets

Description	Gross block			Depreciation			NET BLOCK	
	As on 1 April 2010	Additions during the period	Deletions during the period	As on 1 April 2010	for the year for the year	On deletions	As at 31 Mar 2011	As at 1 April 2010
Furniture and Fixtures	2,272,563	1,573,607	-	109,314	899,169	-	2,837,666	2,103,249
Office Equipment	1,078,966	741,147	-	39,886	326,908	-	1,453,218	1,039,080
Vehicles	-	615,141	-	-	127,553	-	487,588	-
Computers	40,650	701,502	18,251	2,109	220,930	-	501,162	38,841
Software	-	800,000	-	-	731	-	799,269	-
Intangible assets (Note 1)	-	303,200,000	-	-	60,640,000	-	242,560,000	-
Total	3,392,479	307,631,397	18,251	151,309	62,215,291	-	248,639,023	3,241,170
Previous Year		3,392,479			151,308		3,241,171	

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

Schedules to the Accounts

(All amounts in Indian rupees, except share data)

Schedule 7

Investments

Non-trade

Quoted

Investment in mutual funds (debt)

(Refer note 1 of schedule 19)

31 March 2011

31 March 2010

70,000,000

-

70,000,000

-

Schedule 8

Cash and bank balances

Cash on hand

Balances with scheduled banks and financial institutions

Current accounts

Deposit accounts

31 March 2011

31 March 2010

4,725

68,797,622

29,219,589

3,930,307

-

72,732,654

29,219,589

Schedule 9

Loans and advances

Loan portfolio

Unsecured

considered doubtful

Interest accrued and due on loans

31 March 2011

31 March 2010

2,986,691,281

101,000,000

19,892,238

7,870,232

3,014,453,751

101,000,000

Schedule 10

Other current assets

Advances recoverable in cash or kind or for value to be received

Deposits

TDS receivable

Interest accrued but not due on loans

Interest receivables on fixed deposit

Receivable from FWWB

Staff advances

Unamortised upfront processing fees paid to banks

Prepaid expenses

-

34,511

867,500

498,000

44,286,264

67,899

1,277,507

342,863

143,470

-

8,331,194

-

-

-

1,253,631

194,941

56,354,507

943,273

Schedule 11

Current liabilities

Sundry creditors

- dues to micro and small enterprises

- others

Interest accrued but not due on borrowings

Unamortised upfront processing fees on the loan portfolio

SIDBI grant

Other liabilities

31 March 2011

31 March 2010

-

-

1,744,283

11,287,285

5,477,457

442,466

2,499,484

5,309,608

-

907,482

15,938,314

11,729,751

Schedule 12

Provisions

Provision for taxation [net of advance tax Rs. Nil]

Provision for NPA

Provision for standard assets

Provision for other assets

Provision for gratuity

31 March 2011

31 March 2010

8,255,776

-

19,892,238

-

24,816,431

-

50,286,958

-

2,319,805

-

105,571,208

-



AUDITORS' REPORT (Continued)

- c) *the Company's lending to single borrowers in certain cases is in excess of fifteen percentage of its owned fund during the period ended 31 March 2011.*

This report is issued to comply with the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 vide Notification No. DNBS (PD) CC No. 179 / 03.02.001 / 2009-11 dated 1 July 2010 and may not be suitable for any other purpose.

for **B S R R & Co**

Chartered Accountants

Firm Registration No: 130791W



Sriram Mahalingam

Partner

Membership No: 049642

Place : Hyderabad

Date : *28 June 2011*

ANNEXURE II TO THE AUDITORS' REPORT

To the Board of Directors of
ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED

In addition to the report made under section 227 of the Companies Act, 1956 on the accounts of Ananya Finance for Inclusive Growth Private Limited ('the Company') for the year ended 31 March 2011 and as required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008" dated 1 July 2010, we report as follows on the matters specified in paragraph 3 and 4 of the said directions to the extent applicable:

- i. The Company is engaged in the business of non-banking financial institution and it has obtained a certificate of registration from the Reserve Bank of India ('RBI') vide letter dated 23 December 2009, in pursuance of section 45-IA, of the RBI Act, 1934;
- ii. The Company is entitled to continue to hold the Certificate of Registration in terms of its asset/income pattern as on 31 March 2011 determined by the management in accordance with the audited financial statements for the year ended 31 March 2011;
- iii. Based on the criteria set forth by the RBI in Company Circular No. DNBS.PD. CC No. 85 / 03.02.089 /2006-07 dated 6 December 2006 for classification of Non-Banking Finance Companies as Asset Finance Company ('AFC'), the Company is not classified as AFC as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the year ended 31 March 2011;
- iv. The Board of Directors have passed a resolution not to accept deposits from the public on 17 May 2010;
- v. The Company has not accepted public deposits during year ended 31 March 2011;
- vi. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 in the preparation of financial statements for the year ended 31 March 2011;
- vii. The Company being a Systemically Important Non-deposit taking NBFC as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:
 - a) the capital adequacy ratio as disclosed in the return submitted to RBI in form NBS- 7, has been correctly arrived at. *However, the capital adequacy ratio is below the minimum capital to risk assets ratio ('CRAR') prescribed by RBI;*
 - b) the Company has furnished to RBI the annual statement of capital funds, risk assets / exposures and risk asset ratio (form NBS-7) within the stipulated period; and

6/2/11