

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Ananya Finance for Inclusive Growth Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Ananya Finance for Inclusive Growth Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred to as the 'financial statements').

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Ananya Finance for Inclusive Growth Private Limited
Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

Other Matter

The financial statements of the Company as at 31 March 2014 and for the year then ended were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated 13 June 2014 expressed an unqualified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 it 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

Ananya Finance for Inclusive Growth Private Limited
Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 2.30 to the financial statements.
 - ii. The Company has long-term contracts other than derivative contracts for which there were no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm's Registration No. : 116231W/W-100024



Sriram Mahalingam

Partner

Membership No.: 049642

Place: Hyderabad

Date: 26 June 2015

**Ananya Finance for Inclusive Growth Private Limited
Annexure to the Independent Auditor's Report**

The annexure referred to in our independent auditor's report of even date to the Members of Ananya Finance for Inclusive Growth Private Limited ("the Company") on the financial statements for the year ended 31 March 2015, 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 the 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 noticed on such verification.
- ii. (a) The Company is a Non-Banking Financial (Non – Deposit Accepting or Holding) Company ('NBFC'), primarily engaged in the business of providing loans. Accordingly, it does not hold any physical inventory. Hence, Clause 3(ii) of the Order is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause (iii)(a) and (iii)(b) of the Order are not applicable to the Company.
- 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. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company.
- vii. (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 Provident Fund, Income tax, Service tax and other material statutory dues with the appropriate authorities during the year. With respect to Employees' State Insurance, the Company has been registered with appropriate authorities during the year and remitted the dues with slight delays. As explained to us, the Company did not have any dues on account of Sales-tax, Wealth tax, duty of Customs, duty of Excise, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.



Ananya Finance for Inclusive Growth Private Limited
Annexure to the Independent Auditor's Report (continued)

- (b) According to the information and explanations given to us, the Company did not have any dues on account of Sales tax, Wealth Tax, Service tax, duty of Customs, Duty of Excise, Value Added Tax or Cess which have not been deposited with the appropriate authorities on account of any dispute except for the following Income Tax dues:-

Name of Statue	Nature of dues	Amount (in Rupees)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax (including interest)	34,045,670 (2,700,000)*	Financial Year 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax (including interest)	34,372,630	Financial Year 2011-12	Commissioner of Income Tax (Appeals)

*The amount in parenthesis represents payment made under protest.

- (c) According to the information and explanations given to us, there are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. In our opinion, the accumulated losses of the company at the end of the year are more than fifty percent of its net worth. The company has incurred cash losses in the current financial year and in the immediately preceding financial year.

ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its financial institutions or bankers. The Company did not have any outstanding debentures during the year.

x. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

xi. 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.

xii. 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 & Associates LLP**

Chartered Accountants

ICAI Firm's Registration No. : 116231W/W-100024



Sriram Mahalingam

Partner

Membership No.: 049642

Place: Hyderabad

Date: 26 June 2015

Ananya Finance for Inclusive Growth Private Limited**Balance Sheet as at 31 March 2015**

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

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	665,100,100	610,100,100
Reserves and surplus	2.2	(457,793,114)	(412,548,072)
		<u>207,306,986</u>	<u>197,552,028</u>
Non-current liabilities			
Long-term borrowings	2.3	226,806,425	108,210,996
Other long-term liabilities	2.4	32,277,578	321,388
Long-term provisions	2.5	2,433,478	72,061,815
		<u>261,517,481</u>	<u>180,594,199</u>
Current liabilities			
Other current liabilities	2.6	218,304,973	172,357,070
Short-term provisions	2.7	2,202,644	1,152,668
		<u>220,507,617</u>	<u>173,509,738</u>
Total		<u>689,332,084</u>	<u>551,655,965</u>
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	2.8	328,826	90,958
(ii) Intangible assets	2.9	-	60,857,485
		<u>328,826</u>	<u>60,948,443</u>
Non-current investments	2.10	3,450,000	6,290,000
Deferred tax assets, net	2.11	44,325,184	-
Long-term loans and advances	2.12	153,844,630	200,848,974
Other non-current assets	2.13	26,738,370	8,486,665
		<u>228,358,184</u>	<u>215,625,639</u>
Current assets			
Current investments	2.14	63,200,000	832,500
Cash and bank balances	2.15	55,195,072	26,816,240
Short-term loans and advances	2.16	336,517,575	245,783,888
Other current assets	2.17	5,732,427	1,649,255
		<u>460,645,074</u>	<u>275,081,883</u>
Total		<u>689,332,084</u>	<u>551,655,965</u>
Significant accounting policies	1		
Notes to the financial statements	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration No.: 116231W / W-100024

**Sriram Mahalingam**

Partner

Membership No. 049642

Place: Hyderabad

Date: 26 June 2015

for and on behalf of the Board of Directors of
Ananya Finance for Inclusive Growth Private Limited**Brij Mohan**

Chairman

Place: Ahmedabad

Date: 26 June 2015

**Vijayalakshmi Das**

Managing Director

Ananya Finance for Inclusive Growth Private Limited
Statement of Profit and Loss for the year ended 31 March 2015
(All amounts in Indian rupees, except share data and where otherwise stated)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Income			
Revenue from operations	2.18	48,106,907	37,589,030
Other income	2.19	4,211,718	15,558,655
Total revenue		52,318,625	53,147,685
Expenses			
Employee benefits expense	2.20	12,143,102	10,080,012
Finance costs	2.21	27,690,172	31,537,834
Depreciation and amortisation	2.22	60,943,840	61,431,636
Provisions and write offs	2.23	28,253,183	76,415,530
Other expenses	2.24	5,736,054	11,210,021
Provision for impairment of investments		7,122,500	26,751,800
Total expenses		141,888,851	217,426,833
Loss before tax		(89,570,226)	(164,279,148)
Tax expense:			
- Current tax		-	-
- Deferred tax		(44,325,184)	-
Loss for the year		(45,245,042)	(164,279,148)
Earnings per equity share	2.25		
[nominal value of share Rs. 10 (previous year Rs.10)]			
- Basic and diluted		(1.36)	(4.98)
Significant accounting policies	1		
Notes to the financial statements	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**
Chartered Accountants
ICAI Firm registration No.: 116231W / W-100024

for and on behalf of the Board of Directors of
Ananya Finance for Inclusive Growth Private Limited



Sriram Mahalingam
Partner
Membership No. 049642



Brij Mohan
Chairman



Vijayalakshmi Das
Managing Director

Place: Hyderabad
Date: 26 June 2015

Place: Ahmedabad
Date: 26 June 2015

Ananya Finance for Inclusive Growth Private Limited
Cash Flow Statement for the year ended 31 March 2015
(All amounts in Indian rupees, except share data and where otherwise stated)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Cash flows from operating activities		
Net loss before tax	(89,570,226)	(164,279,148)
Adjustments :		
Depreciation and amortisation	60,943,840	61,431,636
Provisions and write offs on loan portfolio	28,253,183	76,415,530
Profit on sale of fixed asset	-	(820,774)
Income from mutual fund investments	(1,439,960)	(2,806,741)
Provision for impairment on investments	7,122,500	26,751,800
Operating cash flows before working capital changes	5,309,337	(3,307,697)
(Increase) / decrease in loans and advances	(136,737,047)	(92,585,567)
(Increase) / decrease in other assets	(4,834,877)	(209,564)
Increase / (decrease) in long term liabilities	31,956,190	289,250
Increase / (decrease) in liabilities and provisions	(3,800,696)	(14,098,295)
Cash generated from operations	(108,107,093)	(109,911,873)
Income taxes (paid) / refunded, net	(5,656,242)	17,492,722
Net cash provided / (used) by operating activities (A)	(113,763,335)	(92,419,151)
Cash flows from investing activities		
Purchase of fixed assets	(324,223)	(12,515)
Proceeds from sale of fixed assets	-	1,550,000
Purchase of units of mutual funds	(416,200,000)	(568,735,000)
Proceeds from sale of units of mutual funds	354,439,960	577,041,741
Investment in preference shares	(3,450,000)	-
Bank balance to the extent not considered in cash and cash equivalent	(33,007,407)	169,417
Net cash provided / (used) by investing activities (B)	(98,541,670)	10,013,643
Cash flows from financing activities		
Proceeds from issue of equity shares	5,000,100	100
Proceeds from issue of preference shares	49,999,900	180,000,000
Share issue expenses	-	(2,238,263)
Proceeds from long-term borrowings	350,000,000	50,000,000
Repayment of long-term borrowings	(179,823,570)	(182,932,652)
Net cash provided / (used) by financing activities (C)	225,176,430	44,829,185
Net increase / (decrease) in cash and cash equivalents (A+B+C)	12,871,425	(37,576,323)
Cash and cash equivalents at the beginning of the year	18,632,003	56,208,326
Cash and cash equivalents at the end of the year (Refer note 2.15)	31,503,428	18,632,003

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration No.: 116231W / W-100024



Sriram Mahalingam
Membership No. 049642

Place: Hyderabad
Date: 26 June 2015

for and on behalf of the Board of Directors of
Ananya Finance for Inclusive Growth Private Limited



Brij Mohan
Chairman

Place: Ahmedabad
Date: 26 June 2015



Vijayalakshmi Das
Managing Director

Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015
(All amounts in Indian rupees, except share data and where otherwise stated)

Overview

Ananya Finance for Inclusive Growth Private Limited incorporated on 22 April 2009 under the Companies Act 1956 is a Non-Banking Financial (Non-Deposit Accepting or Holding) 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 and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other accounting principles generally accepted (GAAP) in India and the guidelines of Reserve Bank of India ('RBI') to the extent applicable to a Non-Banking Financial (Non – Deposit Accepting or Holding) 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 generally accepted accounting principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognised prospectively in current and future periods.

c. Current – non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
 (All amounts in Indian rupees, except share data and where otherwise stated)

c. Current – non-current classification (continued)

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Company has ascertained its operating cycle as 12 months that is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

d. Revenue recognition

- i). Interest income on loan portfolio is recognized in the Statement of Profit and Loss on accrual basis taking into account the amount outstanding and rate applicable except in the case of non-performing assets (NPA's) where it is recognized, upon realization, as per the prudential norms of RBI.
- ii). Interest on term deposits has been accrued on the time proportion basis, using the underlying interest rate.
- iii). Loan processing fees which is collected upfront is amortised over the tenor of the loan.
- iv). Dividend income is accounted when the right to receive the dividend is established.
- v). Income from non-refundable revenue grant is recognized on receipt basis on fulfillment of Grant obligations.

e. Classification of loan portfolio and provisioning policy

The Company classified its loan portfolio in accordance with the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 into Performing and Non-performing Assets (NPA). Further, NPAs are classified into sub-standard, doubtful and loss assets.

The provisioning rates and classification criteria for NPAs, which are in accordance with Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, are as given below:

Overdue days	Classification	Provision for the year ended	
		31 March 2015	31 March 2014
Upto 180 days	Standard	0.25% - 5.00%	0.25% - 5.00%
181 to 730 days	Sub-standard	10%	10%
>730 days	Doubtful	100%*	100%*

*100% provision to the extent to which the advance is not covered by the realisable value of the security to which the Company has a valid recourse.

Overdue Loans which in the opinion of the management, considered as loss asset then the same is fully written off at the year end. However, if the assets are permitted to remain in the books for any reason, 100% of the outstanding is provided for.

In respect of Restructured Advances, the Company follows classification and provisioning norms as per the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 to the extant applicable to the Company.



f. Fixed assets and depreciation

Tangible fixed asset

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation and/ or accumulated impairment loss, if any. The cost of tangible 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 capitalised.

Tangible fixed assets under construction and tangible fixed assets acquired but not ready for their intended use are disclosed as capital work-in-progress.

Depreciation on fixed assets is calculated on a straight-line basis, using the rates based on the useful lives estimated by the management, based on a technical evaluation, which is different from the useful life as specified in Schedule II of the Act. The comparison between the useful life estimated by the Management and the useful life as defined in Schedule II of the Act is as follows:

Asset class	Estimated useful life adopted by the Company	Estimated useful life as per Schedule II of the Companies Act, 2013
Furniture and fixtures	3 to 4 years	10 years
Vehicles	4 years	8 to 10 years
Office equipments	5 years	5 years
Computers	3 years	3 years

Depreciation is calculated on a pro-rata basis from the day the assets are purchased / sold. Fixed assets individually costing less than Rs. 5,000 are depreciated fully in the year of purchase.

Intangible fixed asset

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets and software are amortised using straight-line method over 5 years and 3 years respectively.



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

g. 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 recognised in the Statement of Profit and Loss. 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.

h. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current-non-current classification.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Non-performing Restructured Advances converted into Equity has been held under Current Investments and valued at Re.1 in accordance with Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued in this regard to the extent relevant to the Company.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares, convertible debentures etc.

i. Employee benefits

Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plan

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. Gratuity is covered under a scheme administered by the Life Insurance Corporation of India and the contributions made by the company to the scheme are recognised in Statement of Profit and Loss. The liability recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets. The calculation of the Company's obligation under the plan is performed annually by qualified independent actuary using the projected unit credit method. Actuarial gains and losses arising during the year are immediately recognised in the Statement of Profit and Loss



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

Compensated absences

Compensated absences, is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method as at the balance sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognised in the Statement of Profit and Loss.

j. 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 recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised 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.

k. Earnings per share

Basic 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. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later date.

l. Borrowing costs

Borrowing cost includes interest and other cost including, amortization of ancillary borrowing costs. Interest on borrowings is expensed in the period to which they relate. Ancillary costs incurred in connection with the terms of borrowing are amortised over the tenure of the borrowing on straight line basis.



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

m. Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

n. Leases

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease unless another systematic basis is more representative of the time pattern of the benefit.

o. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, investing and financing activities of the Company are segregated.



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015
(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
Authorised:		
150,000,000 (Previous year: 150,000,000) equity shares of Rs. 10 each 'class A'*	1,500,000,000	1,500,000,000
10,000,000 (Previous year: 10,000,000) equity shares of Rs. 10 each 'class B'*	100,000,000	100,000,000
40,000,000 (Previous year: 40,000,000) preference shares of Rs. 10 each	<u>400,000,000</u>	<u>400,000,000</u>
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid-up:		
33,510,020 (Previous year: 33,010,010) equity shares of Rs. 10 each 'class A', fully paid-up	335,100,200	330,100,100
10,000,000 (Previous year: 10,000,000) 6% compulsorily convertible cumulative preference shares of Rs.10 each, fully paid up	100,000,000	100,000,000
9,000,000 (Previous year: 9,000,000) 8% compulsorily convertible cumulative preference shares of Rs.10 each, fully paid up	90,000,000	90,000,000
9,000,000 (Previous year: 9,000,000) 8% optionally convertible cumulative preference shares of Rs.10 each, fully paid up	90,000,000	90,000,000
4,999,990 (Previous year: Nil) 8% compulsorily convertible cumulative preference shares of Rs.10 each, fully paid up	49,999,900	-
	<u>665,100,100</u>	<u>610,100,100</u>

* The Company, on 11 September 2013, classified 150,000,000 equity shares of Rs.10 each as class A equity shares having all rights and privileges available to an ordinary equity shareholder, and 10,000,000 equity shares of Rs.10 each as class B shares, having over and above all rights and privileges available to an ordinary equity shareholder, also be entitled to bonus equity shares.

2.1.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	33,010,010	330,100,100	33,010,000	330,100,000
Issued during the year	500,010	5,000,100	10	100
At the end of the year	<u>33,510,020</u>	<u>335,100,200</u>	<u>33,010,010</u>	<u>330,100,100</u>
6% compulsorily convertible cumulative preference shares				
At the commencement of the year	10,000,000	100,000,000	10,000,000	100,000,000
Issued during the year	-	-	-	-
At the end of the year	<u>10,000,000</u>	<u>100,000,000</u>	<u>10,000,000</u>	<u>100,000,000</u>
8% optionally convertible cumulative preference shares				
At the commencement of the year	9,000,000	90,000,000	-	-
Issued during the year	-	-	9,000,000	90,000,000
At the end of the year	<u>9,000,000</u>	<u>90,000,000</u>	<u>9,000,000</u>	<u>90,000,000</u>
8% compulsorily convertible cumulative preference shares				
At the commencement of the year	9,000,000	90,000,000	-	-
Issued during the year	4,999,990	49,999,900	9,000,000	90,000,000
At the end of the year	<u>13,999,990</u>	<u>139,999,900</u>	<u>9,000,000</u>	<u>90,000,000</u>



2.1 Share capital (continued)

2.1.2 Rights, preferences and restrictions attached to equity shares

a) The Company has two class of equity shares having a par value of Rs. 10 per equity share. All equity shares rank equally with regard to dividends and share in the Company's residual assets. Class B equity shares, over and above all rights and privileges available to an ordinary equity shareholder, are also entitled to bonus equity shares. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Rights, preferences and restrictions attached to preference shares

b) The Company has issued 10,000,000 6% compulsorily convertible cumulative preference shares (CCCPS) of Rs. 10 each at par to Indian Foundation for Inclusive Growth. These preference shares are compulsorily convertible into equity shares of the Company on 31 March 2017 on a fully diluted basis in accordance with the terms of Subscription and Shareholders agreement dated 25 September 2013 as amended on 13 December 2013 and Shareholders agreement dated 23 March 2015. The agreement provides for optional conversion after 3 years from the allotment date in the event the preference shareholders give a conversion notice. Preference share holders carry a preferential right as to dividend over equity shareholders if and when dividend is declared by the Company. In the event of liquidation, preference share holders have preferential right over equity share holders to be repaid to the extent of Capital paid up and dividend in arrears of such shares.

c) The Company has issued 9,000,000 8% compulsorily convertible cumulative preference shares (WWB CCPS) of Rs. 10 each at par to Womens World Banking Capital partner, LP (formerly WWB ISISI Fund, LP). These preference shares are compulsorily convertible into equity shares within a period of 21 days from the date of receipt of the Audited Statement for the financial year ending 31 March 2015. The conversion price of each WWB CCPS shall be between Rs. 5 to Rs. 10 per WWB CCPS based on the Adjusted NAV of the Company on a fully diluted basis. In case the conversion price is less than Rs.10 (par value), the WWB CCPS will get converted into a Class B Equity Shares (which will be the only class eligible for bonus shares) in accordance with the terms of Subscription and Shareholders agreement dated 25 September 2013 as amended on 13 December 2013 and Shareholders agreement dated 23 March 2015. Preference share holders carry a preferential right as to dividend over equity shareholders if and when dividend is declared by the Company. In the event of liquidation, preference share holders have preferential right over equity share holders to be repaid to the extent of Capital paid up and dividend in arrears of such shares. Notice dated 31 March 2015 has been received to convert Preference Shares at Rs.5 per shares.

d) The Company has issued 9,000,000 8% optionally convertible cumulative preference shares (OCCPS) of Rs. 10 each at par to IDBI Bank Ltd.. These preference shares shall be convertible at the rate of Rs. 10 per share, at the instance of the Investor at any time after Year 5 (five) of the investment into one equity share for each OCCPS held in accordance with the terms of Subscription and Shareholders agreement dated 25 September 2013 as amended on 13 December 2013 and Shareholders agreement dated 23 March 2015. Preference share holders carry a preferential right as to dividend over equity shareholders if and when dividend is declared by the Company. In the event of liquidation, preference share holders have preferential right over equity share holders to be repaid to the extent of Capital paid up and dividend in arrears of such shares.

e) The Company has issued 4,999,990 8% compulsorily convertible cumulative preference shares (C4D CCPS) of Rs. 10 each at par to Stichting Capital 4 Development. These preference shares are compulsorily convertible into equity shares any time after three years from the date of allotment at the lower of the face value or 70% of the book value of the Company in accordance with the terms of Shareholders agreement dated 23 March 2015. Preference share holders carry a preferential right as to dividend over equity shareholders if and when dividend is declared by the Company. In the event of liquidation, preference share holders have preferential right over equity share holders to be repaid to the extent of Capital paid up and dividend in arrears of such shares.

2.1.3 Shares held by holding/ ultimate holding and/ or their subsidiaries/ associates

Name of the equity shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
Sudha Kapurchand Kothari - as a trustee of Indian Foundation for Inclusive Growth - the holding enterprise	33,000,000	98.48%	33,000,000	99.97%

2.1.4 Particulars of shareholder holding more than 5% of equity shares of Rs.10 each fully paid up:

Name of the equity shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
Sudha Kapurchand Kothari - as a trustee of Indian Foundation for Inclusive Growth	33,000,000	98.48%	33,000,000	99.97%



Ananya Finance for Inclusive Growth Private Limited
Notes to financial statements for the year ended 31 March 2015 (continued)
 (All amount is Indian rupees, except share data and where otherwise stated)

2.1 Share capital (continued)

2.1.5 Particulars of shareholder holding more than 5% of 6% compulsorily convertible cumulative preference shares of Rs.10 each fully paid up:

Name of the preference shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
6% compulsorily convertible cumulative preference shares held by Sudha Kapurchand Kothari - as a trustee of Indian Foundation for Inclusive Growth	10,000,000	100%	10,000,000	100%

2.1.6 Particulars of shareholder holding more than 5% of 8% compulsorily convertible cumulative preference shares of Rs.10 each fully paid up:

Name of the preference shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
8% compulsorily convertible cumulative preference shares held by Womens World Banking Capital Partner, LP (formerly WWB ISIS Fund, LP.) - United States of America	9,000,000	100%	9,000,000	100%

2.1.7 Particulars of shareholder holding more than 5% of 8% compulsorily convertible cumulative preference shares of Rs.10 each fully paid up:

Name of the preference shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
8% compulsorily convertible cumulative preference shares held by Stichting Capital 4 Development - foundation based at Netherlands	4,999,990	100%	-	-

2.1.8 Particulars of shareholder holding more than 5% of 8% optionally convertible cumulative preference shares of Rs.10 each fully paid up:

Name of the preference shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% of holding	Number of shares	% of holding
8% optionally convertible cumulative preference shares held by IDBI Bank Ltd.	9,000,000	100%	9,000,000	100%



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Notes to the financial statements for the year ended 31 March 2015 (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2015	As at 31 March 2014
2.2 Reserves and surplus		
Securities premium account		
At the commencement of the year	147,761,737	150,000,000
Less: amount utilised towards share issue expenses	-	2,238,263
Closing balance	<u>147,761,737</u>	<u>147,761,737</u>
Statutory reserve (created under Section 45-1C of RBI Act, 1934)		
At the commencement of the year	3,309,122	3,309,122
Add: Transferred from surplus	-	-
Closing balance	<u>3,309,122</u>	<u>3,309,122</u>
Surplus		
At the commencement of the year	(563,618,931)	(399,339,783)
Add: Net loss for the year	(45,245,042)	(164,279,148)
Less: Transferred to statutory reserve	-	-
Closing balance	<u>(608,863,973)</u>	<u>(563,618,931)</u>
Total reserves and surplus	<u>(457,793,114)</u>	<u>(412,548,072)</u>
2.3 Long-term borrowings		
Secured		
Term loans from banks *	83,047,617	37,500,000
Unsecured		
Term loans from financial institution*	111,750,000	21,750,000
Term loans from other parties*	32,008,808	48,960,996
	<u>226,806,425</u>	<u>108,210,996</u>
*Refer note 2.26 for terms of borrowings.		
2.4 Other long-term liabilities		
Unamortised processing fees	876,019	321,388
Security deposit from borrowers	31,000,000	-
Interest accrued on security deposits	401,559	-
	<u>32,277,578</u>	<u>321,388</u>
2.5 Long-term provisions		
Contingent provision against standard assets*	341,174	573,803
Provision for non performing assets*	-	39,064,296
Provision for diminution in the fair value of restructured advances*	1,207,500	32,326,325
Provision for employee benefits		
Gratuity (funded) (Refer note 2.38)	194,904	97,391
Compensated absences	689,900	-
	<u>2,433,478</u>	<u>72,061,815</u>
*Refer note 2.32		
2.6 Other current liabilities		
Current maturities of long-term debt		
-Term loans from banks - Secured*	185,500,001	87,770,000
-Term loans from financial institution - Unsecured*	10,000,000	10,000,000
-Term loans from other parties - Unsecured*	18,332,000	64,481,000
Interest accrued but not due on borrowings	303,082	910,445
Unamortised processing fees	2,053,689	2,004,073
SIDBI PSIG fund	911,644	-
Payable to FWWB	-	51,735
Sundry liabilities (interest capitalisation)	-	6,216,306
Share application money	690	-
Statutory liabilities	367,925	197,440
Accrued expenses	835,942	726,071
	<u>218,304,973</u>	<u>172,357,070</u>
*Refer note 2.26 for terms of borrowings		
2.7 Short-term provisions		
Contingent provision against standard assets*	840,037	835,050
Provision for non performing assets*	-	-
Provision for employee benefits		
Gratuity (funded) (Refer note 2.38)	626,244	317,618
Compensated absences	736,363	-
	<u>2,202,644</u>	<u>1,152,668</u>

*Refer note 2.32



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
 (All amounts in Indian rupees, except share data and where otherwise stated)

2.8 Tangible fixed assets

Particulars	Gross block			Depreciation			Net block	
	As at 1 April 2014	Additions	Disposals	As at 31 March 2015	For the year	Disposals	As at 31 March 2015	As at 31 March 2014
Owned								
Furniture and fixtures	26,546	-	-	26,546	-	-	26,546	-
Vehicles	615,141	-	-	615,141	26,233	-	615,141	26,233
Office equipment	255,362	-	-	255,362	45,918	-	236,555	64,725
Computers	724,201	324,223	57,620	990,804	14,204	57,620	680,785	-
Total	1,621,250	324,223	57,620	1,887,853	86,355	57,620	1,559,027	90,958
Previous year	5,074,197	12,515	3,465,462	1,621,250	372,329	2,736,236	1,530,292	90,958

2.9 Intangible fixed assets

Particulars	Gross block			Amortisation			Net block	
	As at 1 April 2014	Additions	Disposals	As at 31 March 2015	For the year	Disposals	As at 31 March 2015	As at 31 March 2014
Owned								
Software	1,260,000	-	-	1,260,000	217,485	-	1,260,000	217,485
Intangible assets*	303,200,000	-	-	303,200,000	60,640,000	-	303,200,000	60,640,000
Total	304,460,000	-	-	304,460,000	60,857,485	-	304,460,000	60,857,485
Previous year	304,460,000	-	-	304,460,000	61,059,307	-	243,602,515	60,857,485

* Intangible assets acquired as per business transfer agreement with FWVB 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 financial statements for the year ended 31 March 2015(continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2015	As at 31 March 2014
2.10 Non-current investments		
<i>(valued at cost, unless stated otherwise)</i>		
Trade Investments (Unquoted)		
Investments in preference shares (fully paid-up)		
345,000 (previous year: Nil) 0% optionally convertible cumulative redeemable preference shares of Rs. 10 each of Access Livelihood Consulting India Limited	3,450,000	-
238,000 (previous year: 282,250) 0.001% optionally convertible cumulative redeemable preference shares of Rs.10 each of Asmitha Microfin Limited	2,380,000	2,822,500
280,000 (previous year: 346,750) 0.001% optionally convertible cumulative redeemable preference shares of Rs.10 each of Share Microfin Limited	2,800,000	3,467,500
Less: Provision for impairment	(5,180,000)	-
	<u>3,450,000</u>	<u>6,290,000</u>
Aggregate value of unquoted non-current investments	3,450,000	6,290,000
2.11 Deferred tax assets, net		
Deferred tax asset comprises of the following:		
Employee benefits	266,463	-
Carry forward losses	44,058,721	-
	<u>44,325,184</u>	<u>-</u>
2.12 Long-term loans and advances		
Loan portfolio		
-Secured, considered good*	136,469,660	86,428,527
-Secured, considered doubtful**	-	86,567,974
-Unsecured, considered doubtful**	-	18,633,745
<i>Unsecured, considered good</i>		
Rental deposits	73,500	73,500
Advance tax [net of provision of Rs. 8,255,776 (previous year: Rs. 8,255,776)]	14,601,470	8,945,228
Balances with government authorities	2,700,000	200,000
	<u>153,844,630</u>	<u>200,848,974</u>
*Represents standard assets in accordance with classification of assets as per RBI Prudential norms for NBFCs (Refer note 2.32)		
**Represents sub - standard assets and doubtful assets in accordance with classification of assets as per RBI Prudential norms for NBFCs (Refer note 2.32)		
2.13 Other non-current assets		
<i>Unsecured, considered good</i>		
Bank deposit (with more than 12 months maturity)*	25,000,000	7,500,000
Interest accrued on bank deposits	550,929	986,665
Unamortised processing fees	1,187,441	-
	<u>26,738,370</u>	<u>8,486,665</u>

* Represents deposit (previous year: Rs.7,500,000) maintained as margin money against loans availed by the Company.



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015(continued)
 (All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2015	As at 31 March 2014
2.14 Current investments		
Current portion of long-term investment		
Investment in preference shares - unquoted		
89,250 (previous year: 38,250) 0.001% optionally convertible cumulative redeemable preference shares of Rs.10 each of Asmitha Microfin Limited*	892,500	382,500
105,000 (previous year: 45,000) 0.001% optionally convertible cumulative redeemable preference shares of Rs.10 each of Share Microfin Limited*	1,050,000	450,000
Current investments <i>(valued at lower of cost and fair value)</i>		
Investments in equity instrument (fully paid-up) -unquoted		
Nil (previous year: 2,006,380) equity shares of Rs.10 each of SWAWS Credit Corporation of India (P) Limited	-	20,063,800
Investments in optionally convertible debentures - unquoted		
Nil (previous year: 66,880) optionally convertible debentures of Rs.100 each of SWAWS Credit Corporation of India (P) Limited	-	6,688,000
Investment in mutual funds (fully paid-up) - quoted		
11,934.029 (previous year: Nil) units of Axis liquid fund - direct plan-growth (Refer note 2.40)	18,500,000	-
29,824.307 (previous year: Nil) units of IDBI liquid fund - direct plan-growth (Refer note 2.40)	44,700,000	-
Less: Provision for impairment	<u>(1,942,500)</u>	<u>(26,751,800)</u>
	<u>63,200,000</u>	<u>832,500</u>
Quoted current investments		
Aggregate book value	63,200,000	-
Aggregate market value	63,247,047	-
Aggregate value of unquoted current investments	-	832,500

* To the extent of preference shares redeemable within 12 months of the reporting date, the amounts have been presented as part of current investments. These investments are valued at cost.



Ananya Finance for Inclusive Growth Private Limited**Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

	As at 31 March 2015	As at 31 March 2014
2.15 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	13,453	5,579
Balances with banks		
- on current accounts	31,489,975	14,829,546
- on bank deposits (with less than 3 months maturity)	-	3,796,878
	<u>31,503,428</u>	<u>18,632,003</u>
Other bank balances		
- on bank deposits (with less than 12 months maturity)*	23,691,644	8,184,237
	<u><u>55,195,072</u></u>	<u><u>26,816,240</u></u>
<p>* Includes Rs. 10,520,000 (previous year: Nil) maintained as margin money against loans availed by the Company.</p>		
2.16 Short-term loans and advances		
Loan portfolio		
-Secured, considered good*	336,014,703	245,293,769
<i>Unsecured, considered good</i>		
Prepaid expenses	246,547	246,082
Advances to others	256,325	244,037
	<u><u>336,517,575</u></u>	<u><u>245,783,888</u></u>
<p>*Represents standard assets in accordance with classification of assets as per RBI Prudential norms for NBFCs (Refer note 2.32)</p>		
2.17 Other current assets		
Interest accrued on bank deposits	2,603,915	874,692
Interest accrued and due on loan portfolio	232,573	39,860
Interest accrued but not due on loan portfolio	362,112	472,025
Receivable from FWWB	166,610	-
SIDBI PSIG Fund for utilisation	911,644	-
Unamortised processing fees	1,455,573	262,678
	<u><u>5,732,427</u></u>	<u><u>1,649,255</u></u>



Ananya Finance for Inclusive Growth Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

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

		For the year ended 31 March 2015	For the year ended 31 March 2014
2.18 Revenue from operations			
Interest income on loan portfolio		45,460,470	35,759,684
Income from business facilitation		209,691	-
Processing fees on loan portfolio		2,436,746	1,829,346
		<u>48,106,907</u>	<u>37,589,030</u>
2.19 Other income			
Interest income		2,760,019	4,153,254
Profit on sale of current investments		1,439,960	2,806,741
Performance based grant		-	7,321,668
Profit on sale of fixed assets		-	820,774
Consultancy fees		-	137,175
Miscellaneous income		11,739	319,043
		<u>4,211,718</u>	<u>15,558,655</u>
2.20 Employee benefits expense			
Salaries, wages and bonus	15,430,155		12,147,630
Less: Reimbursements	<u>4,357,472</u>	11,072,683	<u>3,009,852</u>
Contribution to provident and other funds (Refer note 2.38)	1,232,383		1,062,439
Less: Reimbursements	<u>280,548</u>	951,835	<u>240,802</u>
Staff welfare expenses		118,584	120,597
		<u>12,143,102</u>	<u>10,080,012</u>
2.21 Finance costs			
Interest expenses		23,230,109	28,432,431
Other borrowing cost		4,460,063	3,105,403
		<u>27,690,172</u>	<u>31,537,834</u>
2.22 Depreciation and amortisation			
Depreciation of tangible fixed assets		86,355	372,329
Amortisation of intangible fixed assets		60,857,485	61,059,307
		<u>60,943,840</u>	<u>61,431,636</u>
2.23 Provisions and write offs			
Provision on standard assets		(227,642)	822,974
Provision on non performing assets		(39,064,296)	(347,588,371)
Provision for diminution in the fair value of restructured advances		(31,118,825)	32,326,325
Sundry liabilities (interest capitalisation)		(6,216,306)	-
Loans written off, net		104,880,252	390,854,602
		<u>28,253,183</u>	<u>76,415,530</u>
2.24 Other expenses			
Power and fuel		-	93,674
Rent (Refer note 2.34)		294,000	462,704
Repairs and maintenance			
- others		311,426	308,605
Insurance		340,693	155,068
Rates and taxes		69,868	265,656
Communication expenses		369,469	312,068
Printing and stationery		43,524	59,529
Travelling and conveyance		1,459,208	1,478,808
Legal and professional fees (Refer note 2.35)		2,159,957	2,782,578
Directors' sitting fees		165,000	85,000
Office expenses		451,916	841,697
Training and workshop expenses		64,898	4,345,777
Miscellaneous expenses		6,095	18,857
		<u>5,736,054</u>	<u>11,210,021</u>



Ananya Finance for Inclusive Growth Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.25 Earnings per share		
Loss for the year attributable to equity shareholders	(45,245,042)	(164,279,148)
<i>Shares</i>		
Number of equity shares at the beginning of the year	33,010,010	33,010,000
Add: Equity shares issued during the year	500,010	10
Total number of equity shares outstanding at the end of the year	33,510,020	33,010,010
Weighted average number of equity shares outstanding during the year – Basic and diluted*	33,237,407	33,010,004
Loss per share in Rupees – Par value of Rs.10 per share Basic and diluted	(1.36)	(4.98)

*In computing the diluted earnings per share, CCCPS, WWB CCCPS , C4D CCPS and OCCCPs have not been considered, as they are anti dilutive in nature.

2.26 Terms of borrowings

Name of the lender	31-Mar-15 Amount outstanding		31-Mar-14 Amount outstanding		First repayment date	Period of repayment/ No. of installments	Rate of Interest
	Long term maturity	Current maturity	Long term maturity	Current maturity			
Secured term loans from banks							
Syndicate bank @	-	-	-	37,770,000	31-Jul-12	10 Quarterly	12.75%
IDBI Bank *	-	37,500,000	37,500,000	50,000,000	31-Jan-13	8 Quarterly	13.75%
IDBI Bank *	-	85,714,286	-	-	1-Feb-15	21 Monthly	13.75%
Union Bank of India @	83,047,617	62,285,715	-	-	28-Feb-15	30 Monthly	12.75%
Total	83,047,617	185,500,001	37,500,000	87,770,000			
Unsecured loan from financial institutions							
NABARD	6,500,000	6,500,000	13,000,000	6,500,000	30-Sep-12	10 Half yearly	7.50%
NABARD	5,250,000	3,500,000	8,750,000	3,500,000	1-Nov-12	10 Half yearly	7.50%
SIDBI	100,000,000	-	-	-	10-Feb-18	Bullet payment	Interest free
Total	111,750,000	10,000,000	21,750,000	10,000,000			
Unsecured loan from other parties							
FWWB - Rabo foundation ^	-	-	-	30,879,000	24-Nov-14	On maturity	5.00%
FWWB - Ford Foundation ^	32,008,808	18,332,000	48,960,996	18,332,000	25-May-12	5 yearly	1.00%
FWWB- Syndicate bank ^	-	-	-	15,270,000	31-Jul-12	10 Quarterly	12.75%
Total	32,008,808	18,332,000	48,960,996	64,481,000			
Grand total	226,806,425	213,832,001	108,210,996	162,251,000			

* Secured by way of hypothecation of book debts and Rs.20,520,000 (previous year: Rs. 7,500,000) term deposit.

@Secured by way of hypothecation of book debts and Rs.15,000,000 (previous year: Rs. nil) term deposit.

^ Company vide business transfer agreement acquired the microfinance business of Friends of Women World Banking, India (FWWB) consisting of loan portfolio and also taken over liabilities of FWWB that are associated with the loan portfolio. Pending approval from certain lenders for such transfer, the Company continues to service the liabilities. (Refer note 2.36)

2.27 Earnings in foreign currency

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Performance based grant	-	7,321,668
Consultancy income	-	117,175

2.28 Expenditure in foreign currency

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Travelling expenses	35,978	40,825
Training expenses	-	66,167



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
 (All amounts in Indian rupees, except share data and where otherwise stated)

2.29 Contingent liability

Particulars	As at	As at
	31 March 2015	31 March 2014
Dividend payable on preference shares	38,467,489	18,013,151

2.30 Pending litigations	Amount	Treatment in the financial statements
Proceedings by Company against clients	8,923,153	Written off in earlier years
Proceedings against the Company by Income Tax authority	68,418,300	Not provided

2.31 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 2015, the Company has received approvals from some lenders. Pending approval from the remaining lenders for such transfer, the Company continues to service the liabilities.

2.32 Loan portfolio classification and provisioning

(a) Provision for outstanding loan portfolio

Asset classification	As at 31 March 2015		As at 31 March 2014	
	Loan Portfolio	Provision	Loan Portfolio	Provision
Standard portfolio	472,484,363	1,181,211	331,722,296	1,408,853
Sub standard asset	-	-	73,486,024	7,348,602
Doubtful portfolio	-	-	31,715,695	31,715,694
Total	472,484,363	1,181,211	436,924,015	40,473,149

(b) Loan portfolio amounting to Rs.104,880,252 (previous year: Rs.390,854,602) has been written off. (Refer note 2.23)

(c) The movement in provision for the year ended 31 March 2015 and 31 March 2014

Particulars	As at 31 March 2015			As at 31 March 2014		
	Standard asset provision	Non-performing asset provision	Total	Standard asset provision	Non-performing asset provision	Total
Opening balance	1,408,853	39,064,296	40,473,149	585,879	386,652,667	387,238,546
Additions			-	822,974	-	822,974
Reversals	(227,642)	(39,064,296)	(39,291,938)	-	(347,588,371)	(347,588,371)
Closing balance	1,181,211	-	1,181,211	1,408,853	39,064,296	40,473,149

(d) Provision for diminution in the fair value of restructured advances

During the year, the Company has made a reversal of provision (net) amounting to Rs. 31,118,825 for diminution in the fair value of restructured advances in accordance with the Notification No.DNBR.008/ CGM (CDS) - 2015 dated 27 March 2015 on Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015



Ananya Finance for Inclusive Growth Private Limited**Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

2.33 Segment information

a) Business segment

The Company operates in a single reportable segment i.e. providing loans primarily to microfinance institutions. Accordingly, there is no reportable segment to be disclosed as required by Accounting Standard 17 'Segment Reporting'.

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.

2.34 Leases

Lease payments made under cancellable operating lease amounting to Rs. 294,000 (previous year: Rs.462,704) disclosed as rent and the same have been recognised as an expense in the Statement of Profit and Loss. The company has not entered into any non – cancellable operating or finance leases.

2.35 Auditors' remuneration (excluding service tax) included in legal and professional fees

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Audit fees	475,000	475,000
Certification services	270,000	67,500
Tax matters	67,500	67,500
Reimbursement of expenses	41,615	27,480
Total	854,115	637,480

2.36 Related party disclosures

(a) Names of related party and nature of relationship

Names	Nature of relationship
Friends of WWB, India (FWWB) – a trust registered under the Bombay Public Charitable Trust Act, 1950	Entity in which key managerial personnel have significant influence
Vijayalakshmi Das – Managing Director	Key managerial personnel

(b) Particulars of related party transactions

Name of the related party	Nature of transactions	For the year ended 31 March 2015	For the year ended 31 March 2014
Friends of WWB, India	Interest expense	2,907,586	6,596,438
	Other borrowing costs	1,379,812	1,900,598
	Principal repayments of borrowings	64,481,000	68,193,250
	Bank charges reimbursed to FWFB	29,570	28,032
	Rent paid	294,000	24,500
	Reimbursement of expenses	4,638,020	3,250,654
	Rent deposit paid	-	73,500
Vijayalakshmi Das	Remuneration paid*	3,960,024	3,900,031

*The managing director is covered by the Company's gratuity policy along with other employees of the Company. The proportionate amount of gratuity cost pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.



Ananya Finance for Inclusive Growth Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

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

2.36 Related party disclosures (continued)

(c) The Company has the following amounts dues to / receivable from related parties

Name of the related party	Nature of receivables / (payables)	Amount receivable / (payable) as at 31 March 2015	Amount receivable / (payable) as at 31 March 2014
Friends of Women's World Banking, India	Receivable / (Payable) on account of borrowings	(50,340,808)	(113,441,996)
Friends of Women's World Banking, India	Rental deposit	73,500	73,500
Friends of Women's World Banking, India	Others	166,610	(51,735)

2.37 Break up of loan portfolio

Loan Portfolio	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening Loan outstanding	436,924,015	761,617,328
Loans disbursed during the Year	444,500,000	338,100,000
A	881,424,015	1,099,717,328
Loans recovered during the year	304,059,400	245,186,911
Loan portfolio restructured into investments	-	26,751,800
Loan portfolio written off	104,880,252	390,854,602
B	408,939,652	662,793,313
Loans outstanding at the end of the year (A-B)	472,484,363	436,924,015

2.38 a) Employee benefit plans

The company has a defined benefit gratuity plan. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier.

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

i) Movement in present values of defined benefit obligation

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Defined benefit obligation at the beginning of the year	3,539,075	3,526,891
Current service cost	350,629	286,553
Interest cost	283,126	317,420
Actuarial losses/(gains)	103,356	(386,829)
Benefits paid	(241,380)	(204,960)
Defined benefit obligation at the end of the year	4,034,806	3,539,075

ii) Movement in fair value of plan assets

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Fair value of plan assets at the beginning of the year	3,124,066	3,130,030
Expected return on plan assets	270,304	204,360
Actuarial gains/(losses)	60,668	(5,364)
Contributions paid	-	-
Benefits paid	(241,380)	(204,960)
Fair value of plan assets at the end of the year	3,213,658	3,124,066



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
 (All amounts in Indian rupees, except share data and where otherwise stated)

2.38 a) Employee benefit plans (continued)

iii) Expense recognised in Statement of Profit and Loss

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	350,629	286,553
Interest on obligation	283,126	3 17,420
Expected return on plan assets	(270,304)	(204,360)
Net actuarial loss/(gain) recognised in the year	42,688	(381,465)
Total included in employee benefits expense	406,139	18,148

iv) Principal actuarial assumptions

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Discount Rate	8.00%	9.00%
Expected return on plan assets	9.00%	6.75%
Future salary increase	7.00%	7.50%

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.

v) Asset / (liability) recognised in balance sheet

Particulars	As at 31 March 2015	As at 31 March 2014
Present value of obligation	4,034,806	3,539,075
Fair value of plan assets	3,213,658	3,124,066
Liability recognised in balance sheet	821,148	415,009

vi) Asset information:

Category of Assets	As at 31 March 2015	As at 31 March 2014
Insurer managed funds	100%	100%

vii) Amount recognised in Balance Sheet for the last five years:

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
Defined benefit obligation	4,034,806	3,539,075	3,526,891	3,361,096	2,999,776
Fair value of plan assets	3,213,658	3,124,066	3,130,030	2,631,595	679,971
Deficit in the plan	821,148	415,009	396,861	729,501	2,319,805

b) Defined contribution plan

Amount recognised in Statement of Profit and Loss towards	For the year ended 31 March 2015	For the year ended 31 March 2014
i) Provident fund	912,491	821,637
ii) Employee state insurance	39,344	-
Total	951,835	821,637



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

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

As at 31 March 2015	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									
Borrowings from banks	24,833,333	12,333,333	12,333,334	49,500,000	86,500,001	83,047,617	-	-	268,547,618
Market Borrowings	1,750,000	18,332,000	-	3,250,000	5,000,000	143,758,808	-	-	172,090,808
Assets									
Loans & Advances	41,853,117	36,135,094	30,301,776	81,238,632	146,486,084	136,469,660			472,484,363
Investments	63,200,000		277,500	277,500	1,387,500	5,180,000	3,450,000		73,772,500

As at 31 March 2014	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									
Borrowings from banks	25,090,000	-	-	25,090,000	37,590,000	37,500,000	-	-	125,270,000
Market Borrowings	6,840,000	18,332,000	-	8,340,000	40,969,000	68,960,996	1,750,000	-	145,191,996
Assets									
Loans & Advances	23,822,499	23,153,945	21,210,406	61,135,821	115,971,099	77,509,215	8,919,312	105,201,718	436,924,015
Investments	-	-	277,500	185,000	370,000	2,420,000	3,870,000	-	7,122,500

2.40 Current investments

Particulars	Units Purchased	Purchase Value	Units Sold	Sale Value	Closing Units	Closing value
31 March 2015	276,028	416,200,000	234,269	354,439,960	41,758	63,200,000
31 March 2014	415,913	568,735,000	420,156	577,041,741	-	-



Ananya Finance for Inclusive Growth Private Limited
Notes to the financial statements for the year ended 31 March 2015 (continued)
(All amounts in Indian rupees, except share data and where otherwise stated)

2.41 Disclosure of Restructured Accounts as on 31 March 2014

Sl No	Type of Restructuring		Under CDR Mechanism				Others				Total							
	Asset Classification Details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY (Opening figures)*	No. of Borrowers	3	1	4	-	-	-	-	-	-	-	3	1	1	-	-	4
		Amount Outstanding	39,610,827	96,079,653	135,690,480	-	-	-	39,610,827	96,079,653	-	-	-	39,610,827	96,079,653	-	-	135,690,480
2	Fresh restructuring during the year	Provision thereon	99,027	9,607,965	9,706,992	-	-	-	99,027	9,607,965	-	-	-	99,027	9,607,965	-	-	9,706,992
		No. of Borrowers	-	-	-	-	-	-	-	(-) 1#	-	-	-	-	1	-	-	-
3	Upgradations to restructured standard category	Amount Outstanding	-	-	-	-	-	-	-	20,765,649	-	-	-	20,765,649	-	-	-	20,765,649
		Provision thereon	-	-	-	-	-	-	-	20,765,649	-	-	-	20,765,649	-	-	-	20,765,649
4	Restructured standard advances which ceases to attract higher provisioning and / or additional risk weight at the end of the FY and hence need to be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	(+) 1#	-	-	-	-	1	-	-	-	1
		Amount Outstanding	-	-	-	-	-	-	16,829,375	-	-	-	-	16,829,375	-	-	-	16,829,375
5	Downgradations of restructured accounts during the FY	Provision thereon	-	-	-	-	-	-	462,808	-	-	-	-	462,808	-	-	-	462,808
		No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	Amount Outstanding	20,781,020	-	20,781,020	-	-	-	20,781,020	-	-	-	20,781,020	-	-	-	-	20,781,020
		Provision thereon	79,566	-	79,566	-	-	-	79,566	-	-	-	79,566	-	-	-	-	79,566
7	Restructured accounts as on March 31 of the FY (closing figures*)	No. of Borrowers	2	1	3	-	-	-	1	-	-	-	1	1	1	-	-	4
		Amount Outstanding	6,352,491	69,327,853	75,680,344	-	-	-	16,829,375	69,327,853	-	-	-	23,181,866	69,327,853	-	-	92,509,719
		Provision thereon	174,693	6,932,785	7,107,478	-	-	-	462,808	-	-	-	637,501	6,932,785	-	-	-	7,570,286

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable) and including the Standard Restructured Advances written off during the year.



Ananya Finance for Inclusive Growth Private Limited**Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

2.42 Capital to Risk Asset ratio (CRAR):

Particulars	2014-15	2013-14
i) CRAR	25.70%	22.02%
ii) CRAR – Tier I Capital (%)	12.85%	11.01%
iii) CRAR – Tier II Capital (%)	12.85%	11.01%
iv) Amount of subordinated debt raised as Tier II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

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

2.44 Amounts payable to Micro, Small and Medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
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.

2.45 Previous year’s figures have been regrouped / reclassified, where necessary, to conform to current year’s presentation.

As per our report of even date attached
for **BSR & Associates LLP**
Chartered Accountants
ICAI Firm registration No.: 116231W / W-100024

for and on behalf of the Board of Directors of
Ananya Finance for Inclusive Growth Private Limited



Sriram Mahalingam
Partner
Membership No.049642



Brij Mohan
Chairman



Vijayalakshmi Das
Managing Director

Place: Hyderabad
Date: 26 June 2015

Place: Ahmedabad
Date: 26 June 2015