



Agora Microfinance
India Limited

Annual Report 2018 - 19



Corporate Information

Board of Directors
Tanmay Chetan, Chairperson
Asit Mehta, Independent Director
Pradeep Sarin, Independent Director
Frances Sinha, Independent Director
Meenal Patole, CEO & Managing Director

Board Committees
Audit & Finance Committee
Asit Mehta, Chairperson
Tanmay Chetan, Member
Meenal Patole, Management Representative

Remuneration, Nomination & Corporate Governance Committee
Tanmay Chetan, Chairperson

Management Team
Meenal Patole, CEO & Managing Director
Prashant Gangji, Accounts Manager
Asif Kureshi, IT Manager
Umila Medhge, Asst HR Manager
Abhay Singh Head of Operations
Sachin Dhongade, Internal Audit

Grievance Redressal Officer
Sachin Dhongade

Lenders
Maanaveeya Development & Finance Private Ltd
Mas Financial Services Ltd
Ananya Finance for Inclusive Growth Private Ltd
Reliance Commercial Finance Ltd
Jain Sons Finlease Ltd
Svakarma Finance Private Ltd
Axis Bank
Incred Financial Service Private Ltd.

Principal Bankers
HDFC Bank
SVC Bank
Axis Bank
Kotak Mahindra Bank

Auditors
S.R. Batliboi & Co. LLP

Company secretary
D S Momaya & Co.

Contents

Vission & Mission	4
Fair Practices Code	6
Chairman's Report	8
CEO's Report	9
Company Structure	10
Products and Services	12
Areas of Operation	16
Operational and Financial Highlights	18
Independent Auditor's Report, Directors' Report and Audited Financial Statements for the Year Ended 31 March 2019	23

Vision & Mission

Vision

An urban society in which low income communities have sufficient opportunities to improve their well-being.

दृष्टीकोन

शहरी समाजव्यवस्था जेथेकमी उत्पन्न असलेल्या समाजाला त्यांच राहणीमान सुधारण्याची पुरेशी संधी मळिल

Mission

To provide affordable, convenient & timely financial services to low income urban clientele in a financially sustainable manner.

हेतू

कमी उत्पन्न गटातील शहरी ग्राहकांना त्यांची आर्थिक स्थिती सुधारण्याच्या दृष्टीने योग्य दरात, सोईस्कर आणि वेळेवर अशी आर्थिक सेवा नरितर पुरवणे

Fair Practices Code

All of AMIL's work will be conducted within a framework of 12 client protection principles enumerated below. These principles are adapted and revised as per the most upto date RBI notifications to NBFCs and NBFC-MFIs for implementation of Fair Practices Codes.



1. **Inclusive and Non-Discriminatory:** Our services and products are available to all; we will not discriminate based on community, religious, caste or gender reasons, or for reasons of poverty or disability.

2. **Ethical Staff Behavior:** Our staff will treat you in a fair, honest and respectful manner at all times. Our collection officers will not indulge in the following:

a) any behavior that in any manner would suggest any kind of threat or violence.,

b) contact clients at odd hours, as per the RBI guidelines for loan recovery agents.

c) will not visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.

3. **Appropriate Product Design and Delivery:** We will constantly work to ensure that our products and delivery mechanisms are flexible in order to meet the diverse needs of our clients. We will actively seek feedback from you regarding your product and service preferences. We will extend product and services as bundled product except insurance.

4. **Disclosure:** We will communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them and shall cover aspects such as, loan terms & conditions, pricing, charges etc. We shall also hand over a copy of the sanction letter, repayment schedule, loan card etc and other loan documents as and when a request is received.

5. **Avoidance of Over-Indebtedness:** We will thoroughly assess your household income(s) and expenditure(s) to ensure that your loan size matches your capacity to make repayments. We will not lend to clients who have outstanding loans with more than one other lender. We will use the Credit Bureau information while assessing number of loans & indebtedness levels of each client.
6. **Transparent Pricing:** We will ensure that you are fully aware of all of our product terms and conditions and prices. The pricing of our products will be simple to understand and fair. There will be no hidden costs. Our relationship is based on a detailed agreement which will depict the key terms and conditions of loan and repayment. There shall be only three components in the pricing of the loan Viz, the interest charge, the processing charge and Insurance premium. All interest and fees payable as an all-inclusive APR and equivalent monthly rate will be indicated in the sanction letter/loan documentation. No penalty will be charged on delayed payments. Complete information on pricing will be displayed at all our offices.

7. **Appropriate Collection Practices:** You are expected to pay your loan on time but if you cannot, we will work with you to overcome problems that you are facing. We will never use abusive language, physical force, humiliate you, or violate your right to privacy. All recoveries will take place at the place designated in the loan contract. We will provide a valid receipt for each and every payment received from the borrower.

8. **Flexibility:** You can choose the term of repayment (Weekly, Fortnightly or Monthly). We do not charge extra for this flexibility or for pre-payment of any loan.

9. **Privacy of Information:** We will not share your personal details or information with any person or organization without your consent, or unless required to by the law.

10. **Freedom of Choice:** We respect that you are the best person to make decisions for yourself and your family. We shall endeavor to raise clients' awareness of the options, choices and responsibilities vis-à-vis financial products and services available and also inform clients the organization's policies and procedures to help them understand their rights as borrowers at regular intervals.
11. **Recruitment:** We shall adhere to the following while recruiting employees from other MFIs

a) Shall not recruit an employee of other MFI without the relieving letter from the previous MFI employer except where the previous employer (MFI) fails to respond to the reference check request within 30 days

b) Shall honour a one month notice period from an outgoing employee

c) Shall provide within 2 weeks the reply to the reference check correspondence for another MFI

d) Shall not assign a new employee recruited from another MFI, to the same area he/she was serving at the previous employer, for a period 1 year. This restriction applies to positions up to the Branch Manager level.

12. **Complaints and Grievances:** customers have a right to make complaints. We will always listen to customer comments and complaints and respond to them quickly and fairly by establishing a dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently. We shall also ensure that clients are made aware of the existence and purpose of these mechanisms and how to access them.

In establishing compliance with the above, appropriate policies and systems have been established within Operations. The implementation of the above Client Protection Principles can be seen in the Operations Policies and Internal Audit systems.

Chairman's Report



It gives me pleasure to report on another year of progress for AMIL. I believe we can see the year as one where AMIL rebounded fully

from the challenges of demonetisation. We bounced back into profits, increased our loan book by another 40%, added 27% more clients and the quality of the loan book went back to being excellent.

AMIL operates at high levels of efficiency as evidenced by its Client/Staff ratios and overall operating expense ratios. On average, we spent Rs 713 per client in the year to 31 March 2019, or less than Rs 60 per month. On account of this operating efficiency, we were able to record modest profits.

Unfortunately, the funding situation in the market remains challenging. Cost of debt is high, and liquidity slowed down further in the second half of the year as a result of macro-economic factors and certain financial industry crises. While such setbacks are usually temporary, they do tend to lock us into expensive sources of funding which takes some time to replace or reduce. Our cost of funds for the year was at almost 17%, up from 15.5% from the previous year. Shareholders invested additional equity during the year, which limited the impact of funding cost. However, the liquidity squeeze in the market was nevertheless felt by AMIL in the second half of the year, otherwise further growth was possible.

On a more positive note, the RBI brought out new regulations in early 2019 that would now allow AMIL to borrow from overseas sources through automatic routes. This is likely to have a positive effect on both the liquidity and the cost aspects of funding, and we have begun exploring new options for funding in the 2019-2020 financial year, including loans from the shareholder group as well.

While we continued with our traditional business model, we are now in the process of adding other pieces to it. During the year we entered into business correspondent and securitised portfolio arrangements for the first time. While this is a lower margin option for us, it still allows us to continue expanding especially when funding is tight. We also began looking into expansion to new (neighbouring) cities which we expect to initiate in the near future.

Our quest to perfect our business model carries into the new year. In addition to the funding constraints, our business is affected by lower than expected client retention in Mumbai, even though realistic benchmarks in this fast moving market are hard to establish. We will also continue to explore other new ways to deliver our products, including on-line methods. Further expansion will ease the margin pressure on the company in the coming years, as will geographic diversification.

As always, my appreciation goes out to the leadership and staff of AMIL for continuing to deliver good results despite the multiple challenges they are faced with. Thanks are due to all Directors for their committed guidance, as well as to the shareholders for continuing to invest into AMIL's long-term success and impact. I look forward to the continued good work of the Company and all its elements in the coming year.

Tanmay Chetan

CEO's Report



AMIL bounced back to annual profits this year and this is indeed encouraging as we step into a new financial year. Another important

development during FY18_19 was that AMIL qualified and was part of a successful multi party originator securitization deal, first of its kind in the Indian markets.

We expanded our work to two adjoining districts Thane and Palghar. The expansion is one step towards organic, contiguous growth that AMIL has planned in western India in the next 2-3 years. We added two new Branches during the financial year and undertook consolidation of three branches into one larger branch, Chembur. As on 31 March 2019, the Company had a client base of 23,301 with total loan portfolio (assets under management) at Rs41.00 crores (USD6.1 million) managed through a network of 11 Branches.

The Company appointed a third independent director, Ms Frances Sinha (Director, MCRIL), to its governing body. The addition of Ms Sinha has enriched AMIL's Board further with her outstanding contributions to the micro finance sector world-wide. AMIL is keen on moving in the direction of social performance management and impact assessment and Ms Sinha's forte in these areas will steer us through in the upcoming years. Strengthening the management team is on our wish list and we were successfully able to fulfil the position of Chief Financial Officer. We also are in process of hiring one or two more professionals in senior positions.

Clients are at the forefront for AMIL and in this direction two new initiatives were taken during the financial year. We have commenced a pilot with Fino Payments Bank to engage their collection service points/agent for repayment collection. This is now in a pilot stage, involving front end and back end technology integration. Once this system is set, it will be easier for our clients to access payment points closer to their residence/place or work and thus save on travel cost and valuable time. The management also succeeded in negotiating a low-cost medical insurance facility with Kotak Life Insurance. This product is a voluntary offering and, with under Rs1 per day charge, a client and spouse will benefit from cash reimbursement in the event of hospitalisation. This benefit also covers maternity, a special feature which AMIL negotiated for inclusion.

The plans for the upcoming year include doubling the loan portfolio book. Besides our own book, AMIL's management will aim to tie up with one or two Banks for Business Correspondent (BC) partnerships. A critical concern for AMIL has been the cost of funds and this remains so. Hence, the management focus this year is to tap low cost funding and for this bank funding is critical. With a profitable last year, quality portfolio growth and adequate capitalisation, AMIL is confident to make a pitch for it. Diversified portfolio growth and scale is another important aspect, so in the upcoming year we aim and plan to open additional branches in newer districts adjoining current operations. For attracting new funding this development is important as well. Finalising the IT upgrading plan is on the cards and this is a significant event planned for the upcoming year.

AMIL is blessed to have a very dedicated and proactive Board and we are immensely thankful to each and every Board member's contribution during the year. Our special thanks to Agora Microfinance N.V. team in Amsterdam and Agora Microfinance LLP team in London for their support to enrich the relationship. We would like to acknowledge their patience to always be helpful to the AMIL team. A big thank you to our Board Chair Tanmay Chetan, CEO Agora Group, for his support and valuable guidance. AMIL team inspires us every day and we draw strength from each other. The management is very thankful to the team and would like to acknowledge the commitment of all its staff members. I also extend my gratitude to the senior management team for their relentless support to steer performance and achievement. I wish everyone a very successful year ahead.

Meenal Patole

Company Structure

The current governance structure of AMIL includes one Director who is represented by the majority shareholder (AMNV), two Independent Directors and the CEO in an ex-officio capacity. The Board of Directors meet physically on a quarterly basis, and oversee the implementation of the strategy of the company. In addition, the shareholders meet in an Annual General Meeting (AGM) which is scheduled before the 30th of September every year. An Extra Ordinary General Meeting (EOGM) can be organized in case of any pertinent matter. All Directors will resign annually and will be re-appointed, or new ones inducted.

The Board is assisted by relevant Sub-Committees. Each committee will have a minimum of two persons, comprising both the nominee and Independent Directors. The respective Committees are authorised by the Board to act on its behalf and may direct members of Senior Management to participate in the functioning of the Committee. The following two Committees are currently active: Audit and Finance Sub-Committee (AFC) and Remuneration, Nomination and Corporate Governance Sub-Committee (RNCG)

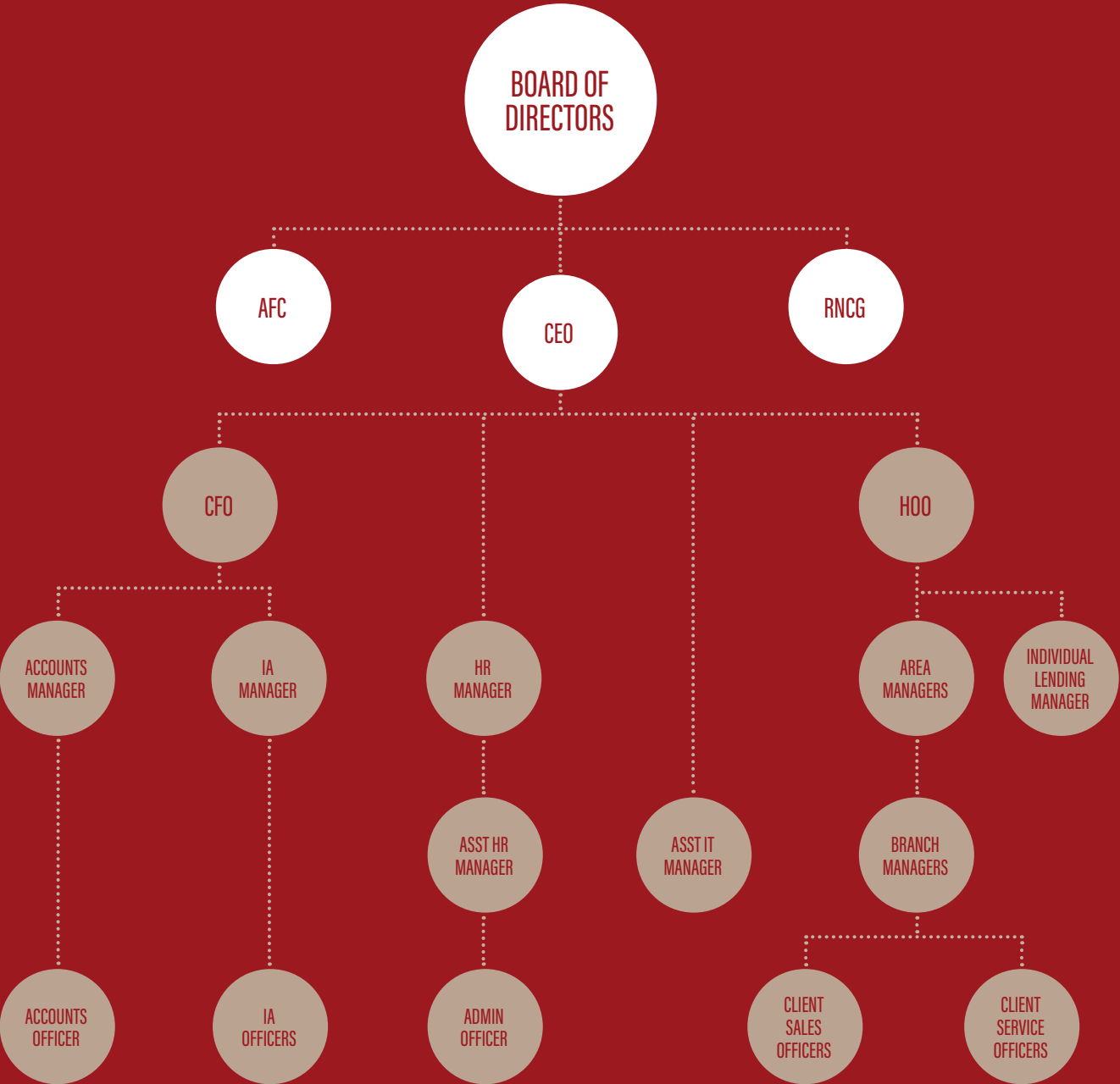
The senior management of AMIL includes the CEO and the Heads of Departments (Finance, Operations, HR, IT/MIS, Internal Audit and Research).

Board of Directors

- Tanmay Chetan
Chairperson
- Asit Mehta
Independent Director
- Pradeep Sarin
Independent Director
- Frances Sinha
Independent Director
- Meenal Patole
CEO & Managing Director

Senior Management

- Meenal Patole
Chief Executive Officer
- Abhay Singh
Head of Operations



Products and Services

Agora’s focus is on individual lending, with a group mechanism incorporated in where the livelihood or life style of the borrower requires it. Although some exceptions may be made in cases of livelihood financing of enterprises that clearly demonstrate that they provide employment to a large number of low-income individuals, we lend within the regulator’s definition of microfinance.

We keep our loan terms simple and transparent and ensure a that the loan assessment process is robust and standardized. Training of branch staff in products and processes is a priority and demand a high level of courtesy and customer service from our staff when dealing with clients. In our portfolio management we utilise technology that aids transparency, customization possibilities and makes operations efficient. Each Branch Office coordinates the loan application, disbursement and repayment process and the Client Officers are the primary contact point for the clients.

The usual place of transaction for the clients is their local Field Office.

1. Micro Credit Products.
- 1.1. Business Loan – Group Lending

1.2. Housing Loan - Group Lending

1.3. Education Loans - Group Lending

1.4. Emergency Loan – Group Lending

1.5. Top up Loans - Group Lending
2. Non Micro Loan Product
- 2.1. Individual – Non Micro
3. Small Medium Enterprise / Housing Loan Lending
4. Micro-Insurance & Hospicash
- 4.1 Micro-insurance

4.2 Hospicash

1. Micro Credit Products



1.1. Business Loan - Group Lending

Purpose
Income generation activities

Loan Size

Up to

₹ 50,000

Loan Term in Months

12, 18, 24

Interest rate

As defined by RBI pricing guidelines

Loan Processing Fee

1%

Plus Service tax.

Type of Loan

Group



1.2. Housing Loan - Group Lending

Purpose
Household maintenance/repairs

Loan Size

Up to

₹ 50,000

Loan Term in Months

12, 18, 24

Interest rate

As defined by RBI pricing guidelines

Loan Processing Fee

1%

Plus Service tax.

Type of Loan

Group

1. Micro Credit Products



1.3. Education Loans - Group Lending

Purpose
School/college fee, tuition fee etc.

Loan Size

Up to

₹ 50,000

Loan Term in Months

12, 18, 24

Interest rate

As defined by RBI pricing guidelines

Loan Processing Fee

1%

Plus Service tax.

Type of Loan

Group



1.4. Emergency Loan - Group Lending

Purpose
Health, Debt repayment, social events etc

Loan Size

Up to

₹ 20,000

Loan Term in Months

12, 18, 24

Interest rate

As defined by RBI pricing guidelines

Loan Processing Fee

1%

Plus Service tax.

Type of Loan

Group



1.5. Top up Loans - Group Lending

Purpose
Same as Primary loan

Loan Size

Up to

₹ 20,000

Loan Term in Months

12

Interest rate

Same as primary loan

Loan Processing Fee

1%

Plus Service tax.

Type of Loan

Group

2. Non Micro Loans

2.1 Individual – Non Micro

Purpose
Both income and Household purpose

Loan Size

up to

₹ 100,000

Loan Term in Months

12, 24, 36

Interest rate

26%

Loan Processing Fee

2%

Plus Service tax.

Type of Loan

Individual

3. Small Medium Enterprise/Housing Loan Lending



3. Small Medium Enterprise/ HLL

Purpose
Income generation activities

Loan Size

Between

₹ 100,000 –
₹ 300,000

Loan Term in Month

12, 24, 36, 48

Interest rate

As per prevailing market rate

Loan Processing Fee

1%

Plus Service tax

Type of Loan

Business /
Housing

4. Micro-Insurance & Hospicash



4.1 Micro-Insurance (provided by Kotak Life Insurance)

Purpose

Provides insurance to a homogenous group of insurance seekers, providing cover without the need of suitability medical examinations. This insurance allows AMIL to pass on the credit linked sum assured to the borrower's family in the event of his / her unfortunate demise after deducting the Outstanding Principal amount

Cover extended

Borrower and Co-Borrower

Coverage

For Non-Micro and Microloans up to

₹ 50,000

Premium

₹ 8.40 (incl GST) per ₹ 1,000 borrowed

For Non-Micro and Microloans from

₹ 50,0001 – ₹ 100,000

Premium

₹ 9.11 (incl GST) per ₹ 1,000 borrowed

Time Period

2 years

4. Micro-Insurance & Hospicash



4.2 Hospicash (provided by Kotak Life Insurance)

Purpose

Cash reimbursement during hospitalisation

Cover Extended

Voluntary cover for borrower and co-borrower

Premium Account of

₹ 325 per year

Cover

Includes maternity cover



Areas of Operation

The Mumbai slums present a vast microfinance market in the form of households engaged in informal and formal employment and in home-based and other micro-enterprises, and in need of capital.

AMIL is headquartered in Mumbai and currently operates 14 branches in the Mumbai suburbs.



Contact Details

Nalasopara ●
B-101, 1st Floor, Somnath Complex, Tulinj Road, near east end of flyover bridge, Nalasopara (E), Tal. Vasai, Dist. Palghar-401209.
Ph: 8108522631

Vikhroli ●
C- 22 , Rd No. 6, Seety Chawl, Ground Floor, Parksite Vikroli, Vikroli West, Mumbai 400079.
Ph: 25181554 | **BM:** Vijaya 8655044019

Ghatkoper ●
Sushant Satish Shitole, 31 A shantgunj , aslfha village Andari Chatkoper link road, OPP. Fish market 400084
BM: Ajay: 8108643145

Santacruz ●
B-1, Ground floor, Diamond park, Datta Mandir Road, Vakola, Santacruz East, Mumbai 400055
Ph: 26691090 | **BM:** Ghanshyam: 8108459478

Khardev Nagar ●
Shop No. 63, 1st Floor, Shell Colony Road, Chembur East, Mumbai 400071
Ph: 25213557 (Near National Bekari) | **BM:** Ankita: 8691001629

Deonar ●
D-43, Shopping centre, Deonar BMC Colony, Near Shivsena Shakha, Mumbai – 400 043
Ph: 25511556 | **BM:** Kunal: 9820193346

Vashi Naka ●
Shop no.05/A, Netaji Market, Dr.C.G.Road, Chembur Colony. Near Inlake Hospital Chembur, Mumbai :400074
BM: Priya: 8655044178

Cheetah Camp ●
1st Floor, No.1, Datta Nagar, Behind Abhinav Gyan Mandir School, S.T. Road, Trombay, Mumbai – 400 088
Ph: 25511555 | **BM:** Nirmala: 8655044038



Thane
Shop No 3, Krishna Heritage, Cts No 93 E 1/2, near Ganesh Cinema, Cherai, Thane West 400602
Ph: 8691001645

Mumbra
103, 1st Floor, B Wing, Shree Complex, Amrut Nagar, Mumbra, Thane West 400612.
BM: Mona: 8691001643

Bhandup
Shop no.1, Renukadevi Co Op Housing Society, Kokan Nagar, Bhandup West, Mumbai :400078.
BM: Farheen: 8655044174

Digha
House No.105, First floor, near Saibaba Mandir, Thane Belapur Road, Digha, New Mumbai – 400708
BM: Mudita: 8655044176

Lumbinibaug
Commercial Unit No. 3, Ground Floor, Raji Commercial Complex Premises CO-OP HSG. SOC. Ltd, No. 117/118, Raji Commercial Complex, Municipal M (W) Section D, Peston Sagar No. III, PL Lokhande Marg, Chembur, Mumbai 400 089
Landmark: Below SK Rai College
Ph: 25251553 | **ABM:** Janhavi: 8655044023

Chembur
Office No. 502, Fifth Floor, Pure Gold Building, Plot No. 4B, CTS No. 119 and 119/1, N G Acharya Marg, Chembur, Mumbai 400071.
Ph: 8691001629

Registered Office
Unit No 710, Seventh Floor, Vashi Infotech Park, Plot No. 16, Sector 30A, Vashi, Navi Mumbai, 400 703, Maharashtra
Tel: (022) 27810086.
Email: info@amil.co.in
www.amil.co.in

Operational and Financial Highlights

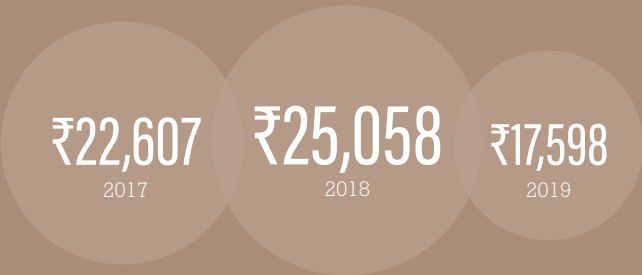
Number of Field Offices



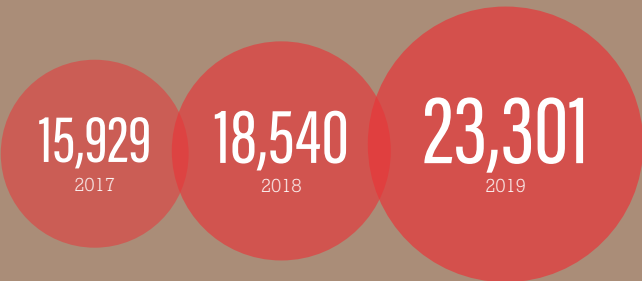
Average Loan Outstanding per Client (USD)



Average Loan Outstanding per Client (INR)

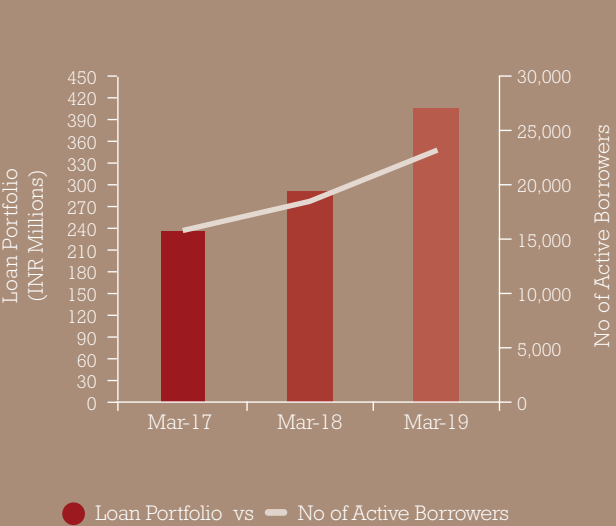


Number of Active Borrowers

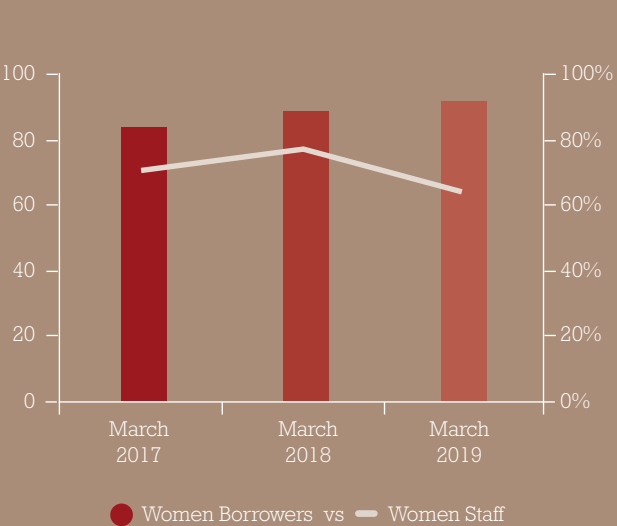


Description	March 2017	March 2018	March 2019
Number of Field Offices	9	11	14
Number of Active Borrowers	15,929	18,540	23,301
- Women Borrowers (%)	84%	89%	92%
Loan Portfolio (USD)	3,645,167	4,491,284	5,893,999
Loan Portfolio (INR)	236,347,513	292,162,513	410,057,278
PAR30 Days	2.0%	3.4%	1.2%
Average Loan Size (USD)	337	370	261
Average Loan Size (INR)	22,607	25,058	17,598
Average Loan Size / Estimated GNI per capita	20.06%	20.53%	12.94%

Loan Portfolio vs No of Active Borrowers



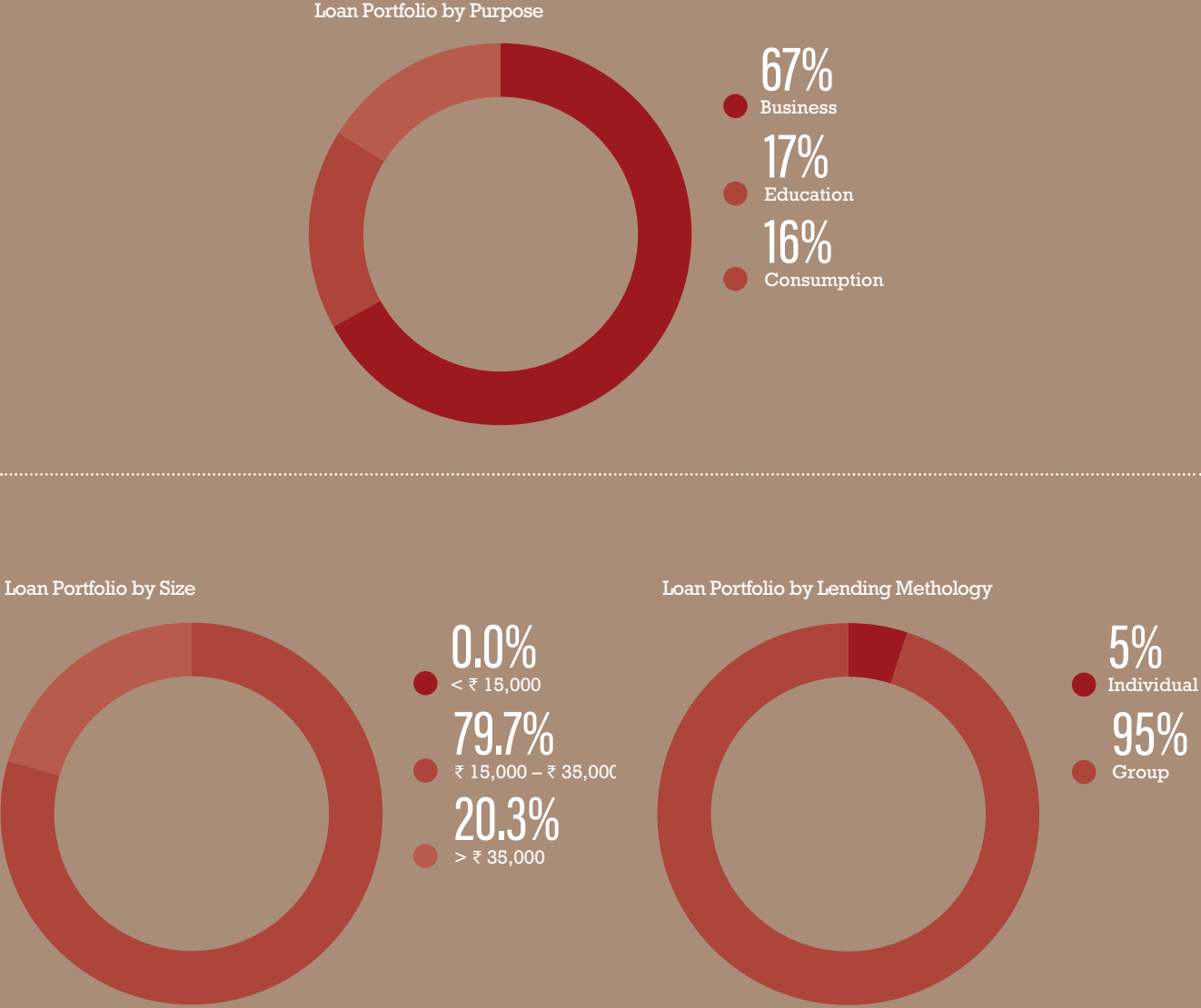
Gender Distribution



Operational and Financial Highlights

MARGIN ANALYSIS (as a % of loan portfolio)	March 2016-2017	March 2017-2018	March 2018-2019
a) Interest and Fee Income	26.65%	23.39%	25.22%
b) Cost of Funds	11.93%	9.22%	11.49%
c) Net Interest Margin (a-b)	14.72%	14.17%	13.72%
d) Loan Loss Provision	0.49%	2.21%	1.00%
e) Net Margin before Operating Expenses (c-d)	14.22%	11.96%	12.73%
f) Personnel Cost	8.80%	7.55%	6.84%
g) Admin Cost	5.09%	5.79%	5.81%
h) Total Operating Cost (f+g)	13.89%	13.34%	12.65%
Net Margin	0.33%	-1.39%	0.08%

Financial Ratios	2016-2017	2017-2018	2018-2019
Operating Self Sufficiency	106%	99%	105%
Solvency Ratio (Equity/Assets)	38.12%	43.79%	35.60%
Debt/Equity	1.26	1.75	2.14
Operating Cost Ratio	13.89%	13.34%	12.65%
Return on Equity	3.2%	-0.7%	3.0%



Future Initiatives 2019 - 2020

Geographical Diversification:

In the upcoming year AMIL plans to commence operations in at least two more neighbouring districts, Pune and Nasik. This will help in portfolio diversification and growth. This will also be first step in the direction of expansion strategy in western India. The plan is to build a bigger branch in an urban hub with a potential to service clientele in a radius of 15 to 25 kms. The Branches will offer regular micro credit and insurance services. We will also look for strategic tie ups to offer other financial services. We have also planned to start a couple of new branches in the Thane district.

Cluster based lending:

This approach involves lending to business clusters with a significant number of entrepreneurs engaged in similar production activities. Designing meaningful products and servicing the clients as per their financial needs is important and for this, AMIL is partnering with Svakarma Pvt Ltd. This will deliver specially designed loan products for its footwear making cluster clients, with a target of reaching out to 200 entrepreneurs in the upcoming year. AMIL has been servicing the footwear cluster for the past four years with small micro credit loans and the new initiative will enhance and enrich our engagement with these clients. Under this initiative we will be lending up to Rs1.50 lakh to the entrepreneurs as per their business need and creditworthiness. Besides the loan, there is also a plan to support the entrepreneurs with business planning and management skills.

New technology platform:

The work on migrating to a new technology platform will crystalize in FY19_20. AMIL's loan management, accounting, audit, HR and a few other modules will integrate under one solution. This is a significant project and the benefits we will reap are also so. We envisage the project plan will go live by first quarter 2020. Tech platform upgrading is not only significant for our current business processes management, but also for new possibilities to engage clients directly for AMIL services and for offering fintech based financial products and services.

Building managed portfolio:

A key challenge for AMIL has been funding for on-lending and high cost of funds. Business Correspondent, managing a lender's portfolio, is one of the initiatives to address these concerns on liquidity. For the upcoming financial year, the Board has approved AMIL's management to engage in such partnerships with a maximum of 20% of total loan portfolio exposure. This is an opportunity for AMIL to tie up with mainstream banking institutions with the possibility of obtaining low cost fund for direct lending as well.

Independent Auditor's Report, Directors' Report and Audited Financial Statements for the Year Ended 31 March 2019

Agora Microfinance India Limited



Independent Auditor’s Report

for the year ended 31 March 2019

To the Members of Agora Microfinance India Limited

Report on the Audit of the Financial Statements

Ref: Report to the Board of Directors pursuant to Master Directions – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016 (‘the Auditor’s Report Directions’) issued by the Reserve Bank of India (‘RBI’) for the year ended March 31, 2019.

1. We have audited the Balance Sheet of Agora Microfinance India Limited (‘the Company’) as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and issued our audit opinion vide our audit report dated June 24, 2019. These financial statements are the responsibility of the Company’s Management. Our responsibility was to express an opinion on these financial statements based on our audit. Our audit was conducted in the manner specified under the section “Auditor’s Responsibility” of the said audit report.
2. As required by the Auditor’s Report Directions, amended from time to time, based on our audit referred to in paragraph 1 above and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereunder on the matters specified in paragraphs 3 and 4 of the Auditor’s Report Directions:
 - i) The Company is engaged in the business of a Non-Banking Financial Institution (‘NBFI’) as defined in section 45 l(a) of the Reserve Bank of India Act, 1934 (‘the Act’), requiring it to hold a Certificate of Registration (‘CoR’) under section 45-IA of the Act. The Company is registered with RBI as an NBFC-MFI without accepting public deposits vide CoR number 8-13.02071 dated July 1, 2014.

- ii) The Company is entitled to continue to hold such CoR in terms of its principal business criteria (financial assets/ income pattern) as at March 31, 2019 and for the year then ended.
 - iii) The Company has complied with the Net Owned Fund (‘NOF’) requirements as laid down in Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (‘Master Directions’).
 - iv) The Board of Directors has passed a resolution on April 5, 2018 for non-acceptance of public deposits.
 - v) The Company has not accepted public deposits during the year ended March 31, 2019.
 - 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 the Master Directions.
 - vii) The Company is a Non-Banking Financial Company- Micro Finance Institution (‘NBFC-MFI’) as specified under paragraph 3(xix) of Chapter II of the Master Directions.
3. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion mentioned in paragraph 1.
 4. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Auditor’s Report Directions, and is not intended to be used or distributed for any other purpose.

Independent Auditor’s Report (continued)

for the year ended 31 March 2019

Opinion

We have audited the accompanying financial statements of Agora Microfinance India Limited (‘the Company’), which comprise the Balance sheet as at March 31, 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 as amended (‘the Act’) in the manner so required to 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 March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in Director’s report but does not include the financial statements and our auditor’s reports thereon. The Director’s report is expected to be made available to us after the date of the audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Director’s report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance and shall comply with the relevant applicable requirements of the Standard on Audit for The Auditor’s Responsibility in relation to Other Information in Documents containing Audited Financial Statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, 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 Companies (Accounts) Rules, 2014 in so far as they apply to the Company. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company’s financial reporting process.

Independent Auditor’s Report (continued)

for the year ended 31 March 2019

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor’s Report (continued)

for the year ended 31 March 2019

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the 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 Profit and Loss Account, 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 Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
 - g. In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid by the Company to its director in accordance with the provisions of section 197 read with Schedule V to the Act; and

- h. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position for the year ended 31 March 2019.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Independent Auditor’s Report (continued)

for the year ended 31 March 2019

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Agora Microfinance India Limited

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c) According to the information and explanations given by the management, there are no immovable properties, included in the fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

- vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- b) 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, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.
- Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

Independent Auditor’s Report (continued)

for the year ended 31 March 2019

- xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.
- xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/fully or partly convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.
- xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

Annexure 2 referred to in paragraph 2 (f) under the heading “Report on other legal and regulatory requirements” of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Agora Microfinance India Limited (“the Company”) as at March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on [the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Independent Auditor’s Report (continued)

for the year ended 31 March 2019

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Date: 24 June, 2019	per Sarvesh Warty
Place: Mumbai	Partner
	\membership Number: 121411



Directors’ Report

Dear Members,
Your Directors are pleased to present the Annual Report on the business and operations of your company along with the audited financial statement for the financial year ended 31st March, 2019.

1. Financial performance and operational review:

The financial performance of the Company, for the year ended 31st March, 2019 and corresponding previous year is summarized below:

	For the year ended 31stMarch, 2019	For the year ended 31stMarch, 2018
Particulars		
Sales	8,85,34,005	6,18,09,822
Other Income	37,62,560	28,04,979
Total Income	9,22,96,565	6,46,14,801
Profit/Loss before Depreciation and Taxation	44,83,357	(3,58,220)
Tax		
Less: Depreciation	4,46,809	4,97,667
Less: Provision for Taxation (After considering credit of MAT)	-	-
Profit/(Loss) after Tax	40,36,548	(8,55,887)

2. Overview (Financial Highlights):

During the year under review, the total Income of the Company is Rs.9,22,96,565/-against Rs.6,46,14,801/- in the previous year. The Company has incurred a profit of Rs.40,36,548/- compared to loss of Rs. (8,55,887)in the previous year.

3. Dividend

With intent to build up the net worth for future expansion and growth plans, your directors are of the opinion that no dividend be recommended for the year under review.

4. Changes in share capital

During the year, Company has allotted 5,38,938 Equity Shares to Agora Microfinance NV on Preferential basis.

5. Material changes and commitments affecting the financial position of the company

During the year under review, there has been no material Changes in the Company affecting the financial Position of the Company.

6. Details of subsidiary/joint ventures/associate companies

The Company does not have any Subsidiary, Joint venture or Associate Company.

7. Extracts of annual return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as “Annexure: 1”.

8. Transfer to reserves in terms of section 134 (3) (j) of the companies act, 2013:

For the Financial Year ended 31st March, 2019, the Company has transfered Rs.40,36,548/- to Reserves& Surplus.

9. Transfer of unclaimed dividend to investor education and protection fund:

Since there was no unpaid/ unclaimed dividend declared during the year, the provisions of Section 125 of the Companies Act, 2013 do not apply to the Company.

Directors’ Report (continued)

10. Meetings of the Board

The following Meetings of the Board of Directors were held during the Financial Year 2018-19:

SN	Date of Meeting	Board Strength	No. of Directors Present
1.	23.04.2018	4	4
2.	26.04.2018	4	4
3.	30.04.2018	4	4
4.	22.05.2018	4	4
5.	29.05.2018	4	4
6.	31.05.2018	4	4
7.	26.06.2018	4	4
8.	27.07.2018	4	4
9.	28.08.2018	4	4
10.	25.09.2018	4	4
11.	26.10.2018	4	4
12.	05.11.2018	4	4
13.	28.11.2018	4	4
14.	05.12.2018	4	4
15.	20.12.2018	4	4
16.	19.02.2019	4	4
17.	28.02.2019	4	4
18.	22.03.2019	4	4

11. Directors’ responsibility statement

Pursuant to Section 134 of the Companies Act, 2013, the Directors confirm that:

- a. In the preparation of the annual financial statements for the year ended March, 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. Appropriate accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March, 31, 2019 and of the profit of the company for the year ended March, 31, 2019.

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.
- e. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

12. Statutory auditor and board's comment on the auditors’ report

Directors have recommended ratification of re-appointment of M/s. S.R. BATLIBOI & ASSOCIATES LLP (Firm Registration Number 101049W) as Statutory Auditors of the Company for the financial year 2019-2020 and to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

M/s. S.R. BATLIBOI & ASSOCIATES LLP have furnished a declaration confirming; their independence as well as their arm’s length relationship with the Company and that they have not taken up any prohibited non–audit assignments for the Company and that they are eligible to be appointed as Statutory Auditors as per Law.

The notes on financial statements referred to in the Auditors Report are self explanatory and do not call for any further comments. The Auditors Report does not contain any qualification reservation or adverse remark.

13. Appointment and resignation of directors

During the year under review, Mr. Frances Mary Elizabeth Sinha was appointed on Board with effect from 22nd March, 2019.

14. Borrowing by the company

During the Financial Year, Company had borrowed Secured Loan of Rs. 295,000,000/- from non-banking financial companies and Bank.

15. Particulars of loans, guarantees and investments

The Company has not made / given / advance any Investments, Loansand Guarantee given under section 186 of the Companies Act, 2013 for the financial year ended 31st March 2019.

Directors’ Report (continued)

16. Particulars of contracts or arrangements with related parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm’s length basis. During the year, there were no Related Party Transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no details to be disclosed in Form AOC-2 in that regard.

17. Internal financial control system

Your Company continuously invests in strengthening its internal control processes. The Company has put in place an adequate system of internal financial control commensurate with its size and nature of business which helps in ensuring the orderly and efficient conduct of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies. As a means to further strengthen the control environment, during the year, the processes were benchmarked with industry practices to identify the gaps, if any and remedial measures were taken. Financial policies, standards and delegations of authority have been disseminated to senior management to cascade within their departments. Procedures to ensure conformance with the policies, standards and delegations of authority have been put in place covering all activities.

18. Conservation of energy, technology ABSORPTION

A. Conservation of Energy: NIL

- (i) The steps taken or impact on conservation of energy: Although energy is not a major element of the cost for the company, constant endeavors have been made to conserve energy and consequently minimize power and diesel costs.
- (ii) The steps taken by the Company for utilizing alternate sources of energy: Power requirement of company is too low to utilize alternate sources of energy.
- (iii) The Capital investment on energy conservation equipment: NIL

B. Technology Absorption: NIL

- (i) Efforts made towards Technology Absorption:
- (ii) Benefits derived:
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
 - a. Technology imported: The Company has not imported any technology in the last 3 years;
 - b. Year of Import: Not Applicable;
 - c. Has technology been fully absorbed: Not Applicable.
 - d. If not fully absorbed, areas where this has not taken place, and the reasons thereof: Not Applicable; and
- (iv) Expenditure incurred on Research and Development: NIL.

C. Foreign Exchange Earnings and outgo:

There are no earnings, but there is expenditure of 17500 USD in foreign currency for current financial year and for previous financial year there was no earnings nor expenditure.

19. Deposit

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re–enactment(s) for the time being in force).

20. Prevention of sexual harassment at workplace

The Company has formulated a policy on 'Protection of Women's Rights at Workplace' as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy has been widely disseminated. There were no cases of sexual harassment received by the Company in FY 2018-19.

21. Significant and material orders passed by the regulators or courts:

There have been no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company’s operation in future

Directors’ Report (continued)

22. Particulars of employees

None of the employee during the year under review had exceed a prescribe limit specified under the Rules 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

23. Compliance with secretarial standards on board and annual general meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings in the best possible manner under the guidance of the management.

24. Corporate social responsibility

The provisions of Corporate Social Responsibility are not applicable to the company.

25. Secretarial audit report

The provisions of Secretarial Audit Reportare not applicable to the company.

26. Risk management policy

The Board of Directors is overall responsible for identifying, evaluating and managing all significant risks faced by the Company. The Board monitors and reviews the implementation of various aspects of the Risk Management policy through meeting of Board of Directors. The Risk Management Policy assists the Board in its oversight of the Company’s management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework. The Company follows well established and detailed risk assessment and minimization procedures, which are periodically reviewed by the Board. The Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

27. General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- 1 Details relating to deposits covered under Chapter V of the Act.
- 2 Issue of equity shares with differential rights as to dividend, voting or otherwise.
- 3 Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
- 4 Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- 5 No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company’s operations in future.

28. Appreciation

It is our strong belief that caring for our business constituents has ensured our success in the past and will do so in future. The Board acknowledges with gratitude the cooperation and assistance provided to your company by its bankers, financial institutions, and government as well as Non-Government agencies. The Board wishes to place on record its appreciation to the contribution made by employees of the company during the year under review. Te Company has achieved impressive growth through the competence, hard work, solidarity, cooperation and support of employees at all levels. Your Directors thanks the customers, clients, vendors and other business associates for their continued support in the Company's growth.

The Board also takes this opportunity to express its deep gratitude for the continued cooperation and support received from its valued shareholders.

By order of the Board of Directors
Agora Microfinance India Limited

Date: 24 June, 2019	Patole Meenal
Place: Mumbai	Chairperson
	DIN : 03162474

Balance Sheet

as at 31 March 2019

	Notes	31 March 2019 INR	31 March 2018 INR
Equity and Liabilities			
Shareholders' funds			
Share capital	3	38,689,380	33,300,000
Reserves and surplus	4	109,307,228	90,796,070
		147,996,608	124,096,070
Non-current liabilities			
Long-term borrowings	5	79,688,935	76,762,524
Long-term provisions	7	4,715,483	7,725,764
		84,404,418	84,488,288
Current liabilities			
Short-term borrowings	6	17,649,974	-
Other current liabilities	8	218,005,287	139,147,678
Short-term provisions	7	952,642	805,793
		236,607,903	139,953,471
Total		469,008,929	348,537,829

Balance Sheet (continued)

as at 31 March 2019

		31 March 2019 INR	31 March 2018 INR
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	591,882	530,089
Intangible assets	10	307,066	272,232
Deferred tax assets (net)	11	-	-
Long-term loans and advances	12	100,173,412	63,203,066
Other non-current assets	13	25,792,755	15,928,841
		126,865,115	79,934,228
Current assets			
Cash and bank balances	14	31,276,710	19,650,675
Short-term loans and advances	12	292,204,832	231,830,154
Other current assets	13	18,662,272	17,122,772
		342,143,814	268,603,601
Total		469,008,929	348,537,829

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date.

For S. R. Batliboi & Associates LLP Chartered Accountants

Firm Registration Number: 101049W/E300004
per Sarvesh Warty Partner

Membership No. 121411

Mumbai, India
24 June 2019

For and on behalf of the Board of Directors of
Agora Microfinance India Limited

Meenal Patole Managing Director and Chief Executive Officer DIN: 03162474	Asit Mehta Director DIN: 01640935
--	---

Mumbai, India
24 June 2019

Statement of Profit and Loss

for the year ended 31 March 2019

	Notes	31 March 2019 INR	31 March 2016 INR
Income			
Revenue from operations	15	88,534,005	61,809,822
Other income	16	3,762,560	2,804,979
Total revenue (I)		92,296,565	64,614,801
Expenses			
Employee benefits expense	17	24,002,773	19,951,071
Finance costs	18	43,653,227	28,418,341
Other expenses	19	16,660,366	10,760,618
Depreciation and amortisation expense	20	446,809	497,667
Provisions and write-offs	21	3,496,842	5,842,991
Total expenses (II)		88,260,017	65,470,688
Profit / (Loss) before tax (III)=(I)-(II)		4,036,548	(855,887)
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense (IV)		-	-
Profit / (Loss) for the year (III)-(IV)		4,036,548	(855,887)
Earnings per equity share	27		
[Nominal value of share Rs.10 (March 31,2018:Rs.10)]			
Basic (Computed on the basis of total profit for the year)		1.20	(0.26)
Diluted (Computed on the basis of total profit for the year)		1.20	(0.26)

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP Chartered Accountants

Firm Registration Number: 101049W/E300004
per Sarvesh Warty Partner

Membership No. 121411

Mumbai, India
24 June 2019



For and on behalf of the Board of Directors of
Agora Microfinance India Limited

Meenal Patole
Managing Director and
Chief Executive Officer
DIN: 03162474

Asit Mehta
Director
DIN: 01640935

Mumbai, India
24 June 2019

Cash Flow Statement

for the year ended 31 March 2019

	31 March 2019 INR	31 March 2018 INR
Cash flow from operating activities		
Profit / (Loss) before tax	4,036,548	(855,887)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	446,809	497,667
Provision for employee benefits	371,418	67,126
Loss / (profit) on sale of property, plant and equipment	6,740	-
Provision for standard assets and non-performing assets	(3,234,850)	4,625,599
Operating Profit / (Loss) before working capital changes	1,626,665	4,334,505
Movements in working capital:		
Increase / (decrease) in other current liabilities	6,395,175	674,221
Decrease / (increase) in loans and advances	(90,450,947)	(55,815,000)
Decrease / (increase) in other current & non current assets	(15,130,006)	1,102,319
Cash generated from / (used in) operations	(99,185,778)	(54,038,461)
Direct taxes paid (net of refunds)	(3,167,485)	(277,250)
Net cash flow from / (used in) operating activities (A)	(100,726,598)	(49,981,206)
Cash flows from investing activities		
Purchase of fixed assets	(550,175)	(311,910)
Net cash flow from / (used in) investing activities (B)	(550,175)	(311,910)
Cash flows from financing activities		
Proceeds from issuance of equity share capital	19,999,989	-
Share issue expenses	(136,000)	-
Proceeds from Long-term borrowings	295,750,000	222,250,000
Repayment of Short-term borrowings	(202,711,181)	(163,578,147)
Net cash flow from / (used in) financing activities (C)	112,902,808	58,671,853
Net increase /(decrease) in cash and cash equivalents (A + B + C)	11,626,035	8,378,737
Cash and cash equivalents at the beginning of the year	19,650,675	11,271,938
Cash and cash equivalents at the end of the year	31,276,710	19,650,675



Cash Flow Statement

for the year ended 31 March 2019

	31 March 2017 INR	31 March 2016 INR
Components of cash and cash equivalents (Note 14)		
Cash in hand	542,261	244,315
Cash in transit	114,130	264,720
Balances with banks		
in current account	5,620,319	9,891,641
in deposit account	25,000,000	9,250,000
Total cash and cash equivalents	31,276,710	19,650,675

Summary of significant accounting policies
The accompanying notes are an integral part of the financial statements 2.1

As per our report of even date

For S. R. Batliboi & Associates LLP Chartered Accountants	For and on behalf of the Board of Directors of Agora Microfinance India Limited	
Firm Registration Number: 101049W/E300004 per Sarvesh Warty Partner	Meenal Patole Managing Director and Chief Executive Officer DIN: 03162474	Asit Mehta Director DIN: 01640935
Membership No. 121411		
Mumbai, India 24 June 2019	Mumbai, India 24 June 2019	

Notes to Financial Statements

for the year ended 31 March 2019

1. Corporate Information

Agora Microfinance India Limited ('the Company') is a public company domiciled in India and the Company was incorporated on May 31, 1996. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from February 9, 2015. The Company is primarily engaged in providing micro finance services to semi-urban, urban population.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and the provisions of the RBI applicable as per Master Directions- Non Banking Financial Company-Non Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by notification Master Direction DNBR.PD007/03.10.119/2016-17 dated September 01, 2016, as amended from time to time ('the NBFC Master Directions, 2016'). The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of Significant Accounting Policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of

current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Interest income on loans given is recognised under the internal rate of return method. Income including interest or discount or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.
- ii) Loan processing fees collected from customers are recognized on an upfront basis at the time of disbursement of loan.
- iii) Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iv) All other income is recognised on accrual basis.

c. Property Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to financial statements

for the year ended 31 March 2019

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

e. Depreciation / Amortization

Depreciation on tangible fixed assets and Intangible assets is provided on the written down value method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.

Asset Description	Useful Life
Computer	3 years
Office Equipment	5 years
Furniture and Fixture	10 years
Software	6 years

f. Impairment of Fixed Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Leases (where the Company is the lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased item, is classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

Notes to financial statements (continued)

for the year ended 31 March 2019

h. Investment

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

i. Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. All borrowing costs are expensed in the period they occur.

j. Foreign currency transactions

- i) All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii) Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- iii) Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k. Retirement and other employee benefits

- i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and employee state insurance. The Company recognizes contributions to the provident fund scheme as expenditure, when an employee renders the related service.
- ii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.

Notes to financial statements (continued)

for the year ended 31 March 2019

1. Income taxes

- i) Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- ii) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date.
- iii) Deferred Tax Liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax asset is recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- iv) The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m. Earnings per share

Basic earnings per share are computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to the equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

n. Provisions

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to financial statements (continued)

for the year ended 31 March 2019

p. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less.

q. Classification of loan portfolio

Loans are classified as per management estimates as given below:

Asset Classification	Arrear Period
Standard assets	Overdue for less than 90 days
Non-performing assets	
Sub-standard assets	Overdue for 91-180 days
Loss assets	Overdue over 180 days

“Overdue” refers to interest and / or instalment remaining unpaid from the day it became receivable.

The above classification is in compliance with the Non-Banking Financial Company – Master Directions, 2016.

Loans and Advances other than a portfolio loan are classified as standard, sub-standard, doubtful and loss assets in accordance with the NBFC Master Directions, 2016.

r. Provisioning policy for loan portfolio

The provision for portfolio loans is as per the NBFC Master Directions, 2016 for Non-Banking Financial Company - Micro Finance Institution (NBFC-MFIs). These directions require the total provision for portfolio loans to be higher of (a) 1% of the outstanding loan portfolio or (b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Contingent provision against standard asset @ 0.25% is made for the loans not meeting the qualifying asset criteria.

Notes to financial statements (continued)

for the year ended 31 March 2019

3. Share capital

	31 March 2019 INR	31 March 2018 INR
Authorised shares		
4,000,000 (March 31, 2018: 4,000,000) equity shares of Rs.10 each	40,000,000	40,000,000
Issued, subscribed and fully paid-up shares		
3,868,938 (March 31, 2018: 3,330,000) equity shares of Rs.10 each fully paid up	38,689,380	33,300,000
Total issued, subscribed and fully paid-up share capital	38,689,380	33,300,000

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	31 March 2019		31 March 2018	
	No. of Shares	INR	No. of Shares	INR
Equity shares				
At the beginning of the year	3,330,000	33,300,000	3,330,000	33,300,000
Issued during the year	538,938	5,389,380	-	-
Outstanding at the end of the year	3,868,938	38,689,380	3,330,000	33,300,000

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to financial statements (continued)

for the year ended 31 March 2019

3. Share capital (Continued)

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	31 March 2019 INR	31 March 2018 INR
Agora Microfinance N.V		
538,938 (March 31, 2018: 2,996,996) equity shares of Rs.10 each fully paid up	5,389,380	29,969,960

d) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2019	
	No. of Shares	% Holding in the Class
Name of shareholder		
Equity shares of Rs.10 each fully paid		
Meenal Patole	332,998	8.61%
Agora Microfinance N.V	3,535,934	91.39%

	As at 31 March 2018	
	No. of Shares	% Holding in the Class
Name of shareholder		
Equity shares of Rs.10 each fully paid		
Meenal Patole	332,998	9.9999%
Agora Microfinance N.V	2,996,996	89.9999%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to Financial Statements (continued)

for the year ended 31 March 2019

4. Reserves and surplus

	31 March 2019 INR	31 March 2018 INR
Securities premium account		
Balance as per the last financial statements	147,677,441	147,677,441
Add: Additions during the year	14,610,609	-
Less: Share issue expenses	(136,000)	-
Closing Balance	162,152,050	147,677,441
Statutory reserve		
Balance as per the last financial statements	727,481	727,481
Add: Amount transferred from surplus balance in the statement of profit and loss	807,310	-
Closing Balance	1,534,791	727,481
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(57,608,852)	(56,752,965)
Add: Profit / (Loss) for the year	4,036,548	(855,887)
Less: Transferred to Statutory Reserve [@20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934]	(807,310)	-
Net surplus / (deficit) in the statement of profit and loss	(54,379,613)	(57,608,852)
Total reserves and surplus	109,307,228	90,796,070

Notes to financial statements (continued)

for the year ended 31 March 2019

5. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2019 INR	31 March 2018 INR	31 March 2019 INR	31 March 2018 INR
Term loans				
Indian rupee loan from non banking financial companies (secured)*	68,260,361	74,619,667	197,147,864	126,828,285
Indian rupee loan from bank (secured)*	11,428,574	2,142,857	10,714,284	8,571,429
	79,688,935	76,762,524	207,862,148	135,399,714
The above amount includes				
Secured borrowings	79,688,935	76,762,524	207,862,148	135,399,714
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(207,862,148)	(135,399,714)
Net amount	79,688,935	76,762,524	-	-

Repayable in twelve and thirty six equated monthly installments from the date of disbursement at a average rate of 15.27% p.a.

*Indian rupee loan secured by first pari passu charge over all loan receivables and margin money deposit.

6. Short-term borrowings

	31 March 2019 INR	31 March 2018 INR
Term loans		
Indian rupee loan from non banking financial companies (secured)*	17,649,974	-
	17,649,974	-
The above amount includes		
Secured borrowings	17,649,974	-
Unsecured borrowings	-	-

*Indian rupee loan secured by first pari passu charge over all loan receivables and margin money deposit.

Notes to Financial Statements (continued)

for the year ended 31 March 2019

7. Provisions

	Long-term		Short-term	
	31 March 2019 INR	31 March 2018 INR	31 March 2019 INR	31 March 2018 INR
Provision for employee benefits				
Provision for gratuity	961,259	763,648	308,929	225,377
Provision for leave benefits	-	-	643,713	553,458
	961,259	763,648	952,642	778,835
Other provisions				
Contingent provisions against standard assets.(refer note 28)	43,578	12,764	-	26,958
Provision for Non-performing assets.(refer note 28)	3,710,646	6,949,352	-	-
	3,754,224	6,962,116	-	26,958
	4,715,483	7,725,764	952,642	805,793

8. Other current liabilities

	31 March 2019 INR	31 March 2018 INR
Other liabilities		
Current maturities of long term borrowings (refer note 5)	207,862,148	135,399,714
Interest accrued but not due on borrowings	1,355,105	932,420
Interest accrued and due on borrowings	4,032	17,781
Statutory dues payable	692,140	783,547
Other payable	8,091,862	2,014,216
	218,005,287	139,147,678

Notes to financial statements (continued)

for the year ended 31 March 2019

9. Tangible assets

	Furniture INR	Computers INR	Office equipments INR	Total INR
Cost				
At April 1, 2017	740,906	1,349,859	347,466	2,438,231
Additions	83,311	121,290	107,309	311,910
Disposals/written off	-	-	-	-
At March 31, 2018	824,217	1,471,149	454,775	2,750,141
Additions	80,541	207,556	68,453	356,550
Disposals/written off	41,788	-	-	41,788
At March 31, 2019	862,970	1,678,705	523,228	3,064,903
Depreciation				
At April 1, 2017	497,098	1,225,853	179,503	1,902,454
Charge for the year	83,184	134,599	99,815	317,598
Disposals/written off	-	-	-	-
At March 31, 2018	580,282	1,360,452	279,318	2,220,052
Charge for the year	69,497	135,423	83,098	288,018
Disposals/written off	35,049	-	-	35,049
At March 31, 2019	614,730	1,495,875	362,416	2,473,021
Net Block				
At March 31, 2018	243,935	110,697	175,457	530,089
At March 31, 2019	248,240	182,830	160,812	591,882

Notes to Financial Statements (continued)

for the year ended 31 March 2019

10. Intangible assets

	Software INR	Total INR
Gross block		
At April 1, 2017	1,288,286	1,288,286
Additions	-	-
Deletions/Write off	-	-
At March 31, 2018	1,288,286	1,288,286
Additions	193,625	193,625
Deletions/Write off	-	-
At March 31, 2019	1,481,911	1,481,911
Amortisation		
At April 1, 2017	835,985	835,985
Charge for the year	180,069	180,069
Deletions/Write off	-	-
At March 31, 2018	1,016,054	1,016,054
Charge for the year	158,791	158,791
Deletions/Write off	-	-
At March 31, 2019	1,174,845	1,174,845
Net block		
At March 31, 2018	272,232	272,232
At March 31, 2019	307,066	307,066

Notes to financial statements (continued)

for the year ended 31 March 2019

11. Deferred tax asset

	31 March 2017 INR	31 March 2016 INR
Deferred tax liability		
Differences in depreciation and other differences in block of fixed assets and intangible assets as per tax and books of accounts	-	-
Deferred tax liability	-	-
Deferred tax asset		
Difference due to depreciation impact	164,014	82,144
Difference due to provision for leave encashment	212,831	182,990
Difference due to provision for gratuity	419,962	327,001
Difference due to disallowance of provision against standard assets and non performing assets	1,226,851	2,297,664
Deferred tax on carried forward tax losses and unabsorbed depreciation	18,882,417	18,085,588
Deferred tax asset not recognized	(20,906,075)	(20,975,387)
Deferred tax asset	-	-
Deferred tax asset/ (liability) net	-	-

Notes to Financial Statements (continued)

for the year ended 31 March 2019

12. Loans and advances

	Non-current		Current	
	31 March 2019 INR	31 March 2018 INR	31 March 2019 INR	31 March 2018 INR
A) Portfolio Loans				
Joint liability group loans				
Unsecured, considered good*	87,170,651	55,854,334	273,198,810	206,716,597
Unsecured, considered doubtful**	3,125	12,708	3,907,459	8,568,192
	87,173,776	55,867,042	277,106,269	215,284,789
Individual loans				
Unsecured, considered good*	4,737,636	5,653,639	13,228,571	14,772,328
Unsecured, considered doubtful**	-	11,667	367,208	573,048
	4,737,636	5,665,306	13,595,779	15,345,376
A)	91,911,412	61,532,348	290,702,048	230,630,165
* Represents standard assets as per the asset classification policy for loan portfolio.				
** Represents non-performing assets as per the asset classification policy for loan portfolio.				
B) Security deposits				
Unsecured, considered good	1,422,500	1,147,500	595,000	280,000
B)	1,422,500	1,147,500	595,000	280,000
C) Other loans and advances				
Employee loans (secured, considered good)	-	-	41,000	157,176
Other receivables	-	-	559,723	377,306
Advance income tax [TDS]	3,690,703	523,218	-	-
Prepaid expenses	-	-	307,061	385,507
NACL-Gross Loan Portfolio	3,148,797	-	-	-
C)	6,839,500	523,218	907,784	919,989
Total (A+B+C)	100,173,412	63,203,066	292,204,832	231,830,154

Notes to financial statements (continued)

for the year ended 31 March 2019

13. Other assets

	Non-current		Current	
	31 March 2019 INR	31 March 2018 INR	31 March 2019 INR	31 March 2018 INR
Interest accrued on fixed deposits	124,130	54,247	86,293	289,409
Interest accrued on other deposits	761,392	202,563	793,190	1,390,320
Interest accrued and not due on portfolio loans	-	-	5,032,789	3,943,043
Deposit placed with NBFC / Financial Institution	22,238,487	12,000,000	9,500,000	11,500,000
Non current bank balances (refer note 14)	2,500,000	3,500,000	3,250,000	-
Receivable from Insurance Company 366,711				
Less: Provision for doubtful receivable (197,965)	168,746	172,031	-	-
	25,792,755	15,928,841	18,662,272	17,122,772

Notes to Financial Statements (continued)

for the year ended 31 March 2019

14. Cash and bank balances

	Non-current		Current	
	31 March 2019 INR	31 March 2018 INR	31 March 2019 INR	31 March 2018 INR
Cash and cash equivalents				
Cash in hand	-	-	542,261	244,315
Cash in transit	-		114,130	264,720
Balances with banks:				
in current accounts	-	-	5,620,319	9,891,641
in Deposit accounts (less than 3 months)	-	-	25,000,000	-
	-	-	31,276,710	10,400,675
Other bank balances				
Deposits with remaining maturity for more than 12 months	2,500,000	3,500,000	-	-
Deposits with remaining maturity for less than 12 months	-	-	-	9,250,000
	2,500,000	3,500,000	-	9,250,000
Amount disclosed under non-current assets (refer note 13)	(2,500,000)	(3,500,000)		-
	-		31,276,710	19,650,675

15. Revenue from operations

	31 March 2019 INR	31 March 2018 INR
Interest income		
Interest on portfolio loans	83,861,574	58,782,797
Other operating revenue		
Loan processing fees	4,672,431	3,026,525
Recovery against loans written off	-	500
	88,534,005	61,809,822

Notes to financial statements (continued)

for the year ended 31 March 2019

16. Other income

	31 March 2019 INR	31 March 2018 INR
Interest on fixed deposits	612,594	700,206
Interest on Other deposits	1,799,057	1,916,027
Interest on employee loans	27,065	33,989
Interest on income tax refund	-	-
Insurance Breakage and Commission	741,489	143,383
Income From Securitization	488,507	-
Income From Business Correspondence	74,800	-
Miscellaneous income	19,048	11,374
	3,762,560	2,804,979

17. Employee benefits expense

	31 March 2019 INR	31 March 2018 INR
Salaries and bonus / incentive	20,731,541	17,555,297
Leave benefits	690,705	483,173
Contribution to Provident Fund	1,443,948	990,429
Contribution to Employee State Insurance Corporation	339,267	374,174
Gratuity expenses (refer note-24)	554,140	248,304
Staff welfare expense	243,172	299,694
	24,002,773	19,951,071

18. Finance costs

	31 March 2019 INR	31 March 2018 INR
Interest expense		
On term loans from non banking financial companies	40,352,627	24,366,436
Other finance costs/Processing fees	3,300,600	4,051,905
	43,653,227	28,418,341

Notes to Financial Statements (continued)

for the year ended 31 March 2019

19. Other expenses

	31 March 2019 INR	31 March 2018 INR
Rent	3,747,213	3,022,006
Rates and taxes	2,500	2,500
Insurance	139,891	69,755
Repairs and maintenance	589,052	570,437
MFIN membership & subscription fee	149,998	104,998
Advertising	1,008	520
Electricity charges	285,120	265,754
Travelling and conveyance	1,093,783	787,990
Communication expenses	680,340	635,793
Printing and stationery	928,978	631,372
Legal and professional fees	3,929,101	886,619
Directors' sitting fees & Remuneration	420,000	50,000
Auditors' remuneration (refer details below)	1,534,737	1,070,264
Other provisions and write off	869,286	415,457
Loss on sale /Discard of fixed asset	4,343	-
Technical services	266,459	336,914
Commission and brokerage	123,000	34,000
Bank charges	737,066	286,242
Loss in Foreign Exchange	38,454	-
Miscellaneous expenses	1,120,037	1,392,032
Provision for doubtful receivable	-	197,965
	16,660,366	10,760,618

Notes to financial statements (continued)

for the year ended 31 March 2019

19. Other expenses (Continued)

Payment to auditors

	31 March 2019 INR	31 March 2018 INR
As auditor:		
Audit fee	1,400,000	825,000
Tax Audit	-	100,000
In other capacity:	-	-
Other services (certification fees)	100,000	100,000
Reimbursement of expenses	34,737	45,264
	1,534,737	1,070,264

20. Depreciation and amortisation expense

	31 March 2019 INR	31 March 2018 INR
Depreciation of tangible assets	288,018	317,598
Amortisation of intangible assets	158,791	180,069
	446,809	497,667

21. Provisions and write-offs

	31 March 2019 INR	31 March 2018 INR
Contingent provisions against standard assets(refer note 28)	3,856	(1,284,327)
Provision against Non performing assets (refer note 28)	(3,238,706)	5,909,926
Portfolio loans and other balance written off	6,731,692	1,217,392
	3,496,842	5,842,991

Notes to Financial Statements (continued)

for the year ended 31 March 2019

22. Segment information

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of Accounting Standard (AS) - 17 on 'Segment Reporting' specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in single geographical segment, i.e. domestic.

23. Related party disclosures

i. Name of related parties under AS18 with whom transactions have been taken place during the year as well as related party relationship.

Name of the related party	Nature of relationship
Mrs. Meenal Patole	Key Management Personnel (Managing Director and Chief Executive Officer)

ii. Transaction with related party during the year

	31 March 2019	31 March 2018
Agora Microfinance NV		
Issue of Share Capital	5,389,380	NIL
Securities Premium	14,610,609	NIL
Excess money received towards share allotment	11	NIL
Excess money refund towards share allotment		NIL

Mrs. Meenal Patole	31 March 2019	31 March 2018
Salaries and perquisites	2,602,812	2,581,122
Reimbursement of expenses	1,124,748	1,115,375
Leave encashment	72,260	-

iii. Balance Outstanding

Name of related party	Nature of transaction	31 March 2019	31 March 2018
Meenal Patole	Receivable towards TDS paid by company on her behalf	-	31,463

Notes to financial statements (continued)

for the year ended 31 March 2019

24. Retirement benefits

The company has defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for Gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972 (Amendment) Bill, 2018

The following table summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

Statement of Profit and loss

Net employees benefit expense recognised in employee benefit expense:

Particulars	31 March 2019	31 March 2018
Current Service cost	187,047	200,972
Interest cost on benefit obligation	71,012	63,452
Net actuarial (gain) / loss recognized in the year	296,081	-16,120
Net Employee benefit expense	554,140	248,304

Balance Sheet

Details of provision for gratuity

Gratuity		
Particulars	31 March 2019	31 March 2018
Defined benefit obligation	1,270,188	989,025
Plan liability	1,270,188	989,025

Changes in the present value of the defined benefit obligation are as follows:

Gratuity		
Particulars	31 March 2019	31 March 2018
Opening defined benefit obligation	989,025	951,304
Interest cost	71,012	63,452
Current service cost	187,047	200,972
Benefits paid	-272,977	-210,583
Actuarial (gains) / losses on obligation	296,081	-16,120
Closing defined benefit obligation	1,270,188	989,025

Notes to financial statements (continued)

for the year ended 31 March 2019

24. Retirement benefits (Continued)

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	31 March 2019	31 March 2018
Discount rate	6.66%	7.18%
Salary escalation rate per annum	9%	5%
Rates of leaving service	31.47%	27.83%

Amounts for the current and previous years are as follows:

Particulars	Gratuity	
	31 March 2019	31 March 2018
Defined benefit obligation	1,270,188	989,025
Surplus / (Deficit)	-1,270,188	-989,025
Experience adjustment on plan liabilities	182,299	9,974

25. Capital Commitments

Capital commitments as on March 31, 2019: Nil (March 31, 2018: Nil).

26. Earning and expenditure in foreign currency (on accrual basis)

There are was expenditure of 17500 USD in foreign currency for current financial year.

Notes to financial statements (continued)

for the year ended 31 March 2019

27. Earnings per share (EPS)

Profit/ (Loss) and number of shares data used in computation of basic and diluted EPS:

Particulars	31 March 2019	31 March 2018
Net profit/ (loss) for calculation of EPS	4,036,548	(855,887)
Weighted average number of equity shares – basic / diluted EPS	3,375,773	3,330,000
Basic EPS (Rs.)	1.20	(0.26)
Diluted EPS (Rs.)	1.20	(0.26)
Nominal Value of shares (Rs.)	10.00	10.00

28. Loan portfolio and provision for standard and substandard assets:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and substandard assets			Portfolio loans outstanding (Net)	
	31 March 2019	31 March 2018	31 March 2018	Movement during the year	31 March 2019	31 March 2019	31 March 2018
Standard	378,335,668	282,996,898	39,722	3,856	43,578	378,292,090	282,957,176
Sub-standard	4,277,792	9,165,615	6,949,350	-3,238,706	3,710,646	567,146	2,216,265
Total	382,613,460	292,162,513	6,989,072	-3,234,850	3,754,224	378,859,236	285,173,411

29. Leases

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term for less than twelve months with no escalation clause and renewable at the option of the Company.

There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year charged to statement of profit and loss were as follows:

Particulars	31 March 2019	31 March 2018
Operating lease payments recognised during the year	3,497,213	2,872,006

Notes to financial statements (continued)

for the year ended 31 March 2019

30. Net Interest Margin (NIM)

The net interest margin (NIM) for the Company, for the year ended March 31, 2019 is 8.79%.The computation of NIM has been based on guidelines communicated by RBI vide its letter dated April 4, 2013 to Micro Finance Institutions Network.

31. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2019 no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

32. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For S. R. Batliboi & Associates LLP Chartered Accountants

Firm Registration Number: 101049W/E300004
per Sarvesh Warty Partner

Membership No. 121411

Mumbai, India
24 June 2019

For and on behalf of the Board of Directors of
Agora Microfinance India Limited

Meenal Patole	Asit Mehta
Managing Director and	Director
Chief Executive Officer	DIN: 01640935
DIN: 03162474	

Mumbai, India
24 June 2019



Agora Microfinance India Limited

Unit No 710

Seventh Floor, Vashi Infotech Park

Plot No. 16, Sector 30A

Vashi

Navi Mumbai 400703

Tel: +91 (22) 27810086

info@amil.co.in

www.amil.co.in



Agora Microfinance
India Limited