
Agora Microfinance
India Limited

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Board of Directors

Tanmay Chetan

Chairperson

Asit Mehta
Independent Director

Pradeep Sarin
Independent Director

Frances Sinha
Independent Director

Meenal Patole
Director

Board Committees

Audit & Finance Committee

Asit Mehta
Chairperson

Tanmay Chetan
Member

Senior Management

Manoj Naval
Chief Executive Officer

Yash Dhuru
Chief Financial Officer (Consultant)

Abhay Singh
Head of Operations

Amandeep Singh
Head of Internal Audit & Controls

Grievance Redressal Officer

Kavita Bhoite
Sr. Internal Audit Officer

Lenders

Ananya Finance for Inclusive Growth Private Ltd

Annapurna Finance Pvt Ltd

Eclear Leasing & Finance Pvt Ltd

Incred Financial Service Pvt Ltd

Jain Sons Finlease Ltd (Intellegrow)

MAS Financial Services Ltd

Maanaveeya Development and Finance Private Ltd (Oiko Credit)

Moringaway

MUDRA

Profectus Capital Pvt Ltd

Svakarma Finance Pvt Ltd

Western Capital Advisors Pvt Ltd

Axis Bank

Principal bankers

HDFC Bank

Axis Bank

ICICI Bank

SVC Bank

Kotak Mahindra Bank

Auditors

S.R. Batliboi & Co. LLP

Company Secretary

D S Momaya & Co.

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

दृष्टिकोन
शहरी समाजव्यवस्था जेथे कमी उत्पन्न असलेल्या समाजाला त्यांचं राहणीमान सुधारण्याची पुरेशी संधी मिळेल.

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

कमी उत्पन्न गटातील शहरी ग्राहकांना त्यांची आर्थिक स्थिती सुधारण्याच्या दृष्टीने योग्यदरात, सोईस्कर आणि वेळेवर आर्थिक सेवा निरंतर पुरविणे.

Fair Practice Code

AMIL's work is conducted within a framework of 12 client principles. These principles are adapted and revised in line with RBI's most up to date notifications for NBFCs and NBFC-MFIs of these 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 Behaviour:** 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 behaviour 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 clients regarding their product and service preferences. We will extend products and services as a bundled product with the exception of insurance products.
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 a client's household income(s) and expenditure(s) to ensure that their loan size matches their 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 clients 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:** Clients are expected repay loans on time, but if a client is struggling to make their repayments, we will work with them to overcome any problems. We will never use abusive language, physical force, humiliate clients, or violate their 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:** Clients 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 any personal details or information with any person or organization without client consent, or unless required to by law.
10. **Freedom of Choice:** We respect that each client is the best person to make decisions for themselves and their family. We shall endeavour 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 of 1 year. This restriction applies to positions up to the Branch Manager level.
12. **Complaints and Grievances:** Clients have a right to make complaints. We will always listen to 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.

A client may directly air their grievances by contacting the designated Nodal Grievance Officer, Sr. Internal Audit Officer, Agora Microfinance India Ltd at the Company Head Office, via telephone on +918 6550 10063 / 022-27810086 or via mail on complaint@amil.co.in.

Chairperson's Report

The past year 2020 was unprecedented for all, but was made even more challenging for AMIL owing to its location. Mumbai saw the first wave of infections in India, and the numbers skyrocketed in no time, leaving us with a long and arduous lockdown to navigate.

Existing business plans and budgets had to be therefore shelved aside and we had to roll up our sleeves and begin thinking afresh. The immediate challenge was to manage liquidity within the operations but there were also more fundamental issues to understand. How were clients coping with the pandemic, what were they doing in the absence of income, what were their levels of savings – all critical questions, for our own survival depended on the survival of our clients. Further, we were also concerned about our staff safety as well as their morale, and their fears of not having a job if this continued.

The immediate solutions had to lie in good communication on all fronts and at all levels. Through regular interactions between the Board and the Management, we ensured and emphasised first to our staff that their jobs were safe and that we intended to get through this together. Next, we outlined a method of liaison with clients which combined the sourcing of information from them on the one hand (to understand their situations), and providing some assurance to them on the other, that we intended to find solutions together. Our management and branch teams therefore conducted thousands of phone interviews and calls to deliver the right communication to clients, as well as to gain an understanding on the impact of the pandemic on their lives.

The question of liquidity management was not straightforward either. Even though the Reserve Bank of India (RBI) had declared a moratorium on all loan payments – and we had immediately extended it to our clients – the RBI declaration was only an advisory and therefore not binding.

As a result, few of our lenders were less keen to extend this moratorium to us, mostly because they had been unable to receive the same from their own lenders. We had to therefore deal with this issue on a case-by-case basis, in every instance trying to convince our lenders to wait until the end of the moratorium for our repayments to resume.

At the same time, our principal shareholder also recognised that it needed to provide new capital to AMIL for it to be able to see this period through. We fast tracked planned equity injections as a result, in addition to loans obtained from the shareholder-group during 2020. These new lines of funding allowed us to continue being operational during the 5 months of lockdown during April to August.

I am pleased to report that on the removal of the moratorium at the end of August, we were able to begin transacting with our clients again. While new funding was extremely limited to allow for regular loan disbursements, we nevertheless saw quick resumption of repayments from most of our clients. By December, we were able to get back to 80% collection of monthly instalments. We also began disbursing new loans cautiously during this period.

It is impossible to predict the path that we will chart during 2021, given the uncertainty around the pandemic's return, vaccinations and the recovery of our existing clients' livelihoods. That said, we have decided to speed up our efforts on geographical diversification and expect that our exposure in Mumbai will reduce during the new year. We are not sure of the extent to which the losses from 2020 will be recovered, but we do expect that over 90% of our clients will return to our fold as regular clients.

For the remainder, we will have to explore a mix of new capital for clients in recovery, or in cases of client migration, additional write offs.

Other aspects of the business will also be augmented during 2021, the chief one being the upgrade of our information systems that had to be halted last year. We expect to be nimbler and more efficient due to our technology initiatives and we might see some results from that already in 2021.

In conclusion, we see 2021 as our year of recovery but during the year we will not give up on our geographical growth and other longer-term goals. I can say with some certainty that our long-term outlook for AMIL has not changed, though we recognise a need to think more creatively to manage the new working environment better.

In conclusion, my deep gratitude goes out to all my colleagues, including our staff and management, Directors and shareholders. A special mention is required for Meenal Patole, who stays on the Board but has successfully handed over the reins of the management to Manoj Naval after founding AMIL and leading it for almost 10 years. Congratulations to both Meenal and Manoj. Lastly, I wish as much as everyone else, of a quick and strong recovery of our clients.

Tanmay Chetan
Chairman

Our long-term outlook for AMIL has not changed, though we recognise a need to think more creatively to manage the new working environment better.

CEO Report

Agora Microfinance India Ltd closed FY20 after withstanding the challenges of COVID 19. Our resilience during these unprecedented times is the outcome of our responsible business practices that ensures long term value creation. FY20 saw us further strengthening our fundamentals, focus on business continuity, and continue to be a helping hand to our clients. FY20 saw AMIL initiating steps towards further digitalization of processes to improve efficiency and also started focusing on cost rationalization, which we believe, would establish a strong foundation for the coming years.

This report covers the interim new financial year of the company that began on 1st April 2020 and ended on 31st December 2020. Therefore, this report only covers a nine-month period. From 2021 onwards, the financial year of the Company will be from January to December.

At the start of 2020 (April), AMIL's operations at head office and all branch activities had to be ceased due to the nationwide lockdown resulting from the pandemic. Mumbai, with AMIL's largest concentration of clients, was the epicenter of the pandemic. Clients' livelihoods in this region were particularly affected and the restrictions on movements meant that no business could be conducted.

AMIL's Board subsequently took proactive steps in leading a coordinated effort for recovery. Weekly review meetings were held to discuss and assess the ongoing situation. Staff conducted a series of surveys and telephone interviews with clients and staff during this period to ensure continuity in connectedness and to gather information on both clients and staff wellbeing. AMIL ensured the safety and security of their staff were upheld which instilled a strong level of confidence during this time.

One of the major challenges faced by AMIL during the pandemic was to manage liquidity during the period when no transactions with clients were taking place. AMIL had extended a moratorium on existing loans to all customers and most lenders to AMIL had also extended a similar moratorium on their credit facilities. However, operating costs needed to be met, and payments to few lenders still needed to be negotiated.

Regular communication with AMIL's lenders was setup to promote confidence in AMIL's recovery. In particular, we thank the Board Chair for his efforts in communicating the assurance of continued commitment of both the company and its shareholders to the lenders.

In the same vein, AMIL made enhanced efforts during the year to control costs and increase efficiency throughout the organization. Some plans, such as the relocation of the Head Office and the upgrading of our core banking systems were put on hold temporarily owing to the pandemic. During 2020, AMIL has continued to operate through a model that over the years has enabled it to operate at higher than average efficiency. For example, AMIL has maintained its above industry benchmark average of 392 clients per client officer for the financial year.

AMIL introduced several improvements in technology to further increase digital transactions within its systems. The following specific initiatives were successfully tested during the financial year:

- QR-code based collection system in the branches
- A biller under Bharat Bill Pay Services (BBPS). This initiative enables a vast number of contact points for repayments thereby providing higher efficiency through online collections.

As the lockdown restrictions began easing in July 2020, AMIL saw a month on month improvement in collection efficiency, from 9% in June 2020 to 83 % by December 2020. Loan disbursements were re-introduced cautiously with preference given to those clients with active livelihoods and those who had been able to service existing debt. Gradually loan disbursements increased to INR 1.25 Cr by December 2020, 70% down from December 2019 and 71% down from March 2020.

Due to uncertainty in the pace and level of recovery that our clients will be able to achieve, as well as new asset classification and provisioning guidelines issued by the Reserve Bank of India in light of the pandemic, our provisions for the year have had a substantial impact; as has been the case on (accrued) interest income reversals on loans that are not fully on-time. While we do expect to recover a large part of this loss registered during the year, the extent of recovery will depend on clients' ability to recover their own livelihoods and will become clear only with the passage of time.

Even though AMIL, like most institutions, has suffered significant financial impact from the effects of COVID-19, I believe it has also proven its ability to successfully navigate through such a crisis through its strong business operations.

This last year saw a significant change in the leadership of the company. Meenal Patole, promoter and former CEO of AMIL, took a decision to step down from her managing role in March 2020. Meenal was instrumental in the growth of AMIL and its successes and leaves behind a strong team committed to continuing her commitment to AMIL. We are pleased to have her continued guidance and support as a Shareholder-Director of the company.

I am grateful to all the Board Members who took an active role throughout this period in the planning of every stage of our recovery and their consistency of monitoring and advising during these unforeseen times. A special word of appreciation is due to the shareholders and management team of Agora Microfinance N.V. for their continued commitment through equity investments at critical times. Not only did this ensure liquidity, but it also had a positive impact on lenders' confidence in us. I would also like to thank the Management team and all colleagues in the branches and head office for demonstrating the ability to execute the vision of the company and for displaying resilience under such difficult circumstances.

Loan disbursements were re-introduced cautiously with preference given to those clients with active livelihoods and those who had been able to service existing debt.

While we are still not completely out of the crisis, it is clear to me that the way in which we respond in difficult times is reflective of who we are. While we look towards 2021 with optimism, I am confident that the lessons we have learned during the pandemic have helped us emerge as a stronger, larger and much more diversified organization and I look forward to see each and every one of you playing significant roles in the journey towards success.

Lastly, I seek your continued support to continually improve our performance and fulfil our mission to provide affordable, convenient and timely financial services to low-income urban clientele in a financially sustainable manner.

Manoj Naval
CEO

Corporate Structure

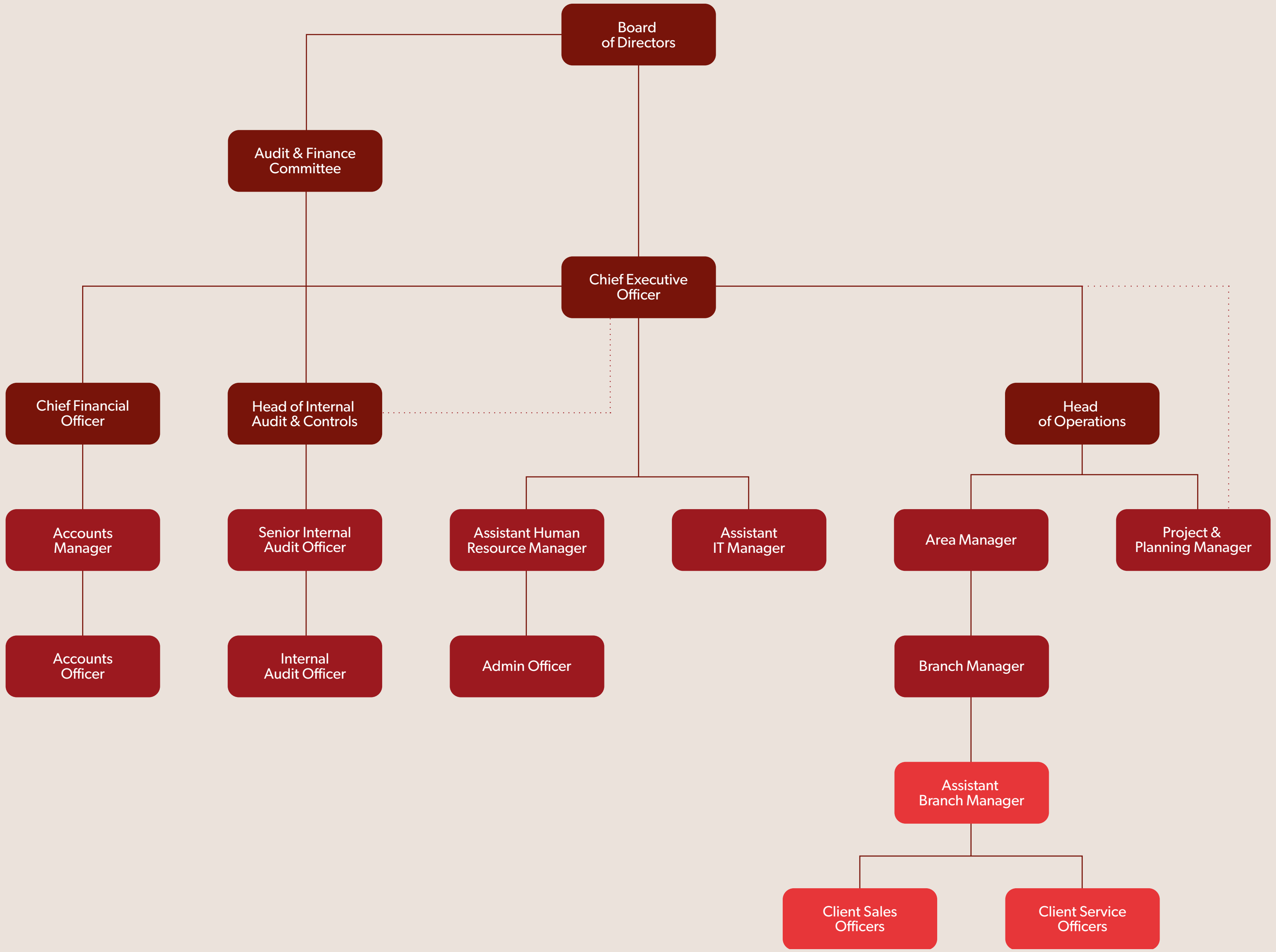
The current governance structure of AMIL includes one Director who is represented by the majority shareholder (AMNV), two Independent Directors and the CEO in an ex-officio capacity.

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 arranged in the event of any other pertinent matters arising. All Directors will resign annually and will be re-appointed, or new ones inducted.

The Board is assisted by relevant Sub-Committees. Each committee has a minimum of two people, 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, and Internal Audit).

The Board of Directors meets physically on a quarterly basis, and oversees the implementation of the strategy of the company.



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

Products and Services

Agora works through both individual and group methodologies depending on the livelihoods of customers. 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 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 Branch Office.

Product Details

1. Micro Credit products (Qualifying Assets per Reserve Bank of India NBFC-MFI definitions)
   - 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
   - 1.6 **Water and Sanitation Loan** – Group Lending
2. Other Credit products (Not under Qualifying Assets per Reserve Bank of India NBFC-MFI definition)
   - 2.1 **General Business Loan** – Individual lending
   - 2.2 **Small & Medium Enterprise Loans** – Individual Lending
3. Micro-Insurance
   - 3.1 **Credit-Life Insurance**
   - 3.2 **Hospicash**

1. Micro Credit Products

1.1 Business Loan

Purpose
Income generation activities

Loan Size
Up to
₹80,000
(first loan cycle up to ₹30,000 if client does not have a credit history and up to ₹60,000 if client has a credit history with any other MFI or financial institution and subsequent cycles up to a maximum of ₹80,000)

Loan Term in Months
12,18,24

Interest Rate
As defined by RBI pricing guidelines

For the Financial Year the average base rate was 23.37% p.a.

Loan Processing Fee
1%
Plus GST

Lending Methodology
Group

1.2 Housing Loan

Purpose
Household maintenance/repairs

Loan Size
Up to
₹80,000
(first loan cycle up to ₹30,000 if client does not have a credit history and up to ₹60,000 if client has a credit history with any other MFI or financial institution and subsequent cycles up to a maximum of ₹80,000)

Loan Term in Months
12,18,24

Interest Rate
As defined by RBI pricing guidelines

For the Financial Year the average base rate was 23.37% p.a.

Loan Processing Fee
1%
Plus GST

Lending Methodology
Group

1.3 Education Loan

Purpose
School/college & tuition

Loan Size
Up to
₹80,000
(first loan cycle up to ₹30,000 if client does not have a credit history and up to ₹60,000 if client has a credit history with any other MFI or financial institution and subsequent cycles up to a maximum of ₹80,000)

Loan Term in Months
12,18,24

Interest Rate
As defined by RBI pricing guidelines

For the Financial Year the average base rate was 23.37% p.a.

Loan Processing Fee
1%
Plus GST

Lending Methodology
Group

1. Micro Credit Products (continued)

1.4 Emergency Loan

Purpose
Health, Debt repayment, social events

Loan Size
Up to
₹20,000

Loan Term in Months
12,18,24

Interest rate
As defined by RBI pricing guidelines

For the Financial Year the average base rate was 23.37% p.a.

Loan Processing Fee
1%
Plus GST

Lending Methodology
Group

1.5 Top Up Loan

Purpose
Same as Primary loan

Loan Size
Up to
₹20,000
(not more than 50% of the existing loan amount. Ticket size between ₹5,000 – ₹20,000. Original loan size and top up loan should not exceed ₹80,000)

Loan Term in Months
12

Interest rate
Same as primary loan

Loan Processing Fee
1%
Plus GST

Lending Methodology
Group

1.6 Water and Sanitation (WATSAN) Loan

Purpose
Household sanitation improvements; toilet improvements; water purification

Loan Size
Up to
₹50,000

Loan Term in Months
12,18,24

Interest rate
As defined by RBI pricing guidelines

For the Financial Year the average base rate was 23.37% p.a.

Loan Processing Fee
1%
Plus GST

Lending Methodology
Groups

2. Other Credit Products

2.1 Income Generation Activities

Purpose
Income generation activities

Loan Size
Up to
₹100,000

Loan Term in Months
12,18,24

Interest Rate
26%

Loan Processing Fee
2%
Plus GST

Lending Methodology
Individual

2.2 Small & Medium Enterprise Loans

Purpose
Income generation activities

Loan Size
Between
₹100,000 – ₹300,000

Loan Term in Months
12,18,24

Interest Rate
As per prevailing market rate

For the financial year, the average base rate was 26%

Loan Processing Fee
1%
Plus GST

Lending Methodology
Individual

3. Micro-Insurance Products

3.1 Credit-life insurance (bundled with all loans)

Insurance Provider
Kotak Mahindra Life Insurance Company Ltd

Type of Cover
Credit-Life: the sum assured covers any outstanding loan amount, and the remaining balance is passed on to the next-of-kin

Sum Assured
For loans up to ₹50,000: ₹8.40 (incl. GST) per ₹1,000 borrowed

For loans up to ₹50,000 – ₹100,000: ₹9.11 (incl. GST) per ₹1,000 borrowed

Time Period
2 years

3. Micro-Insurance Products (continued)

3.2 Hospi Cash

Insurance Provider
Kotak Mahindra General Insurance Company Ltd

Type of cover
Health and Accident cover, including maternity and COVID cover, as below

- Daily Cash Benefit for hospitalisation: ₹500/ per day for a maximum of 30 days
- Daily Cash Benefit for ICU admissions: ₹1,000/ per day for a maximum of 30 days
- Personal Accident Benefit: ₹25,000
- Borrower & co-borrower are covered under Accidental death

Cover Extended
Borrower and co-borrower (nominated family member)

Premium
₹650
per policy per year

Time Period
1 year

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 Navi Mumbai and currently operates 16 branches in the Mumbai suburbs

Head Office
Unit No 710, 7th Floor, Vashi Infotech Park, Plot No. 16, Sector 30a, Vashi, Navi Mumbai - 400703

Tel.: (022) 27810086.

Ambernath
Unit No.129, Globe Business Park, Plot No.30, Midc, Kalyan-Badlapur Road, Near Big Cinema, Ambernath West, Thane 421501
Ms. Sonali Kathole
8108522621

Bhandup
Shop No.1, Renukadevi Co Op Housing Society, Kokan Nagar, Bhandupwest, Mumbai - 400078
Ms. Farheen Shaikh
8655044174

Chembur
502, 5th Floor, Plot No. 4, Pure Gold Building, Opp. Saroj Hotel, Chembur East, Mumbai - 400071
Mr. Vijay Sonkar
8655044038

Digha
House No.105, First Floor, Near Saibaba Mandir, Thane Belapur Road,Digha, Navi Mumbai - 400708
Mr. Avinash Salunkhe
8655044176

Dindori
1st Floor, Keshavrao Sankul, Behind Krishna Sagar Sweet, Nasik Kalwan Road, Dindori, Nashik - 422202
Mr. Pandurag Jadhav
8691021082

Ghatkopar
C/O Sushant Satish Shitole, 31 A Shantikunj, Asalpha Village, Andheri -Ghatkopar Link Road, Ghatkopar West, Mumbai - 400084
Ms. Mitu Shinde
8422909078

Ghoti
C/O Sandeep Kantilal Shahane, 1st Floor, Near Mtnl Office, Old Agra Road, Ghoti, Nashik - 422402
Mr. Deepak Sonawane
8828500574

Kalyan
House No. 2, Chawl No. A, Vijay Nagar, Jay Shiv Sahyadri, Pune Link Road, Opp. Santoshi Mata Mandir, Kalyan (E) 421306
Ms. Sonali Kathole
8108522621

Mankhurd
Flat No 204, 2nd Floor, G Wing, Mangal Moorti Complex, Mangal Nagar Co. Op. Soc. Ltd, Bldg No 10, Above Shubham Hospital, G. M. Link Road, Mankhurd (W), Mumbai - 400043
Ms. Priya Thakur
8655044178

Mumbra
103, 1st Floor, B Wing, Shree Complex, Amrut Nagar, Mumbra West, Thane - 400612
Ms. Mona Ghadge
8691001643

Nallasopara
B-101, 1st Floor, Somnath Complex, Tulinj Road, Near East End of Flyover Bridge, Nalasopara (E), Tal. Vasai, Dist. Palghar - 401209
Mr. Avdhut Kanade
8108522631

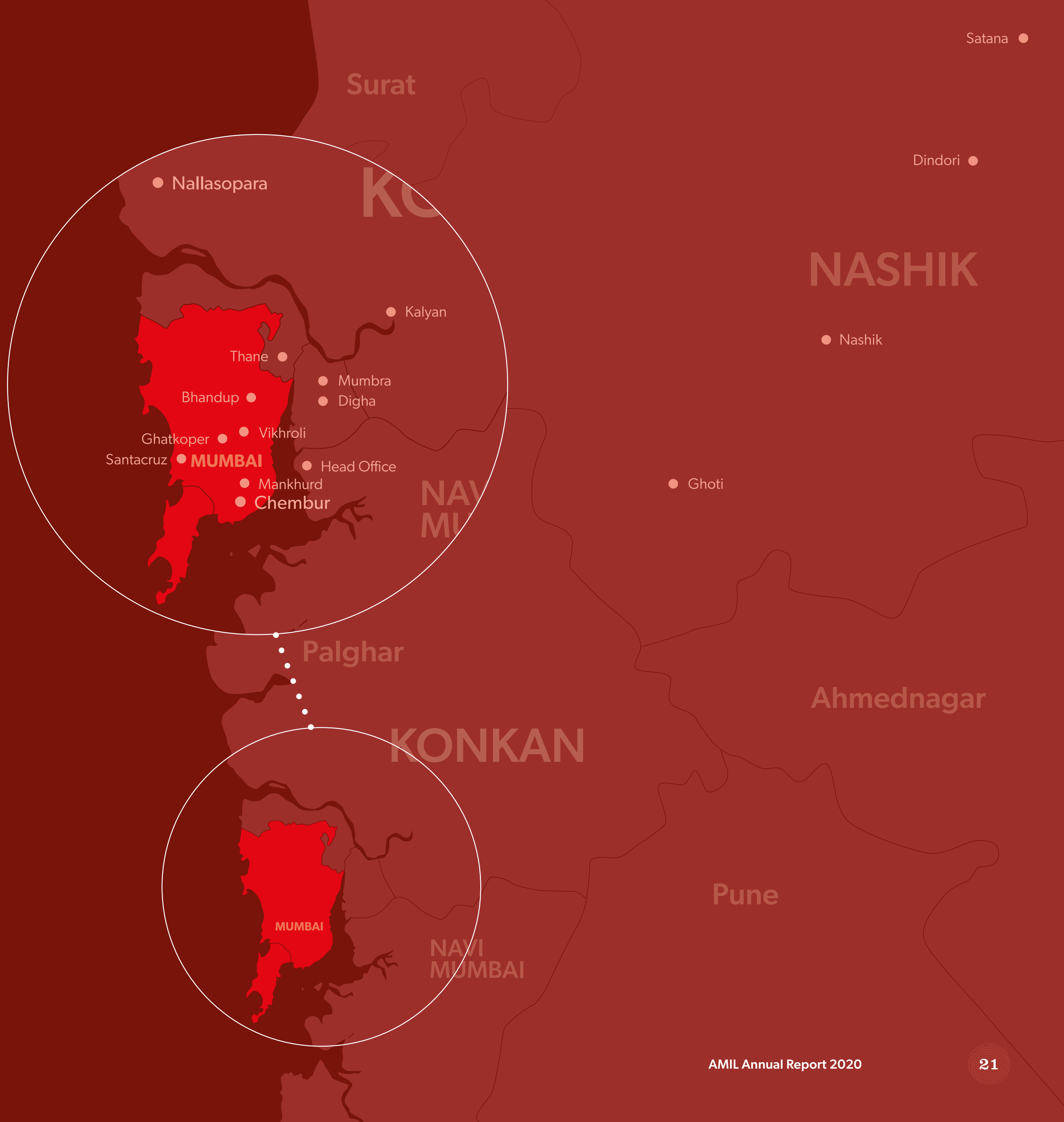
Nashik
N42, Je2, 1/3 Savata Nagar, Near Savarkar Hall, Cidco 4th Skim, Nashik - 422009
Mr. Kunal Lonandkar
8828500607

Santacruz
222, 1st Floor, Anand Nagar, Nehru Road, Vakola Bridge Road, Near Bsnl, Santacruz East, Mumbai - 400055
Mr. Ghanshyam Kahar
8108459478

Satana
60 Feet Road, Shivaji Nagar, Near Vegetable Market & Behind Satana Bus Stand, Satana, Nashik - 423301
Mr. Sharad Patil
8657880670

Thane
Shop No 3, Krishna Heritage, Cts No 93 E 1/2, Near Ganesh Cinema, Cherai, Thane West - 400602
Mr. Ajay Yadav
8691001645

Vikhroli
C- 22 ,Seety Chawl, Road No. 6, Ground Floor, Parksitevikroli, Vikroli West, Mumbai - 400079
Ms. Vijaya Sawant
8655044019



Operational and Financial Highlights

16
field offices

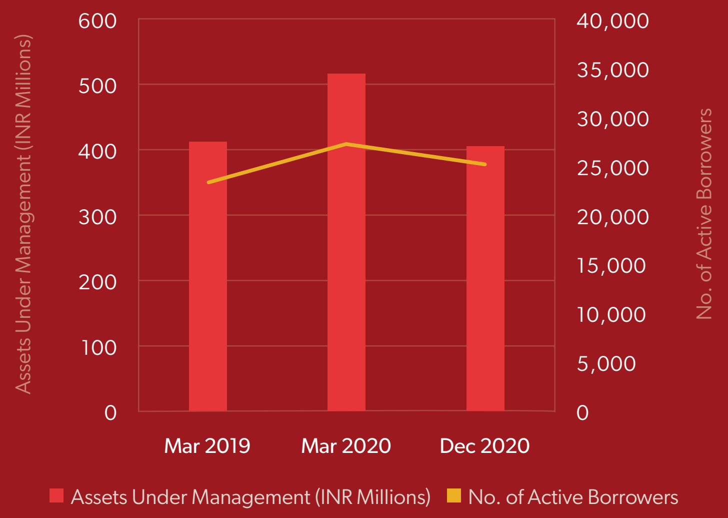
25,109
active borrowers

₹18,808
average loan size

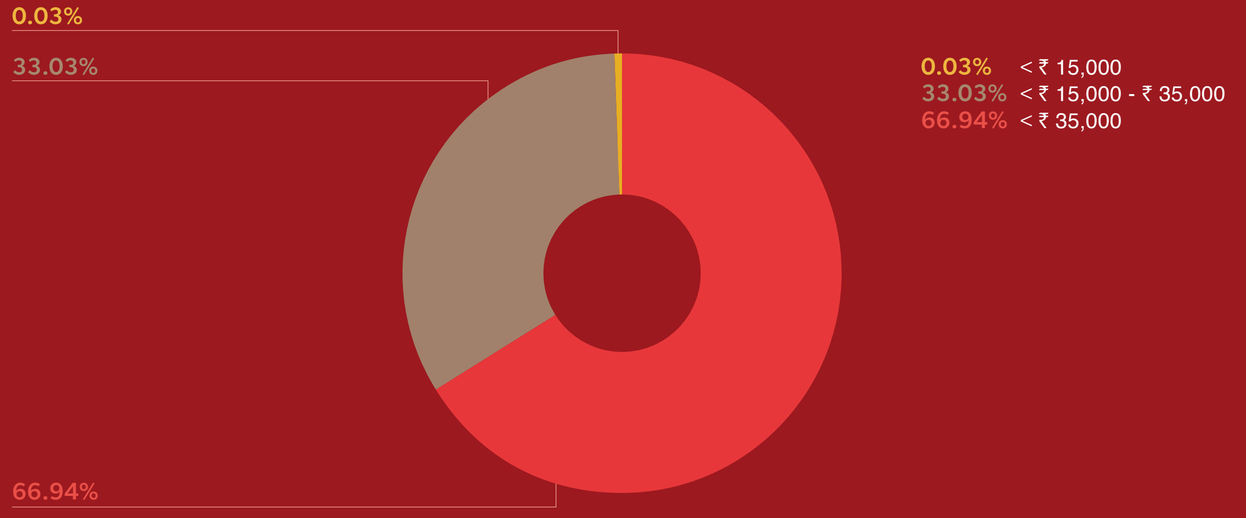
	Mar 2019	Mar 2020	Dec 2020
No of Field Offices	14	15	**16**
Number of Active Borrowers	23,301	27,259	**25,109**
Women Borrowers (%)	92%	88%	**87%**
Assets Under Management (USD)	5,893,999	6,865,173	**6,397,869**
Assets Under Management (INR)	410,057,278	516,515,727	**472,247,159**
PAR30 Days	1.22%	1.77%	**42%***
Average Loan Size (USD)	245	261	**254**
Average Loan Size (INR)	17,598	18,948	**18,808**
Average Loan Size / Estimated GNI per capita	12.13%	12.23%	**11.97%**

*PAR30 percentage includes impact by COVID and loan moratorium offered to clients. Much of this loan book is being restructured during 2021 and will be shown as a restructured portfolio next year. No restructuring was carried out during 2020.

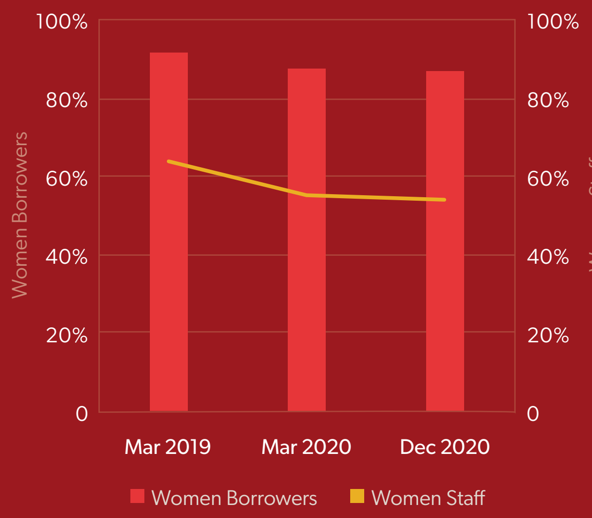
Assets Under Management vs No. of Active Borrowers



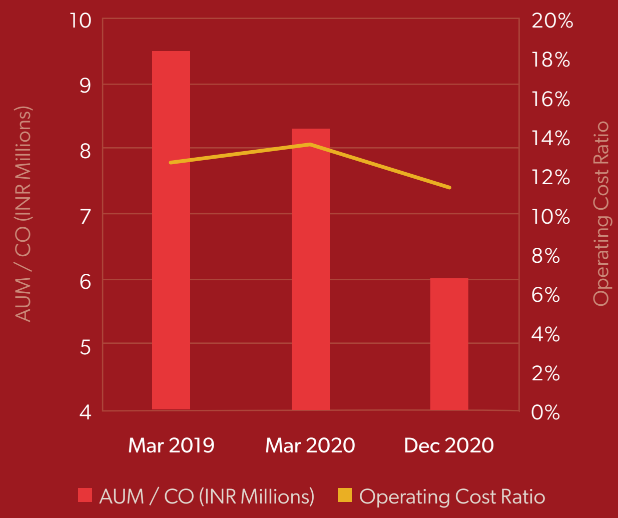
Loan Portfolio by Size



Gender Distribution



Operating Cost & Efficiency



	Mar 2019	Mar 2020	Dec 2020
Margin analysis (as a % of Assets under Management)			
(a) Operating Income	25.22%	24.57%	**16.68%**
(b) Cost of Funds	11.49%	11.19%	**7.02%**
(c) Net Interest Margin (a-b)	13.72%	13.39%	**9.66%**
(d) Loan Loss Provision	1.00%	0.34%	**2.90%**
(e) Net Margin before Operating Expenses (c-d)	12.73%	13.05%	**6.76%**
(f) Personnel Cost	6.84%	6.19%	**4.98%**
(g) Admin Cost	5.81%	6.66%	**5.57%**
(h) Total Operating Cost (f+g)	12.65%	12.85%	**10.55%**
Net Margin	0.08%	0.20%	**-3.79%**
Financial ratios			
Operating Self Sufficiency	104.57%	100.31%	**81.03%**
Solvency Ratio (Equity/Assets)	35.60%	25.38%	**38.27%**
Debt/Equity	2.14	1.10	**0.60**
Operating Cost Ratio	12.65%	13.00%	**10.66%**
Return on Equity	2.97%	0.06%	**-11.48%**

Ratios for 2020 are for the 9 month period 1 April - 31 December 2020

81.03% operating self sufficiency

10.66% operating cost ratio

4.98% personnel cost

As of now, we believe that much of the remainder of 2021 will be focused on recovery, and AMIL is implementing a short-term operational plan aimed at recovering and eventually strengthening the quality of the portfolio.

Key Initiatives 2021

The new normal arising from the pandemic has necessitated that much of 2021 will be focused on recovery and revival. Some of the key areas where AMIL would be focusing are in restructuring the loan book while continuing with plans on geographical expansion, improved technology and marketing.

We are in the midst of a second wave of the pandemic as we write this piece in early 2021. At the start of the pandemic last year, Mumbai had emerged as a COVID hotspot and the second wave has been no different. In 2020, all operations were ceased and branches were closed until June/July. As the lockdown restrictions eased in September, branches re-opened and operations slowly began to resume. At this time, it is difficult to predict how badly the second wave will affect our clients and our operations, and therefore our plans for the year will be under constant review and ready to adapt to the evolving circumstances.

Highlights of the plan are detailed below.

Rebuilding client livelihoods

Providing additional capital to support clients' livelihoods to recover

The pandemic and the subsequent lockdowns have had a significant impact on the business activities that have adversely affected client repayments. While collections reached 80% of the monthly demand by December 2020, almost half of the loan book now has a backlog of payments on prior installments. As a result AMIL has witnessed an increasing trend in overdues and Portfolio at Risk.

AMIL has planned to restructure loans broadly based on three categories:

- Clients who are in overdue, and have the ability to pay monthly EMIs but are unable to clear past overdues.
- Clients who are in overdue and are able to make partial payments and therefore need to be accommodated as such.
- Clients who are in overdue and do not have the ability to make payments.

Separate reswtructuring plans have been devised for the above categories wherein clients who are currently paying either partially or fully are recommended for further additional funding for improving their earning capabilities. However, for clients not able to pay at all, the existing credit facility would be restructured to make the repayments more feasible for them by extending the term and lowering the monthly payments. In all restructuring cases, the recommendations will be made only after proper due diligence of the clients.

The proposed restructuring scheme, once executed as per plans, is expected to result in a substantial reduction in the regular PAR ratio.

Short-term/temporary cost cuts

In an effort to reduce the impact of likely loan losses and related provisions on the profitability of the Company, AMIL plans to implement a number of cost cutting exercises across the organisation. Some of the areas identified are related to staff costs, rent, and a few other operating expenses.

Geographical Expansion

AMIL plans to further expand its operations outside Mumbai. This was initially planned for last year but had to be put on hold due to COVID related lockdowns. The expansion would be through a hub and spoke model wherein a major branch would be established in the main urban centre, and this hub will support a number of smaller offices (spokes). AMIL intends to open 2 new branches in the coming year. The expansion strategy planned is in line with AMIL's corporate strategy of being an urban centric organization taking care of micro credit and other related financial products.

Expansion Details

State	Branches
Maharashtra	3
Karnataka/Goa	3

Managed Portfolio

The management expects liquidity constraints in the post Covid business environment and as such, the partnership business would help the company in portfolio diversification and growth. The Partnership/BC model can help in expanding to new markets. AMIL already works as a Business Correspondent to ESAF Small Finance Bank and manages this portfolio through two dedicated branches in Nashik and Kalyan. AMIL is planning to strengthen the partnership with ESAF by opening more branches in the district of Nashik. In addition to the existing JLG products, AMIL is in discussion with the BC partner for product diversification. The two products under review are Micro Housing Loan and Micro and Small Enterprises Loan.

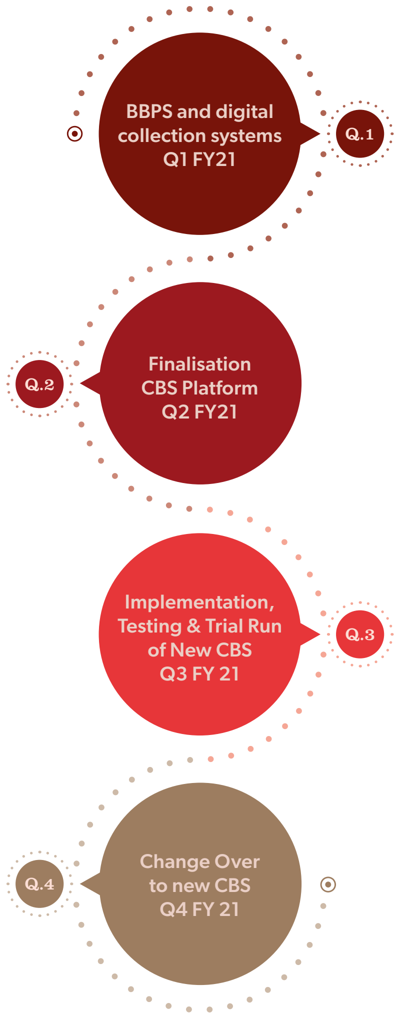
AMIL also manages the portfolio of two other leading Financial Institutions through partnership arrangements and as part of one of these partnership businesses, AMIL manages clients in a footwear producers' cluster through micro credit loans to entrepreneurs. AMIL is in talks with the partner to expand the model to one more cluster.

Information Technology Initiatives

A number of IT upgrades are planned for the year, with a view to both improve the internal flow of information within the company as well as create more user-friendly solutions for the client facing end of the business. The first upgrade planned is for the core banking system (CBS), the backbone of operations. This upgrade will streamline information while also providing additional capabilities such as mobile based payment systems, for example. Such solutions will cover a greater part of transactions and alongside existing systems already in place (such as the Bharat Bill Pay Services – BBPS – and the QR code based collections), have the potential to move AMIL firmly into a fintech delivery model over the coming years.

Much uncertainty lies ahead, but we continue to aim for the long-term achievement of our mission and work towards it despite the difficulties in predicting how 2021 will fare with regards to the pandemic.

Digitalisation Road Map



Marketing Initiatives

AMIL is also working towards further marketing initiatives to expand its reach as well as to suitably reward existing clients.

- **Digital and social media marketing**

Digital and Social Media marketing initiatives will be predominantly deployed in metropolitan urban centres to leverage the high access possible via such channels. AMIL will try to increase client engagement via sms, voice messaging and also utilise social media platforms. AMIL started these activities on a pilot mode during the lockdown period as a means of customer interaction and aims to continue this as a marketing tool going forward.

- **Medical check-up vouchers**

AMIL will collaborate with reputed medical service providers to provide free medical (check-up) vouchers to clients with good repayment history as a means to reward and incentivise well performing clients. AMIL will be able to build stronger relationships with clients by engaging in other similar initiatives.

- **Medical Camps**

AMIL will closely collaborate with the existing Insurance provider and facilitate health camp initiatives that will offer physical examinations and health check ups. These camps will help to generate word-of-mouth publicity around the brand and create additional visibility. Separate camps will be planned for urban and semi–urban areas.

In conclusion, the above initiatives and activities will help AMIL slowly recover from the ongoing effects of the pandemic while not losing sight of the longer-term goals of further diversification and expansion of operations. Given the current times, these plans will be under constant review through the year and will be adapted in response to the evolving COVID situation.

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 December, 2020.

1 Financial Performance and Operational Review:

The Company financial performance, for the year ended December 31, 2020:
(Amount in Indian Rupees)

Particulars	For the year ended 31st December, 2020	For the year ended 31st March, 2020
Revenue from Operation	74,630,188	103,680,195
Other Income	7,824,663	10,150,065
Total Income	**82,454,851**	**113,830,260**
Less : Finance costs	34,712,367	51,818,720
Net Operating Income	47,742,483	62,011,540
Less : Provisions and write-offs	25,891,940	2,055,989
Profit/Loss before Depreciation and Taxation	18,731,162	910,558
Less: Depreciation	570,023	689,454
Less: Provision for Taxation (After considering credit of MAT)	-	(127,207)
Profit/ Loss after Tax	**(19,301,185)**	**93,897**

2 Overview (Financial Highlights)

During the year under review, the total Income of the Company is Rs. 8,24,54,851/- (for 9 months) against Rs. 11,38,30,260/- (for 12 months) in the previous year. The Company's Operating Income margin has been improved by 4% however has incurred a loss of Rs. 1,93,01,185/- compared to profit of Rs. 93,897/- in the previous year on account of higher provisions & write-offs required towards moratorium, NPA's & BC business due to Covid-19 impact.

3 COVID-19

The Novel Corona virus ('COVID-19') which was declared as a pandemic by the WHO on March 11, 2020 continues to spread across the globe including India, resulting in volatility in financial markets and a significant decrease in global and India's economic activities.

Due to the continuous lockdowns, the Company's normal business operations, including new loan disbursements and collections have been disrupted since March 23, 2020. To deal with this disruption and in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 , April 17, 2020 and May 23, 2020 ('RBI Regulatory Package'), the Company has granted moratorium on payment of all installments falling due between March 1, 2020 to August 31, 2020 to eligible borrowers in accordance with the Company's Board approved Policy and has also created additional provision on loans to such borrowers which were standard but overdue and eligible for asset classification benefit as stipulated in the RBI Regulatory Package.

An inherent part of the Company's business model is to raise borrowing for onward lending to its customers and utilize the collections from its loan receivables to service the obligations towards its own borrowings from banks and financial institutions. The total borrowings of the Company as of December 31, 2020 is Rs.27.62 crores, and the Company has serviced all obligations as of that date. The management has performed a details assessment of its monthly cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations even if its monthly collections remain below normal levels due to continuation of lockdown. The extent to which COVID-19 pandemic will impact the Company's operations and financial metrics will depend on future developments which are highly uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact, whether government-mandated or elected by the Company.

4 Dividend

With intent to build up the net worth for future expansion and growth plans, your directors do not recommend any dividend for the year under review.

5 Transfer to Reserves in Terms of Section 134 (3) (J) of The Companies Act, 2013

No amount was transferred to the reserves during the financial year ended 31st December, 2020.

6 Quality Initiatives

The Company continues to sustain its commitment to the highest levels of quality, superior service management, robust information security practices and mature business continuity management.

7 Changes in Share Capital

During the year under review, the Authorized Share Capital of the Company was increased from Rs. 4,00,00,000/- to Rs. 7,00,00,000/- by conducting Shareholders Meeting.

During the year under review, the Paid share capital of the Company has been increased from Rs. 3,86,89,380/- to Rs. 4,62,44,150/-, pursuant to allotment of 7,55,477 equity shares of Rs 10 each at a premium of Rs. 29.71 each under Private Placement of the Company on 10th July, 2020. Again the Paid share capital of the Company has been increased from Rs. 4,62,44,150/- to Rs. 5,37,98,920/-, pursuant to allotment of 7,55,477 equity shares of Rs 10 each at a premium of Rs. 29.71 each under Private Placement of the Company on 27th October, 2020.

8 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.

9 Details of Subsidiary/Joint Ventures/Associate Companies

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

10 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 December, 31, 2020 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 December, 31, 2020 and of the profit of the company for the year ended December, 31, 2020.

(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.

11 Directors and Key Managerial Personnel

During the year under review, Mr. Naval Manoj was appointed as Chief Executive Officer of the Company w.e.f 1st April, 2020 and there was change in Designation of Ms. Meenal Patole from Managing Director to Non-Executive Director w.e.f 1st June, 2020.

12 Meetings of The Board

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

SN	Date of Meeting	Board Strength	No. of Directors Present
1.	08.05.2020	5	5
2.	21.05.2020	5	5
3.	10.07.2020	5	5
4.	03.09.2020	5	5
5.	30.09.2020	5	4
6.	27.10.2020	5	4

13 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.

14 Statutory Auditor and Board's Comment on The Auditors' Report

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013.

In line with the requirements of the Companies Act, 2013, S.R.BATLIBOI & ASSOCIATES LLP, Chartered Accountants (Firm registration number 101049W/ E300004) was appointed as the statutory auditors of the Company to hold office for a period of three consecutive years from the conclusion of the 22nd Annual General Meeting of the Company held on 25th September, 2019, till the conclusion of the 25th Annual General Meeting to be held in the year 2022. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018

15 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.

16 Particulars of Loans, Guarantees and Investments

The Company has not made / given / advance any Investments, Loans and Guarantee given under section 186 of the Companies Act, 2013 for the financial year ended 31st December 2020.

17 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.

18 Corporate Social Responsibility

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

19 Extracts Of Annual Return

As per the requirements of Section 92(3) of the Act and Rules framed there under, the extract of the annual return for F.Y 2020 is given in **Annexure I** in the prescribed Form No. MGT-9, which is a part of this report.

20 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.

21. 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).

22. 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 Rs.14,57,266/- [17,500 USD] in foreign currency for current financial year towards Service Agreement and expenditure of Rs.34,73,462/- [44,357 USD] in foreign currency for current financial year towards interest on ECB in foreign currency and principal ECB Rs.734,122/- [10,000 USD].

23 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.

24 Prevention of Sexual Harassment at Workplace

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]". The Company had filed the POSH return for F.Y 2021.

25 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.

26 Borrowing by the Company

During the Financial Year, Company had borrowed Secured Loan from non-banking financial companies and Bank of Rs. 1.25 crores/-.

27 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.

28 Secretarial Audit Report

The provisions of Secretarial Audit Report are not applicable to the company.

29 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.

30 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. The Company has achieved impressive growth through the competence, hard work, solidarity, cooperation and support of employees at all levels. Your Directors thank 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: 19th May, 2021
Place: Navi Mumbai

Independent Auditor's Report

To the Members of Agora Microfinance India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Agora Microfinance India Limited ("the Company"), which comprise the Balance sheet as at December 31, 2020, the Profit and Loss Account, the Cash Flow Statement for the 9 month period 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 December 31, 2020, its profit and its cash flows for the 9 month period 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.

Emphasis of matter – Covid-19

We draw attention to Note 32 to the financial statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's operational and financial metrics including the Company's cash flow position, which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

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 accompanying financial statements and our auditor's reports thereon.

Our opinion on the accompanying 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

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.

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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 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 9 month period ended December 31, 2020 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements.

(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.

For S. R. Batliboi & Associates LLP
Chartered Accountants

Firm's Registration No:
101049W/E300004

per Sarvesh Warty
Partner

Membership No.: 121411
UDIN: 21121411AAAAEN4577
Place: Mumbai
Date: May 19, 2021

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) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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 Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of 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, goods and service tax, cess and other statutory dues applicable to it.

The provisions relating to sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-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.

The provisions relating to sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.

(c) According to the records of the Company, the dues of income-tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Income Tax Act, 1961
Nature of disputed dues	Income Tax
Amount under dispute (in Rs.)	15,729,355
Period to which the amount relates	AY 2017-18
Forum where dispute is pending	Commissioner of Income Tax (Appeals)

The provisions relating to sales-tax, duty of custom, duty of excise and value added tax are not applicable to the Company.

(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 9 month period.

(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 and audit procedures performed by us, the Company has complied with provisions of section 42 of the Act in respect of private placement of shares during the period. 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. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the 9 month period under review and hence not commented upon.

(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.

For S. R. Batliboi & Associates LLP
Chartered Accountants

Firm's Registration No:
101049W/E300004

per Sarvesh Warty
Partner

Membership No.: 121411
UDIN: 21121411AAAAEN4577
Place: Mumbai
Date: May 19, 2021

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 December 31, 2020 in conjunction with our audit of the financial statements of the Company for the 9 month period 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.

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.

(Amount in Indian Rupees unless otherwise stated)

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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 December 2020:

- The Company's internal financial controls over recording of interest on loans where moratorium was given to customers as per the extant guidelines issued by the Reserve Bank of India were not operating effectively.

The misstatement resulting from such deficiency was subsequently rectified by the Company in its financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of 31 December 2020, 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 issued by ICAI , and except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of 31 December 2020.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the financial statements of Agora Microfinance India Limited, which comprise the Balance Sheet as at 31 December 2020 and the related Statement of Profit and Loss the Cash Flow Statement for the 9 month period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 31 December 2020 financial statements of Agora Microfinance India Limited and this report does not affect our report dated May 19, 2021, which expressed an unqualified opinion on those financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants

Firm's Registration No:
101049W/E300004

per Sarvesh Warty
Partner

Membership No.: 121411
UDIN: 21121411AAAAEN4577
Place: Mumbai
Date: May 19, 2021

	Notes	2020	2019
Equity and Liabilities			
Shareholders' funds			
Share capital	3	53,798,920	38,689,380
Reserves and surplus	4	134,479,480	109,391,125
		188,278,400	**148,080,505**
Non-current liabilities			
Long-term borrowings	5	112,939,378	162,652,116
Long-term provisions	6	2,766,939	1,373,711
		115,706,317	**164,025,827**
Current liabilities			
Other current liabilities			
• total outstanding dues to micro, small and medium enterprises (refer note 30)		-	-
• total outstanding dues to creditors other than micro, small and medium enterprises	7	167,547,163	264,728,708
Short-term provisions	6	20,421,206	6,619,649
		187,968,369	**271,348,356**
Total		**491,953,086**	**583,454,688**
Assets			
Non-current assets			
Fixed assets			
• Tangible assets	8	917,798	1,327,874
• Intangible assets	9	190,596	205,248
Capital Work in Progress			700,000
Deferred tax assets (net)	10	-	-
Long-term loans and advances	11	91,400,129	112,459,656
Other non-current assets	12	15,672,673	23,833,754
		108,181,196	**138,526,532**

(Amount in Indian Rupees unless otherwise stated)

	Notes	31 Dec 2020	31 Mar 2020
Assets (continued)			
Current assets			
Cash and bank balances	13	18,046,246	65,322,775
Short-term loans and advances	11	320,687,416	332,997,605
Other current assets	12	45,038,228	46,607,776
		383,771,890	**444,928,156**
Total		**491,953,086**	**583,454,688**
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's Registration No: 101049W/E300004

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai
Date: May 19, 2021

Meenal Patole
Director
DIN 03162474

Place: Mumbai

Asit Mehta
Director
DIN 01640935

	Notes	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Income			
Revenue from operations	14	74,630,188	103,680,195
Other income	15	7,824,663	10,150,065
Total revenue (I)		**82,454,851**	**113,830,260**
Expenses			
Employee benefits expense	16	24,605,748	28,665,950
Finance costs	17	34,712,367	51,818,720
Other expenses	18	27,544,460	30,547,789
Depreciation and amortization expense	19	570,023	689,454
Provisions and write-offs	20	14,323,438	1,887,243
Total expenses (II)		**101,756,036**	**113,609,156**
(Loss)/Profit before tax (III)=(I)-(II)		**(19,301,185)**	**221,104**
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Excess provision for current tax in respect of earlier year		-	(127,207)
Total tax expense (IV)		**-**	**(127,207)**
(Loss)/Profit for the year (III)-(IV)		**(19,301,185)**	**93,897**
Earnings per equity share			
[Nominal value of share Rs.10 (March 31,2020:Rs.10)]	27		
Basic (Computed on the basis of total loss/profit for the period)		(3.59)	0.02
Diluted (Computed on the basis of total loss/profit for the period)		(3.59)	0.02
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's Registration No: 101049W/E300004

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai
Date: May 19, 2021

Meenal Patole
Director
DIN 03162474

Place: Mumbai

Asit Mehta
Director
DIN 01640935

(Amount in Indian Rupees unless otherwise stated)

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Cash flow from operating activities		
(Loss)/Profit before tax	**(19,301,185)**	**93,897**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	570,023	689,454
Provision for employee benefits	871,348	437,992
Loss/ (profit) on sale of property, plant and equipment	-	(1,826)
Loss of assets written off	-	332
Provision for standard assets and non-performing assets	7,760,628	1,572,202
Provision for Moratorium	6,562,810	315,041
Provision for Business Correspondance	11,568,502	-
Operating Profit before working capital changes	**8,032,126**	**3,107,092**
Movements in working capital:		
• Increase/ (decrease) in other current liabilities	(2,586,685)	(3,351,153)
• Decrease / (increase) in loans and advances	36,289,306	(46,665,491)
• Decrease / (increase) in other current & non current assets	7,025,602	(26,880,484)
Cash generated from /(used in) operations	**40,728,223**	**(76,897,128)**
Direct taxes paid (net of refunds)	(214,563)	(5,519,545)
Net cash flow from / (used in) operating activities (A)	**48,545,786**	**(79,309,581)**
Cash flows from investing activities		
Purchase of fixed assets	(145,295)	(1,324,134)
Proceeds from sale of assets	-	2,000
Capital work in progress	-	(700,000)
Net cash flow (used in)/from investing activities (B)	**(145,295)**	**(2,022,134)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital	59,999,984	-
Share issue expenses	(500,904)	(10,000)
Proceeds from Long & Short term borrowings	13,436,677	133,037,755
Repayment of long & Short term borrowings	(157,744,275)	(17,649,974)
Net cash flow (used in)/from financing activities (C)	**(84,808,518)**	**115,377,781**

	Note	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Net (decrease)/increase in cash and cash equivalents (A + B + C)		**(36,408,027)**	**34,046,065**
Cash and cash equivalents at the beginning of the year		65,322,775	31,276,710
Cash and cash equivalents at the end of the year		**18,046,246**	**65,322,775**
Components of cash and cash equivalents (Note- 13)			
Cash in hand		525,541	927,890
Cash in transit		-	-
Balances with banks			
in current account		6,020,705	9,394,885
in deposit account		11,500,000	55,000,000
Total cash and cash equivalents		**18,046,246**	**65,322,775**
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's Registration No: 101049W/E300004

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai
Date: May 19, 2021

Meenal Patole
Director
DIN 03162474

Place: Mumbai

Asit Mehta
Director
DIN 01640935

Notes to the financial statements

for the period April 1, 2020 to December 31, 2020

(Amount in Indian Rupees unless otherwise stated)

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.

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.

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

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.

(Amount in Indian Rupees
unless otherwise stated)

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.

l. 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.

(v) The Company continues to pay income tax under older tax regime and have not opted for lower tax rate pursuant to Taxation Law (Amendment) Ordinance, 2019 considering the accumulated losses and other benefits under the income tax Act, 1961. The Company will assess the option for lower tax regime in due course.

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.

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.

Provision for standard and non-performing assets is determined based on management estimates subject to the minimum provision required as per the NBFC Master directions read with the RBI notification dated April 17, 2020 on COVID-19 Regulatory Package.

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.

3. Share capital

	As at 31 Dec 2020	As at 31 Mar 2020
Authorized shares		
7,000,000 (March 31, 2020: 4,000,000) equity shares of Rs.10 each	70,000,000	40,000,000
Issued, subscribed and fully paid-up shares		
5,379,892 (March 31, 2020: 3,868,938) equity shares of Rs.10 each fully paid up	53,798,920	38,689,380
Total issued, subscribed and fully paid-up share capital	**53,798,920**	**38,689,380**

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

Equity shares

	As at 31 Dec 2020		As at 31 Mar 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	3,868,938	38,689,380	3,868,938	38,689,380
Issued during the year	1,510,954	15,109,540	-	-
Outstanding at the end of the year	**5,379,892**	**53,798,920**	**3,868,938**	**38,689,380**

(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.

(c) Shares held by holding company.

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

	As at 31 Dec 2020	As at 31 Mar 2020
Agora Microfinance N.V		
5,046,888 (March 31, 2020: 3,535,934) equity shares of Rs.10 each fully paid up	5,046,888	3,535,934

3. Share capital (continued)

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

	As at December 31, 2020	
	No. of Shares	% holding in the class
Name of Share holder		
Equity shares of Rs.10 each fully paid		
Meenal Patole	332,998	6.19%
Agora Microfinance N.V	5,046,888	93.81%

	As at March 31, 2020	
	No. of Shares	% holding in the class
Name of Share holder		
Equity shares of Rs.10 each fully paid		
Meenal Patole	332,998	8.61%
Agora Microfinance N.V	3,535,934	91.39%

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.

(Amount in Indian Rupees unless otherwise stated)

4. Reserves and surplus

	As at 31 Dec 2020	As at 31 Mar 2020
Securities premium account		
Balance as per the last financial statements	162,142,050	162,152,050
Add: Additions during the year	44,890,444	-
Less: Share issue expenses	(500,904)	(10,000)
Closing Balance	**206,531,590**	**162,142,050**
Statutory reserve		
Balance as per the last financial statements	1,553,570	1,534,791
Add: Amount transferred from surplus balance in the statement of profit and loss	-	18,779
Closing Balance	**1,553,570**	**1,553,570**
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(54,304,495)	(54,379,613)
Add: (Loss)/Profit for the year	(19,301,185)	93,897
Less: Transferred to Statutory Reserve [@20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act,1934]	-	(18,779)
Net (deficit) in the statement of profit and loss	**(73,605,681)**	**(54,304,495)**
Total reserves and surplus	**134,479,480**	**109,391,125**

5. Long-term borrowings

	Non-current		Current	
	As at 31 Dec 20	As at 31 Mar 20	As at 31 Dec 20	As at 31 Mar 20
Term loans				
a) Indian rupee loan from non banking financial companies (secured)*	25,559,550	69,179,958	157,194,764	245,754,289
(-) presented under other current liabilities (Refer Note 7)			(157,194,764)	(245,754,289)
b) Indian rupee loan from bank (secured)*	-	-	2,857,148	11,428,574
(-) presented under other current liabilities (Refer Note 7)			(2,857,148)	(11,428,574)
c) External commercial borrowing from related party (unsecured)	87,379,828	93,472,158	3,289,950	753,859
(-) presented under other current liabilities (Refer Note 7)			(3,289,950)	(753,859)
	112,939,378	**162,652,116**	**-**	**-**

*Indian rupee loan secured by first pari passu charge over all loan receivables and margin money deposit placed with the lender reflected in Schedule 12 - Other Assets

Terms of repayment of above borrowings as on December 31, 2020

(Amount in Indian Rupees
unless otherwise stated)

5. Long-term borrowings (continued)

		Due within 1 year		Due within 1-2 year	
	Interest Rate	No of instalments	Amount	No of instalments	Amount
Original Maturity of loan					
Monthly					
1-3 years	6.43% - 14.99%	12	9,231,000	6	4,615,000
	15% - 16%	142	85,484,582	44	12,186,817
	16.10% - 17%	72	62,479,182	14	5,833,333
Quarterly					
1-3 years	10.45%	1	2,857,148	0	0
Half Yearly					
1-5 years	4.62% - 6.07%	3	3,289,950	13	90,304,228
Total			**163,341,862**		**112,939,378**

Terms of repayment of above borrowings as on December 31, 2020

Terms of repayment of above borrowings as on March 31, 2020		Due within 1 year		Due within 1-2 year	
	Interest Rate	No of instalments	Amount	No of instalments	Amount
Original Maturity of loan					
Monthly					
1-3 years	6.43% - 14.49%	9	8,461,750	15	11,538,250
	14.50% - 16%	109	149,200,535	61	46,161,271
	16.10% - 17%	46	86,726,319	24	12,846,123
Quarterly					
1-3 years	11.50%	4	11,428,574	0	0
Half Yearly					
1-3 years	4.62% - 6.07%	1	2,119,544	15	92,106,472
Total			**257,936,722**		**162,652,116**

Terms of repayment of above borrowings as on March 31, 2020

6. Provisions

	Long-term		Short-term	
	As at 31 Dec 20	As at 31 Mar 20	As at 31 Dec 20	As at 31 Mar 20
Provision for employee benefits				
Provision for gratuity (Refer note 23 A)	1,765,737	1,271,582	88,230	358,807
Provision for leave benefits (Refer note 23 B)	427,187	-	942,086	721,504
	2,192,924	**1,271,582**	**1,030,316**	**1,080,311**
Other provisions				
Contingent provisions against standard assets (Refer note 28)	59,580	80,874	12,593	16,384
Provision for Non-performing assets (Refer note 28)	514,435	21,255	12,500,446	5,207,913
Provisioning for Moratorium (Refer note 31)	-	-	6,877,851	315,041
	574,015	**102,129**	**19,390,890**	**5,539,338**
	2,766,939	**1,373,711**	**20,421,206**	**6,619,649**

7. Other current liabilities

	As at 31 Dec 2020	As at 31 Mar 2020
Other liabilities		
Current maturities of long term borrowings (refer note 5)	163,341,862	257,936,722
Interest accrued but not due on borrowings	955,506	1,602,857
Interest accrued and due on borrowings	-	-
Statutory dues payable	777,607	1,548,368
Other payable*	2,472,188	3,640,761
	167,547,163	**264,728,708**

* Refer Note No. 30 for details of due of micro and small medium enterprise

8. Tangible assets

	Furniture	Computers	Office equipment	Total
Cost				
At April 1, 2019	862,970	1,678,705	523,228	3,064,903
Additions	217,817	800,007	271,310	1,289,134
Disposals/written off	3,375	-	24,990	28,365
At March 31, 2020	**1,077,412**	**2,478,712**	**769,548**	**4,325,672**
Additions	-	66,695	28,600	95,295
Disposals/written off	-	-	-	-
At December 31, 2020	**1,077,412**	**2,545,407**	**798,148**	**4,420,967**
Depreciation				
At April 1, 2019	614,730	1,495,875	362,416	2,473,021
Charge for the year	87,971	329,868	134,797	552,636
Disposals/written off	3,043	-	24,816	27,859
At March 31, 2020	**699,658**	**1,825,743**	**472,397**	**2,997,798**
Charge for the year	74,705	326,836	103,830	505,371
Disposals/written off	-	-	-	-
At December 31, 2020	**774,363**	**2,152,579**	**576,227**	**3,503,169**
Net Block				
At March 31, 2020	**377,754**	**652,969**	**297,151**	**1,327,874**
At December 31, 2020	**303,049**	**392,828**	**221,921**	**917,798**

Notes to the financial statements (continued)
for the period April 1, 2020 to December 31, 2020
(Amount in Indian Rupees unless otherwise stated)

9. Intangible assets

	Software	Total
Gross block		
At April 1, 2019	1,481,911	1,481,911
Additions	35,000	35,000
Deletions/Write off	-	-
At March 31, 2020	**1,516,911**	**1,516,911**
Additions	50,000	50,000
Deletions/Write off	-	-
At December 31, 2020	**1,566,911**	**1,566,911**
Amortization		
At April 1, 2019	1,174,845	1,174,845
Charge for the year	136,818	136,818
Deletions/Write off	-	-
At March 31, 2020	**1,311,663**	**1,311,663**
Charge for the year	64,652	64,652
Deletions/Write off	-	-
At December 31, 2020	**1,376,315**	**1,376,315**
Net block		
At March 31, 2020	**205,248**	**205,248**
At December 31, 2020	**190,596**	**190,596**

(Amount in Indian Rupees unless otherwise stated)

10. Deferred tax

	As at 31 Dec 2020	As at 31 Mar 2020
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	160,332	(34,159)
Difference due to provision for leave encashment	380,932	200,722
Difference due to provision for gratuity	515,774	453,574
Difference due to disallowance of provision against standard assets and non performing assets	3,620,740	1,454,755
Deferred tax on carried forward tax losses and unabsorbed depreciation	9,651,399	15,888,118
Deferred tax asset not recognized	(14,329,177)	(17,963,010)
Deferred tax asset	-	-
Deferred tax asset/ (liability) net	-	-

11. Loans and advances

	Non-current		Current	
	As at 31 Dec 20	As at 31 Mar 20	As at 31 Dec 20	As at 31 Mar 20
A. Portfolio Loans				
Joint liability group loans				
Unsecured, considered good*	76,453,158	97,615,205	269,874,269	311,748,106
Unsecured, considered doubtful**	1,599,298	20,308	33,508,998	5,331,385
	78,052,456	**97,635,513**	**303,383,267**	**317,079,491**
Individual loans				
Unsecured, considered good*	2,032,360	3,238,395	7,922,980	10,803,964
Unsecured, considered doubtful**	115,001	-	1,483,581	521,588
	2,147,361	**3,238,395**	**9,406,561**	**11,325,552**
(A)	**80,199,817**	**100,873,908**	**312,789,828**	**328,405,043**

* 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.

11. Loans and advances (continued)

	Non-current		Current	
	As at 31 Dec 20	As at 31 Mar 20	As at 31 Dec 20	As at 31 Mar 20
B. Security deposits				
Unsecured, considered good	1,775,500	2,375,500	1,180,000	530,000
(B)	**1,775,500**	**2,375,500**	**1,180,000**	**530,000**
C. Other loans and advances				
Employee loans (unsecured, considered good)	-	-	213,228	206,708
Other receivables	-	-	5,705,010	3,735,106
Receivable from Business Correspondence collections			11,568,502	
Less: Provision against Business Correspondence collections receivable			(11,568,502)	
Advance income tax	9,424,812	9,210,248	-	-
Prepaid expenses	-	-	799,350	120,748
(C)	**9,424,812**	**9,210,248**	**6,717,588**	**4,062,562**
Total (A+B+C)	**91,400,129**	**112,459,656**	**320,687,416**	**332,997,605**

(Amount in Indian Rupees unless otherwise stated)

12. Other assets

	Non-current		Current	
	As at 31 Dec 20	As at 31 Mar 20	As at 31 Dec 20	As at 31 Mar 20
Interest accrued on fixed deposits	124,106	109,605	680,065	444,933
Interest accrued on other deposits	310,340	383,648	1,849,740	2,538,292
Interest accrued and not due on portfolio loans	-	-	2,908,055	6,510,229
Interest accrued and due on portfolio loans	-	-	13,378,702	-
Margin and fixed deposits placed with lenders towards term loans*	11,838,834	15,040,501	24,341,667	28,894,323
Non current bank balances (refer note 13)**	3,399,393	8,300,000	1,880,000	8,220,000
	15,672,673	**23,833,754**	**45,038,229**	**46,607,777**
*Represents margin money deposit placed to avail term loan from financial institutions and Bank	7,498,834	20,040,501	17,491,667	20,450,000
* Fixed deposit lien marked in favor of Financial institution and bank to avail term loan	4,340,000	6,500,000	6,850,000	7,190,000
**Represents margin money deposit placed against Business Corresspondence arrangement	3,399,393	6,054,934	1,880,000	219,389

13. Cash and bank balances

	Non-current		Current	
	As at 31 Dec 20	As at 31 Mar 20	As at 31 Dec 20	As at 31 Mar 20
Cash and cash equivalents				
Cash in hand	-	-	525,541	927,890
Cash in transit	-		-	-
Balances with banks:				
in current accounts	-	-	6,020,705	9,394,885
in Deposit accounts (less than 3 months)	-	-	11,500,000	55,000,000
	-	-	**18,046,246**	**65,322,775**
Other bank balances				
Deposits with remaining maturity for more than 3 months	3,399,393	8,300,000	1,880,000	8,220,000
(-) presented under other assets (refer note 12)	(3,399,393)	(8,300,000)	(1,880,000)	(8,220,000)
	-	**-**	**-**	**-**

14. Revenue from operations

	As at 31 Dec 2020	As at 31 Mar 2020
Interest income		
Interest on portfolio loans	74,166,648	98,931,753
Other operating revenue		
Loan processing fees	463,540	4,719,660
Recovery against loans written off	-	28,782
	74,630,188	**103,680,195**

14. Revenue from operations

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Interest income		
Interest on portfolio loans	74,166,648	98,931,753
Other operating revenue		
Loan processing fees	463,540	4,719,660
Recovery against loans written off	-	28,782
	74,630,188	**103,680,195**

15. Other income

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Interest on fixed deposits	1,369,195	1,118,869
Interest on other deposits	1,450,399	2,454,087
Interest on employee loans	36,511	22,529
Interest on income tax refund	-	29,473
Insurance brokerage and commission	219,240	1,568,092
Income from securitization	-	1,532,885
Income from business correspondence	2,008,429	3,421,479
Miscellaneous income	21	825
Profit on sale of fixed asset	-	1,826
Gain in foreign exchange	2,740,868	-
	7,824,663	**10,150,065**

16. Employee benefits expense

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Salaries and bonus / incentive	21,128,717	25,547,291
Leave benefits	972,407	612,044
Contribution to Provident Fund	1,221,448	1,373,906
Contribution to Employee State Insurance Corporation	283,708	329,491
Gratuity expenses (refer note 23)	841,910	490,009
Staff welfare expense	157,558	313,209
	24,605,748	**28,665,950**

Notes to the financial statements (continued)
for the period April 1, 2020 to December 31, 2020
(Amount in Indian Rupees unless otherwise stated)

17. Finance costs

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Interest expense		
On term loans from non banking financial companies	34,676,767	48,473,760
Other finance costs/processing fees	35,600	3,344,960
	34,712,367	**51,818,720**

18. Other expenses

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Rent	4,153,280	4,787,433
Rates and taxes	2,500	2,500
Insurance	136,002	173,836
Repairs and maintenance	586,345	690,945
MFIN membership & subscription fee	197,206	246,900
Advertising	-	31,108
Electricity charges	179,922	273,690
Travelling and conveyance	686,374	1,951,628
Communication expenses	557,792	856,690
Printing and stationery	390,687	1,090,830
Legal and professional fees	5,133,520	5,297,733
Directors' sitting fees & remuneration	350,000	600,000
Auditors' remuneration (refer details below)	1,002,750	1,539,792
Other provisions and write off	1,250,950	1,170,567
Technical services	306,897	471,400
Commission and brokerage	20,869	97,500
Bank charges	597,462	1,148,800
Loss in foreign exchange	-	7,876,265
Miscellaneous expenses	423,402	2,071,426
Provision for doubtful receivable	-	168,746
Provision for business correspondance receivables (refer note 33)	11,568,502	-
	27,544,460	**30,547,789**

(Amount in Indian Rupees unless otherwise stated)

18. Other expenses (continued)

Payment to auditors

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
As auditor:		
Audit fee	900,000	1,400,000
In other capacity:		
Other services (certification fees)	100,000	100,000
Reimbursement of expenses	2,750	39,792
	1,002,750	**1,539,792**

19. Depreciation and amortization expense

Payment to auditors

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Depreciation of tangible assets	505,371	552,636
Amortization of intangible assets	64,652	136,818
	570,023	**689,454**

20. Provisions and write-offs

Payment to auditors

	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
(Write-back)/Contingent provisions against standard assets(refer note 28)	(25,085)	53,680
Provision against Non performing assets (refer note 28)	7,785,713	1,518,522
Portfolio loans and other balance written off	-	-
Provision for moratorium	6,562,810	315,041
	14,323,438	**1,887,243**

21. 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.

22. Related party disclosures

i. Name of related parties under AS18 as well as related party relationship

Nature of relationship	Name of the related party
Parent Company	Agora Microfinance N.V.
Subsidiary for Agora Microfinance N.V.	Moringaway
Key Management Personnel (Non-Executive Director, Ex-Managing Director)	Mrs. Meenal Patole (Managing Director up to 30 May 2020)
Key management Personnel (Chief Executive Officer)	Mr. Naval Manoj (1st April 2020)

ii. Transaction with related party during the period

Agora Microfinance NV	31 Dec 2020	31 Mar 2020
Issue of Share Capital	15,109,540	NIL
Securities Premium	44,890,444	NIL
Service Agreement	1,457,266	1,408,550

Mrs. MeenalPatole	31 Dec 2020	31 Mar 2020
Salaries and perquisites	434,102	2,602,812
Reimbursement of expenses	187,458	1,124,748
Leave encashment	285,774	34,021
Gratuity	584,031	NIL
Variable Salary	NIL	262,441
Consultancy	1,248,000	NIL

Moringaway	31 Dec 2020	31 Mar 2020
External Commercial Borrowing $1,250,000	NIL	94,226,016
Principal of external commercial borrowing paid $10,000	734,122	NIL
Interest paid on external commercial borrowing	3,473,462	2,924,234

(Amount in Indian Rupees unless otherwise stated)

22. Related party disclosures (continued)

ii. Transaction with related party during the period (continued)

Mr.Naval Manoj	1 Apr 2020 to 31 Dec 2020	1 Apr 2019 to 31 Mar 2020
Salaries and perquisites	2,177,465	NIL
Reimbursement of expenses	667,728	NIL

iii. Balance Outstanding

Name of related party	Nature of transaction	December 31, 2020	March 31, 2020
Meenal Patole	Receivable towards TDS paid by company on her behalf	NIL	81,881
Moringaway	External Commercial Borrowing $1,250,000	NIL	94,226,016
Moringaway	External Commercial Borrowing $1,240,000	90,669,779	NIL

23. Retirement benefits

A. 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 Dec 2020	31 Mar 2020
Current Service cost	260,359	233,553
Interest cost on benefit obligation	63,707	84,595
Net actuarial (gain) / loss recognized in the period	517,844	235,155
Net Employee benefit expense	841,910	553,303

23. Retirement benefits (continued)

Balance Sheet

Details of provision for gratuity:

	Gratuity	
Particulars	31 Dec 2020	31 Mar 2020
Defined benefit obligation	1,853,967	1,630,389
Plan liability	**1,853,967**	**1,630,389**

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

	Gratuity	
Particulars	31 Dec 2020	31 Mar 2020
Opening defined benefit obligation	1,630,389	1,270,188
Interest cost	63,707	84,595
Current service cost	260,359	233,553
Benefits paid	-618,332	-129,808
Actuarial (gains) / losses on obligation	517,844	171,861
Closing defined benefit obligation	**1,853,967**	**1,630,389**

The principal assumptions used in determining gratuity:

	Gratuity	
Particulars	31 Dec 2020	31 Mar 2020
Discount rate	5.84%	5.21%
Salary escalation rate per annum for next 1 year	2%	9%
Salary escalation rate per annum from 2nd year	9%	NIL
Rates of leaving service	12%	31.47%

23. Retirement benefits (continued)

Balance Sheet (continued)

Amounts for the current and previous years are as follows:

Particulars	31 Dec 2020	31 Mar 2020
Defined benefit obligation	1,853,967	1,630,389
Surplus / (Deficit)	-1,853,967	-1,630,389
Experience adjustment on plan liabilities	36,870	110,227

B. Provision for leave benefits

The company has defined benefit leave encashment plan. Every employee who has completed probation period is eligible for leave encashment maximum accumulation and encashment days are 42, excess over maximum accumulation.

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 Dec 2020
Net Employee benefit expense	972,407

Balance Sheet

Details of provision for leave encashment:

	Leave encashment
Particulars	31 Dec 2020
Defined benefit obligation	1,369,273
Plan liability	1,369,273

Notes to the financial statements (continued)
for the period April 1, 2020 to December 31, 2020
(Amount in Indian Rupees unless otherwise stated)

23. Retirement benefits (continued)

B. Provision for leave benefits (continued)

Balance Sheet (continued)

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

Particulars	31 Dec 2020
Opening defined benefit obligation	721,503
Benefits paid	1,260,467
Expense during the period	324,637
Closing defined benefit obligation	1,369,273
Due but unpaid benefit	865,699

The principal assumptions used in determining Leave encashment:

	Leave encashment
Particulars	31 Dec 2020
Discount rate	5.84%
Salary escalation rate per annum for next 1 year	2%
Salary escalation rate per annum from 2nd year	9%
Rates of leaving service	12%

Amounts for the current year are as follows :

	Leave encashment
Particulars	31 Dec 2020
Defined benefit obligation	1,369,273
Surplus / (Deficit)	-1,369,273
Projected Benefit Obligation due but not paid liability	865,699

(Amount in Indian Rupees unless otherwise stated)

24. Contingent liability and Capital Commitments

Capital commitments as on December 31, 2020: Nil (March 31, 2020: Nil).

Contingent liabilities as under:

Particulars	31 Dec 2020	31 Mar 2020
Income tax demand for AY 17-18	15,729,355	15,729,355
Total	15,729,355	15,729,355

25. Earning and expenditure in foreign currency

The Company has not earned any income in foreign currency during the period (Previous year: Nil)

Expenditure in foreign currency

Particulars	31 Dec 2020	31 Mar 2020
Consultancy fees $17,500 towards Service Agreement	1,457,266	1,408,850
Interest on External Commercial Borrowing $37,817	NIL	2,924,234
Interest on External Commercial Borrowing $44,357	3,473,462	NIL

26. Unhedged and hedged foreign currency exposure

Unhedged foreign currency exposure

Particulars	31 Dec 2020	31 Mar 2020
External Commercial Borrowing $1,240,000	90,669,779	93,472,158

Hedged foreign currency exposure

Particulars	31 Dec 2020	31 Mar 2020
External Commercial Borrowing $10,000	NIL	753,859

27. Earnings per share (EPS)

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

Particulars	31 Dec 2020	31 Mar 2020
(Loss)/Net profit for calculation of EPS	-19,301,185	93,897
Weighted average number of equity shares – basic / diluted EPS	5,379,892	3,868,938
Basic EPS (Rs.)	-3.59	0.02
Diluted EPS (Rs.)	-3.59	0.02
Nominal Value of shares (Rs.)	10.00	10.00

28. Loan portfolio and provision for standard and substandard assets

	Portfolio loans outstanding (Gross)		Provision for standard and substandard assets			Portfolio loans outstanding (Net)	
Asset classification	31 Dec 2020	31 Mar 2020	31 Mar 2020	Movement during the period	31 Dec 2020	31 Dec 2020	31 Mar 2020
Standard	356,282,767	423,405,670	97,258	(25,085)	72,173	356,210,594	423,308,412
Sub-standard	36,706,878	5,873,281	5,229,168	7,785,713	13,014,881	23,691,997	477,984
Total	**392,989,645**	**429,278,951**	**5,326,426**	**7,760,628**	**13,087,054**	**379,902,591**	**423,786,396**

Pursuant to the RBI notification dated March 27, 2020 and April 17,2020 on COVID-19 Regulatory Package, the Company has excluded the Period from March 1,2020 to August 31,2020 from the arrear period for determining asset classification of loans which were extended moratorium benefit under the COVID-19 Regulatory package.

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 periodcharged to statement of profit and loss were as follows:

Particulars	31 Dec 2020	31 Mar 2020
Operating lease payments recognised during the period	3,992,280	4,619,433

30. 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 nine month period ended December 31, 2020 no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

31. In terms of the circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17,2020 (the 'RBI Circular') the following disclosures are stated below:

Sr. No.	Particulars	31 Dec 2020
1	Outstanding balance of loans which were standard but overdue as	399,298,096
2	Asset classification benefits is extended to loans indicated in 1 above	0
3	General provision recognized on loans indicated at 1 above in terms of paragraph 5 of RBI circular	19,964,905
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	13,087,054
5	Outstanding balance of general provision after adjustments toward actual slippages (3-4)	6,877,851

32. Impact of COVID-19 pandemic on Company's operational and financial metrics:

The Novel Coronavirus ('COVID-19') which was declared as a pandemic by the WHO on March 11, 2020 continues to spread across the globe including India, resulting in volatility in financial markets and a significant decrease in global and India's economic activities. Due to the continuous lockdowns, the Company's normal business operations, including new loan disbursements and collections have been disrupted since March 23, 2020.

To deal with this disruption and in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 , April 17, 2020 and May 23, 2020 ('RBI Regulatory Package'), the Company has granted moratorium on payment of all instalments falling due between March 1, 2020 to August 31, 2020 to eligible borrowers in accordance with the Company's Board approved Policy and has also created additional provision on loans to such borrowers which were standard but overdue and eligible for asset classification benefit as stipulated in the RBI Regulatory Package.

An inherent part of the Company's business model is to raise borrowing for onward lending to its customers and utilise the collections from its loan receivables to service the obligations towards its own borrowings from banks and financial institutions. The total borrowings of the Company as of December 31, 2020 is Rs.27.62 crore, and the Company has serviced all obligations as of that date.

32. Impact of COVID-19 pandemic on Company's operational and financial metrics (continued)

The management has performed a detailed assessment of its monthly cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations even if its monthly collections remain below normal levels due to continuation of lockdown. The extent to which COVID-19 pandemic will impact the Company's operations and financial metrics will depend on future developments which are highly uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact, whether government-mandated or elected by the Company.

33. The Company has entered into a business correspondence agreement with MAS Financial Services Limited (the 'counterparty') to render services related to acquisition and management of new loans.

As a part of the agreement, the Company has given a guarantee to the counterparty to bear credit losses on all loans sourced by the Company for the counterparty. During the current period, the Company has made a payment of Rs.11,568,502to the counterparty towards shortfall in collections received on loans sourced by the Company. In the absence of certainty of recoverability of this amount as a result of Covid-19, the Company has made a provision of 100% on this receivable in its books of account.

34. The Company has received approval from the Ministry of Corporate Affairs, Mumbai on 3 December 2020 to change its financial year from 1 April to 31 March of the following year to 1 January to 31 December of each year To align the Company's financial year with that of its parent company.

In view of this, the financial statements for the current period are for a 9 month period from 1 April 2020 to 31 December 2020.

The Company has intimated this change to Reserve Bank of India ('RBI') on 11 December 2020 and has not received any correspondence from RBI regarding the same to date.

35. Prior year's figures disclosed in the financial statements are not comparable to the current period's figures due to change in financial year as explained in the preceding note.

36. Previous year's figures have been regrouped where necessary to conform to currentperiod's classification.

For S. R. Batliboi & Associates LLP
Chartered Accountants

Firm's Registration No: 101049W/E300004

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai

Meenal Patole
Director
DIN 03162474

Place: Mumbai

Asit Mehta
Director
DIN 01640935

Agora Microfinance
India Limited

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