Agora Microfinance India Limited

Annual Report 2021

Corporate Information

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

Hemant Patel
Head of Accounts & Finance

Abhay Singh,
Head of Operations

Amandeep Singh
Head of Internal Audit & Controls

Grievance Redressal Officer

Amandeep Singh
Head of Internal Audit & Controls

Lenders

Moringaway Ltd
Intellegrow (Jain Sons Finlease Ltd)
MUDRA
Eclear Leasing & Finance Pvt Ltd
Svakarma Finance Pvt Ltd
Incred Financial Service Pvt Ltd

Principal Bankers

HDFC Bank
Axis Bank
ICICI Bank
SVC Bank

Auditors

PKF Sridhar & Santhanam LLP

Company Secretary

D S Momaya & Co.

Contents

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

दृष्टीकोन

एक शहरी समाज ज्यामध्ये कमी उत्पन्न असलेल्या समुदायांना त्यांचे कल्याण सुधारण्यासाठी पुरेशा संधी आहेत.

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

हेतू

कमी उत्पन्न असलेल्या शहरी ग्राहकांना आर्थिकदृष्ट्या टिकाऊ पद्धतीने परवडणारी, सोयीस्कर आणि वेळेवर वित्तीय सेवा प्रदान करणे.

Fair Practice Code

All of AMIL's work will be conducted within a framework of 12 client protection 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 behavior that in any manner would suggest any kind of threat or violence.
   b) contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
   c) will not visit clients at inappropriate occasions such as bereavement, sickness etc, to collect dues.
3. **Appropriate Product Design and Delivery:** We will constantly work to ensure that our products and delivery mechanisms are flexible in order to meet the diverse needs of our clients. We will actively seek feedback from you regarding your product and service preferences. We will extend product and services as bundled product except insurance.
4. **Disclosure:** We will communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them and shall cover aspects such as, loan terms and conditions, pricing, charges etc.
   We shall also hand over a copy of the sanction letter, repayment schedule, loan card etc and other loan documents as and when a request is received.
5. **Avoidance of Over-Indebtedness:** We will thoroughly assess your household income(s) and expenditure(s) to ensure that your loan size matches your capacity to make repayments. We will not lend to clients who have outstanding loans with more than one other lender. We will use the Credit Bureau information while assessing number of loans & indebtedness levels of each client.
6. **Transparent Pricing:** We will ensure that you are fully aware of all of our product terms and conditions and prices. The pricing of our products will be simple to understand and fair. There will be no hidden costs. Our relationship is based on a detailed agreement which will depict the key terms and conditions of loan and repayment. There shall be only three components in the pricing of the loan: the interest charge, the processing charge and Insurance premium. All interest and fees payable as an all-inclusive APR and equivalent monthly rate will be indicated in the sanction letter/loan documentation. No penalty will be charged on delayed payments. Complete information on pricing will be displayed at all our offices.

7. **Appropriate Collection Practices:** You are expected to pay your loan on time but if you cannot, we will work with you to overcome problems that you are facing. We will never use abusive language, physical force, humiliate you, or violate your right to privacy. All recoveries will take place at the place designated in the loan contract. We will provide a valid receipt for each and every payment received from the borrower.
8. **Flexibility:** You can choose the term of repayment (Weekly, Fortnightly or Monthly). We do not charge extra for this flexibility or for pre-payment of any loan.
9. **Privacy of Information:** We will not share your personal details or information with any person or organization without your consent, or unless required to by the law.
10. **Freedom of Choice:** We respect that you are the best person to make decisions for yourself and your family. We shall endeavour to raise clients' awareness of the options, choices and responsibilities vis-à-vis financial products and services available and also inform clients the organisation's policies and procedures to help them understand their rights as borrowers at regular intervals.
11. **Recruitment:** We shall adhere to the following while recruiting employees from other MFIs:
    a) Shall not recruit an employee of other MFI without the relieving letter from the previous MFI employer except where the previous employer (MFI) fails to respond to the reference check request within 30 days.
    b) Shall honour a one-month notice period from an outgoing employee.
    c) Shall provide within 2 weeks the reply to the reference check correspondence for another MFI.
    d) Shall not assign a new employee recruited from another MFI, to the same area he/she was serving at the previous employer, for a period 1 year. This restriction applies to positions up to the Branch Manager level.
12. **Complaints and Grievances:** Customers have a right to make complaints. We will always listen to customer comments and complaints and respond to them quickly and fairly by establishing a dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently. We shall also ensure that clients are made aware of the existence and purpose of these mechanisms and how to access them.

    A client may directly air their grievances by contacting the designated **Nodal Grievance Officer, Head of Internal Audit & Controls, Agora Microfinance India Ltd** at the Company Head Office or via telephone on **+91 86550 10063** or by mail at **complaint@amil.co.in**.

Message from the Chair

Agora Microfinance India Limited (AMIL) has now absorbed two rounds of severe impact due to Covid, and in the year under review we faced the second, and the most severe impact of the pandemic, seen in India during March to May. The slow recovery that was underway after the first wave was largely undone and plans had to be prepared afresh for the future.

Tanmay Chetan
Chairman

Unfortunately for the residents of Mumbai, the city has been at the receiving end of these harsh waves on two occasions, and there is little that a financial service provider such as AMIL can do if its clients lose their livelihoods or end up migrating to their home provinces.

As the overall situation began to improve slowly in the second half of the year, we have begun rebuilding our operations. By the end of the year, we had restructured some 20% of our loans and had brought the non-performing loans to under 30%, even though the performance on the restructured loans will only become evident during 2022. Our recovery plans for the next year also include collections on the non-performing portfolio, though again it remains to be seen to what extent such collections will materialise.

Aside from unforeseen situations, we will aim to rebuild our operations and expand slowly. To this extent, the leadership, Directors and the shareholders are all of the belief that in the longer run AMIL will again find solid footing in its work and will succeed in bringing financial services to more excluded populations in the region.

The next year, 2022 will be crucial to AMIL's plans. The extent of recovery will determine the pace of future growth and expansion, and its financial health will need to be evaluated and monitored closely through the year. At the time of writing this report, restructured loans were performing as expected, though the performance on non-performing loans was somewhat lagging.

Together, these two parts of the portfolio hold the key to future strategy. At the end of 2022, we hope that a new phase of the development of AMIL can begin, based on the recovery seen during the year.

In operational terms, AMIL has done well with limited resources thus far. We have diversified our operations sufficiently by opening new branches in Nashik and brought down operating costs by merging several branches in Mumbai. We have continued disbursing new loans to performing clients, even though at a slower pace than before. In terms of funding, all our more expensive domestic funding has now been replaced with cheaper debt accessed from the Agora Group's debt institution, Moringaway.

Our staff and leadership have also made substantial sacrifices to their compensation, to avoid larger staff retrenchments but also to limit the impact of the pandemic. In due course, we are committed to rewarding our team suitably once operations have recovered.

As this note highlights, this has been a difficult period in the life of AMIL and all associated with it. I take this opportunity to thank all our colleagues and clients who have borne the brunt of the pandemic and have continued with steadfast commitment. I am confident that this will not be lost, and that AMIL will be looking at new, bright horizons very soon.

Tanmay Chetan
Chairman

The leadership, Directors and the shareholders are all of the belief that in the longer run AMIL will again find solid footing in its work and will succeed in bringing financial services to more excluded populations in the region.

CEO's Report

Agora Microfinance India Ltd withstood the severe challenges posed by Covid 19 during 2021 and continued to make efforts to limit the impact of the pandemic in the short-term, while keeping in mind its long-term objectives. The way of doing business has fundamentally changed during the past couple of years, and as the world tries to cope with the new norms of doing business, cost effectiveness would remain a major area for AMIL in the coming years as well, alongside identifying sustainable growth opportunities aided by technology.

Manoj Naval
CEO

Before the second wave of the pandemic arrived in Mumbai during February-March, our on-time collections had improved substantially and had reached over 90% of amounts due. The impact of the second wave was more severe than the first, but AMIL managed to open and operate its branches. The collection levels, however, dropped and we had to go back to the drawing board to re-assess our business's readiness in terms of liquidity, efficiency and the overall impact in the market.

Cost effectiveness, sustainable growth and technology remain key to AMIL's strategy in the coming years

We took a number of steps to stabilize the situation, as below.

1. Cost rationalization

While loan collections had dropped and there was little top-line income accruing, we had to urgently review our cost structures to find some savings, especially in the short-term.

- Moringaway, part of the Agora Group and its lending arm, stepped in to help us replace higher-cost domestic debt with longer-term, lower cost debt options. This has led to an effective reduction of our borrowing costs from over 13%-14% to under 10% during the year. By the end of the year we had replaced all but a minor amount outstanding on domestic borrowings.
- Operating costs were also rationalized. During 2020, the company had taken a position not to lay off any staff during the first wave of the pandemic. While we continued with the same principle in 2021, we also realized that the shrinking of our operations and loss of income did not fully justify the status quo. Therefore, after much deliberation, we decided to freeze staff salaries at lower levels, and senior staff gracefully accepted decreases in their compensation for a limited term.

This, alongside moving some branches and the head office, helped us control operating costs in the short-term. Despite market pressures, most of our senior staff have stayed, however we did see an increased level of departures amongst lower paid staff members when the microfinance markets opened up and bigger institutions began expanding again in the second half of the year.

2. Restructuring and refinancing of loans

A large number of our existing clients were severely impacted by the second wave of the pandemic. Once the immediate affects had subsided later in the year, we carried out a review/survey of our clients and it became apparent that more than one-third of existing clients either did not have any stable income activity or had a substantially reduced income level even if they were slowly beginning to recover. As a result, we decided to restructure and refinance loans where necessary, on a case-by-case basis. A total of 4,780 loans were restructured as a result, amounting to INR 8,92,00,000/ as the restructured portfolio. At the time of writing this report, the restructured loans were performing much better than the remaining overdue portfolio, indicating that the exercise has helped clients resume their relationship with us.

3. Looking ahead

While we wrestled with the immediate concerns, we were also trying to look ahead and make preparations for a more stable and robust operation in the future. In this context, we began a process for further technology upgrades and have also started to look for new growth areas to focus on during 2022.

Technology upgrades

The proposed enhancement of Core Banking Solution was revived towards the end of the year, and we expect this to play an important role in streamlining our processes and making them more efficient. We have also introduced fully digitized loan collections system that are now operational in the branches. During the year digital collections – through QR code based solution and Bharat Bill Pay Services - made up 12% of total collections. . We will continue to build on this as well as other technical upgrades in the coming year.

Market segmentation

The recovery envisaged during the year remained challenging throughout the year and the overdues above 30 days significantly increased, resulting in a significant impact on the bottom-line. An emerging challenge, as well as an opportunity, is the fact that competition has converged on the same client type to whom identical products are being offered. We believe that there still exists a large gap further down the economic ladder, and during 2022 we will explore the opportunity to work more intensively in this segment of the market. Plans for initial market research and scoping are currently underway on this.

In conclusion, I sincerely thank all the Board Members who took active role throughout the year on each point, especially the in-depth discussions on restructuring and cost rationalization initiatives. A special word of mention is due to the Board Chair for taking his time out to conduct weekly reviews and discussions with the Management team. We are also thankful to the shareholders and the management of Agora Microfinance NV for their continued commitment through equity investments/ECB that ensured liquidity and had a significant impact on reducing the cost of funds. Finally, I would like to gratefully acknowledge the Management team and all employees in field and head office for continuing to be a part of the vision of the management despite all odds.

While writing this note, the situation remains challenging and the crisis is not yet over. The full extent of our recovery will become clearer during the year 2022 once the repayment pattern of the restructured portfolio emerges. However, I am confident that AMIL will recover strongly in the current financial year.

Lastly, I seek your continued support in our journey towards recovery and fulfil our long term strategy of geographical growth and expansion.

Naval Manoj
Chief Executive Officer

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 was held on 22nd June 2021. 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 will have a minimum of two persons, comprising both the nominee and Independent Directors. The respective Committees are authorised by the Board to act on its behalf and may direct members of Senior Management to participate in the functioning of the Committee. The following Committee is currently active: Audit and Finance Sub-Committee (AFC).

The senior management of AMIL includes the CEO and the Heads of Accounts & Finance, Heads of Operations, and Heads of Internal Audit & Controls.

The Board of Directors meets accordingly, and oversees the implementation of the strategy of the company.

Products and Services

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 Micro Loan – Individual lending
   - 1.7 Water & Sanitation (WATSAN) Loan
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/Group Lending (BC / Partnership)
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 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 21.79% 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 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 21.79% p.a.

Loan Processing Fee
1% Plus GST.

Lending Methodology
Group

1.3 Education Loan

Purpose
School / College & Tuition Fee

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 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 21.79% 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 21.79% 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 Micro Loan (Individual Lending)

Purpose
Income Generation Activities

Loan Size
Up to ₹ 80,000 (first loan cycle up to ₹30,000 if the client does not have a credit history and up to ₹60,000 if the 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 21.79% p.a.

Loan Processing Fee
1% Plus GST.

Lending Methodology
Individual

1. Micro Credit Products (continued)

1.7 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 21.79% p.a.

Loan Processing Fee
1% Plus GST

Lending Methodology
Group / Individual Lending

2. Other Credit Products

2.1 General Business Loan

Purpose
Income Generation Activities

Loan Size
Up to ₹100,000

Loan Term in Months
12, 24, 36

Interest Rate
26%

Loan Processing Fee
2% Plus GST.

Lending Methodology
Individual

2.2 Small & Medium Enterprise Loans (BC/Partnership)

Purpose
Income generation activities

Loan Size
Between ₹100,000 – ₹300,000

Loan Term in Month
12, 24, 36

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/Group

3. Micro-Insurance

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
Up to the loan principal

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

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

For from ₹50,000 – ₹100,000:
₹9.11 (incl GST) per ₹1,000 borrowed

Time Period
2 years

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:

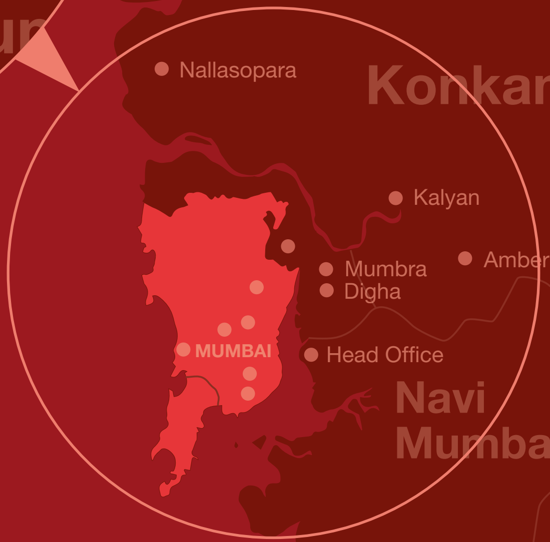
- Daily Cash Benefit for hospitalisation: ₹500/ per day for a maximum of 30 days
- Daily Cash Benefit for ICU admissions: ₹1,000/ per day for a maximum of 30 days
- Personal Accident Benefit: ₹25,000
- Borrower & co-borrower are covered under Accidental death

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
Office No.404, 4th Floor, A wing, Technocity Premises Co-op Society Ltd, Plot No. X-4/1 & X-4/2, Shil Phata, Mahape Road, Navi Mumbai 400710

Ambernath
Unit No.129, Globe Business Park, Plot No.30, MIDC, Kalyan-Badlapur Road, Near big cinema, Ambernath West, Thane – 421501
Branch Manager:
Ms. Sonali Kathole: 8108522621

Bhandup
Shop No.1, Renukadevi Co Op Housing Society, Kokan Nagar, Bhandupwest, Mumbai – 400078
Branch Manager:
Farheen Shaikh: 8655044174

Chembur
Rajeshri Building, Office No.16, 2nd Floor, Near Royal Orchid Hotel, Above Students Classes, Chembur Station Road, Chembur East – 400071
Branch Manager:
Vijay: 8655044038

Digha
House No.105, First Floor, Near Saibaba Mandir, Thane Belapur Road, Digha, Navi Mumbai – 400708.
Branch Manager:
Nishigandha Sawat: 8691021083

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

Ghatkopar
216, Gold Crest Building, Near HDFC Bank, LBS Road, Ghatkopar West, Mumbai – 400086
Branch Manager:
Mitu Shinde: 8422909078

Ghoti
C/O Sandeep Kantilal Shahane, 1st Floor, Near mtnl office, Old Agra Road, Ghoti, Nashik – 422402
Branch Manager:
Mr. Kunal Lonandkar: 8828500607

Kalyan
House No. 2, Chawl No. A, Vijay Nagar, Jay Shiv Sahyadri, Pune Link Road, Opp. Santoshi Mata Mandir, Kalyan (E) – 421306
Branch Manager:
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
Branch Manager:
Priya Thakur: 8655044178,
Assistant Branch Manager:
Janhavi Mahatre: 8655044023

Mumbra
103, 1st Floor, B Wing, Shree Complex, Amrut Nagar, Mumbra West, Thane – 400612
Branch Manager:
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
Branch Manager:
Mr. Avdhut Kanade: 8108522631

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

Santacruz
209, 1st Flr, Anand Nagar, Nehru Road, Santacruz (E), Near Police Station, Vakola Bridge Road, Landmark – BSNL Office, Mumbai – 400055
Branch Manager:
Ghanshyam: 8655044176

Thane
Namaskar Society, Office Number 101, 1st Floor, Opp Gautam Sagar up to Sharma Dairy, Edulji Road, Charai, Thane West – 400601.
Branch Manager:
Avinash Salunkhe: 8655044176

Satana
60 Feet Road, Shivaji Nagar, Near Vegetable Market & Behind Satana Bus Stand, Satana, Nashik – 423301
Branch Manager:
Sharad Patil: 8657880670

Vikroli Park
216, Gold Crest Building, Near HDFC Bank, LBS Road, Ghatkopar West, Mumbai – 400086
Branch Manager:
Mudita Kharat: 8655044019

Operational and Financial Highlights

₹389.8m
Loan Portfolio

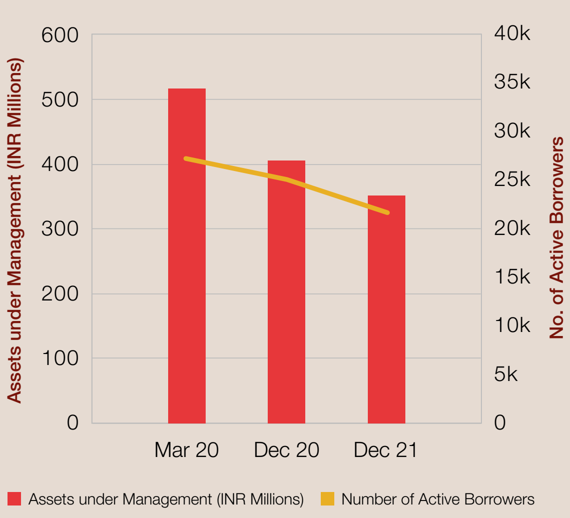
16
Field Offices

21,650
No. of Clients

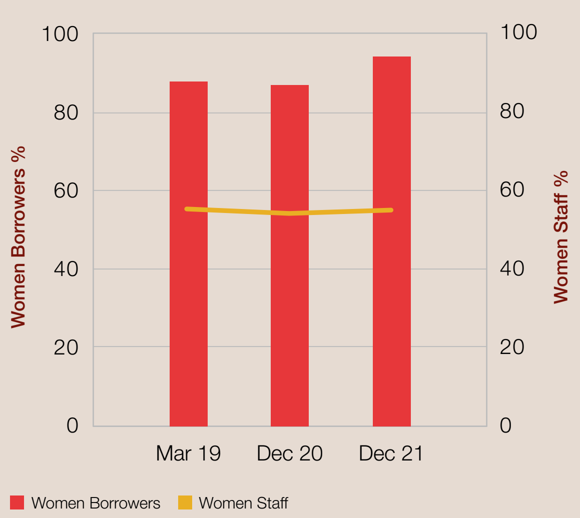
₹18,007
Average Loan Size

	Mar 2020	Dec 2020	Dec 2021
No of Field Offices	15	16	**16**
Number of Active Borrowers	27,259	25,109	**21,650**
• Women Borrowers (%)	88%	87%	**94%**
Assets Under Management (USD)	6,865,173	6,397,869	**5,281,521**
Assets Under Management (INR)	516,515,727	472,247,159	**389,845,965**
PAR30 Days	1.77%	42.00%	**32.22%**
Average Loan Size (USD)	261	254	**243**
Average Loan Size (INR)	18,948	18,808	**18,007**
Average Loan Size / Estimated GNI per capita	12.23%	11.97%	**11.46%**

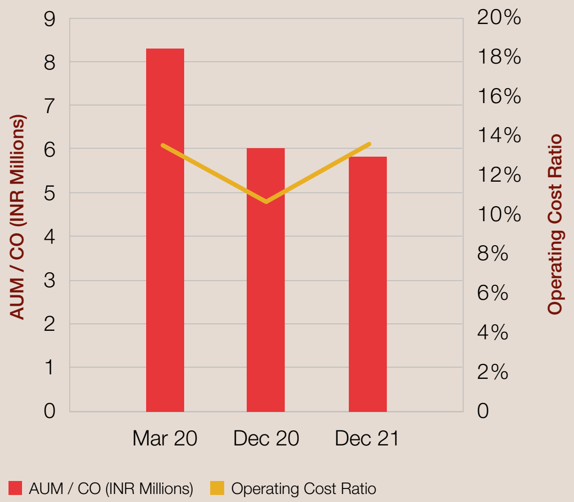
Assets under Management vs No of Active Borrowers



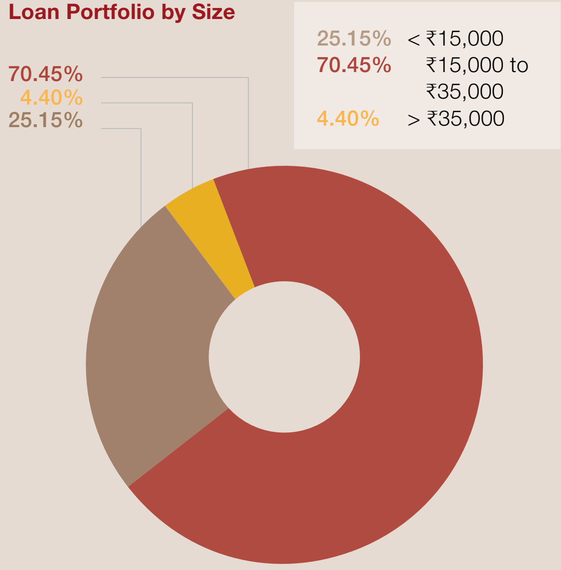
Gender Distribution



Operating Cost & Efficiency



Loan Portfolio by Size

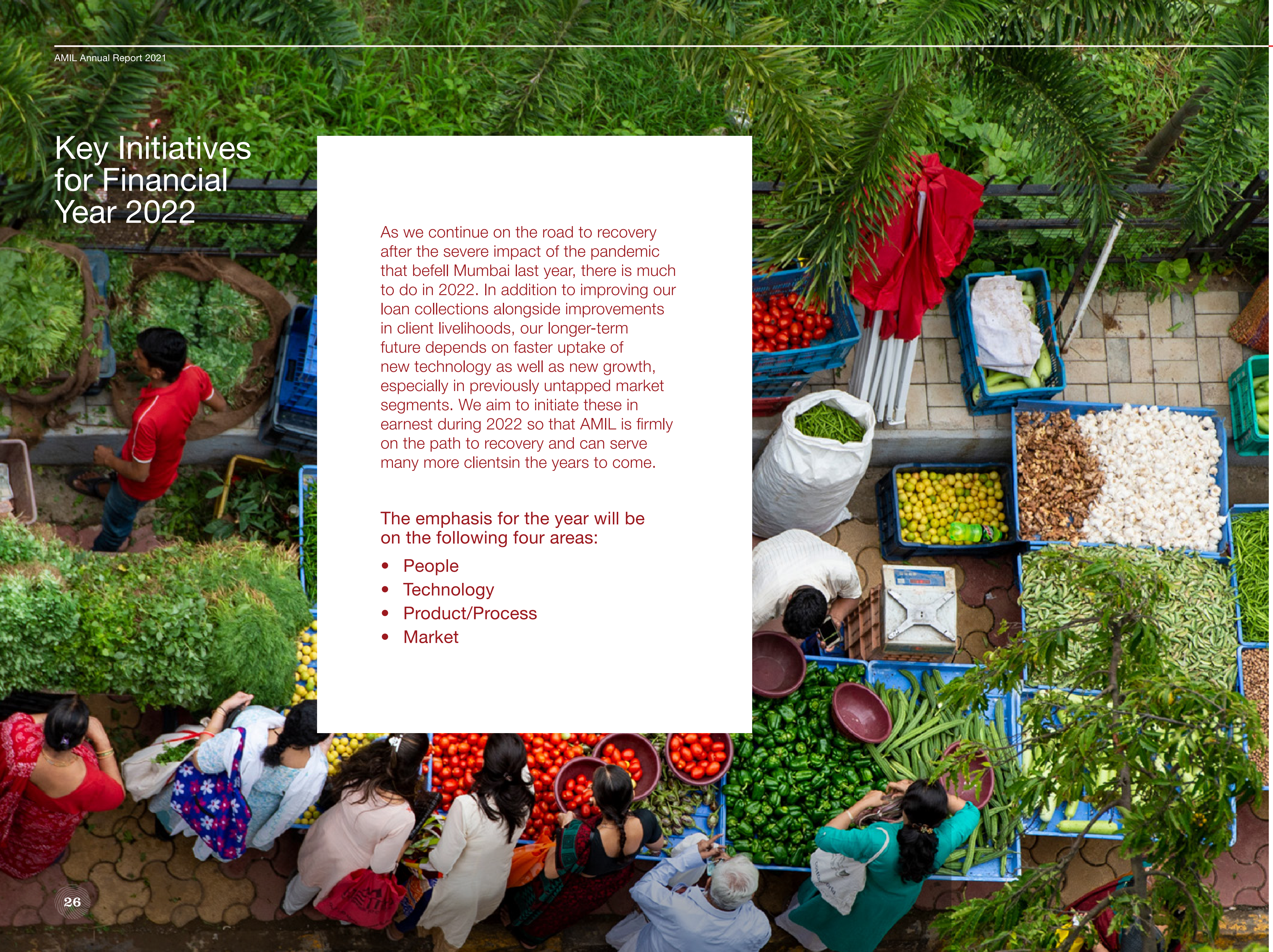


	Mar 2020	Dec 2020	Mar 2021
Margin Analysis (as a % of loan portfolio)			
a) Operating Income	24.57%	16.68%	**18.49%**
b) Cost of Funds	11.19%	7.02%	**6.44%**
c) Net Interest Margin (a-b)	13.39%	9.66%	**12.05%**
d) Loan Loss Provision	0.34%	2.90%	**29.87%**
e) Net Margin before Operating Expenses (c-d)	13.05%	6.76%	**-17.81%**
f) Personnel Cost	6.19%	4.98%	**7.31%**
g) Admin Cost	6.66%	5.57%	**4.73%**
h) Total Operating Cost (f+g)	12.85%	10.55%	**12.03%**
Net Margin	0.20%	-3.79%	**-29.85%**
Financial Ratios			
Operating Self Sufficiency	100.31%	81.03%	**38.15%**
Solvency Ratio (Equity/Assets)	25.38%	38.27%	**13.20%**
Debt/Equity	1.10	0.60	**3.50**
Operating Cost Ratio	13.00%	10.66%	**12.17%**
Return on Equity	0.06%	-11.48%	**-104.73%**

38.15%
Operating Self Sufficiency

12.17%
Operating Cost Ratio

7.31%
Personnel Cost



Key Initiatives for Financial Year 2022

As we continue on the road to recovery after the severe impact of the pandemic that befell Mumbai last year, there is much to do in 2022. In addition to improving our loan collections alongside improvements in client livelihoods, our longer-term future depends on faster uptake of new technology as well as new growth, especially in previously untapped market segments. We aim to initiate these in earnest during 2022 so that AMIL is firmly on the path to recovery and can serve many more clientsin the years to come.

The emphasis for the year will be on the following four areas:

- People
- Technology
- Product/Process
- Market

People

In order to improve its footprint and performance, AMIL is actively redesigning its approach to structure and internal management, by creating a leaner structure at the top, while strengthening capacity at the client-facing levels. Alongside re-instatement and appropriate improvements in compensation, pro-active communication between different arms of the company are being prioritized to improve efficiency and overall performance.

The overall recovery of the company during 2022 is reliant first on the recovery of doubtful and bad debts, and as client livelihoods slowly recover, the focus will be on getting those clients back on the road while also collecting old overdues at the same time.

Collection Strategy

AMIL has already created a separate collection team to have focused recovery and plans to increase the strength in the coming months and to deploy them in select branches as per details below:

- A separate collection team has been formed and is assisting the branch teams in following up with clients.
- The regular performing loan portfolio continues to be handled by the branches directly.
- Several solutions will be explored with clients, including interest waivers and one-time settlement schemes. Participating clients will be eligible for further loans.

Technology

Enhancement of Core Banking Solution

Considering the rapidly changing business environment AMIL is in the process of upgrading the CBS to a more robust and user-friendly version. In addition to an enhanced version of the Loan Origination and Management module, the following functionalities would be added to the system and made operational during the year:

- Integrated Accounting Module.
- Audit Module.
- HR Module.

Once fully implemented the new platform will serve as a single source of real time data for Loan Management Systems, Financial Statements, HR as well as internal audit.

API Integrations

API integrations facilitate a more seamless flow of information, and AMIL is planning to complete the following integrations during the year:

- Integration with all credit rating agencies for data retrieval and submission.
- Automated Permanent Account Verification (PAN).
- Automated Aadhaar verification.
- Integration with Bharat Bill Pay Services for automated collection.
- Integration with Banks for automated disbursements.

Mobile Based Customer Application

Alongside the upgrade of the core banking solution, AMIL also plans to introduce a mobile customer application for online onboarding of clients. The clients would get the facility to initiate loan requirements online once this is functional. This is the first step on mobile solutions and over time, other features will be added to the mobile application.

Process & Products

Remote Branch/Branchless Model

Traditionally, AMIL operates on a branch led model where in the coverage area is around 10 km from the branch offices. We are currently testing a remote branch model where the client officer is attached to an existing branch but would be posted in a farther location. If this model works well, it can improve efficiency in product delivery.

Advantages

- Extend the coverage of existing branches.
- Lower cost of operation.
- Greater geographical coverage.

If found successful, the remote model can be extended to new geographies as a branchless model.

Pricing

The Reserve Bank of India recently came out with a new set of master directions for NBFC-MFIs, including the removal of interest rate caps on micro loans. AMIL is in the process of creating a pricing policy more aligned to a stable business model, and at the same time incentivizing existing performing clients with better pricing. This new differential pricing will be brought in during the year.

Geo-tracking

A real-time geo-tracking is being tested with the expectation of further improving service delivery by identifying and eliminating bottlenecks. The system will provide important data on travel times, durations of meetings/ follow-ups as well as cost. Streamlining of field operations can then be data driven and more effective.

Market

Despite intense competition in the urban microfinance market, AMIL has largely retained its client base over the years and has also built slowly on it. However it is slowly becoming evident that the value proposition of AMIL has possibly been diluted with the arrival of large MFIs that can provide bigger and cheaper loans to similar clients. This begs the question – where can AMIL deliver the highest value through its products and services?

During the year, we will research the demand amongst the lowest income households that are not covered by the traditional MFIs and will attempt to reach them with appropriate financial products. If this shift is viable, over time this will emerge as AMIL's primary market segment.

Conclusion

AMIL today stands at an interesting crossroad; and the need of the hour is for it to redefine itself by creating a niche in the market. The starting point is to understand the demand and preferences of a new segment of the market, and its own team's readiness to drive impact in these segments. Much of the initiatives outlined will prepare it in 2022 to drive growth and impact in the coming years.

In order to redefine itself, AMIL will focus on understanding the demand and preferences of a new segment of the market and the team's readiness to drive impact in these segments.

Directors' report

for the year ended 31 December 2021

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, 2021.

1. Financial performance and operational review:

The Company financial performance, for the year ended December 31, 2021:
(Amount in Indian Rupees)

Particulars	For the year ended 31-Dec-21	For the year ended 31-Dec-20
Revenue from Operation	5,68,98,000	7,46,31,000
Other Income	2,28,19,000	50,83,000
Total Income	7,97,17,000	7,97,14,000
Less: Finance costs	2,77,63,000	3,19,72,000
Net Operating Income	5,19,54,000	4,77,42,000
Less: Provisions and write-offs	12,87,41,000	1,43,24,000
Less: Employee Benefit Expense	3,14,88,000	2,46,06,000
Less: Other Expenses	2,03,85,000	2,75,45,000
Profit/Loss before Depreciation and Taxation	(12,86,60,000)	(1,87,33,000)
Less: Depreciation	5,67,000	5,70,000
Less: Provision for Taxation (After considering credit of MAT)	5,60,000	-
Profit/ Loss after Tax	(12,97,87,000)	(1,93,03,000)

2. Overview (financial highlights):

During the year under review, the total Income of the Company is Rs. 7,97,17,000/- against Rs. 7,97,14,000/- in the previous year. The Company's Operating Income margin has been improved by 8.82 % however has incurred a loss of Rs. 12,97,87,000/- compared to loss of Rs. 1,93,03,000/- 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 impact:

COVID-19 pandemic had adversely impacted global commercial activity and contributed to significant decline in economic activity and volatility in financial markets. The Management of the Company has taken into consideration the impact of the known internal and external events arising from COVID-19 pandemic in the assessment of recoverability of investments, trade and other receivables, other current and non-current assets and loans, advances and deposits up to the date of approval of these financial statements. However, the impact assessment of COVID-19 is an ongoing process, given the uncertainties associated with its nature and duration. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions, if any. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statement and the Company will continue to closely monitor any material changes to future economic conditions and any significant impact on the Company's financial position.

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, 2021.

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:

There has been no change in the Share Capital of the Company during the year under review.

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, 2021the 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, 2021and of the loss of the company for the year ended December, 31, 2021.

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, there was no change in the constitution of the Board of Directors.

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.	21/01/2021	5	3
2.	19/05/2021	5	4
3.	02/07/2021	5	5
4.	16/09/2021	5	4
5.	21/12/2021	5	3

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 139,141, 142 and all other applicable provisions, if any, 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, M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants (Firm registration number 003990S/S200018) was appointed as the statutory auditors of the Company to hold office for a period of 5 (five) years from the conclusion of 25th Annual General Meeting till the conclusion of the 29th Annual General Meeting to be held in the year 2025.

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 organisation'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 2021.

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

The Annual Return as required under Section 92 and Section 134 of the Companies Act, 2013 read with rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the Company's website at https://www.amil.co.in/

Financial Statements for the year ended 31 December 2021 (continued)

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.10,94,000/- [13000 USD] in foreign currency for current financial year towards consultancy for Service Agreement and expenditure of Rs.76,34,000/- [97000 USD] in foreign currency for current financial year towards interest on ECB in foreign currency.

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 Bankof Rs. 20,49,27,000/-.

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.

Financial Statements for the year ended 31 December 2021 (continued)

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: 23/03/2022
Place: Navi Mumbai

Tanmay Chetan
Board Chair
DIN: 03594936

Independent auditors' report

To the Members of Agora Microfinance India Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agora Microfinance India Limited ("the Company"), which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss, and statement of cash flows for the year then ended. and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2021, and loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilties 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 (ICAI) 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 opinion.

Emphasis of Matter

i. We draw attention to Note 39, regarding the Company's non-compliance with minimum qualifying assets prescription under the "Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016" issued vide reference number RBI/DNBR/2016-17/44/Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016, as amended from time to time, the Company's proposed intimation to RBI and reduction in the prescribed minimum qualifying assets limit w.e.f. April 1, 2022 of which company is in compliance.

ii. We draw attention to Note 41 of the financial statements which explains the uncertainties and management's assessment of the financial impact due to the lockdown including other restrictions imposed by the Governments and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in the subsequent period.

Our opinion is not qualified in respect of these matters.

Financial Statements for the year ended 31 December 2021 (continued)

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other Information is materially inconsistent with the financial statements, or our knowledge obtained during 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.

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

The Company's management and Board of Directors are 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the (AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

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

Auditors' 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 auditors' 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 skeptism 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 Companies Act, 2013, 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 auditors' 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 auditors' 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.

Other Matters

The audited financial statements of the Company for the corresponding period ended 31 December 2020 have been audited by the predecessor auditors whose audit report dated May 21, 2021 expressed an unmodified opinion on those audited financial statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of Indla In terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31 December 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2021 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included In the Auditors' Report In accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;

ii. The Company has not made provision under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 43 to the financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 44 to the financial statements.

h) In our opinion, the managerial remuneration for the year ended December 31, 2021 has been paid by the Company to its director in accordance with the provisions of Section 197 read with Schedule V of this act.

For PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No. 131178
UDIN: 22131178AFMESX6141
Place: Mumbai
Date: 23 March 2022

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Agora Microfinance India Limited ("the Company") on the financial statements as of and for the year ended 31 December 2021.

(i) In respect of the Company's fixed assets:

(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 to us, 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(1i) of the order is not applicable to the company.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence clause 3{iii) of the Order is not applicable to the Company.

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees or security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore clause 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3{v) of the Order is not applicable.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act.

(vii) 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 related to sales tax, duty of customs, duty of excise & value added tax, are not applicable to the Company.

According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Service tax, Goods and Services Tax (GST), and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable. The provisions related to sales tax, duty of customs, duty of excise & value added tax, are not applicable to the Company.

According to the records of the Company, the dues of income tax, GST and cess on account of dispute are as follows:

Nature of statute	Nature of dues	Amount	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15,729 thousand	AV 2017-18	Commissioner of Income Tax (Appeals)

(viii) Based on our audit procedures and as per the Information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government, or dues to debenture holders except as follows;

Lender name	Date as per repayment schedule	Date of Payment	Amount as per repayment schedule (in '000)	Amount repaid (in '000)	Balance unpaid (in '000)	Delay days
Western Capital Advisors Pvt Ltd	01-Jan-21	01-Mar-21	1,418	1,418	-	59
	01-Feb-21	03-Apr-21	1,407	1,407	-	61
	01-Mar-21	01-May-21	1,384	1,387	-	61
	01-Apr-21	03-Jun-21	1,369	1,369	-	63

(ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under the clause 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards

(xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares allotment or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.

(xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered Into any non-cash transactions with directors or persons connected with them.

(xvi) Based on our audit procedures and according to the Information and explanations given to us, we report that the Company has registered under Section 45-IA of Reserve Bank of India Act, 1934.

For PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No. 131178
UDIN: 22131178AFMESX6141
Place: Mumbai
Date: 23 March 2022

Financial Statements for the year ended 31 December 2021 (continued)

Annexure B

Referred to in paragraph 2(f) on 'Report on Other Legal and report of even date Regulatory Requirements' of our 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 of 31 December 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed under section143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both Issued by the ICAI. 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 were 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 Company's 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such Internal financial controls were operating effectively as at 31 December 2021, based on the internal control with reference to financial statements 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 (the "Guidance Note").

For PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No. 131178
UDIN: 22131178AFMESX6141
Place: Mumbai
Date: 23 March 2022

Balance Sheet
as at December 31, 2021 (Amount in Indian Rupees '000)

	Notes	31-Dec-21	31-Dec-20
Equity and Liabilities			
Shareholders' funds			
Share capital	3	53,799	53,799
Reserves and surplus	4	4,693	134,480
		58,492	188,279
Non-current liabilities			
Long-term borrowings	5	204,927	112,940
Long-term provisions	6	2,983	2,767
		207,910	115,707
Current liabilities			
Short Term Borrowings	7	23,647	163,342
Trade Payables	8	-	-
a. total outstanding dues to micro, small and medium enterprises		-	-
b. total outstanding dues to creditors other than micro, small and medium enterprises		796	417
Other current liabilities	9	3,381	3,787
Short-term provisions	6	148,853	20,421
		176,677	187,967
TOTAL		443,079	491,953
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	758	918
Intangible assets		114	190
Capital Work in Progress			
Deferred tax assets (net)	11	-	-
Long-term loans and advances	12	58,694	80,199
Other non-current assets	13	5,286	17,448
		64,852	98,755

Balance Sheet (continued)
as at December 31, 2021 (Amount in Indian Rupees '000)

	Notes	31-Dec-21	31-Dec-20
Assets (continued)			
Current assets			
Cash and bank balances	14	57,376	18,047
Short-term loans and advances	12	315,196	328,932
Other current assets	13	5,654	46,219
		378,226	393,198
TOTAL		443,079	491,953
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm Registration number: 003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No.131178

UDIN-22131178AFMESX6141

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

Pradeep Sarin
Director

DIN 07965853
Date: 23 March 2022
Place: Mumbai

Asit Mehta
Director

DIN 01640935
Date: 23 March 2022
Place: Mumbai

Statement of profit and loss

as on December 31, 2021 (Amount in Indian Rupees '000)

	Notes	For the period ended 31 Dec 2021	For the period April 1, 2020 to December 31, 2020
Income			
Revenue from operations	15	56,898	74,631
Other income	16	22,819	5,083
Total revenue (I)		79,717	79,714
Expenses			
Employee benefits expense	17	31,488	24,606
Finance costs	18	27,763	31,972
Other expenses	19	20,385	27,545
Depreciation and amortization expense	20	567	570
Provisions and write-offs	21	128,741	14,324
Total expenses (II)		208,944	99,017
(Loss)/Profit before tax (III)=(I)-(II)		(129,227)	(19,303)
Tax expenses			
Current tax		560	-
Deferred tax		-	-
Excess provision for current tax in respect of earlier year		-	-
Total tax expense (IV)		560	-
(Loss)/Profit for the year (III)-(IV)		(129,787)	(19,303)

Financial Statements for the year ended 31 December 2021 (continued)

Statement of profit and loss (continued)

as on December 31, 2021 (Amount in Indian Rupees '000)

	Notes	For the period ended 31 Dec 2021	For the period April 1, 2020 to December 31, 2020
Earnings per equity share [Nominal value of share Rs.10 (December 31, 2020: Rs.10)]	29		
Basic (Computed on the basis of total loss/profit for the period)		(24.12)	(3.59)
Diluted (Computed on the basis of total loss/profit for the period)		(24.12)	(3.59)
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 PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm Registration number: 003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No.131178

UDIN-22131178AFMESX6141

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

Pradeep Sarin
Director

DIN 07965853
Date: 23 March 2022
Place: Mumbai

Asit Mehta
Director

DIN 01640935
Date: 23 March 2022
Place: Mumbai

Financial Statements for the year ended 31 December 2021 (continued)

Cash flow statement

for the year ended December 31, 2021 (Amount in Indian Rupees ‘000)

	For the period ended 31 Dec 2021	For the period April 1, 2020 to December 31, 2020
Cash flow from operating activities		
(Loss)/Profit before tax	(129,787)	(19,301)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	567	570
Provision for employee benefits	1,752	871
Loss/ (profit) on sale of property, plant and equipment	(9)	-
Interest Income	(712)	-
Interest cost & Exchange loss	27,763	-
Provision for standard assets and non-performing assets	135,619	7,761
Provision for Moratorium	(6,878)	6,563
Operating Profit before working capital changes	28,315	(3,536)
Movements in working capital:		
Increase/ (decrease) in other current liabilities	(406)	(2,587)
Increase/ (decrease) in provisions	(1,845)	-
Increase/ (decrease) in trade payables	379	-
Decrease / (increase) in loans and advances	35,174	36,289
Decrease / (increase) in other current & non current assets	16,448	7,725
Cash generated from /(used in) operations	49,750	41,428
Direct taxes paid (net of refunds)	67	(215)
Net cash flow from / (used in) operating activities (A)	78,132	37,676
Cash flows from investing activities		
(Investment in FD)/ proceeds from FD	36,278	-
Interest income	712	-
Purchase of fixed assets	(349)	(145)
Proceeds from sale of assets	27	-
Net cash flow (used in)/from investing activities (B)	36,668	(145)

Cash flow statement (continued)

as on December 31, 2021 (Amount in Indian Rupees ‘000)

	For the period ended 31 Dec 2021	For the period April 1, 2020 to December 31, 2020
Cash flows from financing activities		
Proceeds from issuance of equity share capital	-	60,000
Share issue expenses	-	(501)
Interest cost and exchange difference cost	(27,763)	-
Proceeds from Long & Short term borrowings	135,155	13,437
Repayment of long & Short term borrowings	(182,863)	(157,744)
Net cash flow (used in)/from financing activities (C)	(75,471)	(84,809)
Net (decrease)/increase in cash and cash equivalents (A + B + C)	39,329	(47,277)
Cash and cash equivalents at the beginning of the year	18,047	65,323
Cash and cash equivalents at the end of the year	57,376	18,046
Components of cash and cash equivalents (Note- 13)		
Cash in hand	581	526
Balances with banks		
in current account	2,295	6,021
in deposit account	54,500	11,500
Total cash and cash equivalents	57,376	18,046

The accompanying notes are an integral part of the financial statements

As per our report of even date

For PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm Registration number: 003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No.131178

UDIN-22131178AFMESX6141

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

Pradeep Sarin
Director

DIN 07965853
Date: 23 March 2022
Place: Mumbai

Asit Mehta
Director

DIN 01640935
Date: 23 March 2022
Place: Mumbai

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees)
Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

Notes to the financial statements

for the year ended
31 December 2021

1. Corporate Information

Agora Microfinance India Limited ('the Company') is a public company domiciled in India andthe 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. 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.

i. 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.

iv) Option premium paid towards hedge of fx exposure is charged to profit and loss account over the contract period.

Notes to the Financial Statements for the year ended 31 December 2021 *(Amount in Indian Rupees)* (continued)

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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.

p. Classification of loan portfolio

Loans are classified as per management estimates as given below:

Asset Classification	Useful Life
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.

Portfolio loans are provided based on management estimates, subject to the minimum provisions required as per the Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

q. 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.

MAS business correspondence portfolio is included in own book in Dec 2021 and 100% provision on principal outstanding is created.

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-21	As at 31-Dec-20
Authorized shares		
7,000 thousand (December 31, 2020: 7,000 thousand) equity shares of Rs.10 each	70,000	70,000
Issued, subscribed and fully paid-up shares		
5,380 thousand (December 31, 2020: 5,380 thousand) equity shares of Rs.10 each fully paid up	53,799	53,799
Total issued, subscribed and fully paid-up share capital	53,799	53,799

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

	As at 31-Dec-21		As at 31-Dec-20	
	No. of Shares in '000	Amount in '000	No. of Shares in '000	Amount in '000
Equity shares				
At the beginning of the year	5,380	53,799	3,869	38,689
Issued during the year	-	-	1,511	15,110
Outstanding at the end of the year	5,380	53,799	5,380	53,799

(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.

3 Share capital (continued)

(c) Shares held by holding company *.

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

	As at 31-Dec-21	As at 31-Dec-20
Agora Microfinance N.V		
Number of equity shares of Rs.10 each fully paid up (in '000)	5,047	5,047
% Shareholding	93.81%	93.81%
Change During the year	-	-

*Company has identified its holding company as promotor in accordance with definition provided in the Companies Act 2013

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

	As at 31-Dec-21	
Name of Shareholder	No. of Shares in '000	% holding in the class
Equity shares of Rs.10 each fully paid		
Meenal Patole	333	6.19%
Agora Microfinance N.V	5,047	93.81%

	As at 31-Dec-20	
Name of Shareholder	No. of Shares in '000	% holding in the class
Equity shares of Rs.10 each fully paid		
Meenal Patole	333	6.19%
Agora Microfinance N.V	5,047	93.81%

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.

4 Reserves and surplus

	As at 31-Dec-21	As at 31-Dec-20
Securities premium account		
Balance as per the last financial statements	206,532	162,142
Add: Additions during the year	-	44,890
Less: Share issue expenses	-	(501)
Closing Balance	206,532	206,532
Statutory reserve		
Balance as per the last financial statements	1,554	1,554
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	1,554	1,554
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(73,606)	(54,303)
Add: (Loss)/Profit for the year	(129,787)	(19,303)
Less: Transferred to Statutory Reserve [@20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act,1934]	-	-
Net (deficit) in the statement of profit and loss	(203,393)	(73,606)
Total reserves and surplus	4,693	134,480

Notes to the Financial Statements for the year ended 31 December 2021 *(Amount in Indian Rupees)* (continued)

5 Long-term borrowings

	As at 31-Dec-21	As at 31-Dec-20
Term loans		
a) Indian rupee loan from non banking financial companies (secured)*	10,538	182,755
(-) Current maturities of above (Refer Note 7)	(10,538)	(157,195)
b) Indian rupee loan from bank (secured)*	4,615	2,857
(-) Current maturities of above (Refer Note 7)	(4,615)	(2,857)
c) External commercial borrowing from related party (unsecured)	53,275	54,109
(-) Current maturities of above (Refer Note 7)	(3,353)	(1,828)
c) External commercial borrowing from related party (unsecured, sub-debt)	160,146	36,561
(-) Current maturities of above (Refer Note 7)	(5,141)	(1,462)
	204,927	112,940

*Indian rupee loans from non banking financial companies and banks are secured by first pari passu charge over loan receivables created out of those funds

Margin money deposits of Rs. 500 thousand placed with the lenders & Rs. 3500 thousand security deposits are lien marked and these are reflected in Schedule 13 - Other Assets

The Company has outstanding term loan of USD 715 thousand (Previous year USD 740 thousand) at interest rate of 4.5% + last 6 months LIBOR. Borrowing is hedged through option contracts.

The Company has outstanding unsecured term loan as sub-debt of USD 2150 thousand (Previous year USD 500 thousand) at interest rate of 4.5% + last 6 months LIBOR. Borrowing is hedged through option contracts.

Terms of repayment of borrowings as on December 31, 2021

	Interest Rate	No of instalments	Due within 1 year	Due within 1to 3 years	Due beyond 3 years
Nature				**Amounts**	
Term secured loan from Bank (0-3 years)	6.43%	6	4,615		
Term secured loan from Financial institution (0-3 years)	16.00%	1	1,249		
	14.90%	6	2,114		
	15.00%	10	1,132		
	17.00%	14	6,043		
ECB from related party (0-7 years)	Latest 6 month LIBOR+ 4.5% margin	66	8,494	65,047	139,880
			23,647	65,047	139,880

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

5 Long-term borrowings (continued)

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

Original maturity of loan	Interest Rate	Due within 1 year No of instalments	Amount	Due within 1-2 years No of instalments	Amount
Monthly					
1-3 years	6.43% - 14.99%	12	9,231	6	4,615
	15% - 16%	142	85,485	44	12,187
	16.10% - 17%	72	62,479	14	5,833
Quarterly					
1-3 years	10.45%	1	2,857	0	0
Half Yearly					
1-5 years	4.62% - 6.07%	3	3,290	13	90,304
Total			163,342		112,939

6 Provisions

	Long-term As at 31-Dec-21	Long-term As at 31-Dec-20	Short-term As at 31-Dec-21	Short-term As at 31-Dec-20
Provision for employee benefits				
Provision for gratuity (Refer note 25 B)	2,331	1,766	127	88
Provision for leave benefits (Refer note 25 C)	572	427	100	942
	2,903	2,193	227	1,030
Other provisions				
Contingent provisions against standard assets.(refer note 30)	13	60	18	13
Provision for Non-performing assets. (refer note 30)	67	514	148,608	12,500
Provisioning for Moratorium (refer note 34)	-	-	-	6,878
	80	574	148,626	19,391
	2,983	2,767	148,853	20,421

7 Short-term Borrowings

	As at 31-Dec-21	As at 31-Dec-20
Current maturities of long-term borrowings	23,647	163,342
	23,647	163,342

8 Trade Payables

	As at 31-Dec-21	As at 31-Dec-20
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	796	417
	796	417

* Refer Note No. 33 for details of due of micro and small medium enterprise

31-Dec-21	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others	777	19			796
(iii) Disputed dues MSME					
(iv) Disputed dues Others					

31-Dec-20	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others	417	0			417
(iii) Disputed dues MSME					
(iv) Disputed dues Others					

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

9 Other current liabilities

	As at 31-Dec-21	As at 31-Dec-20
Interest accrued but not due on borrowings	115	956
Statutory dues payable	631	778
Employee dues payable	1,140	47
Accrued Liability	1,291	1,886
Other Current liability	204	120
	3,381	3,787

10 Tangible assets

	Furniture	Computers	Office	Total
Cost				
At April 1, 2020	1,077	2,479	770	4,326
Additions	-	67	29	96
Disposals/written off	-	-	-	-
At December 31, 2020	1,077	2,546	799	4,422
Additions	41	121	187	349
Disposals/written off	51	-	49	100
At December 31, 2021	1,067	2,667	937	4,671
Depreciation				
At April 1, 2020	700	1,826	472	2,998
Charge for the year	75	327	104	506
Disposals/written off	-	-	-	-
At December 31, 2020	775	2,153	576	3,504
Charge for the year	86	305	100	491
Disposals/written off	41	-	41	82
At December 31, 2021	820	2,458	635	3,913
Net Block				
At December 31, 2020	302	393	223	918
At December 31, 2021	247	209	302	758

10 Intangible assets (continued)

	Software	Total
Gross block		
At April 1, 2020	1,517	1,517
Additions	50	50
Deletions/Write off	-	-
At December 31, 2020	1,567	1,567
Additions	-	-
Deletions/Write off	-	-
At December 31, 2021	1,567	1,567
Amortization		
At April 1, 2020	1,312	1,312
Charge for the year	65	65
Deletions/Write off	-	-
At December 31, 2020	1,377	1,377
Charge for the year	76	76
Deletions/Write off	-	-
At December 31, 2021	1,453	1,453
Net block		
At December 31, 2020	190	190
At December 31, 2021	114	114

11 Deferred tax

	As at 31-Dec-21	As at 31-Dec-20
Deferred tax asset/(liability)		
Difference due to depreciation impact	(194)	160
Difference due to provision for leave encashment	187	381
Difference due to provision for gratuity	684	516
Difference due to disallowance of provision against standard assets and non performing assets	41,370	3,621
Deferred tax on carried forward tax losses and unabsorbed depreciation	6,358	9,651
Deferred tax asset not recognized	(48,405)	(14,329)
Deferred tax asset/(liability) - Net	-	-

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

12 Loans and advances

	Non-current		Current	
	As at 31-Dec-21	As at 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
a. Portfolio Loans				
Joint liability group loans				
Unsecured, considered good*	46,861	76,453	111,531	269,874
Unsecured, considered doubtful**	36	1,599	178,564	33,509
	46,897	78,052	290,095	303,383
Individual loans				
Unsecured, considered good*	1,344	2,032	2,328	7,923
Unsecured, considered doubtful**	-	115	5,303	1,484
	1,344	2,147	7,631	9,407
(A)	48,241	80,199	297,726	312,790

* 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.

	Non-current		Current	
	As at 31-Dec-21	As at 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
b. Other loans and advances				
Employee loans (unsecured, considered good)	-	-	1,806	213
Other receivables	-	-	1,308	5,705
Receivable from Business Correspondence collections	-	-	-	11,569
Less: Provision against Business Correspondence collections receivable	-	-	-	(11,569)
GST input Credit	-	-	818	-
Advance tax (net of provisions for income tax Rs. 560 thousand (PY: Nil))	-	-	9,358	9,425
Prepaid expenses	10,453	-	4,180	799
(B)	10,453	-	17,470	16,142
Total (A+B)	58,694	80,199	315,196	328,932

13 Other assets

	Non-current		Current	
	As at 31-Dec-21	As at 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
Security Deposits	1,433	1,776	480	1,180
Interest accrued on fixed deposits	92	124	659	680
Interest accrued on other deposits	-	310	35	1,850
Interest accrued and not due on portfolio loans	-	-	-	2,908
Interest accrued and due on portfolio loans	-	-	2,017	13,379
Margin and fixed deposits placed with parties**	1,114	11,839	2,463	24,342
Non current bank balances (refer note below)*	2,647	3,399	-	1,880
	5,286	17,448	5,654	46,219

	Non-current		Current	
	As at 31-Dec-21	As at 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
* Fixed deposit lien marked in favour of Financial institution and bank to avail term loan	1,500	4,340	2,000	6,850
** Represents margin money deposit placed to avail term loan from financial institutions and Bank	-	7,499	500	17,492
** Represents margin money deposit placed against Business Correspondence arrangement	1,114	3,399	1,963	1,880

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

14 Cash and bank balances

	As at 31-Dec-21	As at 31-Dec-20
Cash and cash equivalents		
Cash in hand	581	526
Cash in transit	-	-
Balances with banks:		
in current accounts	2,295	6,021
Fixed deposits maturing within 12 months	54,500	11,500
	57,376	18,047
Other bank balances		
Deposits with remaining maturity for more than 12 months	2,647	1,880
(-) presented under other assets (Refer Note 13)	(2,647)	(1,880)
	-	-
	57,376	18,047

15 Revenue from operations

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
Interest income		
Interest on portfolio loans	55,406	74,167
Other operating revenue		
Loan processing fees	1,492	464
	56,898	74,631

16 Other income

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
Interest on fixed deposits	1,862	1,369
Interest on other deposits	1,063	1,450
Interest on employee loans	64	37
Interest on income tax refund	23	-
Insurance brokerage and commission	480	219
Income from business correspondence	7,435	2,008
Miscellaneous income	2	-
Profit on sale of fixed asset	9	-
Net receipts from business correspondence	11,881	-
	22,819	5,083

17 Employee benefits expense

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
Salaries and bonus / incentive	27,254	21,129
Leave encashment (Refer Note 25 C)	1,148	972
Contribution to Provident Fund	1,805	1,221
Contribution to Employee State Insurance Corporation	369	284
Gratuity expenses (Refer Note 25 B)	604	842
Staff welfare expense	308	158
	31,488	24,606

18 Finance costs

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
Interest expense		
On term loans	21,168	34,677
Foreign exchange loss	4,180	(2,741)
Other finance costs/processing fees	(30)	36
Option Premium	2,445	-
	27,763	31,972

Notes to the Financial Statements for the year ended 31 December 2021 *(Amount in Indian Rupees)* (continued)

19 Other expenses

	As at 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
Rent	5,416	4,153
Rates and taxes	3	3
Insurance	193	136
Repairs and maintenance	860	586
Membership fees	196	197
Advertising	8	-
Electricity charges	316	180
Travelling and conveyance	2,102	686
Communication expenses	729	558
Printing and stationery	751	391
Legal and professional fees	3,436	5,134
Directors' sitting fees & remuneration	175	350
Auditors' remuneration (Refer Note 19.1)	1,020	1,003
Amounts not receivable written off	3,021	1,251
Loss on sale /Discard of fixed asset	-	-
Technical services	477	307
Commission and brokerage	154	21
Bank charges	1,026	597
Miscellaneous expenses	502	423
Provision for business correspondence receivables (Refer Note 42)	-	11,569
	20,385	27,545

19 Payment to auditors

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
As auditor:		
Audit fee	475	900
Tax Audit	-	-
In other capacity:		
Other services (certification fees)	545	100
Reimbursement of expenses	-	3
	1,020	1,003

20 Depreciation and amortization expense

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
Depreciation of tangible assets	491	505
Amortization of intangible assets	76	65
	567	570

21 Provisions and write-offs

	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20
(Write-back)/Contingent provisions against standard assets (Refer Note 30)	(41)	(25)
Provision against Non performing assets (Refer Note 30)	135,660	7,786
Portfolio loans and other balance written off	-	-
Provision for moratorium	(6,878)	6,563
	128,741	14,324

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

22 Restructuring of loans given to borrowers

During the months of November and December 2021, the Company restructured 4,896 loans having principal outstanding of Rs. 88,291 thousand on the date of restructuring. The restructuring involved increasing the term of the loan by 2 to 36 months depending on loan amounts.

Above loan details includes;

(a) 1,864 loan accounts which were classified as sub-standard as on March 31, 2021, having a principal outstanding of Rs. 38,611 thousand. As stated in the resolution framework 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses issued vide ref. no. RBI/2021-22 dated 5 May 2021, these assets are continued to be classified as sub-standard as per original repayment schedule in accordance with relevant Master Direction, as applicable.

(b) Out of total principal restructured Rs. 13,592 thousand (as on the date of restructure) were from the business correspondence portfolio which was entirely taken in the own books on 10 December 2021.

23 Segmental reporting

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. Hence, no separate disclosure is required under AS 17.

24 Related Party Transactions

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 NV**
Subsidiary for Agora Microfinance NV	**Moringaway**
Key management Personnel (CEO)	**Mr. Naval Manoj**
Key management Personnel (Director)	**Meena Patole**

24 Related Party Transactions (continued)

ii. Transaction with related party during the period

	Transactions during the year		Balances	
	For the period ended 31-Dec-21	For the period 1-Apr-20 to 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
Agora Microfinance NV				
Issue of Share Capital	**Nil**	15,110	**-**	-
Securities Premium	**Nil**	44,890	**-**	-
Service Fees Payable	**1,094**	1,457	**-**	-
Moringaway				
External Commercial Borrowing	**122,096**	Nil	**53,275**	54,109
Principal of external commercial borrowing paid	**3,417**	734	**-**	-
Interest paid on external commercial borrowing	**7,217**	3,473	**-**	-
Mr. Naval Manoj				
Salaries and perquisites	**2,683**	2,177	**-**	-
Reimbursement of expenses	**501**	668	**-**	-
Leave Encashment	**101**	Nil	**-**	-

25 Employee Benefits

A Defined Contribution Plan

	As at 31-Dec-21	As at 31-Dec-20
During the year, the company has recognised the following amounts in the Statement of Profit and loss:		
Employer's contribution to provident fund	**1,805**	1,221
Other funds	**369**	284

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

25 Employee Benefits (continued)

B 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. 2000 thousand 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	As at 31-Dec-21	As at 31-Dec-20
Current Service cost	721	260
Interest cost on benefit obligation	108	64
Net actuarial (gain) / loss recognized in the period	(225)	518
Net Employee benefit expense	604	842

Details of provision for gratuity:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Defined benefit obligation	2,458	1,854
Plan liability	2,458	1,854

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

Particulars	As at 31-Dec-21	As at 31-Dec-20
Opening defined benefit obligation	1,854	1,630
Interest cost	108	64
Current service cost	721	260
Benefits paid	-	(618)
Actuarial (gains) / losses on obligation	(225)	518
Closing defined benefit obligation	2,458	1,854

25 Employee Benefits (continued)

The principal assumptions used in determining gratuity:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Discount rate	6.53%	5.84%
Salary escalation rate per annum for next 1 year	9%	2%
Salary escalation rate per annum from 2nd year	9%	9%
Rates of leaving service	12%	12%

Net assets/liability and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets:

Particulars	Jan-21 to Dec-21	Apr-20 to Dec-20	Apr-19 to Mar-20	Apr-18 to Mar-19	Apr-17 to Mar-18
Closing benefit obligation	(2,458)	(1,854)	(1,630)	(1,270)	(989)
Plan assets	-	-	-	-	-
Net assets/(liability)	(2,458)	(1,854)	(1,630)	(1,270)	(989)
Experience gain/(loss) on PBO	(85)	(37)	110	182	10
Experience gain/(loss) on plan assets	-		-	-	-

C 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.

Net employees benefit expense recognised in employee benefit expense:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Net Employee benefit expense	81	972

Details of provision for leave encashment:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Defined benefit obligation	672	1,369
Plan liability	672	1,369

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

25 Employee Benefits (continued)

C Provision for leave benefits (continued)

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

Particulars	As at 31-Dec-21	As at 31-Dec-20
Opening defined benefit obligation	1,369	722
Benefits paid	(778)	1,260
Expense during the period	80	325
Closing defined benefit obligation	672	1,369
Due but unpaid benefit	Nil	866

The principal assumptions used in determining leave encashment:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Discount rate	6.53%	5.84%
Salary escalation rate per annum for next 1 year	9%	2%
Salary escalation rate per annum from 2nd year	9%	9%
Rates of leaving service	12%	12%

Amounts for the current year are as follows:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Defined benefit obligation	672	1,369
Closing Liability	(672)	(1,369)
Projected Benefit Obligation due but not paid liability	778	866

26 Contingent liability and Capital Commitments

Particulars	As at 31-Dec-21	As at 31-Dec-20
Capital commitments	-	-
Contingent liabilities		
Income tax demand for AY 17-18, under dispute	15,729	15,729
Portfolio originated on behalf of NBFC	2,057	-

27 Earning and expenditure in foreign currency

Particulars	As at 31-Dec-21	As at 31-Dec-20
Foreign Earnings	-	-
Expenditure in foreign currency		
Consultancy fees $13 thousand (PY- $18 thousand) towards Service Agreement	1,094	1,457
Interest on External Commercial Borrowing $97 thousand (PY- $44 thousand)	7,634	3,473

27 Earning and expenditure in foreign currency

Particulars	As at 31-Dec-21	As at 31-Dec-20
Foreign Earnings	-	-
Expenditure in foreign currency		
Consultancy fees $13 thousand (PY- $18 thousand) towards Service Agreement	1,094	1,457
Interest on External Commercial Borrowing $97 thousand (PY- $44 thousand)	7,634	3,473

28 Hedged foreign currency exposure

Particulars	As at 31-Dec-21	As at 31-Dec-20
Hedged foreign currency exposure		
External Commercial Borrowing	53,275	54,109

29 Earnings per share (EPS)

Particulars	As at 31-Dec-21	As at 31-Dec-20
(Loss)/Profit and number of shares data used in computation of basic and diluted EPS:		
(Loss)/Net profit for the year	(129,787)	(19,303)
Weighted average number of equity shares – basic / diluted EPS	5,380	5,380
Basic EPS/Diluted EPS	-₹24.12	-₹3.59
Nominal Value of shares	₹10.00	₹10.00

30 Loan portfolio and provision for standard and substandard assets

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and substandard assets			Portfolio loans outstanding (Net)	
	31-Dec-21	31-Dec-20	31-Dec-20	Movement	31-Dec-21	31-Dec-21	31-Dec-20
Standard	162,064	356,282	73	(42)	31	162,033	356,209
Sub- standard	183,903	36,707	13,014	135,661	148,675	35,228	23,693
Total	345,967	392,989	13,087	135,619	148,706	197,261	379,902

31 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 period charged to statement of profit and loss were as follows:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Operating lease payments recognised during the period	5,248	3,992

Notes to the Financial Statements for the year ended 31 December 2021 *(Amount in Indian Rupees)* (continued)

32 Charge Satisfaction

Except in following cases, charges have been satisfied during the financial year by filing necessary forms / information with registrar. Company is in the process of getting no dues certificates from respective lenders for following charges to process satisfaction with registrar.

Sr No.	SRN	Charge Id	Charge holder name	Date of modification	Date of creation	Amount in`000
1	G49664808	100113661	Reliance Commercial Finance Ltd		20/06/2017	30,000
2	G43902402	100097594	Axis Bank Limited		12/04/2017	15,000
3	G19902618	100058048	Reliance Capital Limited		30/09/2016	20,000
4	G06902670	100036698	Reliance Capital Limited		17/06/2016	20,000
5	C78664471	10619360	Reliance Capital Limited		30/12/2015	10,000
6	C62377650	10587512	Reliance Capital Limited		31/07/2015	10,000
7	C54059688	10530631	Reliance Capital Limited	11/10/2014	11/10/2014	5,000
						110,000

33 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended December 31, 2021 no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

34 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	As at 31-Dec-21	As at 31-Dec-20
1	Outstanding balance of loans which were standard but overdue as	-	399,298
2	Asset classification benefits is extended to loans indicated in 1 above	-	-
3	General provision recognized on loans indicated at 1 above in terms of paragraph 5 of RBI circular	-	19,965
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	-	13,087
5	Outstanding balance of general provision after adjustments toward actual slippages (3-4)	-	6,878
6	Opening balance	6,878	-
7	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	6,878	-

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

35 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 12 month period from 1 January 2021 to 31 December 2021.

The Company had 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.

36 Disclosure on Margin Cap

Disclosure as required under DNSB (PD) CC No 33/03.10.038/2012-13 dated August 3, 2012. Margin of the Company as on December 31, 2021 is:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Average Interest charged on fresh loans disbursed (a)	16.69%	23.75%
Average interest expense on borrowings (b)	11.27%	13.21%
Net Interest Margin (a-b)	5.42%	10.54%

37 Net Owned Funds

Particulars	As at 31-Dec-21	As at 31-Dec-20
Details of computation of Net Owned Fund is as follows;		
Share cap	53,799	53,799
Reserves & surplus	4,693	134,480
Less: Deferred revenue expenses	(14,633)	-799
Less: Intangible Assets	(114)	-190
Tier 1 Capital	43,745	187,290
Add: Tier II Capital - capped at 50% of Tier I Capital	21,873	-
Total	65,618	187,290

38 Capital to Risk Asset ratio is as follows;

Particulars	As at 31-Dec-21	As at 31-Dec-20
CRAR%		
CRAR - Tier I Capital %	11.46%	47.33%
CRAR - Tier II Capital to Tier I capital	22.91%	52.38%

39 Qualifying Assets

As specified in the RBI Master Direction – Master Direction – Non Banking Financial Company – Non Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued with reference number DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016 and as amended from time to time., the company has maintained the qualifying asset percentage as stated below:

Particulars	As at 31-Dec-21	As at 31-Dec-20
Total Assets (less intangible assets)	442,965	491,763
Less: cash and bank balances and money market instruments**	(60,023)	-23,326
Net assets (A)	382,942	468,437
Receivables under Financing Activities		
Gross Portfolios	345,967	392,989
Less : Non-qualifying assets	(33,550)	(34,711)
Qualifying assets (B)	312,417	358,278
Qualifying assets / Net assets: (B) / (A)	81.58%	76.48%

**The company has derived the Net assets by reducing cash in hand, balances with bank and cash collateral with financial institutions from the total assets for this computation.

As per the NBFC Master Directions qualifying assets should be 85% of the net assets of the Company. The Company had intimated Reserve Bank of India, the reasons for lower percentage of qualifying assets as on December 31, 2020 and is in the process of making a similar intimation to Reserve Bank of India as on December 31, 2021. RBI vide "Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022" dated March 14, 2022 has reduced the limit to 75% from current 85% w.e.f. April 1, 2022. It may be noted that if the reduced rate is applied as on the balance sheet date, the Company will be in compliance with the revised qualifying assets percentage.

Notes to the Financial Statements for the year ended 31 December 2021 (Amount in Indian Rupees) (continued)

40 Details of penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators on the company during the year ended December 2021.

41 COVID-19 pandemic had adversely impacted global commercial activity and contributed to significant decline in economic activity and volatility in financial markets. The Management of the Company has taken into consideration the impact of the known internal and external events arising from COVID-19 pandemic in the assessment of recoverability of investments, trade and other receivables, other current and non-current assets and loans, advances and deposits up to the date of approval of these financial statements. However, the impact assessment of COVID-19 is an ongoing process, given the uncertainties associated with its nature and duration.

The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions, if any. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statement and the Company will continue to closely monitor any material changes to future economic conditions and any significant impact on the Company's financial position.

42 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. 28,106 thousand (PY-Rs.11,568 thousand) to the counterparty towards shortfall in collections received on loans sourced by the Company and balance Rs. 2,850 thousand to take over the entire portfolio with effect from 10 December 2021.

Considering the entire principal is overdue and associated credit risk, interest income is recognised on the receipt basis on the acquired portfolio and entire receivable of Rs. 29,059 thousand is provided for as on December 31, 2021.

43 The Company has not made provision under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts.

44 For the year ended December 31, 2021, the company has transferred Rs. Nil (previous year: Rs. Nil) to the Investor Education & Protection Fund.

45 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.

46 Previous year's figures have been regrouped where necessary to conform to current period's classification.

For PKF Shridhar & Santhanam LLP
Chartered Accountants
Firm Registration number: 003990S/S200018

Dhiraj Kumar Birla
Partner
Membership No.131178

UDIN-22131178AFMESX6141

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

Pradeep Sarin	**Asit Mehta**
Director	Director
DIN 07965853	DIN 01640935
Date: 23 March 2022	Date: 23 March 2022
Place: Mumbai	Place: Mumbai

Agora Microfinance
India Limited

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