

**Agora  
Microfinance  
India Ltd**



**Annual Report 2017 - 2018**



## CORPORATE INFORMATION

### Board of Directors

Tanmay Chetan, Chairperson  
Asit Mehta, Independent Director  
Pradeep Sarin, Independent Director  
Meenal Patole, CEO & Managing Director

### Board Committees

Audit & Finance Committee  
Asit Mehta, Chairperson  
Tanmay Chetan, Member

### Remuneration, Nomination & Corporate Governance Committee

Tanmay Chetan, Chairperson

### Management Team

Meenal Patole, CEO & MD  
Amandeep Singh, Head of Finance and Internal Audit  
Sachin Dhongde, Internal Audit Manager  
Prashant Gangji, Accounts Manager  
Asif Kureshi, IT Manager  
Umila Kadu, Asst HR Manager

### Grievance Redressal Officer

Amandeep Singh

### Lenders

Ananya Finance for Inclusive Growth Private Ltd  
MAS Financial Services Ltd  
Reliance Commercial Finance Ltd  
Intellegrow  
Maanaveeya Development and Finance Private Ltd  
Axis Bank

### Principal Bankers

HDFC Bank  
Axis Bank  
ICICI Bank  
SVC Bank

### Auditors

S.R. Batliboi & Co. LLP

### Company Secretary

D S Momaya & Co.





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## Vision

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

दृष्टीकोन  
शहरी समाजव्यवस्था जेथे कमी उत्पन्न असलेल्या समाजाला त्यांचे राहणीमान सुधारण्याची पुरेशी संधी मिळेल

## Mission

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

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



## Fair Practices Code

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

1. **Inclusive and Non-Discriminatory:** Our services and products are available to all; we will not discriminate based on community, religious, caste or gender reasons, or for reasons of poverty or disability.
2. **Ethical Staff Behaviour:** Our staff will treat you in a fair, honest and respectful manner at all times. Our collection officers will not indulge in the following:
  - a) Any behaviour that in any manner would suggest any kind of threat or violence.
  - b) Contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
  - c) Will not visit clients at inappropriate occasions such as bereavement, sickness, etc, to collect dues.
3. **Appropriate Product Design and Delivery:** We will constantly work to ensure that our products and delivery mechanisms are flexible in order to meet the diverse needs of our clients. We will actively seek feedback from you regarding your product and service preferences. We will extend product and services as bundled product except insurance.
4. **Disclosure:** We will communicate all the terms and conditions for all products/services offered to clients in the official regional language or a language understood by them and shall cover aspects such as, loan terms & conditions, pricing, charges etc. We shall also hand over duplicate copies 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 of the organization's policies and procedures to help them understand their rights as borrowers at regular intervals.
11. **Recruitment:** We shall adhere to the following while recruiting employees from other MFIs:
  - a) Shall not recruit an employee of other MFI without the relieving letter from the previous MFI employer except where the previous employer (MFI) fails to respond to the reference check request within 30 days.
  - b) Shall honour a one month notice period from an outgoing employee.
  - c) Shall provide within 2 weeks the reply to the reference check correspondence for another MFI.
  - d) Shall not assign a new employee recruited from another MFI, to the same area he/she was serving at the previous employer, for a period 1 year. This restriction applies to positions up to the Branch Manager level.
12. **Complaints and Grievances:** Customers have a right to make complaints. We will always listen to customer comments and complaints and respond to them quickly and fairly by establishing a dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently. We shall also ensure that clients are made aware of the existence and purpose of these mechanisms and how to access them.

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





**“AMIL continued to excel on its social indicators during the year. Women represented 88% of our clients and 77% of our staff.”**

## Foreword from the Chair

The year 2017-2018 was a challenging one for us on many accounts. The pursuit of our organic internal growth and development was impacted substantially by the sudden demonetization of the Indian economy in late 2016/early 2017, when 85% of the printed cash was pulled out of the economy.

The impact of this demonetization led to a lack of cash available with our clients, and as a result repayments suffered. At the beginning of the year this challenge was compounded by local political influences in some of our locations where clients were being encouraged not to repay their loans. Our management worked painstakingly to improve the cash in circulation on the one hand, and to reach clients with a request to repay their loans if their circumstances allowed. At its worst point, our PAR30 peaked at above 3.5%, which was alarming for our low margin business, but at the same time was much ahead of the microfinance industry levels at the time. By the end of the year, the levels of delinquency had improved to more tolerable levels.

The impact of demonetization also resulted in slowdown in operations and led to an increase in the cost of funding for us. Altogether, the impact of these factors pushed us marginally into losses for the year [ROE -0.7%].

Despite the above challenges, I am pleased to note that AMIL increased its clientele by 15% and its loan book by 24% during the year. Its operating efficiency also improved by over 15%, with its Operating Cost Ratio [Operating Costs/Average Loan Portfolio] improving from 13.9% in the previous year to 11.8% in the current year. Profitability fell on account of lower interest earnings, higher cost of funds and a higher loan loss rate. Operating efficiency improvements were not sufficient to absorb these simultaneous shocks.

AMIL continued to excel on its social indicators during the year. Women represented 88% of our clients and 77% of our staff. Loans below Rs 35,000 constituted 90% of the portfolio, and average loan sizes remained below 10% of the GDP/pc of the country, suggesting that AMIL worked with the really low income clients of Mumbai.

Despite the challenges, we continue to be positive towards the future outlook for AMIL and the Indian microfinance market. The short-to-medium term goal of improving scale and diversification stays on course, and we expect to make greater progress on this goal in the coming years. We believe that once AMIL achieves a loan book of around Rs 75 crores [current: Rs 29 crores], it will possess sufficient

resilience against short-term shocks in the external environment, and we will endeavour to achieve this over the course of the coming 18-24 months.

During the year we welcomed Pradeep Sarin, a seasoned banking and financial inclusion expert to the Board of AMIL, and I look forward to his contribution to the Company.

As always, I extend my appreciation to the thoughtful and committed leadership of Meenal Patole, CEO, and the senior management team. I also extend my gratitude to our branch leadership and team for riding successfully through some difficult periods this year, and look forward to their continued support.

**Tanmay Chetan**  
Chairman



## CEO's Report

This year was very engaging in terms of significant work being done around strategy for upscale and growth. The number of microfinance players are almost in double digits in Mumbai and other urban pockets, thereby increasing competition but at the same time, providing opportunities for strategic partnership for enhanced customer service and growth. As on 31 March 2018, the Company had a client base of over 18,000 clients with total loan portfolio at Rs29.22 crores (USD4.4 million), managed through a network of 11 branches in Mumbai and Thane districts. Despite the subsequent impact of the demonetization of the Indian economy on AMIL's portfolio, we are confident that we will continue to grow with profitability.

AMIL's mobile application that was piloted last year, was successfully implemented throughout all branches during the year, making AMIL one of the few institutions with a fully migrated mobile application. We also implemented a fully automated client loan disbursement process which allows all loans to clients to be disbursed through the banking system. This is both a cost saving for AMIL in terms of paper work and accounting staff time and a quicker process for clients, reducing the loan cash

receipt time from at least 3 days to 1 day, without the need for a client to visit the bank at all. Clients can now withdraw their money at any convenient time.

AMIL's management team strives to improve processes that help manage risks. Feedback received from our lenders on the regularity of client visits has initiated a new monthly meeting system with clients. Sales Officers will now visit at least two customers from each group to discuss their well-being and to establish group solidarity.

AMIL has also started exploring potential partnerships for providing financial services as a business partner/originator. While the discussions are still at a very early stage, we hope to have a couple of such partnerships materialise in the upcoming financial year.

Pradeep Sarin, an ex-banker with over 30 years of experience in senior positions within both public and private sector banks and with on going strategic consulting experience, joined the AMIL Board as an Independent Director. We extend a warm welcome to Pradeep and endeavour to strengthen the Board even further in the new year.

2018-19 will see AMIL prepare for growth by expanding our reach beyond Mumbai. We will strengthen our branches by merging neighbouring branches thereby consolidating operations which will allow us to augment client services and increase efficiency. We will also expand our network of lenders to enable us to diversify our funding options crucial for our new expansion phase.

We are thankful to the Board of Directors of AMIL for their valuable insights and guidance of the management and team members, and to Agora Microfinance N.V. (AMNV), our investor. Particular reference to AMNV's CEO, Tanmay Chetan, for his continued confidence in our work and his guidance to the management of AMIL. It would be difficult to drive our mission without the support of senior management and I am very much thankful for it. I take this opportunity to appreciate the hard work and commitment of each and every staff of AMIL and wish everyone a successful year ahead.

**"AMIL's mobile application that was piloted last year, was successfully implemented throughout all branches during the year, making AMIL one of the few institutions with a fully migrated mobile application."**

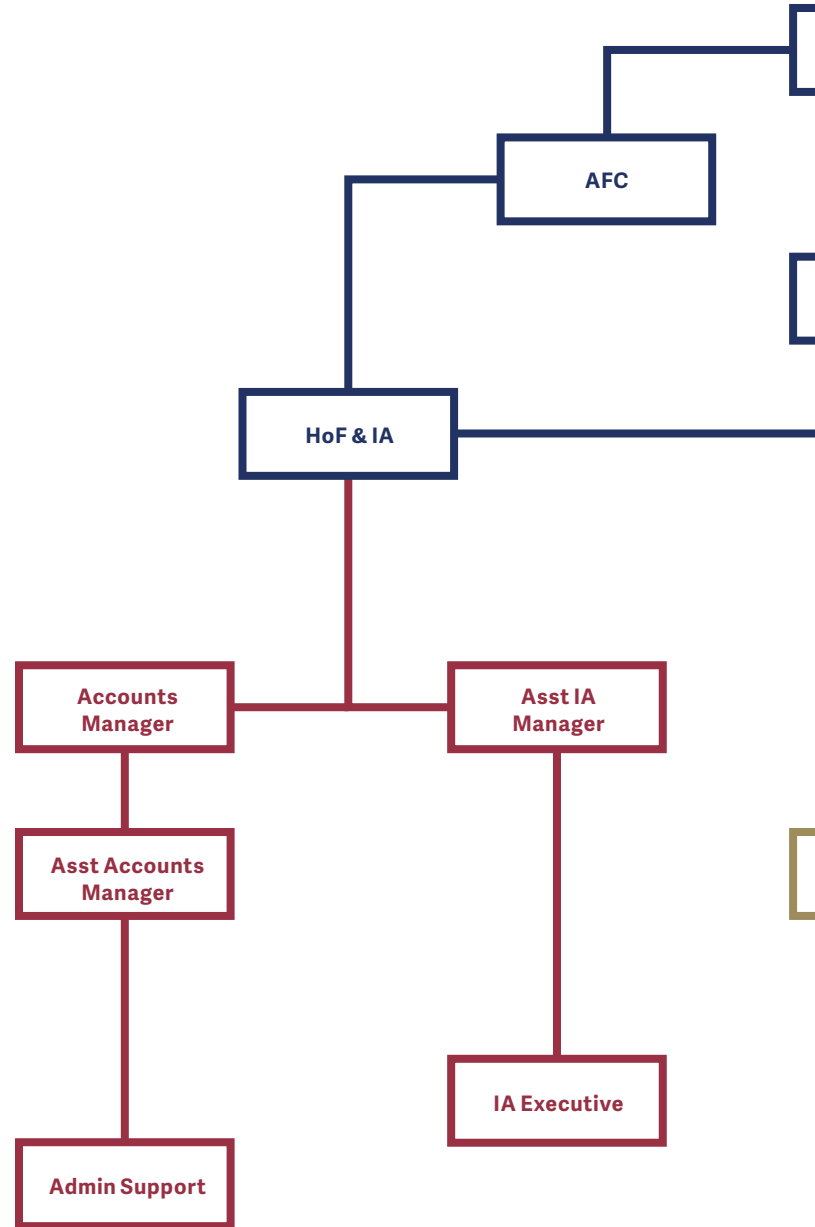
**Meenal Patole**  
CEO

## Company Structure

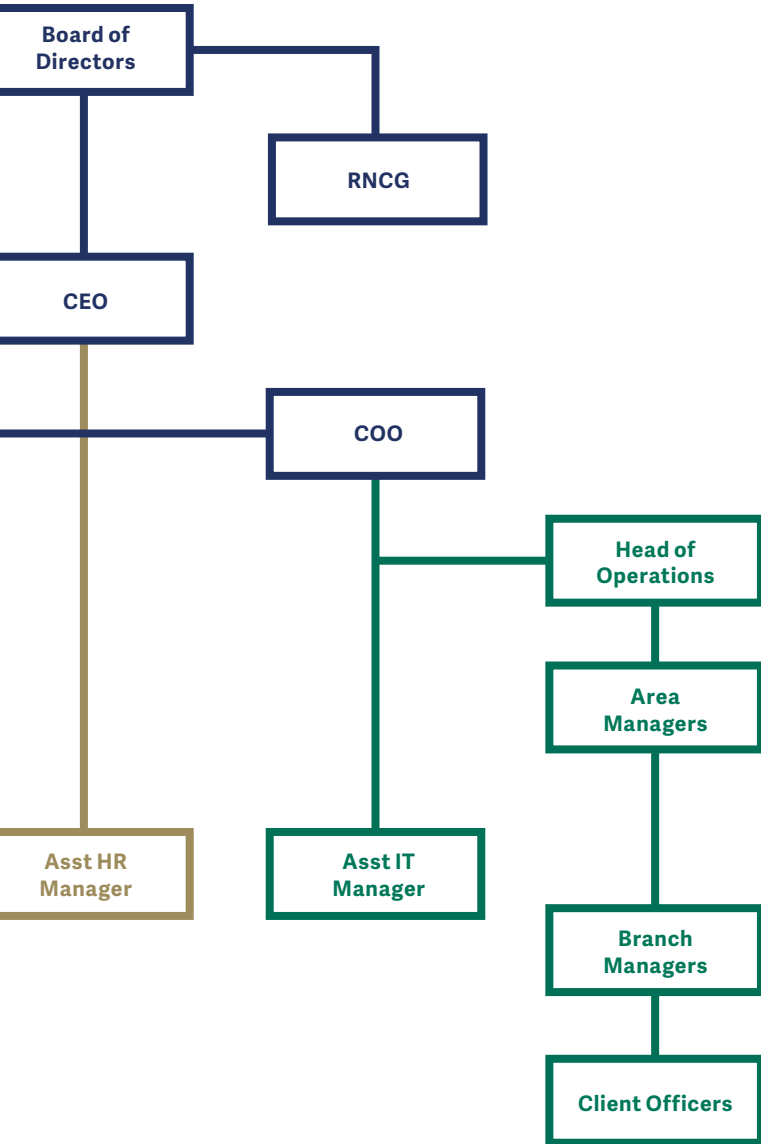
The current governance structure of AMIL includes one Director who is represented by the majority shareholder (AMNV), two Independent Directors and the CEO in an ex-officio capacity. The Board of Directors meet physically on a quarterly basis, and oversee the implementation of the strategy of the company.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

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

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







## Areas of Operation

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

AMIL is headquartered in Mumbai and currently operates 11 branches in the Mumbai suburbs.



### Digha ●

House No.105, First floor, near Saibaba Mandir,  
Thane Belapur Road, Digha, New Mumbai, 400708

**Branch Manager:** Mudita +865 504 4176

### Vikroli ●

C-22, Rd No. 6, Seety Chawl, 1st Floor,  
Parksite Vikroli, Vikroli West, Mumbai, 400079

**Tel:** +25 18 1554

**Branch Manager:** Vijaya +865 504 4019

### Santacruz ●

B-1, Ground Floor, Diamond Park,  
Datta Mandir Road, Vakola, Santacruz East,  
Mumbai, 400055

**Tel:** +26 69 1090

**Branch Manager:** Ghanshyam: +810 845 9478

### Khardev Nagar ●

Shop No. 63, 1st Floor, Shell Colony Road,  
Chembur East, Mumbai, 400071

**Tel:** +25 21 3557

**Branch Manager:** Ankita: +869 100 1629

### Vashi Naka ●

Shop no.05/A, Netaji Market, Dr.C.G.Road,  
Chembur Colony, Mumbai, 400074  
Landmark: Near Inlake Hospital Chembur

**Tel:** +865 504 4178

**Assistant Branch Manager:** Priya +865 504 4178

### Deonar ●

D-43, Shopping centre, Deonar BMC Colony,  
Mumbai, 400043

Landmark: Near Shivsena Shakha

**Tel:** + 25 51 1556

**Branch Manager:** Kunal +982 019 3346

### Cheeta Camp ●

1st Floor, No.1, Datta Nagar, S.T. Road,  
Trombay, Mumbai, 400088

Landmark: Behind Abhinav Gyan Mandir School

**Tel:** +25 51 1555

**Branch Manager:** Nirmala: +865 504 4038



● **Mumbra**  
103, 1st Floor, B Wing, Shree Complex,  
Amrut Nagar, Mumbra, Thane West, 400612  
**Assistant Branch Manager:** Mona +869 100 1643

● **Bhandup**  
Shop No. 1, Renukadevi Co Op Housing Society,  
Kokan Nagar, Bhandup West, Mumbai, 400078  
**Branch Manager:** Farheen +865 504 4174

● **Lumbinibaug**  
Commercial Unit No. 3, Ground Floor, Raji  
Commercial Complex Premises, Co-Op. Hsg.  
Soc. Ltd, No. 117/118, Raji Commercial Complex, Muni-  
cipal M (W), Section D, Peston Sagar No. III,  
PL Lkhande Marg, Chembur, Mumbai, 400089  
**Landmark:** Below SK Rai College  
**Tel:** +25 25 1553  
**Assistant Branch Manager:** Janhavi +865 504 4023

● **Maharashtra Nagar**  
Room no.4, Jyotiba Chawl Vanikaran Gate,  
Maharashtra Nagar, Mankurd.400088  
**Branch Manager:** Nirmala: +865 504 4038

**Registered Office**  
Unit No. 710, Seventh Floor,  
Vashi Infotech Park, Plot No. 16,  
Sector 30A, Vashi, Navi Mumbai,  
400703, Maharashtra  
**Tel:** +91 222 527 1551  
**Email:** info@amil.co.in  
**www.amil.co.in**

## Products and Services

### 1. Micro Credit Products

- 1.1 Business Loan – Group Lending
- 1.2 Housing Loan - Group Lending
- 1.3 Education Loan - Group Lending
- 1.4 Emergency Loan – Group Lending
- 1.5 Top up Loan - Group Lending

### 2. Non Micro Loan Product

- 2.1 Non Micro Loan - Individual Lending

### 3. Small Medium Enterprise / House Loan Lending

### 4. Micro Insurance







## 1.1 Business Loan – Group Lending

**Purpose:**  
Income generation activities

**Loan Size**  
Up to ₹50,000

**Loan Term in Months**  
12,18,24

**Interest rate**  
As defined by RBI  
pricing guidelines

**Loan Processing Fee**  
1% Plus service tax

**Type of Loan**  
Group



## 1.2 Housing Loan - Group Lending

**Purpose:**  
Household maintenance/repairs

**Loan Size**  
Up to ₹50,000

**Loan Term in Months**  
12,18,24

**Interest rate**  
As defined by RBI  
pricing guidelines

**Loan Processing Fee**  
1% Plus service tax

**Type of Loan**  
Group

## Products and Services



### 1.3 Education Loans – Group Lending

**Purpose:**

School/college fee,  
tuition fee etc.

**Loan Size**

Up to ₹50,000

**Loan Term in Month**

12,18,24

**Interest rate**

As defined by RBI  
pricing guidelines

**Loan Processing Fee**

1% Plus service tax

**Type of Loan**

Group



### 1.4 Emergency Loan – Group Lending

**Purpose:**

Health, Debt repayment,  
social events etc

**Loan Size**

Up to ₹20,000

**Loan Term in Month**

12,18,24

**Interest rate**

As defined by RBI  
pricing guidelines

**Loan Processing Fee**

1% Plus service tax

**Type of Loan**

Group



### 1.5 Top up Loans – Group Lending

**Purpose:**

Same as Primary loan

**Loan Size**

Up to ₹20,000

**Loan Term in Month**

12

**Interest rate**

Same as primary loan

**Loan Processing Fee**

1% Plus service tax

**Type of Loan**

Group





## 2.1 Individual – Non Micro

**Purpose:**

Both income and Household purpose

**Loan Size**

Up to ₹100,000

**Loan Term in Month**

12,24,36

**Interest rate**

26%

**Loan Processing Fee**

2% Plus service tax

**Type of Loan**

Individual



## 3. Small Medium Enterprise / Housing Loan Lending

**Purpose:**

Income generation activities

**Loan Size**

Between ₹100,000 – ₹300,000

**Loan Term in Month**

12,24,36,48

**Interest rate**

As per prevailing market rate

**Loan Processing Fee**

1% Plus service tax

**Type of Loan**

Business/Housing



## 4. MICRO-INSURANCE (KOTAK GROUP SHIELD)

**Purpose:**

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

**Cover extended**

Borrower and Co-Borrower

**Premium**

₹16.8 (incl. GST) per ₹1,000 borrowed

**Time period**

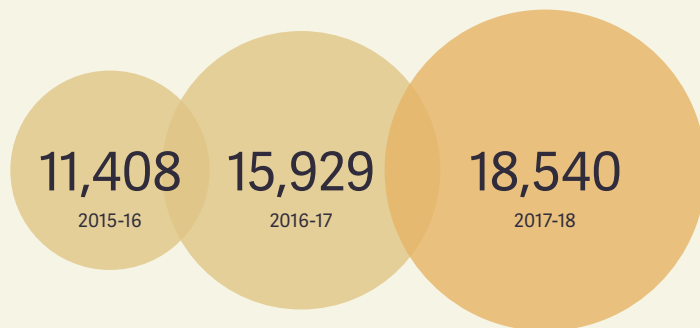
2 years

# Operational and Financial Highlights

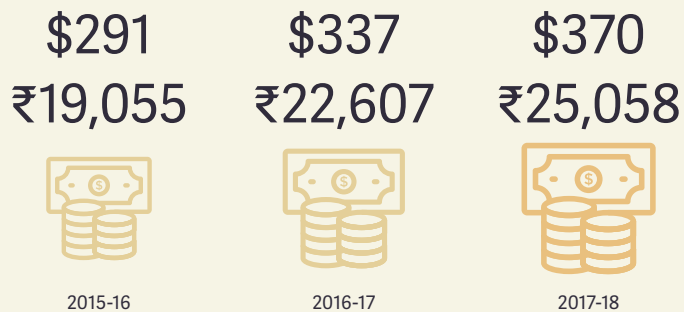
## Number of Field Offices



## Number of Active Borrowers

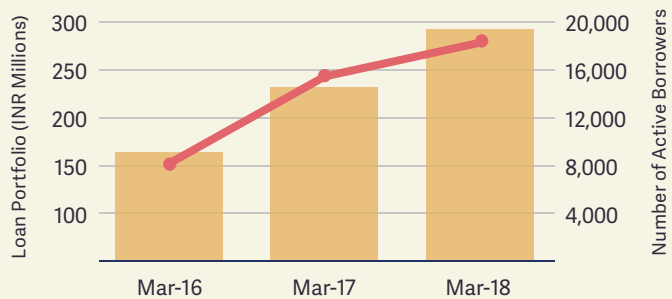


## Average Loan Size



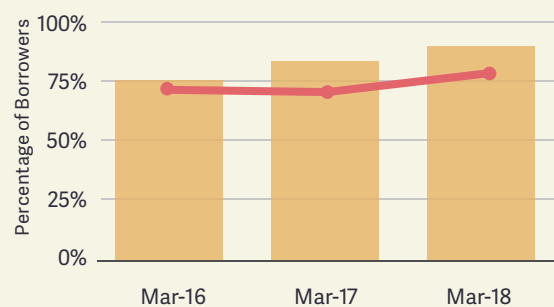
Description	Mar-16	Mar-17	Mar-18
<b>No of Field Offices</b>	7	9	11
<b>Number of Active Borrowers</b>	11,408	15,929	18,540
- Women Borrowers (%)	76%	84%	88%
- Loans for Business Purposes (%)	64%	74%	71%
<b>Loan Portfolio (USD)</b>	2,457,498	3,645,167	4,491,284
<b>Loan Portfolio (INR)</b>	162,467,849	236,347,513	292,162,513
<b>PAR30 Days</b>	0.38%	1.95%	3.37%
<b>Average Loan Size (USD)</b>	291	337	370
<b>Average Loan Size (INR)</b>	19,055	22,607	25,058
<b>Average Loan Size / Estimated GNI per capita</b>	17.65%	20.06%	20.53%

**Loan Portfolio vs No of Active Borrowers**



■ Loan Portfolio ● Number of Active Borrowers

**Gender Distribution**



■ Women Borrowers ● Women Staff

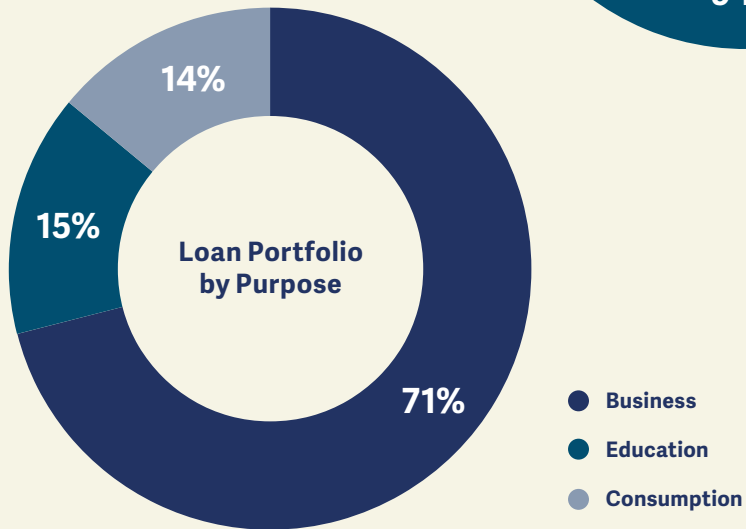
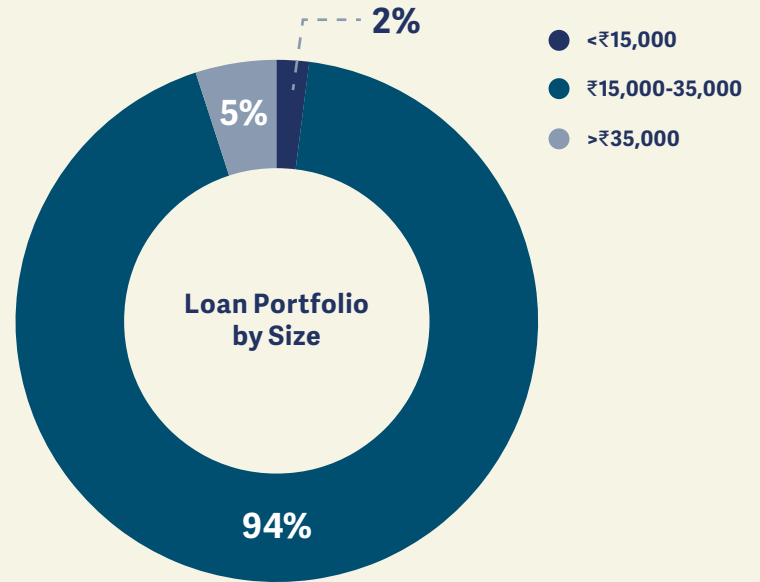
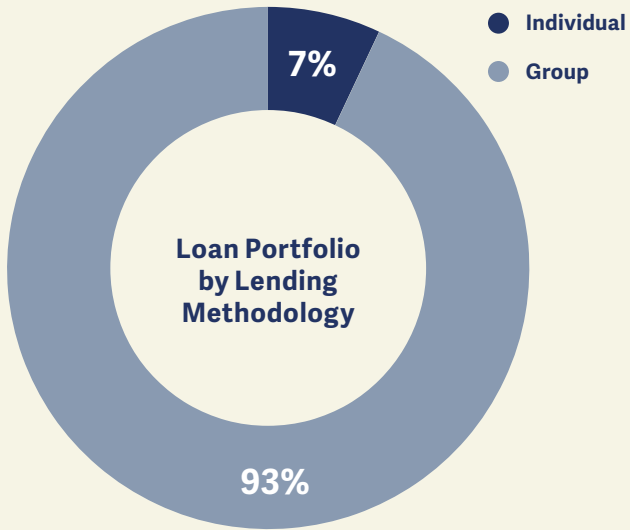


## Operational and Financial Highlights Continued

Margin Analysis (as a % of loan portfolio)	2015-16	2016-17	2017-18
a) Interest and Fee Income	23.79%	26.65%	23.39%
b) Cost of Funds	7.65%	11.93%	9.22%
c) Net Interest Margin (a-b)	16.13%	14.72%	14.17%
d) Loan Loss Provision	0.72%	0.49%	2.21%
e) Net Margin before Operating Expenses (c-d)	15.41%	14.23%	11.96%
Personnel Cost	13.10%	8.80%	7.55%
Admin Cost	6.12%	5.09%	5.79%
f) Total Operating Cost	19.22%	13.89%	13.34%
Net Margin	-3.80%	0.34%	-1.38%

### Financial Ratios

Operating Self Sufficiency	90%	106%	98.7%
Solvency Ratio (Equity/Assets)	50.45%	38.12%	43.79%
Debt/Equity	1.60	1.26	1.75
Operating Cost Ratio	19.22%	13.89%	13.34%
Return on Equity	-5.11%	3.15%	-0.69%



## Future Initiatives 2018 -19

### Consolidation of Branch network in Mumbai

Consolidation of branches will reduce costs and improve efficiency and productivity, which will allow AMIL to offer multiple services and products to clients from a single branch. Currently AMIL branches remit within 3-5kms. Branch consolidation will extend this to 7-10kms.

### New products

AMIL management has partnered with Kotak Life Insurance for group credit insurance and is now piloting a cash benefit scheme in the event of hospitalisation of a client and/or spouse. The scheme would cost under Rs1 per day per person and will provide an annual coverage of up to Rs40,000. This will be a voluntary scheme but marketed to all clients as a beneficial product. AMIL will be also exploring partnerships providing specific product loans in small and medium enterprise clusters and education.





# Directors' Report and Audited Financial Statements for the Year Ended 31 March 2018

Agora Microfinance India Limited



Agora  
Microfinance  
India Ltd

# Board's Report

Your Directors are pleased to present the Annual Report on the business and operations of your company along with the audited financial statement for the financial year ended 31st March, 2018.

## 1. FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW:

The financial performance of the Company, for the year ended 31st March, 2017 and corresponding previous year is summarized below:

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Sales	6,18,09,822	5,31,38,860
Other Income	28,04,979	25,50,564
<b>Total Income</b>	<b>6,46,14,801</b>	<b>5,56,89,424</b>
Profit/ Loss before Depreciation and Taxation	(3,58,220)	36,91,402
Less: Depreciation	4,97,667	4,85,227
Less: Provision for Taxation (After considering credit of MAT)	-	-
<b>Profit/ Loss after Tax</b>	<b>(8,55,887)</b>	<b>32,06,175</b>

## 2. OVERVIEW (FINANCIAL HIGHLIGHTS):

During the year under review, the total Income of the Company is Rs. 6,46,14,801 against Rs. 5,56,89,424 in the previous year. The Company has incurred a loss of Rs. 8,55,887 compared to profit of Rs. 32,06,175 in the previous year.

## 3. DIVIDEND

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

## 4. CHANGES IN SHARE CAPITAL

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

## 5. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

## 6. DETAILS OF SUBSIDIARY /JOINT VENTURES/ ASSOCIATE COMPANIES

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

## 7. EXTRACTS OF ANNUAL RETURN

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

## 8. TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013:

For the Financial Year ended 31st March, 2018, the Company has not transfer any amount to Reserves & Surplus.

## 9. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

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

## 10. MEETINGS OF THE BOARD

The following Meetings of the Board of Directors were held during the Financial Year 2017-18:

SN	Date of Meeting	Board Strength	No. of Directors Present
1.	05/04/2017	5	4
2.	05/05/2017	5	4
3.	16/05/2017	5	4
4.	20/06/2017	5	4
5.	21/06/2017	4	4
6.	15/09/2017	4	4
7.	08/11/2017	4	4
8.	30/11/2017	4	4
9.	20/12/2017	4	4
10.	08/01/2018	4	4
11.	17/01/2018	4	4
12.	28/02/2018	4	4
13.	07/03/2018	4	4
14.	27/03/2018	4	4

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. In the preparation of the annual financial statements for the year ended March, 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. Appropriate accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March, 31, 2018 and of the profit of the company for the year ended March, 31, 2018.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.
- e. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 12. STATUTORY AUDITOR AND BOARD'S COMMENT ON THE AUDITORS' REPORT

The Auditors, M/s. S. R. BATLIBOI & ASSOCIATES LLP having Firm's Registration No. 101049W, were appointed by the Board of Directors of the Company, and in terms of Section 139 of the Act the board recommends ratification to the Members for appointment of M/s. S. R. BATLIBOI & ASSOCIATES LLP having Firm's Registration NO. 101049W from the

conclusion of this AGM till the conclusion of next AGM.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

## 13. APPOINTMENT AND RESIGNATION OF DIRECTORS

During the year under review, Ms. Orlanda Ruthven resigned from the Board with effect from 21st June, 2017 and Ms. Rebecca Mckenzie Director resigned and Mr Pradeep Sarin was appointed on Board with effect from 15th September, 2017.

## 14. BORROWING BY THE COMPANY

During the Financial Year, Company had borrowed Secured Loan of Rs. 7,67,62,524/-from non-banking financial companies and Bank.

## 15. 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 March 2018.

## 16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

## 17. INTERNAL FINANCIAL CONTROL SYSTEM

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

## 18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

### A. Conservation of Energy: NIL

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



# Board's Report

## 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 and expenditure in foreign currency for current financial year and for previous financial year

## 19. DEPOSIT

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

## 20. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has formulated a policy on 'Protection of Women's Rights at Workplace' as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition

& Redressal) Act, 2013. The policy has been widely disseminated. There were no cases of sexual harassment received by the Company in FY 2017-18.

## 21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

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

## 22. PARTICULARS OF EMPLOYEES

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

## 23. CORPORATE SOCIAL RESPONSIBILITY

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

## 24. SECRETARIAL AUDIT REPORT

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

## 25. RISK MANAGEMENT POLICY

The Board of Directors is overall responsible for identifying, evaluating and managing all significant risks faced by the Company. The Board monitors and reviews the implementation of various aspects of the Risk Management policy through meeting of Board of Directors. The Risk Management Policy assists the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework. The Company follows well established and detailed risk

assessment and minimization procedures, which are periodically reviewed by the Board. The Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

## 26. 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.

## 6. 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 MICRO FINANCE INDIA LIMITED**

**PATOLE MEENAL**  
**CHAIRPERSON**  
**DIN: 03162474**

**Date: 26.06.2018**  
**Place: Mumbai**

# Independent Auditors' Report for the year ended March 31, 2018

To the Members of Agora Microfinance India Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Agora Microfinance India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the

accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2018, its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give

in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

- As required by section 143 (3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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;
  - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
  - On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - 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 2" to this report;
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Associates LLP Chartered Accountants**  
ICAI Firm Registration Number: 101049W/  
E300004

per Sarvesh Warty  
Partner  
Membership No. 121411

Mumbai, India  
26 June, 2018

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

**Re: Agora Microfinance India Limited**

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

- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

# Independent Auditors' Report for the year ended March 31, 2018

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

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

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall

examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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**For S.R. Batliboi & Associates LLP Chartered Accountants**  
**ICAI Firm Registration Number: 101049W/E300004**

per Sarvesh Warty  
Partner  
Membership No. 121411

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Mumbai, India  
26 June, 2018

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

**Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Agora Microfinance India Limited ("the Company") as at March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

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**For S.R. Batliboi & Associates LLP Chartered Accountants**  
**ICAI Firm Registration Number: 101049W/ E300004**

per Sarvesh Warty  
Partner  
Membership No. 121411

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Mumbai, India  
26 June, 2018



## Balance Sheet as at March 31, 2018

	Notes	31-Mar-18	31-Mar-17
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	33,300,000	33,300,000
Reserves and surplus	4	90,796,070	91,651,957
		<b>124,096,070</b>	<b>124,951,957</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	76,762,524	26,985,015
Long-term provisions	6	7,725,764	2,090,737
		<b>84,488,288</b>	<b>29,075,752</b>
<b>Current liabilities</b>			
Other current liabilities	7	139,147,678	129,579,113
Short-term provisions	6	805,793	1,748,095
		<b>139,953,471</b>	<b>131,327,208</b>
<b>TOTAL</b>		<b>348,537,829</b>	<b>285,354,917</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	530,089	535,777
Intangible assets	9	272,232	452,301
Deferred tax assets (net)	10	-	-
Long-term loans and advances	11	63,203,066	56,066,815
Other non-current assets	12	15,928,841	15,715,820
		<b>79,934,228</b>	<b>72,770,713</b>

**Current assets**

Cash and bank balances	13	19,650,675	11,271,938
Short-term loans and advances	11	231,830,154	184,898,475
Other current assets	12	17,122,772	16,413,791
		<b>268,603,601</b>	<b>212,584,204</b>
<b>TOTAL</b>		<b>348,537,829</b>	<b>285,354,917</b>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

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**For S.R. Batliboi & Associates LLP Chartered Accountants**  
ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty  
Partner  
Membership No. 121411

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Mumbai, India  
26 June, 2018

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

Meenal Patole  
Managing Director and  
Chief Executive Officer  
DIN 03162474

Asit Mehta  
Director  
DIN 01640935

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Mumbai, India  
26 June, 2018

## Statement of profit and loss for the year ended March 31, 2018

	Notes	31-Mar-18	31-Mar-17
<b>Income</b>			
Revenue from operations	14	61,809,822	53,138,860
Other income	15	2,804,979	2,550,564
<b>Total revenue (I)</b>		<b>64,614,801</b>	<b>55,689,424</b>
<b>Expenses</b>			
Employee benefits expense	16	19,951,071	17,552,144
Finance costs	17	28,418,341	25,311,618
Other expenses	18	10,760,618	8,149,754
Depreciation and amortization expense	19	497,667	485,227
Provisions and write-offs	20	5,842,991	984,506
<b>Total expenses (II)</b>		<b>65,470,688</b>	<b>52,483,249</b>
<b>Profit/ (Loss) before tax (III)=(I)-(II)</b>		<b>(855,887)</b>	<b>3,206,175</b>
<b>Tax expenses</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax expense (IV)</b>		<b>-</b>	<b>-</b>
<b>Profit/ (Loss) for the year (III)-(IV)</b>		<b>(855,887)</b>	<b>3,206,175</b>

Earnings per equity share  
[Nominal value of share Rs.10 (March 31,2017:Rs.10)]

Basic (Computed on the basis of total profit for the year)

Diluted (Computed on the basis of total profit for the year)

27

(0.26)

0.96

(0.26)

0.96

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

**For S.R. Batliboi & Associates LLP Chartered Accountants**  
**ICAI Firm Registration Number: 101049W/E300004**

per Sarvesh Warty  
Partner  
Membership No. 121411

Mumbai, India  
26 June, 2018

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

Meenal Patole  
Managing Director and  
Chief Executive Officer  
DIN 03162474

Asit Mehta  
Director  
DIN 01640935

Mumbai, India  
26 June, 2018



## Cash Flow Statement for the year ended March 31, 2018

	31-Mar-18	31-Mar-17
<b>Cash flow from operating activities</b>		
<b>Profit/ (Loss) before tax</b>	<b>(855,887)</b>	<b>3,206,175</b>
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	497,667	485,227
Provision for employee benefits	67,126	403,729
Loss/ (profit) on sale of property, plant and equipment	-	10,027
Provision for standard assets and non-performing assets	4,625,599	738,797
<b>Operating Profit/ (Loss) before working capital changes</b>	<b>4,334,505</b>	<b>4,843,955</b>
Movements in working capital :		
Increase/ (decrease) in other current liabilities	674,221	877,883
Decrease / (increase) in loans and advances	(55,815,000)	(73,879,664)
Decrease / (increase) in other current & non current assets	1,102,319	(12,223,555)
Cash generated from /(used in) operations	<b>(54,038,461)</b>	<b>(85,225,336)</b>
Direct taxes paid (net of refunds)	(277,250)	(114,918)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(49,981,206)</b>	<b>(80,496,299)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(311,910)	(423,433)
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(311,910)</b>	<b>(423,433)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	-	43,096,155
Share issue expenses	-	(156,340)
Proceeds from Long-term borrowings	222,250,000	60,504,279
Repayment of long-term borrowings	(163,578,147)	(30,055,446)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>58,671,853</b>	<b>73,388,648</b>

**Net increase/(decrease) in cash and cash equivalents (A + B + C)**

Cash and cash equivalents at the beginning of the year

**Cash and cash equivalents at the end of the year****Components of cash and cash equivalents (Note- 14)**

Cash in hand

Cash in transit

Balances with banks

in current account

in deposit account

**Total cash and cash equivalents**

	<b>8,378,737</b>	<b>(7,531,083)</b>
	11,271,938	18,803,022
	<b>19,650,675</b>	<b>11,271,938</b>
	244,315	272,568
	264,720	134,440
	9,891,641	7,864,930
	9,250,000	3,000,000
	<b>19,650,675</b>	<b>11,271,938</b>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

**For S.R. Batliboi & Associates LLP Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004**per Sarvesh Warty  
Partner  
Membership No. 121411**For and on behalf of the Board of Directors of  
Agora Microfinance India Limited**Meenal Patole  
Managing Director and  
Chief Executive Officer  
DIN 03162474Asit Mehta  
Director  
DIN 01640935Mumbai, India  
26 June, 2018Mumbai, India  
26 June, 2018

# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

## 1. Corporate Information

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

## 2. Basis of preparation of financial statements

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

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

## 2.1 Summary of Significant Accounting Policies

### a. Change in Accounting Policy

#### Accounting for processing fees paid on borrowing

During the current year, the Company has changed its accounting policy to upfront recording of processing fees paid on borrowings from earlier practice of amortizing the processing fees over the tenure of the borrowings.

Had the Company continued with its earlier practice of amortising the processing fees, the profits for the FY 2017-18 would have been higher by Rs. 21.95 Lakhs.

### b. 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.

### c. 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.

### d. 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.

### e. 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.

#### f. Depreciation / Amortization

Depreciation on tangible fixed 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

#### g. 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.

#### h. 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.

#### i. Investment

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

#### j. 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.

#### k. 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.

#### l. Retirement and other employee benefits

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



# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

## m. 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.

## n. 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.

## o. 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.

## p. 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.

## q. 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.

## r. Classification of loan portfolio

Loans are classified as per management estimates as given below:

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

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

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

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

## s. Provisioning policy for loan portfolio

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

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

<b>3. Share Capital</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Authorized shares</b>		
4,000,000 (March 31, 2017: 4,000,000) equity shares of Rs.10 each	40,000,000	40,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
3,330,000 (March 31, 2017: 3,330,000) equity shares of Rs.10 each fully paid up	33,300,000	33,300,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>33,300,000</b>	<b>33,300,000</b>

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

<b>Equity Shares</b>	<b>31-Mar-18</b>		<b>31-Mar-17</b>	
	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the year	3,330,000	33,300,000	677,024	6,770,240
Issued during the year	-	-	2,652,976	26,529,760
<b>Outstanding at the end of the year</b>	<b>3,330,000</b>	<b>33,300,000</b>	<b>3,330,000</b>	<b>33,300,000</b>

**(b) Terms/ rights attached to equity shares**

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

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

**(c) Shares held by holding company.**

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

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Agora Microfinance N.V		
2,996,996 (March 31, 2017: 2,996,996) equity shares of Rs.10 each fully paid up	<b>29,969,960</b>	<b>29,969,960</b>

# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

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

Name of Share holder	As at March 31, 2018	
	No. of Shares	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>		
Meenal Patole	332,998	9.9999%
Agora Microfinance N.V	2,996,996	89.9999%
Name of Share holder	As at March 31, 2017	
	No. of Shares	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>		
Meenal Patole	332,998	9.9999%
Agora Microfinance NV	2,996,996	89.9999%

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

<b>4. Reserves and surplus</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Securities premium account</b>		
Balance as per the last financial statements	147,677,441	131,267,386
Add: Additions during the year	-	16,566,395
Less: Share issue expenses	-	(156,340)
<b>Closing Balance</b>	<b>147,677,441</b>	<b>147,677,441</b>
<b>Statutory reserve</b>		
Balance as per the last financial statements	727,481	86,246
Add: Amount transferred from surplus balance in the statement of profit and loss	-	641,235
<b>Closing Balance</b>	<b>727,481</b>	<b>727,481</b>
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(56,752,965)	(59,317,905)
Add: Profit/ (Loss) for the year	(855,887)	3,206,175
Less: Transferred to Statutory Reserve [@20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act,1934]	-	(641,235)
<b>Net surplus/ (deficit) in the statement of profit and loss</b>	<b>(57,608,852)</b>	<b>(56,752,965)</b>
<b>Total reserves and surplus</b>	<b>90,796,070</b>	<b>91,651,957</b>



# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

	Non-current portion		Current maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>5. Long-term borrowings</b>				
<b>Term loans</b>				
Indian rupee loan from non banking financial companies (secured)*	74,619,667	26,985,015	126,828,285	126,505,369
Indian rupee loan from bank (secured)*	2,142,857		8,571,429	
	<b>76,762,524</b>	<b>26,985,015</b>	<b>135,399,714</b>	<b>126,505,369</b>
<b>The above amount includes</b>				
Secured borrowings	76,762,524	26,985,015	135,399,714	126,505,369
Amount disclosed under the head "other current liabilities" (note 7)	-	-	(135,399,714)	(126,505,369)
<b>Net amount</b>	<b>76,762,524</b>	<b>26,985,015</b>	<b>-</b>	<b>-</b>

Repayable in eighteen and thirty six equated monthly installments from the date of disbursement at a average rate of 15.15% p.a..

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

	Long-term		Short-term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>6. Provisions</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity	763,648	743,298	225,377	208,006
Provision for leave benefits	-	-	553,458	524,053
	<b>763,648</b>	<b>743,298</b>	<b>778,835</b>	<b>732,059</b>
<b>Other provisions</b>				
Contingent provisions against standard assets.(refer note 28)	12,764	308,013	26,958	1,016,036
Provision for Non-performing assets.(refer note 28)	6,949,352	1,039,426	-	-
	<b>6,962,116</b>	<b>1,347,439</b>	<b>26,958</b>	<b>1,016,036</b>
	<b>7,725,764</b>	<b>2,090,737</b>	<b>805,793</b>	<b>1,748,095</b>

<b>7. Other current liabilities</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Other liabilities</b>		
Current maturities of long term borrowings (refer note 5)	135,399,714	126,505,369
Interest accrued but not due on borrowings	932,420	885,652
Interest accrued and due on borrowings	17,781	32,777
Statutory dues payable	783,547	734,220
Other payable	2,014,216	1,421,095
	<b>139,147,678</b>	<b>129,579,113</b>

## Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

<b>8. Tangible assets</b>	<b>Furniture</b>	<b>Computers</b>	<b>Office equipments</b>	<b>Total</b>
<b>Cost</b>				
<b>At April 1, 2016</b>	719,118	1,284,855	261,234	2,265,207
Additions	35,488	81,744	151,732	268,964
Disposals/written off	13,700	16,740	65,500	95,940
<b>At March 31, 2017</b>	<b>740,906</b>	<b>1,349,859</b>	<b>347,466</b>	<b>2,438,231</b>
Additions	<b>83,311</b>	<b>121,290</b>	<b>107,309</b>	<b>311,910</b>
Disposals/written off	-	-	-	-
<b>At March 31, 2018</b>	<b>824,217</b>	<b>1,471,149</b>	<b>454,775</b>	<b>2,750,141</b>
<b>Depreciation</b>				
<b>At April 1, 2016</b>	426,514	1,111,980	209,250	1,747,744
Charge for the year	80,605	134,390	30,432	245,427
Disposals/written off	10,021	20,517	60,179	90,717
<b>At March 31, 2017</b>	<b>497,098</b>	<b>1,225,853</b>	<b>179,503</b>	<b>1,902,454</b>
Charge for the year	83,184	134,599	99,815	317,598
Disposals/written off	-	-	-	-
<b>At March 31, 2018</b>	<b>580,282</b>	<b>1,360,452</b>	<b>279,318</b>	<b>2,220,052</b>
<b>Net Block</b>				
<b>At March 31, 2017</b>	<b>243,808</b>	<b>124,006</b>	<b>167,963</b>	<b>535,777</b>
<b>At March 31, 2018</b>	<b>243,935</b>	<b>110,697</b>	<b>175,457</b>	<b>530,089</b>

<b>9. Intangible assets</b>	<b>Software</b>	<b>Total</b>
<b>Gross block</b>		
<b>At April 1, 2016</b>	1,133,817	1,133,817
Additions	154,469	154,469
Deletions/Write off	-	-
<b>At March 31, 2017</b>	<b>1,288,286</b>	<b>1,288,286</b>
Additions	-	-
Deletions/Write off	-	-
<b>At March 31, 2018</b>	<b>1,288,286</b>	<b>1,288,286</b>
<b>Amortization</b>		
<b>At April 1, 2016</b>	591,381	591,381
Charge for the year	244,604	244,604
Deletions/Write off	-	-
<b>At March 31, 2017</b>	<b>835,985</b>	<b>835,985</b>
Charge for the year	180,069	180,069
Deletions/Write off	-	-
<b>At March 31, 2018</b>	<b>1,016,054</b>	<b>1,016,054</b>
<b>Net block</b>		
<b>At March 31, 2017</b>	<b>452,301</b>	<b>452,301</b>
<b>At March 31, 2018</b>	<b>272,232</b>	<b>272,232</b>



# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

<b>10. Deferred tax</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Deferred tax liability</b>		
Differences in depreciation and other differences in block of fixed assets and intangible assets as per tax and books of accounts	-	-
<b>Deferred tax liability</b>	-	-
<b>Deferred tax asset</b>		
Difference due to depreciation impact	82,144	14,979
Difference due to provision for leave encashment	182,990	173,268
Difference due to provision for gratuity	327,001	314,530
Difference due to disallowance of provision against standard assets and non performing assets	2,297,664	781,436
Deferred tax on carried forward tax losses and unabsorbed depreciation	18,085,588	17,509,098
Deferred tax asset not recognized	(20,975,387)	(18,793,311)
<b>Deferred tax asset</b>	-	-
<b>Deferred tax asset/ (liability) net</b>	-	-

	Non-current		Current	
<b>11. Loans and advances</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>A. Portfolio Loans</b>				
<b>Joint liability group loans</b>				
Unsecured, considered good*	55,854,334	49,720,090	206,716,597	165,584,205
Unsecured, considered doubtful**	12,708	39,625	8,568,192	1,378,270
	<b>55,867,042</b>	<b>49,759,715</b>	<b>215,284,789</b>	<b>166,962,475</b>
<b>Individual loans</b>				
Unsecured, considered good*	5,653,639	4,840,633	14,772,328	14,394,458
Unsecured, considered doubtful**	11,667	-	573,048	390,232
	<b>5,665,306</b>	<b>4,840,633</b>	<b>15,345,376</b>	<b>14,784,690</b>
<b>(A)</b>	<b>61,532,348</b>	<b>54,600,348</b>	<b>230,630,165</b>	<b>181,747,165</b>
<b>B. Security deposits</b>				
Unsecured, considered good	1,147,500	1,220,500	280,000	730,000
<b>(B)</b>	<b>1,147,500</b>	<b>1,220,500</b>	<b>280,000</b>	<b>730,000</b>
<b>C Other loans and advances</b>				
Employee loans (secured, considered good)	-	-	157,176	79,000
Other receivables	-	-	377,306	356,490
Advance income tax [TDS]	523,218	245,967	-	-
Prepaid expenses	-	-	385,507	1,985,820
<b>(C)</b>	<b>523,218</b>	<b>245,967</b>	<b>919,989</b>	<b>2,421,310</b>
<b>Total (A+B+C)</b>	<b>63,203,066</b>	<b>56,066,815</b>	<b>231,830,154</b>	<b>184,898,475</b>

\* 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.

# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>12. Other assets</b>				
Interest accrued on fixed deposits	54,247	63,653	289,409	131,721
Interest accrued on other deposits	202,563	652,167	1,390,320	970,373
Interest accrued and not due on portfolio loans	-	-	3,943,043	3,311,697
Deposit placed with NBFC/Financial Institution	12,000,000	13,000,000	11,500,000	12,000,000
Non current bank balances (refer note 13)	3,500,000	2,000,000	-	-
Receivable from Insurance Company	369,996	-	-	-
Less: Provision for doubtful receivable	(197,965)	-	-	-
	<b>15,928,841</b>	<b>15,715,820</b>	<b>17,122,772</b>	<b>16,413,791</b>

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>13. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	244,315	272,568
Cash in transit	-	-	264,720	134,440
Balances with banks:				
in current accounts	-	-	9,891,641	7,864,930
in Deposit accounts (less than 3 months)	-	-	-	-
	-	-	<b>10,400,675</b>	<b>8,271,938</b>
<b>Other bank balances</b>				
Deposits with remaining maturity for more than 12 months	3,500,000	2,000,000	-	-
Deposits with remaining maturity for less than 12 months	-	-	9,250,000	3,000,000
	<b>3,500,000</b>	<b>2,000,000</b>	<b>9,250,000</b>	<b>3,000,000</b>
Amount disclosed under non-current assets (refer note 12)	<b>(3,500,000)</b>	<b>(2,000,000)</b>		-
	-	-	<b>19,650,675</b>	<b>11,271,938</b>

<b>14. Revenue from operations</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Interest income</b>		
Interest on portfolio loans	58,782,797	50,550,420
<b>Other operating revenue</b>		
Loan processing fees	3,026,525	2,588,440
Recovery against loans written off	500	-
	<b>61,809,822</b>	<b>53,138,860</b>
<b>15. Other income</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest on fixed deposits	700,206	691,149
Interest on Other deposits	1,916,027	1,837,921
Interest on employee loans	33,989	12,414
Interest on income tax refund	-	3,108
Insurance Broakage and Commission	143,383	-
Miscellaneous income	11,374	5,972
	<b>2,804,979</b>	<b>2,550,564</b>
<b>16. Employee benefits expense</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Salaries and bonus / incentive	17,555,297	15,644,773
Leave benefits	483,173	398,309
Contribution to Provident Fund	990,429	689,845
Contribution to Employee State Insurance Corporation	374,174	244,820
Gratuity expenses (refer note-24)	248,304	359,305
Staff welfare expense	299,694	215,092
	<b>19,951,071</b>	<b>17,552,144</b>

# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

<b>17. Finance costs</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest expense		
On term loans from non banking financial companies	24,366,436	23,795,929
Other finance costs/Processing fees	4,051,905	1,515,689
	<b>28,418,341</b>	<b>25,311,618</b>
<b>18. Other expenses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Rent	3,022,006	2,477,215
Rates and taxes	2,500	2,500
Insurance	69,755	73,992
Repairs and maintenance	570,437	388,776
MFIN membership & subscription fee	104,998	100,001
Advertising	520	115,074
Electricity charges	265,754	108,250
Travelling and conveyance	787,990	560,395
Communication expenses	635,793	490,009
Printing and stationery	631,372	518,075
Legal and professional fees	886,619	771,697
Directors' sitting fees	50,000	50,000
Auditors' remuneration (refer details below)	1,070,264	790,000
Other provisions and write off	415,457	315,813
Loss on sale /Discard of fixed asset	-	10,027
Technical services	336,914	283,534
Commission and brokerage	34,000	138,599
Bank charges	286,242	211,059
Miscellaneous expenses	1,392,032	744,738
Provision for doubtful receivable	197,965	-
	<b>10,760,618</b>	<b>8,149,754</b>



<b>Payment to auditors</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>As auditor:</b>		
Audit fee	825,000	575,000
Tax Audit	100,000	100,000
<b>In other capacity:</b>	-	-
Other services (certification fees)	100,000	75,000
Reimbursement of expenses	45,264	40,000
	<b>1,070,264</b>	<b>790,000</b>

<b>19. Depreciation and amortization expense</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Depreciation of tangible assets	317,598	240,623
Amortization of intangible assets	180,069	244,604
	<b>497,667</b>	<b>485,227</b>

<b>20. Provisions and write-offs</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Contingent provisions against standard assets(refer note 27)	(1,284,327)	(295,583)
Provision against Non performing assets (refer note 27)	5,909,926	1,034,380
Portfolio loans and other balance written off	1,217,392	245,709
	<b>5,842,991</b>	<b>984,506</b>

# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

## 21. Segment information

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

## 22. Related party disclosures

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

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

ii) Transaction with related party during the year

Agora Microfinance NV	March 31, 2018	March 31, 2017
Issue of Share Capital	NIL	26,521,200
Securities Premium	NIL	16,475,008
Excess money received towards share allotment	NIL	36,807
Excess money refund towards share allotment	NIL	36,807

Mrs. Meenal Patole	March 31, 2018	March 31, 2017
Salaries and perquisites	2,581,122	2,636,500
Reimbursement of expenses	1,115,375	1,091,061
Issue of Share Capital		8,560
Securities Premium		91,387

iii) Balance Outstanding

Name of related party	Nature of transaction	March 31, 2018	March 31, 2017
Mrs. Meenal Patole	Receivable towards TDS paid by company on her behalf	31,463	-

## 23. Retirement benefits

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

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

### Statement of Profit and loss

Net employees benefit expense recognised in employee benefit expense:

Particulars	March 31, 2018	March 31, 2017
Current Service cost	200,972	143,494
Interest cost on benefit obligation	63,452	46,762
Net actuarial (gain) / loss recognized in the year	-16,120	169,049
Net Employee benefit expense	248,304	359,305

### Balance Sheet

Details of provision for gratuity:

Particulars	Gratuity	
	31-Mar-18	31-Mar-17
Defined benefit obligation	989,025	951,304
Plan liability	<b>989,025</b>	<b>951,304</b>

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

Particulars	Gratuity	
	31-Mar-18	31-Mar-17
Opening defined benefit obligation	951,304	625,155
Interest cost	63,452	46,762
Current service cost	200,972	143,494
Benefits paid	-210,583	-33,156
Actuarial ( gains ) / losses on obligation	-16,120	169,049
<b>Closing defined benefit obligation</b>	<b>989,025</b>	<b>9,51,304</b>

# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	31-Mar-18	31-Mar-17
Discount rate	7.18%	6.67%
Salary escalation rate per annum	5%	5%
Rates of leaving service	27.83%	25.26%

Amounts for the current and previous years are as follows :

Particulars	Gratuity	
	31-Mar-18	31-Mar-17
Defined benefit obligation	989,025	951,304
Surplus / ( Deficit )	-989,025	(951,304)
Experience adjustment on plan liabilities	9,974	146,470

## 24. Capital Commitments

Capital commitments as on March 31, 2018: Nil (March 31, 2017: Nil).

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

There are no earnings and expenditure in foreign currency for current financial year and for previous financial year.

## 26. Earnings per share (EPS)

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

Particulars	31-03-2018	31-03-2017
Net profit/ (loss) for calculation of EPS	(855,887)	3,206,175
Weighted average number of equity shares – basic / diluted EPS	3,330,000	3,330,000
Basic EPS (Rs.)	(0.26)	0.96
Diluted EPS (Rs.)	(0.26)	0.96
Nominal Value of shares (Rs.)	10.00	10.00

## 27. 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)	
	March 31, 2018	March 31, 2017	March 31, 2017	Movement during the year	March 31, 2018	March 31, 2018	March 31, 2017
Standard	282,996,898	234,539,386	1,324,049	-1,284,327	39,722	282,957,176	233,215,337
Sub-standard	9,165,615	1,808,127	1,039,426	5,909,926	6,949,350	2,216,265	768,701
<b>Total</b>	<b>292,162,513</b>	<b>236,347,513</b>	<b>2,363,475</b>	<b>4,625,599</b>	<b>6,989,072</b>	<b>285,173,441</b>	<b>233,984,038</b>

## 28. Leases

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

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

Particulars	March 31, 2018	March 31, 2017
Operating lease payments recognised during the year	28,72,006	24,77,215

## 29. Net Interest Margin (NIM)

The net interest margin (NIM) for the Company, for the year ended March 31, 2018 is 9.94%. The computation of NIM has been based on guidelines communicated by RBI vide its letter dated April 4, 2013 to Micro Finance Institutions Network.

## 30. Dues to micro, small and medium enterprises

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

For the year ended March 31, 2018 no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

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



# Notes to financial statements for the year ended March 31, 2018

(Amount in Indian Rupees unless otherwise stated)

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**For S.R. Batliboi & Associates LLP**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 101049W/E300004**

per Sarvesh Warty  
Partner  
Membership No. 121411

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Mumbai, India  
26 June, 2018

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

Meenal Patole  
Managing Director and  
Chief Executive Officer  
DIN: 03162474

Asit Mehta  
Director  
DIN: 01640935

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Mumbai, India  
26 June, 2018







