



Agora Microfinance  
India Limited

Annual Report 2016-2017





## Corporate Information

### Board of Directors

**Tanmay Chetan**, Chairperson

**Meenal Patole**, CEO and Managing Director

**Rebecca McKenzie**, Director (resigned as on June 2017 as per Board meeting)

**Asit Mehta**, Director

**Orlanda Ruthven**, Director (resigned and information updated as per compliance June 2017)

### Board Committees

#### Audit & Finance Committee

**Asit Mehta**, Chairperson

**Rebecca McKenzie**, Member (resigned as of June 2017 as per Board meeting)

**Medha Wilson**, Member

### Remuneration, Nomination & Corporate Governance Committee

**Tanmay Chetan**, Chairperson

**Orlanda Ruthven**, Member

### Management Team

**Meenal Patole**, CEO and Managing Director

**Subba Reddy**, Chief Operating Officer (resigned July 2017)

**Amandeep Singh**, Head of Finance & Internal Audit

**Ramakrishna Sahu**, Head of Operations (resigned July 2017)

### Grievance Redressal Officer

**Amandeep Singh**

### Registered Address

Unit No 710, Seventh Floor, Vashi Infotech Park, Plot No. 16,  
Sector 30A, Vashi, Navi, Mumbai 400703.

### Lenders

MAS Financial Services Ltd

Reliance Capital

Ananya Finance for Inclusive Growth Private Limited

Jainson Finlease Ltd (Intellegrow)

Axis Bank Ltd (received loan in May 2017)

Manaveeya Development and Finance Pvt Ltd (received loan in Sept 2017)

### Principal Bankers

HDFC Bank Limited

ICICI Bank

Shamrao Vithal Co-op Bank Limited

### Auditors

S.R Batliboi and Associates LLP Chartered Accountants

### Company Secretaries

D.S. Momaya & Co.

Company Secretaries

Navi Mumbai

## Contents

5. Vision & Mission Statement
6. Code of Conduct
8. CEO's Report
9. Chair Report
10. Company Structure
12. Areas of Operation
14. Products and Services
18. Operational and Financial Highlights
22. Key Initiatives
24. Directors' Report and Audited Financial Statements



## Vision

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

## दृष्टीकोन

शहरी समाजव्यवस्था जेथेकमी उत्पन्न असलेल्या समाजाला त्याच राहणीमान सुधारण्याची पुरेशी संधी मळिल.

## Mission

To provide affordable, convenient and 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, सोईसर आणि वेळेवर अशी आर्थिक सेवा नरितर पुरवणे.





THE IMPLEMENTATION  
OF OUR CLIENT PROTECTION  
PRINCIPLES CAN BE SEEN  
IN THE OPERATIONS  
POLICIES AND INTERNAL  
AUDIT SYSTEMS OF  
THE COMPANY.

## Code of Conduct/ Client Protection Principles

All of AMIL's work is conducted within a framework of 11 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 clients 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) Visit clients at inappropriate occasions such as bereavement, sickness, etc, to collect dues.
3. **Appropriate Product Design and Delivery:** We will constantly work to ensure that our products and delivery mechanisms are flexible in order to meet the diverse needs of our clients. We will actively seek feedback from clients regarding their product and service preferences. We will extend 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 client household income(s) and expenditure(s) to ensure that the loan size matches their capacity to make repayments. We will not lend to clients who have outstanding loans with more than one other lender. We will use the Credit Bureau information while assessing number of loans & indebtedness levels of each client.
6. **Transparent Pricing:** We will ensure that clients are fully aware of all of our product terms and conditions and prices. The pricing of our products will be simple to understand and fair. There will be no hidden costs. Our relationship is based on a detailed agreement which will depict the key terms and conditions of loan and repayment.

There shall be only three components in the pricing of the loan: the interest charge, the processing charge and Insurance premium. All interest and fees payable as an all-inclusive APR and equivalent monthly rate will be indicated in the sanction letter/loan documentation. No penalty will be charged on delayed payments. Complete information on pricing will be displayed at all our offices.

7. **Appropriate Collection Practices:** Clients are expected to pay their loan on time but if they are unable to, AMIL will work with clients to overcome any problems they are facing. We will never use abusive language, physical force, humiliate clients, or violate their right to privacy. All recoveries will take place at the place designated in the loan contract. We will provide a valid receipt for each and every payment received from the borrower.
8. **Flexibility:** Clients can choose the term of repayment (Weekly, Fortnightly or Monthly). We do not charge extra for this flexibility or for the pre-payment of any loan..
9. **Privacy of Information:** We will not share personal details or information with any person or organisation without client consent, or unless required to by the law.
10. **Freedom of Choice:** We respect that clients are the best people to make decisions for themselves and their families. We shall endeavour to raise clients' awareness of the options, choices and responsibilities vis-à-vis financial products and services available and also inform clients the organisation's policies and procedures to help them understand their rights as borrowers at regular intervals.
11. **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 mechanism 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.



## Message from the Chairperson



It gives me pleasure to congratulate AMIL for its first year of profits. Despite macro-economic and policy challenges the institution largely met its goals for the year, and achieved this important milestone. I am confident that this is the start of many more impactful years for AMIL.

The microfinance environment in India, and particularly in Mumbai, has seen increased competition in the past few years, and as a result has become much more vibrant than when we began operating in 2011-12. In response, during the year our Client Officers and support teams, ably guided by the management took important steps towards increased efficiency in operations while delivering on the mission of the Company.

During the year we piloted and experimented with some diversification strategies such as the introduction of mobile-phone based bill payment and related services. Working further on geographic expansion, we extended our branch network to 9 offices by the end of the year. We successfully introduced tablet and phone applications for loan sourcing and assessment processes to improve efficiency and speed of delivery. Alongside these foundational strategies, we continued to see strong growth in our clientele and loan portfolio size during the year.

While this is still early days in the journey of AMIL, we firmly believe in its potential to play an important role in the financial fabric of Mumbai, and later on in other cities of India as well. AMIL harnesses the potential of local talent, and most of our staff are from the communities where we work. This gives us a deeper understanding of the complexities of a fast urban life that our client families are engaged in. The potential for reaching larger numbers of clients is therefore enormous as AMIL finds its feet more firmly planted in the market.

The plans for the coming year revolve around further expansion and growth, and continuing the search for the most efficient delivery channels for clients. New partnerships with lenders will be established and existing ones further strengthened. Agora Microfinance N.V., as the principal shareholder will continue to assist the Company in its governance and strategy as in the previous years.

As always, on behalf of the Board of Directors, I wish the management and staff further success in the coming year. Our long-term goals depend on high efficiency, scale and diversification of our operations, and the Directors are committed to supporting the management and staff in this quest. Notwithstanding periodic turbulences in the market, we look forward to another strong year for AMIL in the making.

Tanmay Chetan

IT GIVES ME PLEASURE TO CONGRATULATE AMIL FOR ITS FIRST YEAR OF PROFITS. WHILE THIS IS STILL EARLY DAYS IN THE JOURNEY OF AMIL, WE FIRMLY BELIEVE IN ITS POTENTIAL TO PLAY AN IMPORTANT ROLE IN THE FINANCIAL FABRIC OF MUMBAI

## CEO's Report



AMIL completed 5 full years of operations in March 2017 and the journey half way through a decade has been an engaging and challenging one. As on 31 March 2017, the Company had a client base of 15,929 clients with total loan portfolio at INR23.63 crores (USD3.6 million) managed through a network of 9 branches in Mumbai and Thane districts of Maharashtra, including some of the most under-served parts of the region such as Mumbra.

Over the past year or so the microfinance sector in India has also seen significant changes with some microfinance companies converting to full-fledged Banks or Small Finance Banks with the formal banking sector also making significant inroads into micro-credit through Business Correspondent (BC) models. Also, the presence of urban microfinance lenders has increased, representing 60% of the total sector's portfolio.

In this vibrant market, the strength of AMIL continues to be its branch model that operates in proximity of clients within a small remit of 3-4 kms. Since we are closer to clients, they can visit our branches for transactions, thereby offering them a convenient experience. In addition to loans, AMIL has tied up with Spice Digital Ltd, a mobile technology company, for remittance and other bill payment services. This is one of the steps taken to respond to the challenge of competition and enhance customer touch points. We also launched our mobile application and with this the entire

client enrolment and management system has shifted from paper based model to a mobile phone platform. This new platform has helped to reduce client enrolment time from 20 minutes to about 8-10 minutes, while also saving on costs related to stationery and other logistics. The mobile platform also has features to link data to active the credit bureau data base and E-KYC platform. These features will be activated during the current year.

Since September 2015 portfolio quality of AMIL has been consistently good and AMIL succeeded in maintaining PAR 30 below 1% until late 2016. Subsequently, the government's demonisation policy in December 2016 resulted in an increase in our PAR levels, as it did for the industry as a whole. A combination of lack of cash in the system as well as some local political interference in some of our branches emerged as a new challenge towards the end of the year, and we closed 2016/17 with a PAR30 of 1.95%.

For the upcoming year, the key challenge for management is on the one hand to address the portfolio quality challenges, and at the same time, ensure growth in a competitive environment. Strengthening internal processes, and at the same time ensuring quick response to client demand will be key for portfolio quality and business growth. The equity support from AMNV, Netherlands, continues to be crucial to steer the company through these rough times and has also been instrumental in attracting lower cost loan funds. Last year AMIL received its first loan from a private sector bank, Axis Bank, and this addressed, to some degree, our pricing constraints on borrowing. An important outcome of the growth, good portfolio quality and lowering of borrowing cost is the full year to date profit for AMIL for the FY16-17.

The plan for upcoming financial year is to expand and grow our client base and loan portfolio substantially, by over 50%, by expanding our branch network and deepening our client outreach.

Overall, we expect to improve our profitability despite some emerging challenges, move on the path of full financial viability while working with very low income families.

I am thankful to the Board of Directors of AMIL for their valuable insights and guidance to the management and team members. AMNV is the majority investor in AMIL and has supported and guided AMIL management throughout and their role is underscored. 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 member of staff and wish everyone a successful year ahead.

Meenal Patole

## Company Structure

The current governance structure of AMIL includes two Directors who represent by the principal shareholder (AMNV), two Independent Directors and the CEO in an ex-officio capacity. The Board of Directors meets physically on a quarterly basis, and oversees 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 General Meeting (EGM) can be organised 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 (Operations, Finance and Internal Audit).

### Board of Directors

**Tanmay Chetan**  
Chairperson, Chair RNCG

**Rebecca Mckenzie**  
Director, Member AFC

**Asit Mehta**  
Director, Chair AFC

**Orlanda Ruthven**  
Director

**Meena Patole**  
CEO and Managing Director

**Medha Wilson**  
Member AFC

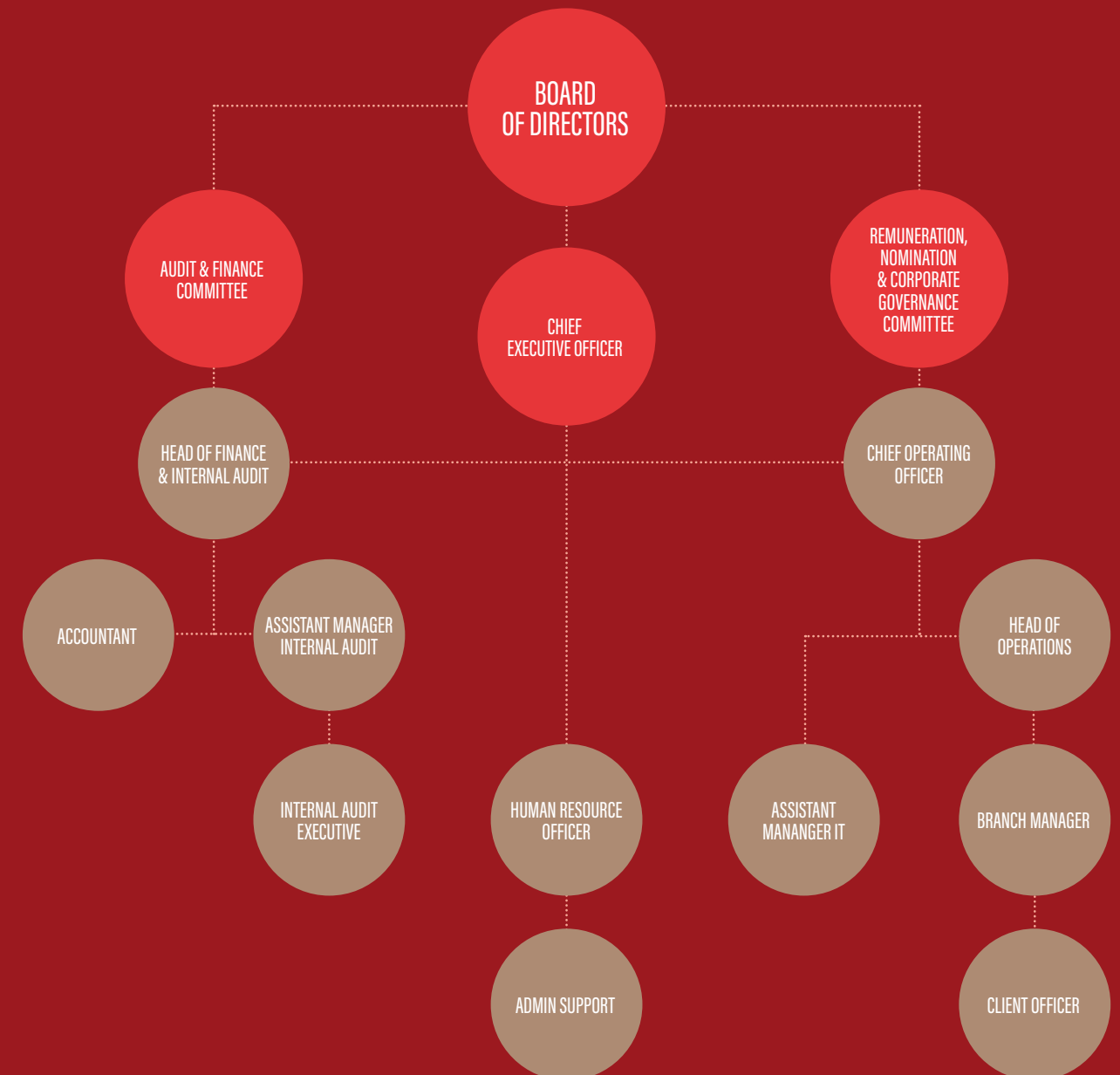
### Senior Management

**Meenal Patole**  
Chief Executive Officer

**Subba Reddy**  
Chief Operating Officer

**Amandeep Singh**  
Head of Finance & Internal Audit

**Ramakrishna Sahu**  
Head of Operations



## 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 9 branches in the Mumbai suburbs.



### Contact Details

**Vikhroli** ●  
C- 22 , Rd No. 6, Seety Chawl, 1st Floor,  
Parksite Vikroli, Vikroli West, Mumbai, 400079  
**Tel:** + 25 18 1554  
**Branch Manager:** Kamal +865 504 4019

**Santacruz** ●  
B-1, Ground Floor, Diamond Park,  
Datta Mandir Road, Vakola, Santacruz East,  
Mumbai, 400055  
**Tel:** + 26 69 1090  
**Branch Manager:** Mudita: +865 504 4176

**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 +842 580 1264

**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  
**Assistant 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,  
Municipal M (W), Section D, Peston Sagar No. III,  
PL Lokhande Marg, Chembur, Mumbai, 400089  
**Landmark:** Below SK Rai College  
**Tel:** +25 25 1553  
**Assistant Branch Manager:** Janhavi  
+865 504 4023

**Registered Office**  
Unit No 710, Seventh Floor,  
Vashi Infotech Park, Plot No. 16,  
Sector 30A, Vashi, Navi Mumbai,  
400 703, Maharashtra  
**Tel:** +91 222 527 1551  
**Email:** info@amil.co.in  
**www.amil.co.in**



## Products and Services

AMIL follows both individual and group methodology, depending on the choice of clients as well as funding related restrictions. Both methodologies are well tested and show strong portfolio quality.

1. Micro Credit Products
  - 1.1. Business Loan – Group Lending
  - 1.2. Housing Loan – Group Lending
  - 1.3. Education Loans – Group Lending
  - 1.4. Emergency Loan – Group Lending
  - 1.5. Top-up Loans – Group Lending
2. Non Micro Loan Product
  - 2.1. Non Micro Loan - Individual Lending

**BOTH INDIVIDUAL  
AND GROUP  
METHODOLOGIES ARE  
WELL TESTED AND  
SHOW STRONG  
PORTFOLIO QUALITY**

### 1. Micro Credit Products



1.1. Business Loan  
(Group Lending)  
**Income Generation  
Activities**

Loan size:

Up to  
**₹50,000**

Loan term in  
months:

**12, 18, 24**

Interest rate:

**25.88%**

Declining  
balance method

Loan processing  
fee:

**1%**

plus service tax



1.2. Housing Loan  
(Group Lending)  
**Household  
Maintenance/  
Repairs**

Loan size:

Up to  
**₹50,000**

Loan term in  
months:

**12, 18, 24**

Interest rate:

**25.88%**

Declining  
balance method

Loan processing  
fee:

**1%**

plus service tax



## 1. Micro Credit Products



### 1.3. Education Loans (Group Lending) School/College Fee, Tuition Fee etc

Loan size:

Up to

**₹50,000**

Loan term in  
months:

**12, 18, 24**

Interest rate:

**25.88%**

Declining  
balance method

Loan processing  
fee:

**1%**

plus service tax



### 1.4. Emergency Loan (Group Lending) Health, Debt Repayment, Social Events etc

Loan size:

Up to

**₹50,000**

Loan term in  
months:

**12, 18, 24**

Interest rate:

**25.88%**

Declining  
balance method

Loan processing  
fee:

**1%**

plus service tax



### 1.5. Top-up Loans (Group Lending) Same as Primary Loan

Loan size:

Not more than 50%  
of existing loan amount

**(₹5,000-  
₹20,000)**

Loan term in  
months:

**12, 18, 24**

Interest rate:

**25.88%**

Declining  
balance method

Loan processing  
fee:

**1%**

plus service tax

## 2. Non Micro Loans



### 3. Non Micro Loan (Individual Lending) Both income and Household purpose

Loan size:

Up to

**₹100,000**

Loan term in  
months:

**12, 18, 24**

Interest rate:

**26%**

Declining  
balance method

Loan processing  
fee:

**2%**

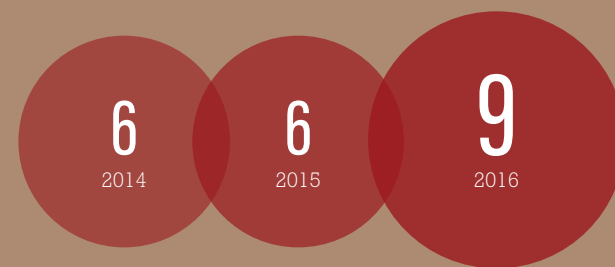
plus service tax

Credit linked Group Insurance Policy is given to all the borrowers @Rs7.25 (tax included) per Rs1,000 loan. This coverage is for 2 years.

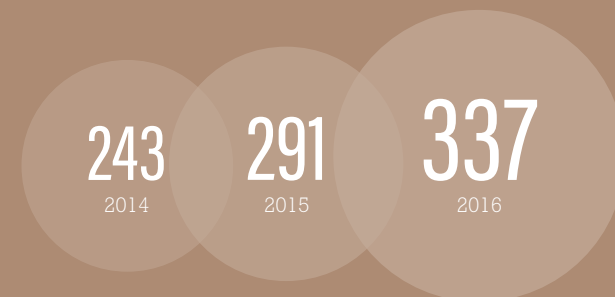


## Operational and Financial Highlights

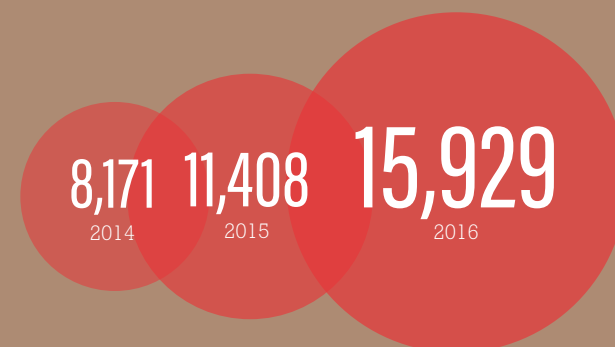
### Number of Field Offices



### Loan Size (USD)

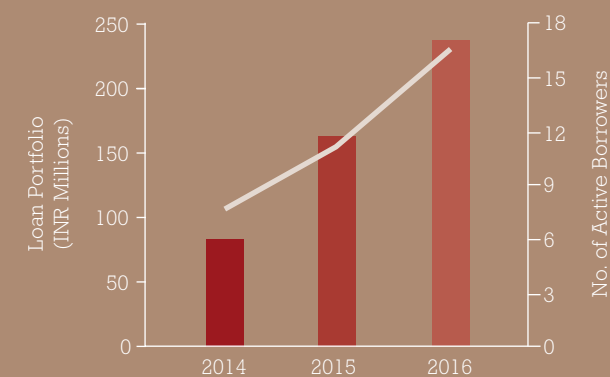


### Number of Clients



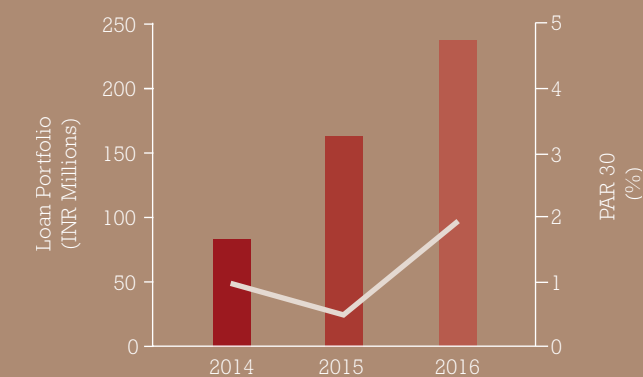
Description	March 2015	March 2016	March 2017
Number of Field Offices	6	6	9
Number of Active Borrowers	8,171	11,408	15,929
- Women Borrowers (%)	74%	76%	84%
- Loans for Business Purposes (%)	85%	64%	74%
Loan Portfolio (USD)	1,330,690	2,457,498	3,645,167
Loan Portfolio (INR)	82,810,136	162,467,849	236,347,513
PAR30 Days	1.03%	0.38%	1.95%
Average Loan Size (USD)	243	291	337
Average Loan Size (INR)	14,901	19,055	22,607
Average Loan Size / Estimated GNI per capita	15.09%	17.65%	20.06%

Loan Portfolio vs No of Active Borrowers



● Loan Portfolio vs — No of Active Borrowers

Loan Portfolio vs PAR30

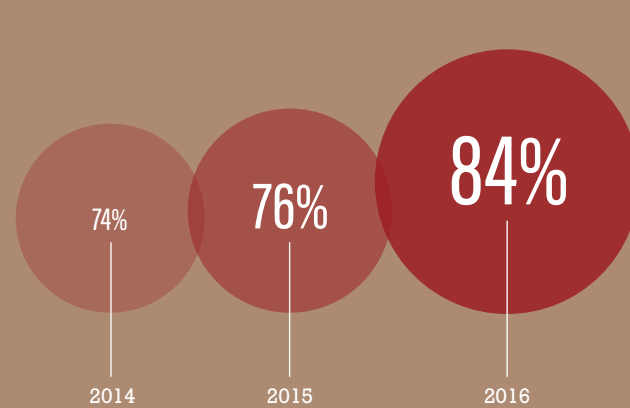


● Loan Portfolio vs — PAR30

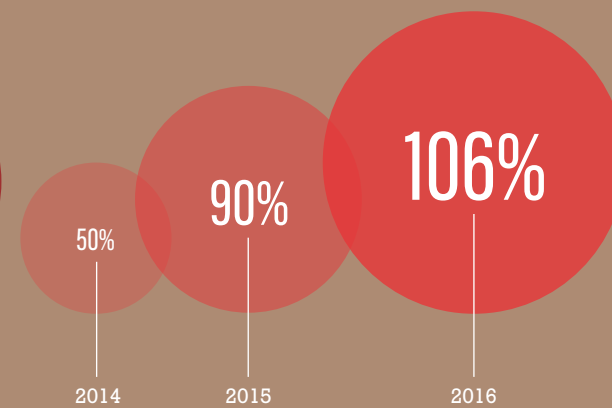


Financial Ratios	2014-15	2015-16	2016-17
Loan interest yield ratio	23.2%	22.3%	25.4%
Loan fee income ratio	1.6%	1.5%	1.3%
Portfolio yield	24.8%	23.8%	26.7%
Provision expense ratio	1.8%	0.7%	0.5%
Financial cost ratio	5.7%	7.7%	11.9%
<b>Total</b>	<b>7.5%</b>	<b>8.4%</b>	<b>12.4%</b>
Personnel cost ratio	24.1%	13.1%	8.8%
Admin cost ratio	13%	6.1%	5.1%
<b>Total operating cost ratio</b>	<b>37%</b>	<b>19.2%</b>	<b>13.9%</b>
<b>Total expense ratio</b>	<b>44.5%</b>	<b>27.6%</b>	<b>26.3%</b>
<b>Margin analysis/Average loan portfolio</b>	<b>-19.7%</b>	<b>-3.8%</b>	<b>0.3%</b>
Return on total assets	-14.6%	-2.2%	1.3%
Return on equity	-22.3%	-5.1%	3.2%
Operating self sufficiency	58%	90%	106%
Debt/Equity	1	1.6	1.3
Capital Adequacy	58.9%	47.4%	47.4%

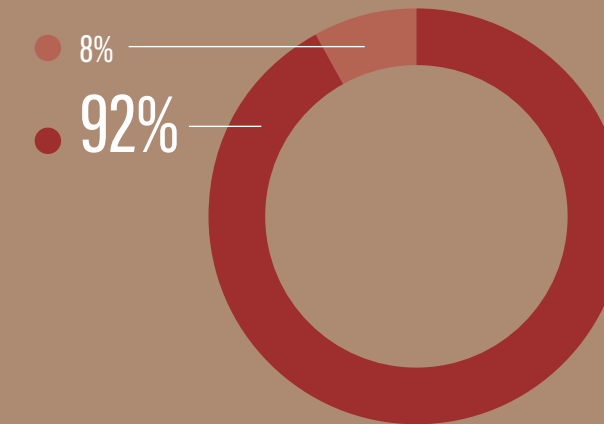
Percentage of Women Borrowers



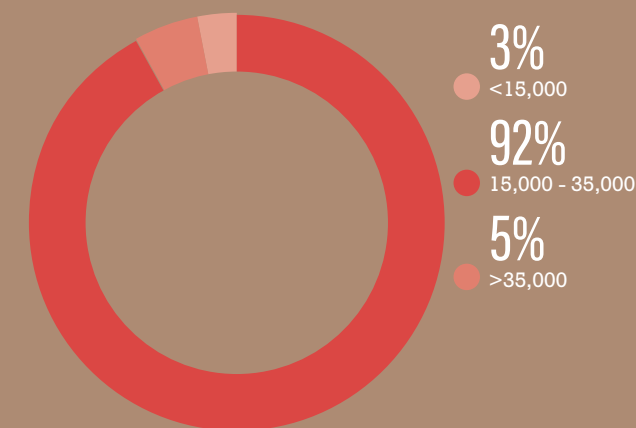
Operating Self Sufficiency



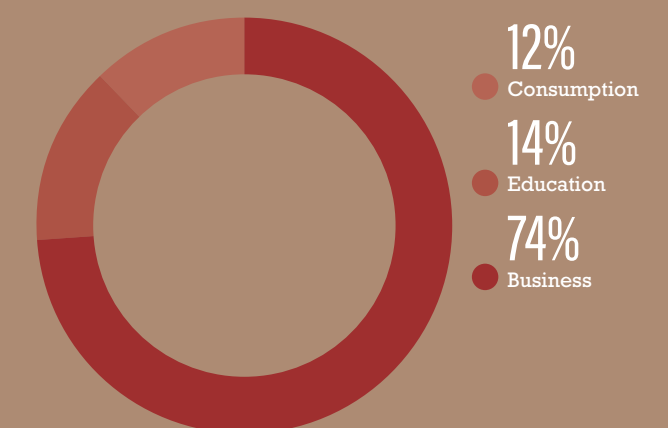
Loan Portfolio by Product



Loan Portfolio by Size (INR)



Loan Portfolio by Purpose





## Key Initiatives 2017-2018

The new year 2017-2018 will require some rebuilding of the operations which were affected by macro-economic policy changes towards the end of the year. Along with this rebuilding, AMIL will continue to focus on the following three areas:

- Geographical expansion
- Technology adoption
- Product diversification

The Company plans to open two-three new branches in Mumbai to expand its footprint in the city. At the same time, transformation to a digitised loan origination and assessment process is also underway and is expected to be completed in the new year. Alongside these initiatives the Company will also be looking to diversify into fee based financial services including bill payments, ticket purchases, remittance as well as micro-insurance. Many of these initiatives are already in their test phase and are expected to be rolled out soon.

On the back of the above, and in continuation of its lending activity, the Company foresees strong up-tick in its outreach in the coming 2-3 years.

TRANSFORMATION  
TO A DIGITISED LOAN  
ORIGINATION AND  
ASSESSMENT PROCESS  
IS ALSO UNDERWAY

## Directors' Report and Audited Financial Statements for the Year Ended 31 March 2017

Agora Microfinance  
India Limited



Agora Microfinance  
India Limited



## Directors' report

The Directors have pleasure in presenting the Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2017.

### Financial highlights

Particulars	Current Year	Previous Year
Revenue from Operations	53,138,860	29,198,588
Other Income	2,550,564	1,319,731
<b>Total Income</b>	<b>55,689,424</b>	30,518,319
Depreciation	4,85,227	9,03,670
<b>Tax</b>		
Current Tax	0	0
Deferred Tax	0	0
<b>Profit/(Loss) after Tax</b>	<b>3,206,175</b>	-3,319,667
Earnings per share (Rs.):		
Basic	0.96	-4.91
Diluted	0.96	-4.91

### State of company's affairs

During the year under review, the total Income of the Company was Rs 55,689,424/- against Rs 30,518,319/- in the previous year which shows the increase in revenue. During the period the Company has earned a Profit after tax of Rs 3,206,175/- compared to loss of Rs 3,319,667 /- in the previous year.

### Transfer to reserves in terms of section 134 (3) (j) of the Companies Act, 2013

For the financial year ended 31st March, 2017, the Company is proposed to carry an amount of Rs 3,206,175 to General Reserve Account.

### Dividend

Your Directors do not recommend any dividend for the year ended 31st March, 2017.

### Material changes and commitments, if any, criteria specify

There was no material changes and no commitment made by the directors affecting the financial position of the company. So no criteria needed to be specified for the year.

### Change in the nature of business

There is no change in the nature of business of the company.

### Meetings of the Board of Directors

The following Meetings of the Board of Directors were held during the Financial Year 2016-17:

SN	Date of Meeting	Board Strength	No. of Directors Present
1	28/04/2016	5	4
2	13/05/2016	5	4
3	27/05/2016	5	4
4	29/06/2016	5	3
5	21/07/2016	5	5
6	10/08/2016	5	5
7	12/09/2016	5	3
8	29/11/2016	5	5
9	09/12/2016	5	5
10	21/12/2016	5	5
11	23/12/2016	5	5
12	10/01/2017	5	4
13	31/01/2017	5	5
14	16/02/2017	5	5
15	21/03/2017	5	4

## Directors' report (Continued)

### Presence/attendance of directors in the meetings

SN	Name of Director	Board Meeting			Committee Meeting			AGM
		No. of meetings held	No. of meetings attended	%	No. of meetings held	No. of meetings attended	%	
1	Asit Prabhudas Mehta	15	15	100.00				
2	Patole Meenal	15	15	100.00				
3	Rebecca Mckenzie	15	13	86.67				
4	Tanmay Chetan	15	15	100.00				
5	Orlanda Ruthven	15	8	53.33				

### Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis; and
- The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## Directors' report (Continued)

### Statutory auditor and auditors' report

At the Annual General Meeting held on 22/09/2016, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants was re-appointed as statutory auditors of the company to hold office till the conclusion of the Annual General Meeting to be held in the financial year 2018-19. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, as statutory auditor of the company, is placed for ratification by the shareholders.

Company has received certificate from the Auditors to the effect they are not disqualified to continue as statutory auditors under the provisions of applicable laws.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

### Secretarial auditor and secretarial audit report

The Secretarial Audit is not applicable on the company as it is not covered under the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### Corporate social responsibility (CSR)

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitution of Corporate Social Responsibility Committee.

### Nomination and remuneration committee

The provisions of Section 178( 1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company.

### Vigil mechanism / whistle blower policy

The Company is not required to form such policy.



### Remuneration policy

#### Remuneration to Executive Directors:

The remuneration paid to Executive Directors is approved by Board in Board meeting, subject to the subsequent approval of the shareholders at the General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

#### Remuneration to Non Executive Directors:

The Non Executive Directors are paid remuneration by way of Sitting Fees and Commission. The Non Executive Directors are paid sitting fees for each meeting of the Board and Committee of Directors attended by them.

### Company's policy on director's appointment and remuneration

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in Annexure and attached to this report.

### Fixed deposits

The company has not accepted deposits from public within the meaning of Section 73 of the Companies Act, 2013.

### Loans, guarantees and investments

The Company has not made / given / advanced any Loan, Guarantee and Investment during the financial year covered under section 186 of the Companies Act, 2013.

### Related party transactions

There are no materially significant related party transactions made by the company with the promoters , Directors , KMP or other designated persons which have a potential conflict with the interest of company at large.

Further there are no related party transactions during the year under review and attached herewith in form no. AOC-2 for your kind perusal and information. (Annexure: 4).

## Directors' report (Continued)

### Conservation of energy, technology absorption & foreign exchange earnings and outgo

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

Particulars	Remarks
<b>A) Conservation of energy:</b> <ul style="list-style-type: none"> <li>the steps taken or impact on conservation of energy;</li> <li>the steps taken by the company for utilising alternate sources of energy;</li> <li>the capital investment on energy conservation equipments;</li> </ul>	<p>The Corporation is taking due care for using electricity in the office and its branches. The Corporation usually takes care for optimum utilisation of energy. No capital investment on energy Conservation equipment made during the financial year.</p>
<b>B) Technology absorption:</b> <ul style="list-style-type: none"> <li>the efforts made towards technology absorption;</li> <li>the benefits derived like product</li> <li>improvement, cost reduction, product development or import substitution;</li> <li>in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):               <ul style="list-style-type: none"> <li>(a) the details of technology imported;</li> <li>(b) the year of import;</li> <li>(c) whether the technology been fully absorbed;</li> <li>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not applicable since 5 years period is over</li> </ul> </li> <li>the expenditure incurred on Research and Development</li> </ul>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>
<b>C) Foreign exchange earnings and outgo:</b> <p>The Foreign Exchange earned in terms of -actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows</p>	<p>-</p>





## Directors' report (Continued)

### Risk management

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The risk management process in our multi-business, multi-site operations, over the period of time will become embedded into the Company's business systems and processes, such that our responses to risks remain current and dynamic.

### Board evaluation

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings. The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and Non-Executive Directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/Committee processes. The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting, reviewed the performance of Board, Chairman of the Board and of Non-Executive Directors.

### 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.

Your directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Acknowledgement

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

### For & on behalf of the Board of Directors

**Patole Meenal**  
DIN: 03162474  
Director

**Tanmay Chetan**  
DIN: 03594936  
Director

### Contact Us:

#### Agora Microfinance India Limited

Unit No 710, 7th Floor,  
Vashi Infotech Park,  
Plot No. 16, Sector 30 A,  
NAVI MUMBAI  
Thane MH 400703

**meenalpatole@amil.co.in**

CIN: U65921MH1996PLC240921

Mumbai, India  
21 June 2017

## Independent Auditor's Report

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 2017, 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 are 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 judgement, 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, 2017, its profit, and its cash flows for the year ended on that date.



## Independent Auditor's Report (Continued)

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - 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.
    - iv. The Company has provided disclosures in Note 32 to the financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representation regarding the holding and nature of cash transactions, including those in SBNs, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced before us by the management for verification. However as stated in Note 32 to the financial statements and as represented to us by the management, the Company has received amount aggregating Rs. 1.38 crores from transactions that were not permitted.

## Independent Auditor's Report (Continued)

### 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(iXc) 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(iiiXa), (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 Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been delay in few cases that range from 3 days to 20 days.
- (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, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

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





## Independent Auditor's Report (Continued)

- (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 material fraud by the Company or 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 Companies Act, 2013.
- (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 him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

**Annexure 2 referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

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

We have audited the internal financial controls over financial reporting of Agora Microfinance India Limited (the "Company") as of March 31, 2017 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 Act.

### 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 Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



## Independent Auditor's Report (Continued)

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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For S. R. Batliboi & Associates LLP Chartered Accountants

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

Membership No. 121411

Mumbai, India  
21 June 2017



## Balance Sheet

as at March 31, 2017

		31 March 2017 INR	31 March 2016 INR
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	33,300,000	6,770,240
Reserves and surplus	4	91,651,957	72,035,727
		<b>124,951,957</b>	78,805,967
<b>Non-current liabilities</b>			
Long-term borrowings	5	26,985,015	40,763,871
Long-term provisions	6	2,090,737	2,249,833
		<b>29,075,752</b>	43,013,704
<b>Current liabilities</b>			
Short-term borrowings	7	-	30,055,446
Other current liabilities	8	129,579,113	54,418,096
Short-term provisions	6	1,748,095	446,473
		<b>131,327,208</b>	84,920,015
<b>Total</b>		<b>285,354,917</b>	206,739,686

## Balance Sheet (Continued)

for the year ended March 31, 2017

		31 March 2017 INR	31 March 2016 INR
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	535,777	517,463
Intangible assets	10	452,301	542,435
Deferred tax assets (net)	11	-	-
Long-term loans and advances	12	56,066,815	41,918,214
Other non-current assets	13	15,715,820	-
		<b>72,770,713</b>	42,978,112
<b>Current assets</b>			
Cash and bank balances	14	11,271,938	18,803,022
Short-term loans and advances	12	184,898,475	123,528,423
Other current assets	13	16,413,791	21,430,129
		<b>212,584,204</b>	163,761,574
<b>Total</b>		<b>285,354,917</b>	206,739,686

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  
21 June 2017

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

Meenal Patole Managing Director and Chief Executive Officer DIN: 03162474	Tanmay Chetan Director DIN: 03594936
--	--

Mumbai, India  
21 June 2017



## Statement of Profit and Loss

for the year ended March 31, 2017

		31 March 2017 INR	31 March 2016 INR
<b>Income</b>			
Revenue from operations	15	53,138,860	29,198,588
Other income	16	2,550,564	1,319,731
<b>Total revenue (I)</b>		<b>55,689,424</b>	30,518,319
<b>Expenses</b>			
Employee benefits expense	17	17,552,144	15,560,367
Finance costs	18	25,311,618	9,888,258
Other expenses	19	8,149,754	6,601,767
Depreciation and amortisation expense	20	485,227	903,670
Provisions and write-offs	21	984,506	883,924
<b>Total expenses (II)</b>		<b>52,483,249</b>	33,837,986
<b>Profit / (Loss) before tax (III)=(I)-(II)</b>		<b>3,206,175</b>	(3,319,667)
<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>3,206,175</b>	(3,319,667)
Earnings per equity share	27		
[Nominal value of share Rs.10 (March 31,2016:Rs.10)]			
Basic (Computed on the basis of total profit for the year)		0.96	(4.91)
Diluted (Computed on the basis of total profit for the year)		0.96	(4.91)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S. R. Batliboi & Associates LLP Chartered Accountants**

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

Membership No. 121411

Mumbai, India  
21 June 2017

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

Meenal Patole  
Managing Director and  
Chief Executive Officer  
DIN: 03162474

Tanmay Chetan  
Director  
DIN: 03594936

Mumbai, India  
21 June 2017

## Cash Flow Statement

for the year ended March 31, 2017

	31 March 2017 INR	31 March 2016 INR
<b>Cash flow from operating activities</b>		
<b>Profit / (Loss) before tax</b>	<b>3,206,175</b>	(3,319,667)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	485,227	903,670
Provision for employee benefits	403,729	62,702
Loss / (profit) on sale of property, plant and equipment	10,027	57,611
Provision for standard assets and non-performing assets	738,797	589,452
<b>Operating Profit / (Loss) before working capital changes</b>	<b>4,843,955</b>	(1,706,232)
Movements in working capital:		
Increase / (decrease) in other current liabilities	877,883	202,508
Decrease / (increase) in loans and advances	(73,879,664)	(79,657,713)
Decrease / (increase) in other current & non current assets	(12,223,555)	(20,819,039)
Cash generated from / (used in) operations	<b>(85,225,336)</b>	(100,274,244)
Direct taxes paid (net of refunds)	(114,918)	(131,052)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(80,496,299)</b>	(102,111,528)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(423,433)	(91,810)
Proceeds from sale of fixed assets	-	7,700
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(423,433)</b>	(84,110)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	43,096,155	31,247,639
Share issue expenses	(156,340)	(168,590)
Proceeds from Long-term borrowings	60,504,279	86,319,442
Repayment of Short-term borrowings	(30,055,446)	(9,368,277)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>73,388,648</b>	108,030,214
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(7,531,084)</b>	5,834,577
Cash and cash equivalents at the beginning of the year	18,803,022	12,968,445
Cash and cash equivalents at the end of the year	<b>11,271,938</b>	18,803,022



## Cash Flow Statement (Continued)

for the year ended March 31, 2017

	31 March 2017 INR	31 March 2016 INR
<b>Components of cash and cash equivalents (Note 14)</b>		
Cash in hand	272,568	84,096
Cash in transit	134,440	-
Balances with banks		
in current account	7,864,930	9,218,927
in deposit account	3,000,000	9,500,000
<b>Total cash and cash equivalents</b>	<b>11,271,938</b>	<b>18,803,022</b>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements 2.1

### As per our report of even date

#### For S. R. Batliboi & Associates LLP Chartered Accountants

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

Membership No. 121411

Mumbai, India  
21 June 2017

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

Meenal Patole                      Tanmay Chetan  
Managing Director and            Director  
Chief Executive Officer            DIN: 03594936  
DIN: 03162474

Mumbai, India  
21 June 2017

## Notes to financial statements

for the year ended March 31, 2017

### 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 section 133 of the Companies Act, 2013 ('the Act'), read together with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 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 except as detailed note 2.1 (b).

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

### 2.1. Summary of Significant Accounting Policies

#### a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b) Revenue recognition

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

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

#### c) Property Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation 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 recognised in the statement of profit and loss when the asset is derecognised.



## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation 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 amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

### e) Depreciation / Amortisation

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

### f) Impairment of Fixed Assets

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

### g) Leases (where the Company is the lessee)

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

### h) Investment

Investments which are readily realisable and intended to be held tor 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.

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### i) Borrowing costs

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

### j) Foreign currency transactions

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

### k) Retirement and other employee benefits

- 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 recognises contributions to the provident fund scheme as expenditure, when an employee renders the related service.
- Accumulated leave, which is expected to be utilised 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.

- 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.
- Income taxes**
  - 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.
  - 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





## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 3. Share capital

	31 March 2017 INR	31 March 2016 INR
<b>Authorised shares</b>		
4,000,000 (March 31, 2016: 3,000,000) equity shares of Rs.10 each	40,000,000	30,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
3,330,000 (March 31, 2016: 677,240) equity shares of Rs.10 each fully paid up	33,300,000	6,770,240
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>33,300,000</b>	6,770,240

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

	31 March 2017		31 March 2016	
	No. of Shares	INR	No. of Shares	INR
<b>Equity shares</b>				
At the beginning of the year	677,024	6,770,240	672,040	6,720,400
Issued during the year	2,652,976	26,529,760	4,984	49,840
<b>Outstanding at the end of the year</b>	<b>3,330,000</b>	<b>33,300,000</b>	677,024	6,770,240

#### b) Terms/ rights attached to equity shares

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

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

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 3. Share capital

#### c) Shares held by holding company

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

	31 March 2017 INR	31 March 2016 INR
<b>Agora Microfinance N.V</b>		
2,996,996 (March 31, 2016: 344,876) equity shares of Rs.10 each fully paid up	29,969,960	3,448,760

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

	As at 31 March 2017	
	No. of Shares	% Holding in the Class
<b>Name of shareholders</b>		
<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%

	As at 31 March 2016	
	No. of Shares	% Holding in the Class
<b>Name of shareholders</b>		
<b>Equity shares of Rs.10 each fully paid</b>		
Meenal Patole	332,142	49.0591%
Agora Microfinance N.V	344,876	50.9400%

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

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 4. Reserves and surplus

	31 March 2017 INR	31 March 2016 INR
<b>Securities premium account</b>		
Balance as per the last financial statements	131,267,386	100,238,177
Add: Additions during the year	16,566,395	39,197,799
Less: Share issue expenses	(156,340)	(168,590)
<b>Closing Balance</b>	<b>147,677,441</b>	131,267,386
<b>Statutory reserve</b>		
Balance as per the last financial statements	86,246	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>	727,481
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(59,317,905)	(55,998,238)
Add: Profit / (Loss) for the year	3,206,175	3,319,667
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)	-
Net surplus / (deficit) in the statement of profit and loss	<b>(56,752,965)</b>	(59,317,905)
<b>Total reserves and surplus</b>	<b>91,651,957</b>	72,035,727

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 5. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2017 INR	31 March 2016 INR	31 March 2017 INR	31 March 2016 INR
Term loans	26,985,015	40,763,871	126,505,369	52,222,235
Indian rupee loan from non banking financial companies (secured)*	<b>26,985,015</b>	40,763,871	<b>126,505,369</b>	52,222,235
<b>The above amount includes</b>				
Secured borrowings	26,985,015	40,763,871	126,505,369	52,222,235
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(126,505,369)	(52,222,235)
<b>Net amount</b>	<b>26,985,015</b>	40,763,871	-	-

Repayable in eighteen and twenty four equated monthly instalments from the date of disbursement at a average rate of 15.30% interest p.a.

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

### 6. Provisions

	Long-term		Short-term	
	31 March 2017 INR	31 March 2016 INR	31 March 2017 INR	31 March 2016 INR
<b>Provision for employee benefits</b>				
Provision for gratuity	743,298	625,155	208,006	-
Provision for leave benefits	-	-	524,053	446,473
	<b>743,298</b>	625,155	<b>732,059</b>	446,473
<b>Other provisions</b>				
Contingent provisions against standard assets.(refer note 28)	308,013	1,619,632	1,016,036	-
Provision for Non-performing assets.(refer note 28)	1,039,426	5,046	-	-
	<b>1,347,439</b>	1,624,678	<b>1,624,678</b>	-
	<b>2,090,737</b>	2,249,833	<b>1,748,095</b>	446,473



## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 7. Short-term borrowings

	31 March 2017 INR	31 March 2016 INR
<b>Term loans</b>		
Indian rupee loan from non banking financial companies (secured)*	-	30,055,446
	-	30,055,446
<b>The above amount includes</b>		
Secured borrowings	-	30,055,446
Unsecured borrowings	-	-

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

### 8. Other current liabilities

	31 March 2017 INR	31 March 2016 INR
<b>Other liabilities</b>		
Current maturities of long term borrowings (refer note 5)	126,505,369	52,222,235
Interest accrued but not due on borrowings	885,652	769,518
Interest accrued and due on borrowings	32,777	-
Statutory dues payable	734,220	436,492
Other payable	1,421,095	989,851
	<b>129,579,113</b>	54,418,096

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 9. Tangible assets

	Furniture INR	Computers INR	Office equipments INR	Total INR
<b>Cost</b>				
<b>At April 1, 2015</b>	860,305	1,201,355	277,261	2,338,921
Additions	4,650	83,500	3,660	91,810
Disposals / written off	145,837	-	19,687	165,524
<b>At March 31, 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>
<b>Depreciation</b>				
<b>At April 1, 2015</b>	361,936	793,042	152,945	1,307,923
Charge for the year	148,548	318,938	72,547	540,033
Disposals / written off	83,970	-	16,242	100,212
<b>At March 31, 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>
<b>Net Block</b>				
<b>At March 31, 2016</b>	292,604	172,875	51,984	517,463
<b>At March 31, 2017</b>	<b>243,808</b>	<b>124,006</b>	<b>167,963</b>	<b>535,777</b>

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 10. Intangible assets

	Software INR	Total INR
<b>Gross block</b>		
<b>At April 1, 2015</b>	1,133,817	1,133,817
Additions	-	-
Deletions / Write off	-	-
<b>At March 31, 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>
<b>Amortisation</b>		
At April 1, 2015	227,744	227,744
Charge for the year	363,637	363,637
Deletions / Write off	-	-
<b>At March 31, 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>
<b>Net block</b>		
<b>At March 31, 2016</b>	542,435	542,435
<b>At March 31, 2017</b>	<b>452,301</b>	<b>452,301</b>

### 11. Deferred tax asset

	31 March 2017 INR	31 March 2016 INR
<b>Deferred tax asset</b>		
Difference due to depreciation impact	14,979	-
Difference due to provision for leave encashment	173,268	151,756
Difference due to provision for gratuity	781,436	212,490
Difference due to disallowance of provision against standard assets and non performing assets	314,530	552,228
Deferred tax on carried forward tax losses and unabsorbed depreciation	17,509,098	20,162,156
Deferred tax asset not recognised	(18,793,311)	(21,078,630)
<b>Deferred tax asset</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 12. Loans and advances

	Non-current		Current	
	31 March 2017 INR	31 March 2016 INR	31 March 2017 INR	31 March 2016 INR
<b>A) Portfolio Loans</b>				
<b>Joint liability group loans</b>				
Unsecured, considered good*	49,720,090	34,500,641	165,584,205	101,945,134
Unsecured, considered doubtful**	39,625	-	1,378,270	216,362
	<b>49,759,715</b>	34,500,641	<b>166,962,475</b>	102,161,496
<b>Individual loans</b>				
Unsecured, considered good*	4,840,633	6,364,526	14,394,458	19,152,862
Unsecured, considered doubtful**	-	-	390,232	288,324
	<b>4,840,633</b>	6,364,526	<b>14,784,690</b>	19,441,186
<b>A)</b>	<b>54,600,348</b>	40,865,167	<b>181,747,165</b>	121,602,682
<b>B) Security deposits</b>				
Unsecured, considered good	1,220,500	921,995	730,000	-
<b>B)</b>	<b>1,220,500</b>	921,995	<b>730,000</b>	-
<b>C) Other loans and advances</b>				
Employee loans (secured, considered good)	-	-	79,000	79,335
Other receivables	-	-	356,490	335,379
Advance income tax [TDS]	245,967	131,052	-	-
Prepaid expenses	-	-	1,985,820	1,511,027
<b>C)</b>	<b>245,967</b>	131,052	<b>2,421,310</b>	1,925,741
<b>Total (A+B+C)</b>	<b>56,066,815</b>	41,918,214	<b>184,898,475</b>	123,528,423

\* 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 the Financial Statements (Continued)

for the year ended March 31, 2017

### 13. Other assets

	Non-current		Current	
	31 March 2017 INR	31 March 2016 INR	31 March 2017 INR	31 March 2016 INR
Interest accrued on fixed deposits	63,653	-	131,721	598,898
Interest accrued on other deposits	652,167	-	970,373	-
Interest accrued and not due on portfolio loans	-	-	3,311,697	2,331,231
Deposit placed with NBFC / Financial Institution	13,000,000	-	12,000,000	-
Non current bank balances (refer note 14)	2,000,000	-	-	18,500,000
	<b>15,715,820</b>	-	<b>16,413,791</b>	21,430,129

### 14. Cash and bank balances

	Non-current		Current	
	31 March 2017 INR	31 March 2016 INR	31 March 2017 INR	31 March 2016 INR
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	272,568	84,096
Cash in transit			134,440	-
Balances with banks:				
in current accounts	-	-	7,864,930	9,218,927
in Deposit accounts (less than 3 months)	-	-	-	4,000,000
	-	-	8,271,938	13,303,022
<b>Other bank balances</b>				
Deposits with remaining maturity for more than 12 months	2,000,000	-	-	-
Deposits with remaining maturity for less than 12 months	-	-	3,000,000	5,500,000
	<b>(2,000,000)</b>	-		-
Amount disclosed under non-current assets (refer note 13 )	-	-	<b>11,271,938</b>	18,803,022

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 15. Revenue from operations

	31 March 2017 INR	31 March 2016 INR
<b>Interest income</b>		
Interest on portfolio loans	50,550,420	27,298,137
<b>Other operating revenue</b>		
Loan processing fees	2,588,440	1,873,610
Recovery against loans written off	-	26,841
	<b>53,138,860</b>	29,198,588

### 16. Other income

	31 March 2017 INR	31 March 2016 INR
Interest on fixed deposits	691,149	1,284,693
Interest on Other deposits	1,837,921	-
Interest on employee loans	12,414	28,928
Interest on income tax refund	3,108	2,105
Miscellaneous income	5,972	4,005
	<b>2,550,564</b>	1,319,731

### 17. Employee benefits expense

	31 March 2017 INR	31 March 2016 INR
Salaries and bonus / incentive	15,644,773	14,179,876
Leave benefits	398,309	350,771
Contribution to Provident Fund	689,845	599,338
Contribution to Employee State Insurance Corporation	244,820	181,568
Gratuity expenses (refer note)	359,305	83,534
Staff welfare expense	215,092	165,280
	<b>17,552,144</b>	15,560,367

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 18. Finance costs

	31 March 2017 INR	31 March 2016 INR
<b>Interest expense</b>		
On term loans from non banking financial companies	23,795,929	9,385,152
Other finance costs / Processing fees	1,515,689	503,106
	<b>25,311,618</b>	<b>9,888,258</b>

### 19. Other expenses

	31 March 2017 INR	31 March 2016 INR
Rent	2,477,215	2,086,115
Rates and taxes	2,500	2,500
Insurance	73,992	80,065
Repairs and maintenance	388,776	294,997
MFIN membership & subscription fee	100,001	100,000
Advertising	115,074	11,661
Electricity charges	108,250	136,453
Travelling and conveyance	560,395	450,114
Communication expenses	490,009	451,804
Printing and stationery	518,075	530,493
Legal and professional fees	771,697	488,865
Directors' sitting fees	50,000	60,000
Auditors' remuneration (refer details below)	790,000	491,464
Other provisions and write off	315,813	272,101
Loss on sale / Discard of fixed asset	10,027	57,612
Technical services	283,534	142,000
Commission and brokerage	138,599	15,000
Bank charges	211,059	82,120
Miscellaneous expenses	744,738	848,403
	<b>8,149,754</b>	<b>6,601,767</b>

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 19. Other expenses (Continued)

#### Payment to auditors

	31 March 2017 INR	31 March 2016 INR
<b>As auditor:</b>		
Audit fee	575,000	330,000
Tax Audit	100,000	-
<b>In other capacity:</b>		
Other services (certification fees)	75,000	150,000
Reimbursement of expenses	40,000	11,464
	<b>790,000</b>	<b>491,464</b>

### 20. Depreciation and amortisation expense

	31 March 2017 INR	31 March 2016 INR
Depreciation of tangible assets	240,623	540,033
Amortisation of intangible assets	244,604	363,637
	<b>485,227</b>	<b>903,670</b>

### 21. Provisions and write-offs

	31 March 2017 INR	31 March 2016 INR
Contingent provisions against standard assets (refer note 28)	(295,583)	1,100,247
Provision against Non performing assets (refer note 28)	1,034,380	(510,795)
Portfolio loans and other balance written off	245,709	294,472
	<b>984,506</b>	<b>883,924</b>

### 22. Segment information

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





## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 23. Related party disclosures

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

Name of the related party	Nature of relationship
Agora Microfinance N.V	Holding Company
Mrs. Meenal Patole	Key Management Personnel (Managing Director and Chief Executive Officer)

- ii) Transaction with related party during the year

	31 March 2017 INR	31 March 2016 INR
<b>Agora Microfinance NV</b>		
Issue of Share Capital	26,521,200	25,360
Securities Premium	16,475,008	30,974,051
Excess money received towards share allotment	36,807	-
Excess money refund towards share allotment	36,807	-
<b>Mrs. Meenal Patole</b>		
Salaries and perquisites	2,636,500	2,380,342
Reimbursement of expenses	1,091,061	1,221,747
Issue of Share Capital	8,560	24,480
Securities Premium	91,387	223,748

- iii) Balance Outstanding

Name of related party	Nature of transaction	March 31, 2017 INR	March 31, 2016 INR
Agora Microfinance N.V	Stamp charges receivable	-	24,148
Meenal Patole	Receivable towards TDS paid by company on her behalf	-	69,820

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 24. Retirement benefits

The company has defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for Gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs. 1, 000,000 as per The Payment of Gratuity Act, 1972.

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

#### Statement of Profit and loss

Net employees benefit expense recognised in employee benefit expense:

Particulars	31 March 2017 INR	31 March 2016 INR
Current Service cost	143,494	144,732
Interest cost on benefit obligation	46,762	42,951
Net actuarial (gain) / loss recognised in the year	169,049	(104,149)
Net Employee benefit expense	359,305	83,534

#### Balance Sheet

Details of provision for gratuity:

Particulars	Gratuity	
	31 March 2017 INR	31 March 2016 INR
Defined benefit obligation	951,304	625,155
Plan liability	<b>951,304</b>	625,155





## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 24. Retirement benefits (continued)

#### Balance Sheet (continued)

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

Particulars	Gratuity	
	31 March 2017 INR	31 March 2016 INR
Opening defined benefit obligation	625,155	541,621
Interest cost	46,762	42,951
Current service cost	143,494	144,732
Benefits paid	(33,156)	Nil
Actuarial (gains) / losses on obligation	169,049	(104,149)
<b>Closing defined benefit obligation</b>	<b>951,304</b>	<b>625,155</b>

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	31 March 2017 INR	31 March 2016 INR
Discount rate	7.48%	7.48%
Salary escalation rate per annum	5%	5%
Rates of leaving service	25.26%	25.26%

Amounts for the current and previous years are as follows:

Particulars	Gratuity	
	31 March 2017 INR	31 March 2016 INR
Defined benefit obligation	951,304	625,155
Surplus / (Deficit)	(951,304)	(625,155)
Experience adjustment on plan liabilities	146,470	(104,149)

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 25. Capital Commitments

Capital commitments as on March 31, 2017: Nil (March 31, 2016: Nil).

### 26. 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.

### 27. Earnings per share (EPS)

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

Particulars	Gratuity	
	31 March 2017 INR	31 March 2016 INR
Net profit / (loss) for calculation of EPS	3,206,175	(3,319,667)
Weighted average number of equity shares - basic/ diluted EPS	3,330,000	676,406
Basic EPS (Rs.)	0.96	(4.91)
Diluted EPS (Rs.)	0.96	(4.91)
Nominal Value of shares (Rs.)	10.00	10.00

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

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and sub-standard assets		Portfolio loans outstanding (Net)		
	31 March 2017 INR	31 March 2016 INR	31 March 2016 INR	Movement during the year	31 March 2017 INR	31 March 2017 INR	31 March 2016 INR
Standard	234,539,386	161,963,163	1,619,632	(295,583)	1,324,049	233,215,337	160,343,531
Sub-standard	1,808,127	504,686	5,046	1,034,380	1,039,426	768,701	499,640
Total	236,347,513	162,467,849	1,624,678	738,797	2,363,475	233,984,038	160,843,171



## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 29. Leases

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

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

Particulars	31 March 2017 INR	31 March 2016 INR
Operating lease payments recognised during the year	2,477,215	1,966,115

### 30. Net Interest Margin (NIM)

The net interest margin (NIM) for the Company, for the year ended March 31, 2017 is 6.63%. The computation of NIM has been based on guidelines communicated by RBI vide its letter dated April 4, 2013 to Micro Finance Institutions Network.

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

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

For the year ended March 31, 2017 no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2017

### 32. Details of Specified Bank Notes (SBN) held and transacted during the period from 9 November, 2016 to 30 December, 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	256,000	47,474	303,474
(+) Permitted receipts	-	24,484,833	38,368,833
(+) Withdrawals for Bank accounts	-	748,000	748,000
(-) Permitted payments		323,579	323,579
(-) Amount deposited in Banks (refer note 1 below)	14,140,000	24,641,407	38,525,407
Closing cash in hand as on December 30, 2016	-	315,321	315,321

#### Notes:

1) In addition to the permitted receipts the Company has received Rs.13,884,000 in Specified Bank Notes from its loan borrowers from November 9, 2016 to December 30, 2016. These amounts were collected against the borrowers' regular loan obligations which had fallen due in the ordinary course of business and were deposited in the bank accounts of company.

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

34. Previous year's figures have been audited by another auditor.

#### For S. R. Batliboi & Associates LLP Chartered Accountants

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

Membership No. 121411

Mumbai, India  
21 June 2017

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

Meenal Patole Managing Director and Chief Executive Officer DIN: 03162474	Tanmay Chetan Director DIN: 03594936
--	--

Mumbai, India  
21 June 2017

**Agora Microfinance India Limited**

Unit No 710

Seventh Floor, Vashi Infotech Park

Plot No. 16, Sector 30A

Vashi

Navi Mumbai 400703

Tel: +91 (22) 27810086

[info@amil.co.in](mailto:info@amil.co.in)

[www.amil.co.in](http://www.amil.co.in)



Agora Microfinance  
India Limited