

RAY & RAY

CHARTERED ACCOUNTANTS

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Certificate To Be Given By Chartered Accountant

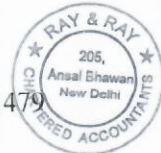
I/We have audited the account of MICRO FINANCE INSTITUTIONS NETWORK [MFIN], 3rd Floor Surabhi Arcade, Bank Street, Troop Bazar, Koti, Hyderabad-500001, Telangana, India, for the financial year ending the 31st March, 2019 and examined all relevant books and vouchers and certify that according to the audited account:

- (i) the brought forward foreign contribution at the beginning of the year was **Rs 1,04,38,831**
- (ii) foreign contribution received by the Association during the year **2018-19 was Nil**
- (iii) interest accrued on foreign contribution and other income derived from foreign contribution or interest thereon of worth **Rs. 6,03,684** was received by the Association during the financial year **2018-19**.
- (iv) the balance of unutilised foreign contribution with the Association at the end of the year 31.03.2019 was **Rs 30,69,571**
- (v) Certified that Micro Finance Institutions Network has maintained the accounts of foreign contribution and records relating thereto in the manner specified in section 19 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010) read with rule 16 of the Foreign Contribution (Regulation) Rules, 2011.
- (vi) The information in this certificate and in the enclosed Balance Sheet and statement of Receipt and Payment is correct as checked by me/us.
- (vii) MFIN has utilised the foreign contribution received for the purpose(s) it is registered under Foreign Contribution (Regulation) Act, 2010.

Place: New Delhi
Date: 05.12.2019

For RAY & RAY
Chartered Accountants
Firm Registration No., 301072E

(Samir Manocha)
Partner
Membership No. 91479



Audited Financial Statements (FCRA)

Amount in ₹

Balance Sheet as at		31-Mar-19	31-Mar-18
	Note No.		
I. SOURCES OF FUNDS			
Reserves and surplus			
Capital Reserve	1	25,723	42,872
Total		25,723	42,872
II. APPLICATION OF FUNDS			
Fixed assets			
Gross block	2	46,600	46,600
Less: Accumulated depreciation		20,877	3,728
Net block		25,723	42,872
Investments (at Cost)	3	-	1,00,50,000
Current assets, loans and advances			
Cash and bank balances	4	30,69,571	3,88,831
Total [A]		30,69,571	3,88,831
Less: Current liabilities and provisions	5	30,69,571	1,04,38,831
Total [B]		30,69,571	1,04,38,831
Net Current assets [A-B]		-	-1,00,50,000
Total		25,723	42,872
Significant Accounting Policies and Notes to Accounts	10		

As per our report of even date

for Ray & Ray

Chartered Accountants

Firm Registration no. 301072E

(Samir Manocha)

Partner

M. No.: 091479

for MICRO FINANCE
INSTITUTIONS NETWORK


Harsh Shrivastava

(Chief Executive Officer)



MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

Audited Financial Statements (FCRA)

Amount in ₹

Receipt & Payment Account (FCRA)	Note No.	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
RECEIPT			
Opening Balance			
(a) Cash in Hand		-	-
(b) Bank Balance - HDFC Bank		3,88,831	-
(c) Deposit Accounts		1,00,50,000	-
Grant Received from HSBC for project titled "Incubating models of digital transactions for the microfinance lending"		-	1,10,90,957
Short Term Capital Gain on sale of mutual fund units		6,03,684	-
Total		1,10,42,515	1,10,90,957
PAYMENT			
For the project titled "Incubating models of digital transactions for the microfinance lending"			
Human Resource cost	7	16,28,841	5,83,591
Travel and Conveyance expenses		7,87,205	3,158
Administrative expenses	9	5,99,118	18,777
Purchase of Fixed Assets	2	-	46,600
Professional and Consulting Fees	8	46,04,435	-
Conference and Meeting Expenses		3,53,345	-
Closing Balance			
(a) Cash in Hand		-	-
(b) Bank Balance - HDFC Bank		30,69,571	3,88,831
(c) Deposit Accounts		-	1,00,50,000
Total		1,10,42,515	1,10,90,957

Significant Accounting Policies and Notes to Accounts 10

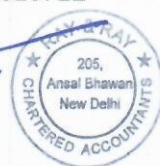
As per our report of even date

for **Ray & Ray**
Chartered Accountants

Firm Registration no. 301072E

(Samir Manocha)
Partner

M. No.: 091479



for **MICRO FINANCE INSTITUTIONS NETWORK**

Harsh Shrivastava
(Chief Executive Officer)



December 5th, 2019 | Gurugram

MICRO FINANCE INSTITUTIONS NETWORK [MFIN]



Audited Financial Statements (FCRA)

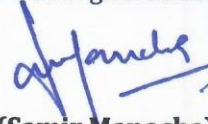
Amount in ₹


Income and Expenditure Account **For the Year Ended March 31, 2019** **For the Year Ended March 31, 2018**

	Note No.		
REVENUE			
Grant Utilised	6	98,44,975	6,09,254
Short Term Capital Gain on sale of Mutual Funds		6,03,684	-
Total		1,04,48,659	6,09,254
EXPENDITURE			
For the project titled "Incubating models of digital transactions for the microfinance lending"			
Human Resource cost	7	16,28,841	5,83,591
Professional and Consulting Fees	8	61,98,340	
Travelling Expenses		8,71,327	3,158
Conference and Meeting Expenses		5,22,821	-
Administrative Overhead Expenses	9	6,23,646	18,777
Depreciation on Fixed Assets	2	17,149	3,728
Total		98,62,124	6,09,254
Surplus before Provision for Income Tax		5,86,536	-
Less: Provision for Income Tax			
Current Year Income Tax		1,81,106	-
Net Surplus		4,05,430	-
APPROPRIATION:			
Transfer to Unutilised Grant		4,22,578	-
Surplus transferred to Reserve and Surplus		(17,149)	-

Significant Accounting Policies and Notes to Accounts 10

for **Ray & Ray**
Chartered Accountants
Firm Registration no. 301072E


(Samir Manocha)
Partner
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for **MICRO FINANCE INSTITUTIONS NETWORK**


Harsh Shrivastava
(Chief Executive Officer)



December 5th, 2019 | Gurugram

MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

Notes to Audited Financial Statements (FCRA) as at March 31, 2019

NOTE 2: FIXED ASSETS (FCRA)

Amount in ₹

Name of Assets	GROSS BLOCK			DEPRECIATION *					NET BLOCK		
	As on April 01, 2018	Additions	Deductions	As on March 31, 2019	As on April 01, 2018	For the Year	For the Year on Asset Sold during the year	Ded/Adj. during the Year	As on March 31, 2019	As on March 31, 2019	As on March 31, 2018
Tangible assets											
Computers	46,600	-	-	46,600	3,728	17,149	-	-	20,877	25,723	42,872
TOTAL	46,600	-	-	46,600	3,728	17,149	-	-	20,877	25,723	42,872

for **Ray & Ray**
Chartered Accountants
Firm Registration no. 301072E

(Signature)
(Samir Manocha)
Partner
M. No.: 091479



for **MICRO FINANCE
INSTITUTIONS NETWORK**

(Signature)
Harsh Shrivastava
(Chief Executive Officer)

December 5th, 2019 | Gurugram

Amount in ₹

Notes to Audited Financial Statements (FCRA)

**For the Year Ended
March 31, 2019**

**For the Year
Ended March 31,
2018**

NOTE 1: RESERVES AND SURPLUS

Reserves & Surplus

Opening balance	42,872	-
Add: Addition in Fixed Assets	-	46,600
Total	42,872	46,600
Less: Depreciation	(17,149)	(3,728)
Total	25,723	42,872

NOTE 3: INVESTMENTS

Investments:

<i>in Mutual Fund</i>	-	1,00,50,000
	-	1,00,50,000

* Valued at cost or market value whichever is less.

NOTE 4: CASH AND BANK BALANCES

Cash In Hand

Balance with Scheduled banks	-	-
- HDFC Bank - FCRA	30,69,571	3,88,831
Total	30,69,571	3,88,831

NOTE 5: CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

Restricted Grant - HSBC (FCRA)	10,16,435	1,04,38,831
Trade Payable	17,20,292	-
Tax Deduction at Sources Payables	1,44,180	-
Other Payables	7,560	-
Total	28,88,467	1,04,38,831

B. Provisions

Provision for Income Tax	1,81,106	-
Total [B]	1,81,106	-
Total [A+B]	30,69,571	1,04,38,831



March



Amount in ₹

Notes to Audited Financial Statements (FCRA)

**For the Year Ended
March 31, 2019**

**For the Year
Ended March 31,
2018**

NOTE 6: Grant Utilised

Unutilised Grant b/d	1,04,38,831	-
Add: Grant received (Grant from HSBC for the project titled "Incubating models of digital transactions for the microfinance lending")	-	1,10,90,957
Add: Short Term Capital Gain Received on investment	6,03,684	-
Less: Provision for Income Tax	1,81,106	-
Less: Grant Unutilised transfer to Current Liabilities	10,16,435	1,04,38,831
Grant Utilised	98,44,975	6,09,254

NOTE 7: HUMAN RESOURCE COST

Salaries, Bonus and Allowance to employees	16,28,841	5,83,591
Total	16,28,841	5,83,591

NOTE 8: PROFESSIONAL / CONSULTING FEES

Professional charges - Projects	61,98,340	-
Total	61,98,340	-

NOTE 9: ADMINISTRATIVE EXPENSES

Communication Expenses (Telephone/Internet expenses)	28,993	15,669
Office Rent	4,07,505	-
Office Maintainance	1,86,103	2,061
Miscellaneous Expenses	1,045	1,047
Total	6,23,646	18,777

for Ray & Ray

Chartered Accountants

Firm Registration no. 301072E

(Signature)



(Samir Manocha)

Partner

M. No.: 091479

for MICRO FINANCE
INSTITUTIONS NETWORK

(Signature)

Harsh Shrivastava
(Chief Executive Officer)



Note no 10: Significant Accounting Policies and Notes to the Accounts:

A) GENERAL INFORMATION

Micro Finance Institution Network (MFIN), having its registered office in Hyderabad, Telangana and its Head office in Gurugram, Haryana was established on December 14, 2009 as a Society under the Andhra Pradesh Societies Registration Act 2001. The Society is also recognized as a "Self Regulatory Organization" (SRO) for NBFC-MFIs by the Reserve Bank of India since June 16, 2014. The primary activities and objectives of the society are to liaise and work in unison with the relevant regulatory authorities regulating the business of microfinance, to promote microfinance and develop best practices, conduct research and training so as to strengthen the capacity of institutions engaged in microfinance in general, including those who are members of the Society.

The total number of members, Non-Banking Finance Companies-MFI, as on March 31, 2019, was 53. In addition, the society includes 39 institutions as Associates as per its byelaws, which are Banks, other NBFCs, etc.

The Society carries out three activities to support microfinance in India.

- A self regulatory organization as per Society's byelaws and recognized by the Reserve Bank of India.
- Mutuality based operations to ensure a supportive policy environment at the Centre and in the states for its members. This has three categories: advocacy; state initiatives; and communications.
- Sponsorship and grant based activities to advance the above objectives.

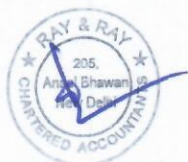
B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Basis of preparation of financial statements:

The financial statements that comprises of the Balance Sheet, Statement of Income and Expenditure together with Notes, are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with applicable Accounting Standards issued by The Institute of Chartered Accountants of India. The financial statements are prepared under the historical cost convention on going concern and on accrual basis unless otherwise stated. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, unless specifically stated.

2) Use of estimates:

The preparation of financial statements is in conformity with Indian GAAP which requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon 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 amount of assets or liabilities in future periods.



March



3) **Revenue recognition:**

The Revenue is recognized as follows:

(i) **Special Activities**

(a) Grant Received for Projects: The society receives funds from both local & foreign sources which are restricted with regard to its utilization as per donor agreements. As such, the restricted funds received during the year are in the first instance credited directly under the "Restricted Grant" account in the Balance Sheet and is thereafter transferred to the Income & Expenditure Account to the extent of related expenditure incurred during the year. The balance amount is carried forward in the Restricted Grant account under the current liabilities in the Balance Sheet for use in future periods.

(ii) **Other Income**

Income earned from investments in mutual funds are accounted for as & when the funds are redeemed.

4) **Fixed Assets:**

All fixed assets have been shown at cost less accumulated depreciation. The cost comprises of purchase price and all incidental costs related to acquisition and installation.

5) **Depreciation:**

Depreciation has been provided on assets based on written down value method at the rates prescribed under the Income Tax Act 1961. Written Down Value as on 1st April 2018 has been considered to calculate the depreciation for the period from April 2018 to March 2019.

6) **Valuation of Investments:**

All investments are held at cost and are valued at market price or cost, whichever is lower. Any diminution in value in respect of all investments, other than long term investments (which are held to maturity or withdrawn before maturity), are provided in the accounts, while appreciation is accounted for when realized.

7) **Employee Benefits:**

Short Term Employee Benefit is recognized as an expense in the Statement of Income & Expenditure in the year in which related service is rendered.

Post-employment and other long-term employee benefits are provided for in the Accounts in the following manner:

- (i) Provident Fund contribution: Contribution are made with Provident Fund Commissioner as per the provision of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (ii) Gratuity: Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India. Provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following the Projected Unit Credit Method and is treated as liability.
- (iii) Leave Encashment: According to the prevailing practice, employees are allowed to enjoy leave instead of encashment of the same.



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8) **Leases:**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Income and Expenditure on a straight-line basis over the lease term.

9) **Impairment of fixed assets:**

The carrying value of assets at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of income and expenditure.

10) **Taxes on Income:**

In respect of other income, provision for taxation is made as per applicable rates and provision of the Income Tax Act, 1961.

11) **Foreign currency transactions:**

- (i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- (iii) Exchange differences arising on the settlement of monetary items or on reporting society's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

12) **Prior period adjustments, extra ordinary items and changes in Accounting Policies:**

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Society are disclosed.

13) **Provision and contingent liabilities:**

Society creates a provision where there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation cannot be made.

14) **Events after the Balance Sheet:**

Events occurring after the date of the Balance Sheet, which affect the financial position to the material extent, are taken cognizance of.



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C) NOTES TO ACCOUNTS:

1) Foreign Currency:

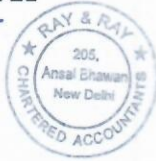
(i) Income in Foreign Currency:

	31-03-2019 (Rs.)	31-03-2018 (Rs.)
Income out of Foreign Receipts – HSBC Project (refer Note No. B-4(ii)(b))	98,44,975	6,09,254
Foreign Currency Receipt – Grant from HSBC for Project – as certified by the banker	NIL	1,10,90,957

- 2) The previous year audit was carried out by a firm other than Ray & Ray Chartered Accountants. Corresponding figures of the previous year has been regrouped, wherever necessary, to make them comparable with the figures of the current period.

As our report of even date
for **Ray & Ray**
Chartered Accountants
Firm Registration no. 301072E


(Samir Manocha)
Partner
M. No.: 091479



For and on Behalf of Board of Member of
Micro Finance Institutions Network


(Harsh Shrivastava)
Chief Executive Officer



December 5th, 2019 | Gurugram | New Delhi
