

# 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, 2020 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.30,69,571**
- (ii) foreign contribution received by the Association during the year **2019-20** was Nil
- (iii) interest accrued on foreign contribution and other income derived from foreign contribution or interest thereon of worth **Rs. 34,704** was received by the Association during the financial year **2019-20**.
- (iv) the balance of unutilised foreign contribution with the Association at the end of the year 31.03.2020 was **Rs 12,31,938**
- (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: 31.07.2020

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

  
(Samir Manocha)  
Partner

Membership No. 91479  
UDIN-20091479AAAABA1907



**Audited Financial Statements (FCRA)**

Amount in ₹

Balance Sheet as at		31-Mar-20	31-Mar-19
	Note No.		
<b>I. SOURCES OF FUNDS</b>			
<b>Reserves and surplus</b>			
Reserves and surplus	1	1,80,799	-
Capital Reserve		15,434	25,723
<b>Total</b>		<b>1,96,233</b>	<b>25,723</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>	2		
Gross block		46,600	46,600
Less: Accumulated depreciation		31,166	20,877
<b>Net block</b>		<b>15,434</b>	<b>25,723</b>
<b>Investments (at Cost)</b>		-	-
<b>Current assets, loans and advances</b>			
Cash and bank balances	3	12,31,938	30,69,571
<b>Total [A]</b>		<b>12,31,938</b>	<b>30,69,571</b>
<b>Less: Current liabilities and provisions</b>	4	10,51,139	30,69,571
<b>Total [B]</b>		<b>10,51,139</b>	<b>30,69,571</b>
<b>Net Current assets [A-B]</b>		<b>1,80,799</b>	<b>-</b>
<b>Total</b>		<b>1,96,233</b>	<b>25,723</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	9		

As per our report of even date

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

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



for **MICRO FINANCE INSTITUTIONS NETWORK**

*Harsh Shrivastava*  
**Harsh Shrivastava**  
 (Chief Executive Officer)

**MICRO FINANCE INSTITUTIONS NETWORK [MFIN]**  
**Audited Financial Statements (FCRA)**

Receipt & Payment Account (FCRA)	Amount in ₹	
	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
	Note No.	
<b>RECEIPT</b>		
<b>Opening Balance</b>		
(a) Cash in Hand	-	-
(b) Bank Balance - HDFC Bank	30,69,571	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"	-	-
Short Term Capital Gain on sale of mutual fund units	-	6,03,684
Interest Received on Fixed Deposits	34,704	-
<b>Total</b>	<b>31,04,275</b>	<b>1,10,42,515</b>
<b>PAYMENT</b>		
For the project titled "Incubating models of digital transactions for the microfinance lending"		
Human Resource cost	-	16,28,841
Travel and Conveyance expenses	83,738	7,87,205
Administrative expenses	25,494	5,99,118
Professional and Consulting Fees	15,93,905	46,04,435
Conference and Meeting Expenses	1,69,200	3,53,345
<b>Closing Balance</b>		
(a) Cash in Hand	-	-
(b) Bank Balance - HDFC Bank	-	30,69,571
(c) Bank Balance - RBL Bank	12,31,938	-
(d) Deposit Accounts	-	-
<b>Total</b>	<b>31,04,275</b>	<b>1,10,42,515</b>

**Significant Accounting Policies and Notes to Accounts**

9

As per our report of even date

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

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



for **MICRO FINANCE INSTITUTIONS NETWORK**

  
**Harsh Shrivastava**  
(Chief Executive Officer)

31st July 2020 | Gurugram | New Delhi

**MICRO FINANCE INSTITUTIONS NETWORK [MFIN]**



**Audited Financial Statements (FCRA)**

Amount in ₹

Income and Expenditure Account		For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
	Note No.		
<b>REVENUE</b>			
Grant Utilised	5	-	98,44,974
Short Term Capital Gain on sale of Mutual Funds		-	6,03,684
Interest on Fixed Deposits		34,704	-
<b>Total</b>		<u>34,704</u>	<u>1,04,48,658</u>
<b>EXPENDITURE</b>			
Human Resource cost	6	-	16,28,841
Professional and Consulting Fees	7	-	61,98,340
Travelling Expenses		-	8,71,327
Conference and Meeting Expenses		-	5,22,821
Administrative Overhead Expenses	8	307	6,23,646
Depreciation on Fixed Assets	2	10,289	17,149
<b>Total</b>		<u>10,596</u>	<u>98,62,124</u>
<b>Surplus/Deficit before Provision for Income Tax</b>		24,108	5,86,534
<b>Less: Provision for Income Tax</b>			
Current Year Income Tax		-	1,81,106
<b>Net Surplus</b>		<u>24,108</u>	<u>4,05,428</u>
<b>APPROPRIATION:</b>			
Transfer to Unutilised Grant		34,704	4,22,578
<b>Surplus transferred to Reserve and Surplus</b>		<u>(10,596)</u>	<u>(17,150)</u>
<b>Significant Accounting Policies and Notes to Accounts</b>	9		

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

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



for **MICRO FINANCE INSTITUTIONS NETWORK**

*Harsh*  
**Harsh Shrivastava**  
(Chief Executive Officer)

## MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

Notes to Audited Financial Statements (FCRA) as at March 31, 2020

### NOTE 2: FIXED ASSETS (FCRA)

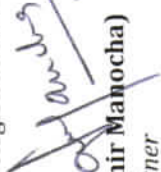
Amount in ₹

Name of Assets	GROSS BLOCK			DEPRECIATION *			NET BLOCK	
	As on April 01, 2019	Additions	Deductions	As on March 31, 2020	For the Year	As on March 31, 2020	As on March 31, 2019	
<b>Tangible assets</b>								
Computers	46,600	-	-	46,600	10,289	31,166	15,434	25,723
<b>TOTAL</b>	<b>46,600</b>	<b>-</b>	<b>-</b>	<b>46,600</b>	<b>10,289</b>	<b>31,166</b>	<b>15,434</b>	<b>25,723</b>

for Ray & Ray

Chartered Accountants

Firm Registration no. 301072E

  
(Samir Mahocha)  
Partner

M. No.: 091479



for MICRO FINANCE  
INSTITUTIONS NETWORK



Harsh Shrivastava  
(Chief Executive Officer)

31st July 2020 | Gurugram | New Delhi

Notes to Audited Financial Statements (FCRA)	Amount in ₹	
	As at 31st March 2020	As at 31st March 2019
<b>NOTE 1: RESERVES AND SURPLUS</b>		
<b>Reserves &amp; Surplus</b>		
Opening Balance	-	-
Add: Provision written back	1,81,106	-
Less: Deficit (other than Depreciation)	307	-
<b>Total</b>	<b>1,80,799</b>	<b>-</b>
<b>Capital Reserves</b>		
Opening balance	25,723	42,872
Add: Addition in Fixed Assets	-	-
<b>Total</b>	<b>25,723</b>	<b>42,872</b>
Less: Depreciation	(10,289)	(17,149)
<b>Total</b>	<b>15,434</b>	<b>25,723</b>
<b>NOTE 3: CASH AND BANK BALANCES</b>		
<b>Cash In Hand</b>		
	-	-
<b>Balance with Scheduled banks</b>		
- RBL Bank - FCRA	12,31,938	-
- HDFC Bank - FCRA		30,69,571
<b>Total</b>	<b>12,31,938</b>	<b>30,69,571</b>
<b>NOTE 4: CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Restricted Grant - HSBC (FCRA)	10,51,139	10,16,435
Trade Payable	-	17,20,292
Tax Deduction at Sources Payables	-	1,44,180
Other Payables	-	7,560
<b>Total [A]</b>	<b>10,51,139</b>	<b>28,88,467</b>
<b>B. Provisions</b>		
Provision for Income Tax	-	1,81,106
<b>Total [B]</b>	<b>-</b>	<b>1,81,106</b>
<b>Total [A+B]</b>	<b>10,51,139</b>	<b>30,69,573</b>



*March*

# MICRO FINANCE INSTITUTIONS NETWORK [MFIN]



Amount in ₹

Notes to Audited Financial Statements (FCRA)	For the year ended 31st March 2020	For the year ended 31st March 2020
<b>NOTE 5: Grant Utilised</b>		
Unutilised Grant b/d	10,16,435	1,04,38,831
Add: Grant received (Grant from HSBC for the project titled "Incubating models of digital transactions for the microfinance lending")	-	-
Add: Short Term Capital Gain Received on investment	-	6,03,684
Add: Interest on investment in Fixed Deposits	34,704	
Less: Provision for Income Tax	-	1,81,106
Less: Grant Unutilised transfer to Current Liabilities	10,51,139	10,16,435
<b>Grant Utilised</b>	<b>-</b>	<b>98,44,974</b>
<b>NOTE 6: HUMAN RESOURCE COST</b>		
Salaries, Bonus and Allowance to employees	-	16,28,841
<b>Total</b>	<b>-</b>	<b>16,28,841</b>
<b>NOTE 7: PROFESSIONAL / CONSULTING FEES</b>		
Professional charges - Projects	-	61,98,340
<b>Total</b>	<b>-</b>	<b>61,98,340</b>
<b>NOTE 8: ADMINISTRATIVE EXPENSES</b>		
Communication Expenses (Telephone/Internet expenses)	-	28,993
Office Rent	-	4,07,505
Office Maintainance	-	1,86,103
Miscellaneous Expenses	307	1,045
<b>Total</b>	<b>307</b>	<b>6,23,646</b>

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



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

for **MICRO FINANCE INSTITUTIONS  
NETWORK**

*Harsh*

**Harsh Shrivastava**  
(Chief Executive Officer)

31st July 2020 | Gurugram | New Delhi

# MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

## Note no 9: Significant Accounting Policies and Notes to the Accounts:

### A) GENERAL INFORMATION

Micro Finance Institutions 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 Organisation" (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, 2020, was 55. In addition, the society includes 39 institutions as Associates as per its byelaws, which are Banks, other NBFCs, etc.

### 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 basis using accrual method unless otherwise stated. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, unless otherwise stated.

#### 2) Use of estimates:

- (i) 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.
- (ii) The Society has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. The Society has assessed the carrying amounts based on subsequent events and the state of the business operations during the period of the pandemic and related information including economic forecasts. As a result of this assessment, and based on current estimates, the Society expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Society's financial statements may differ from that estimated as at the date of approval of these financial statements.



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# MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

## 3) Revenue recognition:

The Revenue is recognized as follows:

### (i) Special Activities

Grant Received for Projects: The society receives funds from both local & foreign sources which are restricted in nature 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

Interest income from banks is recognized on the basis of proportionate lapse of time as applied to the amount outstanding and rate applicable. Interest from income tax is recognized as and when received.

## 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 1<sup>st</sup> April 2019 has been considered to calculate the depreciation for the period from April 2019 to March 2020.

## 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. Performance pay is recognized as an expense in the year when the performance is analysed against the parameters and approved by the board.

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.
- (iii) Leave Encashment: Provision for liability towards encashment of leave is created on the basis of best estimates by the management.



March

# MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

## 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.



*March*

# MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

## C) NOTES TO ACCOUNTS:

### 1) Foreign Currency:

#### (i) Income in Foreign Currency:

	31-03-2020 (Rs.)	31-03-2019 (Rs.)
Income out of Foreign Receipts – HSBC Project (refer Note No.	34,704	98,44,975
Foreign Currency Receipt – Grant from HSBC for Project – as certified by the banker	NIL	NIL

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

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

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



  
**(Harsh Shrivastava)**  
Chief Executive Officer

31<sup>st</sup> July 2020 | Gurugram | New Delhi

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