

RAY & RAY

CHARTERED ACCOUNTANTS

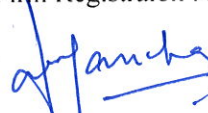
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Certificate To Be Given By Chartered Accountant

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, 2021 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.1,231,938.**
- (ii) foreign contribution received by the Association during the year **2020-21 was Nil**
- (iii) interest accrued on foreign contribution and other income derived from foreign contribution or interest thereon of/ worth **Rs. 78,215** was received by the Association during the financial year **2020-21.**
- (iv) the balance of unutilised foreign contribution with the Association at the end of the year **31.03.2021** was **Rs. 1,310,153**
- (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.

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


(Samir Manocha)
Partner



Membership No. 91479
UDIN-21091479AAAABC8405

Place: New Delhi
Date: 29.06.2021

MICRO FINANCE INSTITUTIONS NETWORK [MFIN]



Audited Financial Statements (FCRA)

Amount in ₹

Balance Sheet as at		31-Mar-21	31-Mar-20
	Note No.		
I. SOURCES OF FUNDS			
Reserves and surplus			
Reserves and surplus	1	1,80,799	1,80,799
Capital Reserve		9,260	15,434
Total		1,90,059	1,96,233
II. APPLICATION OF FUNDS			
Fixed assets			
Gross block	2	46,600	46,600
Less: Accumulated depreciation		37,340	31,166
Net block		9,260	15,434
Investments (at Cost)		-	-
Current assets, loans and advances			
Cash and bank balances	3	13,10,153	12,31,938
Total [A]		13,10,153	12,31,938
Less: Current liabilities and provisions	4	11,29,354	10,51,139
Total [B]		11,29,354	10,51,139
Net Current assets [A-B]		1,80,799	1,80,799
Total		1,90,059	1,96,233
Significant Accounting Policies and Notes to Accounts	7		

As per our report of even date

for Ray & Ray

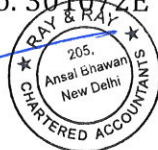
Chartered Accountants

Firm Registration no. 301072E

(Signature)
(Samir Manocha)

Partner

M. No.: 091479



for MICRO FINANCE INSTITUTIONS NETWORK

(Signature)

Dr. Alok Misra
 (CEO & Director)



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

	<i>Amount in ₹</i>	
Receipt & Payment Account (FCRA)	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Note No.	
RECEIPT		
Opening Balance		
(a) Cash in Hand	-	-
(b) Bank Balance - RBL Bank	12,31,938	-
(c) Bank Balance - HDFC Bank	-	30,69,571
Interest Received on Fixed Deposits	78,215	34,704
Total	13,10,153	31,04,275
PAYMENT		
For the project titled "Incubating models of digital transactions for the microfinance lending"		
Travel and Conveyance expenses	-	83,738
Administrative expenses	-	25,494
Professional and Consulting Fees	-	15,93,905
Conference and Meeting Expenses	-	1,69,200
Closing Balance		
(a) Cash in Hand	-	-
(b) Bank Balance - RBL Bank	13,10,153	12,31,938
(c) Deposit Accounts	-	-
Total	13,10,153	31,04,275

Significant Accounting Policies and Notes to Accounts 7


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**


Dr. Alok Misra
(CEO & Director)

**29th June 2021 | Gurugram | New Delhi**

MICRO FINANCE INSTITUTIONS NETWORK [MFIN]



Audited Financial Statements (FCRA)

Amount in ₹

Income and Expenditure Account		For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Note No.		
REVENUE			
Interest on Fixed Deposits		78,215	34,704
Total		<u>78,215</u>	<u>34,704</u>
EXPENDITURE			
Administrative Overhead Expenses	6	-	307
Depreciation on Fixed Assets	2	6,174	10,289
Total		<u>6,174</u>	<u>10,596</u>
Surplus/Deficit before Provision for Income Tax		72,041	24,108
Less: Provision for Income Tax			
Current Year Income Tax		-	-
Net Surplus		<u>72,041</u>	<u>24,108</u>
APPROPRIATION:			
Transfer to Unutilised Grant		78,215	34,704
Surplus transferred to Reserve and Surplus		<u>(6,174)</u>	<u>(10,596)</u>

Significant Accounting Policies and Notes to Accounts

7

for **Ray & Ray**

Chartered Accountants

Firm Registration no. 301072E

Samir Manocha



(Samir Manocha)

Partner

M. No.: 091479

for **MICRO FINANCE
INSTITUTIONS NETWORK**

Dr. Alok Misra

Dr. Alok Misra
(CEO & Director)



29th June 2021 | Gurugram | New Delhi

MICRO FINANCE INSTITUTIONS NETWORK [MFIN]



Notes to Audited Financial Statements (FCRA) as at March 31, 2021

NOTE 2: FIXED ASSETS (FCRA)

Amount in ₹

Name of Assets	GROSS BLOCK			DEPRECIATION *				NET BLOCK		
	As on April 01, 2020	Additions	Deductions	As on March 31, 2021	As on April 01, 2020	For the Year	Ded/Adj. during the Year	As on March 31, 2021	As on March 31, 2021	As on March 31, 2020
Tangible assets										
Computers	46,600	-	-	46,600	31,166	6,174	-	37,340	9,260	15,434
TOTAL	46,600	-	-	46,600	31,166	6,174	-	37,340	9,260	15,434

for Ray & Ray
Chartered Accountants

Firm Registration no. 301072E

(Samir Manocha)
Partner

M. No.: 091479



for MICRO FINANCE
INSTITUTIONS NETWORK

Alok Misra

Dr. Alok Misra
(CEO & Director)



29th June 2021 | Gurugram | New Delhi

Amount in ₹

Notes to Audited Financial Statements (FCRA)

**As at 31st
March 2021**

**As at 31st March
2020**

NOTE 1: RESERVES AND SURPLUS

Reserves & Surplus

Opening Balance	1,80,799	-
Add: Provision written back	-	1,81,106
Less: Deficit (other than Depreciation)	-	307
Total	1,80,799	1,80,799

Capital Reserves

Opening balance	15,434	25,723
Add: Addition in Fixed Assets	-	-
Total	15,434	25,723
Less: Depreciation	(6,174)	(10,289)
Total	9,260	15,434

NOTE 3: CASH AND BANK BALANCES

Cash In Hand

Balance with Scheduled banks

- RBL Bank - FCRA	13,10,153	12,31,938
Total	13,10,153	12,31,938

NOTE 4: CURRENT LIABILITIES AND PROVISIONS

Restricted Grant - HSBC (FCRA)	11,29,354	10,51,139
Total	11,29,354	10,51,139

NOTE 5: Grant Utilised

Unutilised Grant b/d	10,51,139	10,16,435
Add: Interest on investment in Fixed Deposits	78,215	34,704
Less: Grant Unutilised transfer to Current Liabilities	11,29,354	10,51,139
Grant Utilised	-	-

NOTE 6: ADMINISTRATIVE EXPENSES

Miscellaneous Expenses	-	307
Total	-	307

for **Ray & Ray**
Chartered Accountants

Firm Registration no. 301072E



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for **MICRO FINANCE
INSTITUTIONS NETWORK**

Alok Misra

Dr. Alok Misra
(CEO & Director)



MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

Note no 7: 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, 2021, was 58. 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.

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.



MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

(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 1st April 2020 has been considered to calculate the depreciation for the period from April 2020 to March 2021.

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: Encashment of leave is done in the year of entitlement and no leave can be carried forward for encashment in future.

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.



MICRO FINANCE INSTITUTIONS NETWORK [MFIN]

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.

C) NOTES TO ACCOUNTS:

1) Foreign Currency:

(i) Income in Foreign Currency:

	31-03-2021 (Rs.)	31-03-2020 (Rs.)
Income out of Foreign Receipts – HSBC Project (refer Note No.	78,215	34,704
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


(Samir Manocha)
Partner
M. No.: 091479



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


Dr. Alok Misra
(CEO & Director)

